



# **STABILITY PACT**

## **WORKING TABLE II**

### **Investment Compact for South East Europe**

#### **MINISTERIAL STATEMENT**

#### **FOURTH SOUTH EAST EUROPE MINISTERIAL CONFERENCE**

#### **“MAXIMISING THE IMPACT OF INVESTMENT ON EMPLOYMENT AND HUMAN RESOURCES”**

**ORGANISED BY  
THE CO-CHAIRS OF THE INVESTMENT COMPACT  
AUSTRIA, BULGARIA AND THE OECD**

**HOSTED BY  
BULGARIA**

**SOPIA, 10 JUNE 2005**

1. Ministers and representatives of South East Europe affirm their commitment to maintain the progress in fulfilling the Declarations of previous Investment Compact Ministerial meetings with the aim of strengthening economic advancement and consolidating social progress across the region and thereby underpin closer integration with the European Union.
2. Ministers commend the joint regional action undertaken to date within the framework of the Investment Compact and resolve to continue to strengthen regional leadership and regional cooperation to improve the environment in South East Europe for business and investment.
3. Ministers express their appreciation to Bulgaria for its lead role as **Regional Co-chair of the Investment Compact**, to Bosnia and Herzegovina for chairing the **South East Europe INVESTMENT FORUM** and to Albania for chairing the **South East Europe ENTERPRISE FORUM** as well as to the European Commission, EBRD, OECD countries and other international institutions for their partnership and support to these regional led initiatives.
4. Ministers consider the expansion of intra and extra regional trade and investment as key elements for economic development in the region, contributing to the competitiveness of their economies and employment creation. Trade and investment are closely interrelated and should be considered under a common, comprehensive policy approach, as highlighted by this joint meeting with the Stability Pact Trade Working Group and by Ministerial Statements on Investment and Trade Policy respectively, in South East Europe.
5. Ministers share the view that effective and regular consultation with the private sector, at national, regional and European level, contributes significantly to improving the quality of government policy, to securing better policy implementation and to maximising the benefits of private investment. They welcome the Business Statement presented at the Ministerial Conference by the Bulgarian International Business Association, the SEE Regional Network of Foreign Investor Councils, the Business Advisory Council for South East Europe and the Business and Industry Advisory Committee to the OECD and reaffirm their commitment to continue the process of private sector consultation in an open and constructive manner.
6. Ministers welcome the measurable progress on many policy and business climate fronts made over the last year and note the record level of regional FDI in excess of € 8 billion achieved by the region in 2004, a doubling of the average of previous years. In addition to continuing privatisation, they consider that strengthened efforts should focus on attracting green-field investment, expansion of existing investment and the development of export oriented activities.
7. Ministers agree that raising the level and quality of employment in the countries of South East Europe is one of the most urgent policy issues for the region and underline the positive effects of investment on employment creation. They express their appreciation for the work on the impact of FDI on employment creation in South East European countries which has been performed by the Hungarian Institute for World Economy. They welcome the conclusions resulting from that work and call for further consideration of these issues by the Investment Compact including continued co-operation with the Stability Pact's Initiative for Social Cohesion.
8. Ministers call for increased attention to human resource development, in the context of investment and employment strategies. Education systems should take into account prospective labour market trends and needs that imply a strong orientation towards vocational training.
9. Ministers underline the need for continued focus on enterprise creation and enterprise development across all sectors of the economy and welcome the recent Enterprise Performance Policy Assessments jointly conducted by OECD Investment Compact and the EBRD, in consultation with the European Commission. Ministers agree to intensify their actions to remove barriers to

investment and simplify the regulatory environment for private companies, along the lines indicated by the diagnostic studies and the country action plans elaborated with the support of OECD and World Bank/FIAS. They note that concrete progress has been made in a number of countries of the region to streamline and simplify company registration and other procedures affecting business.

10. In particular, Ministers recognise that further efforts are needed to simplify the regulatory regime concerning the issuing of licenses and permits, in redesigning the systems for inspections and auditing by state bodies, in enhancing public sector operations and improving the communication with the business sector, as highlighted by the updated progress report on regulatory reform undertaken by the OECD Investment Compact. Continued efforts are needed in order to systematically improve the quality of regulations affecting the business environment.
11. Ministers recognise the progress in providing National Treatment to foreign companies in the SEE area and call for review of the remaining exceptions by the Investment Compact and for report back by the time of the next Ministerial Meeting.
12. Ministers agree that further action is required to eliminate remaining intra-regional barriers to investment and trade. In this context, they express strong interest in the work initiated by the OECD Investment Committee for the elaboration of a Policy Framework. They mandate the Investment Compact to prepare a regional investment framework which they will consider at the 2006 meeting. This regional framework should draw upon OECD principles and consolidate the progress achieved by the Investment Compact in policy areas related to investment.
13. Ministers reconfirm the importance of national reform strategies to improve the investment climate, which requires effective policy coordination through country teams and the setting of critical time bound targets. They welcome the efforts of the Investment Compact to strengthen the monitoring process on the achievement of targets and the use of peer review procedures, with OECD country participation, which will take into account agreed benchmarks and ratings. They call upon the Investment Compact Project Team to coordinate the development of a new set of targets and to present an evaluation at their 2006 meeting.
14. Ministers acknowledge the important role played in the promotion of regional economic co-operation by the Stability Pact and strategic initiatives such as the Investment Compact for South East Europe and call for continued partnership from the international community in building on the progress achieved.
15. Ministers thank the co-chairs of the Investment Compact – Austria, Bulgaria and the OECD – and the Stability Pact Special Co-ordinator for their continued efforts and support for the preparation of the 2005 Ministerial Meeting, and the Bulgarian Minister of Economy for having hosted it. They agree to reconvene in 2006.

ADOPTED in Sofia, on the 10<sup>th</sup> day of June in the year two thousand and five:

Albania

Anastas Angjeli  
Minister of Economy of Albania

Bosnia and Herzegovina

Slobodan Ecimovic  
Deputy Minister Ministry of Foreign Trade and Economic Relations

Bulgaria

Milko Kovachev  
Minister of Economy

Croatia

Vladimir Vrankovic  
State Secretary  
Ministry of Economy, Labour and Entrepreneurship

Macedonia

Sasa Andonovski  
Vice-Minister of Economy

Moldova

Igor Dodon  
Vice-Minister of Economy and Trade

Romania

Iuliu Winkler  
Minister for Trade

Serbia and Montenegro

Danilo Vucetic  
Ambassador  
Embassy of Serbia and Montenegro in Sofia

Serbia

Vlatko Sekulovic  
Vice Minister  
Ministry of International Economic Relations

Montenegro

Gordana Djurovic  
Minister for International Economic Relations and European Integration

UNMIK

Andreas Wittkowsky  
Head of Economic Policy Office