



“The Voice of Business in the Black Sea and Caspian”

**SPEECH BY
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“INVESTMENT STRATEGIES IN TIMES OF ECONOMIC CRISES & BEYOND”

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Ladies and Gentlemen,

It is a great pleasure for me to address you today on behalf of UBCCE, the Union of Black Sea and Caspian Confederation of Enterprises.

At the outset, I would like to thank the OECD Eurasia Competitiveness Programme for giving me the opportunity to convey the views of my union on the investment climate of the Region.

First of all let me give you a very brief information about who we are and what we are doing as I imagine some of you might be hearing for the first time the name of our union.

UBCCE is an international union composed of private, voluntary and nationally representative business organizations from the countries neighboring or having strong geographical ties with the Black Sea and Caspian Region. With its headquarters based in Istanbul, Turkey, our Union have actually 22 member organizations from 17 different countries of the Region (namely Albania, Armenia, Austria, Azerbaijan, Bosnia, Bulgaria, FYROM, Georgia, Germany, Greece, Iran, Iraq, Kazakhstan, Romania, Serbia, Turkey, Ukraine). As UBCCE, assisting the economic and social development of the Region through fostering trade and investment activities and entrepreneurial spirit and forming a platform of dialogue for raising the voice of private business in the Black Sea and Caspian Region are among our main objectives.

When realizing our activities, we intend to deal with the respective governments and maintain close contacts with other international, regional and sectoral organizations, such as BSEC, European Commission, BUSINESSEUROPE, BUSINESSMED and UNDP Black Sea Trade and Investment Promotion Programme etc.. At this stage I need to mention that UBCCE is fully supporting the South Caucasus and Ukraine Initiative of OECD Eurasia Competitiveness Programme in which our members from Armenia, Azerbaijan, Georgia and Ukraine are included. Let me use this opportunity to express once more my sincere hope that this partnership to produce positive outcomes for our Region and be an example of good practice.



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Ladies and Gentlemen,

As many of the speakers have underlined with different occasions today, the investment climate of the Black Sea and Caspian Region have improved considerably in recent years thanks to the continued efforts of the respective governments to modernize and reform their economies. Especially the South Caucasus countries got the best regional scores in World Bank Doing Business Report 2009, contributing to improve the Region's image as an attractive investment destination. However, the investment share of the Region in the global economy is relatively low, mainly concentrated in the energy sector and investment coordination in some fields is still lacking. There is definitely more to be done to improve the investment climate for both local and international companies.

As also indicated in our “Strategy Paper” and “Position Paper” which we have distributed to your attention, the already implemented reforms focuses on reducing entry and exit barriers and compliance costs for businesses. They include measures to improve the enforcement of financial contracts which will help lower credit risk and improve investor access to finance. In our opinion these reforms should also give priority to the modernization of infrastructure in the whole Region, by mobilizing large-scale investments especially in transport, energy, tourism and communication sectors.

Another point that we observe in our Region is that, ratings of the quality of policies and institutions are higher for macroeconomic conditions such as macroeconomic management, financial stability, and revenue stability than for many institutional areas like property rights, public administration, transparency, and rules-based governance. Although the governments have improved their regulatory systems in the past several years, key problems in the above mentioned areas accompanied by allegations of corruption, remain unchangeable.

In this regard, I would like to underline once more that improving the quality, depth and intensity of the regulatory framework can be realized by:

- promotion of an effective rule of law,
- elimination of the bureaucratic obstacles,
- creation of favorable conditions for foreign investors on the principle of non-discrimination,
- ensuring the transparency of the process of FDI inflow by adopting a clear procedure for privatization and tender announcement, strengthening anti-corruption measures and free access to information needed for a feasibility study on attracting foreign investor,
- harmonization of national investment legislation in accordance with the global standards.

Certainly, each country has its own priorities in its national investment policy depending on the socio-economic basis and market potential. However, it is commonly recognized that domestic factors such as success of institutional reforms and improved creditworthiness are the key drivers that will attract capital flows into the Region. Investor sensitivity to these factors indicates that Region countries need to find peaceful solutions to existing political tensions and pay considerable attention to the development of a healthy economic and political environment.



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We, as UBCCE believe that the business must play its role in pushing for implementation of the necessary reforms in the Region as we are aware that the continuous development depends on feedback from business which is best placed to judge the effects of reforms in our respective countries especially at a globally troubled time like this.

Last but not least, in the era of globalization, the mobility appears undoubtedly as the key factor of international trade relations. In this respect, the question of facilitation of present visa regulations is one of the main obstacles hindering to the economic cooperation in the Black Sea and Caspian Region. We believe that the fastest, freest and safest movement of people, especially businessmen and academics, is crucial for an enhanced economic cooperation.

I would like to conclude my words by announcing you our upcoming annual Business Forum which will be held for the third time this year in October, in Athens, Greece. All interested parties are more than welcomed to join us. More information on this flagship event of our Union will be soon available on UBCCE website.

Thank you very much for your attention.