South East Europe Governments Stress Region’s Commitment to Boost Private Investment

Ministers representing the nations of South East Europe will meet in Vienna on 18 July 2002 under the auspices of the Stability Pact Investment Compact to sign a declaration on common principles and best practices designed to attract private investment in the region.

The Stability Pact Investment Compact is jointly chaired by the OECD and the Austrian Ministry of Economics. South East European countries participating in the declaration on investment include Albania, Bosnia and Herzegovina, the Republic of Bulgaria, the Republic of Croatia, the Republic of Macedonia, Moldova, Romania, and the Federal Republic of Yugoslavia: Serbia and Montenegro.

Private investment has been identified as one of the keys to the future economic development and political stability of South East Europe. The Declaration on Attracting Investment to South East Europe: Common Principles and Best Practices marks a milestone in efforts to establish the framework conditions and infrastructures needed to attract inward investment and facilitate private investment flows within the region. It is the result of several months of intensive dialogue between participants, supported by the co-chairs, Austria and the OECD, with expert advice and guidance from other Investment Compact partners, including OECD countries, international institutions and private sector bodies.

The ministerial meeting and signing ceremony will take place at the Austrian Ministry for Economic Affairs and Labour (Congress Center Hofburg, 1st Floor, Zeremoniensaal, Heldenplatz, 1014 Vienna), hosted by Austria’s Economy Minister, Martin Bartenstein with the participation of Erhard Busek, the Stability Pact Special Co-ordinator, and Richard E. Hecklinger, Deputy Secretary-General of the OECD.

Journalists are invited to the opening session, with speeches by Messrs. Bartenstein, Busek and Hecklinger, at 9.30 a.m. and the signing ceremony at 12 noon. A news conference will follow the signing ceremony, and journalists are also invited to a buffet lunch for participants.

The Declaration sets out a number of principles that can contribute to a favourable climate for both international and regional investment and commits participating countries to implement a range of measures in support of these principles (see Annex). It provides for follow-up in the form of an annual meeting at ministerial level to review the progress achieved. Participating countries will make use of country economic teams and monitoring instruments established under the Investment Compact for this purpose. In addition, they will request technical and financial assistance from international aid donors.

For further information, journalists are invited to contact Nicholas Bray in the OECD’s Media Relations Department (tel. [33] 6 0747 8582 or nicholas.bray@oecd.org).

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Annex

The Declaration identifies a number of principles that can contribute to a favourable climate for both international and regional investment, as follows:

- Transparency of national policies, laws and regulations and administrative practices affecting foreign and domestic investment;
- Coherence and stability of these laws, regulations and administrative practices;
- National treatment for foreign investors at both the pre and post establishment stage;
- Timely and unrestricted transfer of the proceeds of the investment and guarantee for the repatriation of the capital when the investment is terminated;
- Fair and equitable treatment of domestic and foreign investments with full protection of property rights including intellectual property; high standards on expropriation and compensation;
- Unrestricted access of investors to effective dispute settlement mechanisms including international arbitration;
- Movement of key personnel for the investment and simplification of visa regulations;
- Transparency of incentive measures;
- Simplification of administrative procedures for the establishment of new companies, the take-over of existing companies, the granting of permits, concessions and licenses as well as for other operations or transactions needed for the establishment or development of private investment;
- Transparent and equitable regulations and procedures for privatisation and de-monopolisation;
- Respect of internationally agreed principles of corporate social responsibility including the OECD Guidelines for Multinational Enterprises;
- Good corporate governance and integrity in public administration;
- Removal of barriers to trade, which have a negative effect on investment, through increased regional co-operation;
- Promotion of investment policies and measures consistent with their commitments to sustainable development, protection of the environment and the observation of internationally recognised core labour standards.

In line with these principles, countries participating in the Declaration will undertake to:

- review their policies and rules affecting investment and private sector development with a view to improving the investment climate in the region;
- consider adhering to relevant international rules and instruments such as the OECD Declaration on International Investment and Multinational Enterprises and OECD Principles on Corporate Governance;
- notify and publish lists of national measures providing exceptions to national treatment and the rationale for maintaining these measures;
• take effective measures to combat bribery and corruption, money laundering, organised crime and commercial fraud and engage in exchange of information and mutual legal assistance on these matters;

• complete their network of bilateral investment treaties and double taxation treaties within the region and further expand their treaty network with other countries, which are sources of investment;

• review the costs and benefits of investment incentives and exchange views and experience on their use and economic impact;

• intensify action to remove obstacles to business development, in particular regulations and administrative practices that obstruct or delay investment;

• enhance partnership in building human capacities and skills necessary for acquiring and spreading the benefits of investment in the region;

• disseminate timely information on public procurement and ensure the opportunity for all enterprises to participate in bidding procedures under fair and transparent procedures;

• develop a framework for the competitive functioning of their markets which would include effective competition laws and the reform of economic regulations;

• strengthen the capacities of investment promotion agencies to disseminate information and to provide services to investors and encourage co-operation among these agencies at regional and international levels; in this context, build on the successful work of the South East Europe Regional Roundtable on Investment Promotion;

• support small and medium sized enterprises and encourage their co-operation in regional projects;

• consult business groups, private sector associations, social partners and civil society organisations to explore the development of investment opportunities and to provide input to the decision making process on investment policies, laws and regulations.