

INVESTMENT POLICY REVIEW OF SOUTH EAST EUROPE

BACKGROUND

One of the key objectives of the SEE 2020 Strategy is to deepen regional trade and investment links. SEE 2020 stipulates that the SEE region must establish a free and open investment regime by removing intra-regional investment barriers, facilitating the free flow of factors of production (goods, services, and human capital), pursuing policies and actions that support the attraction and inflow of foreign direct investment (FDI), as well as intra-regional investments, and promoting further integration of the regional markets.

To support the achievement of the above objectives, CEFTA and the RCC Secretariat (SEE Investment Committee) as the coordinators of the Integrated Growth Pillar have requested the United Nations Conference on Trade and Development (UNCTAD) to prepare an Investment Policy Review (IPR) for the SEE region. This review of all CEFTA Parties will assist in the delivery of effective investment related policy reforms.

OVERALL OBJECTIVE

The project aims to develop and produce (i) a detailed analysis of investment policies in the SEE region, benchmark these among the SEE peers and (ii) provide proposals for investment policy improvement and reform on an individual economy level but also through synergies with regional cooperation mechanisms.

The project will deal with investment policy issues taking into account the objective of increasing foreign direct investment (FDI) flows (SEE 2020 Integrated Growth Pillar), and economic competitive-

ness (SEE 2020 Sustainable Growth Pillar), including the promotion of private sector development and business linkages.

ACTIONS AND ACTIVITIES

The study is anticipated to intervene at two different levels: regional and individual-economy level.

At the regional level, a benchmark study is to be provided with a broad overview and direction for investment policy.

At the national level, a more in-depth assessment of the investment regulatory framework and climate will be provided, upon individual request, through country-specific Investment Policy Reviews, followed by tailored concrete and action-oriented recommendations.

UNCTAD will develop a methodology for the benchmarking study and apply this through using quantitative and qualitative information. It will benchmark each beneficiary's investment policies against a regional standard as envisioned in pillar 1 of the *SEE 2020 Strategy*, while defining the regional standard as an open investment policy that is: non-discriminatory, transparent, predictable and conducive to greater FDI flows. It will highlight and focus on the issues that are more relevant to the region, namely:

- Investment laws and FDI entry, protection and treatment
- International investment agreements (IIAs)
- Streamlining procedures to create a business
- Fiscal policy, corporate taxation and investment incentives

- Labour market and skills
- Competition regulation
- Regional investment promotion
- Other issues as needed

Based on the findings the study will provide actionable recommendations for policy reform. It will also serve as a tool to measure progress made by all SEE 2020 members towards converging to the regional standard for an open investment policy.

Drafts of the study will be reviewed, discussed and validated at regional meetings such as the CEFTA-SEE Investment Committee Joint Working Group meetings, and the SEE Investment Committee plenary sessions. Based on these discussions,

the UNCTAD Secretariat will finalize the study for presentation at a regional ministerial meeting.

IMPACT ON CEFTA

The IPR of the SEE will provide the governments of the CEFTA Parties with valuable information on which to base appropriate regional and national actions to achieve the objectives stipulated by SEE 2020 in the areas of improving the investment environment in the SEE and promoting investment opportunities to the global business audience.

SUMMARY PROJECT INFORMATION

Dates:	Q1 2016 - Q1 2018
Budget:	€ 318,000 approx.
Partners:	UNCTAD, RCC and CEFTA
Financiers:	RCC and UNCTAD
Beneficiaries:	Ministries responsible for trade and investment, private sector

CONTACT PERSON/FURTHER INFORMATION

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