OECD Conference on Foreign Direct Investment in South East Europe, Vienna, 8-9 November 2000

Recent changes in Yugoslavia and positive economic signs in some other countries in South East Europe present this entire region with a unique opportunity to revive trade, attract foreign investment and achieve renewed economic growth. How best to take advantage of such a prospect will be the subject of an international conference co-organised by the OECD and the Government of Austria in Vienna on 8-9 November 2000, under the title “Foreign Direct Investment in South East Europe: Implementing Best Policy Practices”.

The conference, organised within the framework of the Stability Pact Investment Compact for South East Europe, will be the first of its kind to be attended by representatives of Yugoslavia. It will be opened by Martin Bartenstein, Austria’s Federal Minister for Economic Affairs and Labour; Deputy-Secretary General of OECD Seiichi Kondo; and U.S. Special Representative for the South East Europe Initiative Ambassador Richard Sklar.

More than 100 participants are expected to attend, including high-level officials and experts from the OECD and South East Europe countries and representatives of business and investment groups, international organisations associated with the Stability Pact, research institutes and consultant firms. The conference is open to the media.

Few regions of the post-communist world have experienced a more difficult political and economic transition to date than has been the case for South East Europe. Wars, slow reform and recessions have widened the gap with other European countries. According to a new study by the Vienna Institute for International Economic Studies commissioned for the Conference, the countries of South East Europe attracted a mere $3.3 billion in the form of foreign direct investment (FDI) in 1999, out of total cross-border direct investment flows of 800 billion world wide. FDI flows in 2000 may well exceed the one-trillion-dollar mark.

Conference participants will analyse barriers and obstacles to foreign direct investment in South East Europe and examine how OECD best-practice policies can contribute to the region’s reconstruction. They will review the comparative merits and effectiveness of various forms of investment incentives, and they will aim to identify concrete and immediate measures that can improve the region’s business environment.

Experience elsewhere in the world shows that effective rule of law combined with stable and sound economic policies, supporting legislation and institutions and facilitating attitudes on the part of governments are essential elements for attracting foreign direct investment. The countries of South East Europe can benefit from the experience of OECD countries in developing and implementing regulatory frameworks and policy instruments that respond to such requirements. At the same time, however, these countries will need to avoid granting costly and counterproductive investment incentives in their efforts to attract foreign capital.

The conference is a first step in mapping out a programme of future action for the promotion of foreign direct investment in South East Europe, in collaboration with the Country Economic Teams set up in the region to take forward structural policy reform. Implementation of this programme will be closely co-ordinated with the ongoing work of donor countries and international agencies, with a view to achieving increased private sector focus on and investment in South East Europe.

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