



"South Eastern Europe (SEE) has no choice but to engage in the fierce global competition for investment in order to ensure sustainable political, economic and social development. I believe that SEE has before it a window of opportunity to get its fair share of foreign capital, because of its growth potential and its political and economic linkages to the EU, international financial institutions and bilateral donors. Regional co-operation is a prerequisite for a more effective and efficient reform process including allocation of scarce resources. However it is the implementation of reforms that drives economic performance and where we must all focus our efforts. SEE can count upon the support of WTII in the pursuit of this objective."

Fabrizio Saccomanni
Chairman, Working Table II

In line with all Stability Pact activities and as highlighted in the Thessaloniki Agenda, all the initiatives operating under WT II follow three guiding principles:

- Encourage regional co-operation among the countries of SEE;
- Expedite their integration into European and other international structures; and
- Promote better donor co-ordination and co-operation.

For further information, please visit the WT II webpages at:
www.stabilitypact.org

Adequate infrastructure, including intra- and inter-regional transport links and a reliable energy supply, is fundamental to economic growth in SEE.

Challenges in SEE include:

- Sheer scale of investment needs for infrastructure (estimates for 2005 - 2015 are € 16 billion for road and rail and € 21 billion for generation, transmission and distribution of electricity)
- Limited borrowing capacity of region, exacerbated by insufficient technical and administrative resources to develop and implement policies and projects
- Need for regional approach by countries and International Financial Institutions (IFIs) to develop policies and to ensure the most efficient and effective allocation of resources
- Need to secure private sector involvement

Stability Pact's role:

- Advocate regional approach by all parties and support - politically and technically - mechanisms created to facilitate this e.g. Infrastructure Steering Group, Energy Community, SEE Transport Observatory (SEETO)
- Provide political support for promotion of regional programmes and projects and to overcome obstacles to development and implementation e.g. extension of EU's Single Sky Agreement to SEE
- Promote infrastructure development opportunities to local and international business community including the possible development of public-private partnerships

South Eastern Europe must dramatically boost trade and investment (foreign and domestic) if it is to secure the necessary, capital, technical and managerial inputs and thereby generate higher employment opportunities in SEE.

Challenges in SEE include:

- Ensuring efficient, effective and transparent regimes for trade and investment throughout the region
- Encouraging increased inflows of foreign direct investment as the privatisation process wave in the region comes to an end
- Creating an environment supportive to entrepreneurship
- Attainment and compliance with international standards and regulations governing trade, investment and employment (e.g. WTO membership, free trade agreements, investment treaties and occupational health and safety standards)
- Enhance ability of business community to effectively represent its interests
- Need for improved dialogue between governments, public sector and private sector
- Determining the potential of the information society to expedite the economic reform process

