

**Welcoming Address
of Mr. Aart de Geus
OECD Deputy Secretary-General
Launching Event of the Black Sea and Central Asian Economic Outlook
23 June 2008 - Bucharest**

Your Excellencies,
Distinguished Guests,
Ladies and Gentlemen.

This is a very important event to which the Romanian authorities and the Organisation for Economic Co-operation and Development have the pleasure of welcoming you today.

The OECD comprises 30 of the most advanced industrialised democracies. The Organisation and its member countries are firmly committed to contributing to the sound economic development of both its Member countries and non-member economies, as spelled out in Article 1 of the Organisation's founding Convention. Its work towards this objective, which primarily consists in sharing experience and best practice, ranges right across the board from development assistance to trade, finance and investment and to environment and migration.

The Organisation's strategic framework for relations with non-member countries has evolved rapidly over recent years. At its meeting at Ministerial level in May 2007, the OECD Council adopted a Resolution on Enlargement and Enhanced Engagement. If this process goes broadly according to plan, OECD membership can be expected to rise to 35 countries by 2015 and to 40 before 2020. At the same time, through the Enhanced Engagement process, the OECD is seeking to deepen and expand its relations with other selected countries that we consider to be of particular strategic interest.

The OECD attaches great importance to both the Black Sea and the Central Asian regions for many reasons:

- They are located at the crossroads of Europe, Asia and the Middle East;
 - Their population, despite endowments of oil, natural gas and other raw materials faces huge challenges from transformation and integration into the global economy;
 - Their transformation process makes them potentially global players of importance;
- and

- Their future political and economic evolution could serve as an example to other emerging and transformation economies elsewhere in the world.

In recent years, the OECD has responded to the interest presented by the Black Sea and Central Asian regions in a number of ways.

In 1992 the European Commission (EC) and the OECD launched the Sigma Programme within the Organisation's Public Governance and Territorial Development Directorate to help countries in Central and Eastern Europe modernise their public governance systems. Since 2007 Sigma has been working in close collaboration with the EC's Directorate-General for Enlargement to support the two new EU Members (Bulgaria and Romania) and the three EU candidate countries (Croatia, the former Yugoslav Republic of Macedonia, and Turkey).

Together with the Stability Pact for South Eastern Europe, the OECD launched the Investment Compact for South East Europe in 2000. The Compact is designed to improve the investment climate and to encourage private sector development in the region and is part of the work of the Organisation's Directorate for Financial and Enterprise Affairs. Its Investment Reform Index is widely recognised as a valuable tool for monitoring progress towards private sector development in the region. The Compact-managed South East Europe Investment Committee has been hailed as having a major role in the design and implementation of reforms to promote investment in South East Europe.

The OECD's latest initiative, launched in 2008 also within the Directorate for Financial and Enterprise Affairs, is on Private Sector Development in Eurasia. The objective of the initiative is to increase investment, competitiveness and private sector development in Eurasia by helping the countries in the region to design and implement government policies to improve the business climate. You will hear more today from my colleague Fadi Farra about the Initiative in Session 3.

Today, it gives me particular pleasure to introduce you to the OECD Development Centre's newest "Economic Outlook": *Black Sea and Central Asia: Promoting Work and Well-Being*. Covering 17 countries, with a combined population of almost 400 million people, the report represents an extension of the Development Centre's regional focus.

The *Black Sea and Central Asia* report is an instrument to promote evidence-based policy dialogue within and amongst the countries of the two regions, and between them and the member countries of the OECD.

By helping to share the lessons of policy reform efforts relevant for all countries in these regions, the report and this conference are contributing to the OECD's Regional Approach towards Eastern Europe, the Caucasus and Central Asia. The report recognises, for example, the importance of the informal sector – for example, rising to more than two thirds of GDP in Azerbaijan and Georgia – and recommends policies that are adjusted to the reality of informality. Promoting formalisation can only be done by providing incentives to both employers and workers. Repression alone will not work, especially in countries where around half the population lives below the national poverty line.

Migration also marks the region. The report calls for co-ordinated policies between countries in the Black Sea and Central Asian regions to limit the possible negative impacts of migration while protecting migrants' and receiving populations' rights. Studies by the Development Centre and the OECD's Directorate for Employment, Labour and Social Affairs have shown that there are policies that do work to create benefits for all sides in the migration saga.

Because we need both a local and a broad understanding of economic challenges faced throughout the two regions, *Black Sea and Central Asia: Promoting Work and Well-Being* provides a cross-country comparative analysis of macroeconomic, structural, social and policy developments. It also includes a focus on a theme of strategic importance to the regions – work and well-being – where the OECD has a comparative advantage and can share its expertise.

A unique feature of the process leading to the report was the creation of a network of local partners who provided substantial inputs to the report and continue to contribute to policy dialogue and dissemination activities within their countries.

This is, thus, very much an on-the-ground study supported by local knowledge and enhanced by both national and OECD expertise.

The transition to market economies was never going to be easy after over half a century of centralised rule for most countries. Greece and Turkey, well aware of their neighbours' challenges, chose to support and promote this report and are to be commended for doing so. Development Centre member Romania, our host country today and itself a transition economy, has invested equally heavily in this project as the third partner. We have also had support from other institutions in the region, especially from the Black Sea Economic Cooperation, whose Secretary-General is with us today.

This, in itself, demonstrates the importance of the project.

The initiatives I have described today and the Development Centre report being launched here in Bucharest demonstrate the OECD's continued commitment to the Black Sea and Central Asian regions. It is a commitment expressed through the values that drive the OECD: market reform, democracy, good governance, and regional co-operation.

OECD member countries are often seen as a wealthy and homogenous group; in reality, they are not. Each is at a different stage of economic development. But all share a commitment to the democratic process and to open markets in order to provide growth and prosperity. That is not to say that we do not continue to face difficulties; we most certainly do! Our approach to resolving them, however, is based upon the OECD principles of experience sharing, peer review and co-operation that we recommend today to the Black Sea and Central Asian regions.

It is our hope that the prosperity enjoyed by the vast majority of our peoples will also be shared by those of the two regions we are discussing today.

In closing, I would like to express the OECD's gratitude to the Romanian authorities, through the Ministry of Foreign Affairs and the Ministry of Labour, Family and Equal Opportunities, for their generous hosting of this launching event. I would also like to thank the management of Erste Bank for their generous sponsorship of the conference.

I wish you all every success and a fully productive and enjoyable conference.

Thank you.