

# *South East Europe: Investing in the future*

Friday 2 December 2011

St Antony's College  
University of Oxford

**seesox**  
South East European Studies at Oxford

# *South East Europe: Investing in the future*

Fellows Dining Room, St Antony's College  
2 December 2011

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Following two jointly organised events in Tirana, a third Bank of Albania-SEESOX regional workshop will be held on December 2nd at St. Antony's College, Oxford. The workshop will focus on the prospects for domestic and foreign investment in Southeast Europe.

The workshop is by invitation only and is co-sponsored by the Bank of Albania, as well as the European Bank for Reconstruction and Development (EBRD). As usual, discussions are held under Chatham House rules.

## CONVENORS

Othon Anastasakis (SEESOX)

Fikret Causevic (SEESOX)

Altin Tanku (Bank of Albania)

Peter Sanfey (EBRD)

Max Watson (SEESOX)



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## SOUTH EAST EUROPE: INVESTING IN THE FUTURE

*Bank of Albania-SEESOX Regional Workshop,  
in collaboration with the EBRD*

*Oxford, 2 December, 2011*

This third Bank of Albania-SEESOX regional workshop will focus on the prospects for domestic and foreign investment in Southeast Europe. The first session of the workshop will discuss how political and economic influences are currently shaping the recovery that is emerging across the region. These include the impact of national policies adopted to counter the economic crisis; risks from current stresses in the euro area; and the role of external actors. Against this backdrop, the second session will explore which sectors are important, as a new and more sustainable pattern of growth emerges in Southeast Europe. How well-placed are economies in Southeast Europe relative to regional peers that are growing more buoyantly in the post-crisis period, such as Central Europe, commodity exporting countries, and Turkey? What are the critical constraints for an expansion of investment – for example, in terms of skills, costs, infrastructure, regulation, policy risk factors, or other aspects of the operating environment? The third session will explore the need for new policy initiatives. Questions under this heading include the business environment and institutional architecture at the national level, risk management at the macrofinancial level, and the scope for intensified cross-country co-operation to enhance regional integration. The closing panel will review the findings of the workshop, highlight policy priorities for the region and its international partners, and consider avenues for future research.

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## Programme

Friday 2 December 2011

- 9:30            Session I – ***The political-economic context***
- With introductions by:
- Boris Begovic** (CLDS Serbia); **Gillian Edgeworth** (Uncredito); **Laza Kekic** (EIU); **Marko Skreb** (Croatia)  
                  Chair: **Othon Anastasakis** (St Antony's College, Oxford)
- 11:15            Session II – ***Prospects for investment – is the region ready?***
- With introductions by:
- Fikret Causevic** (SEESOX); **Altin Tanku** (BofA); **Slavo Radosevic** (UCL)  
                  Chair: **Peter Sanfey** (EBRD)
- 12:30            Lunchtime address:
- Governor Ardian Fullani** (Bank of Albania)
- 14:15            Session III – ***Policies to foster investment***
- With introductions by:
- Bas Bakker** (IMF); **Peter Sanfey** (EBRD); **Branko Urosevic** (University of Belgrade)  
                  Chair: **Jens Bastian** (European Commission/ELIAMEP/SEESOX)
- 15:15            Closing Panel – ***The investment challenge in Southeast Europe***
- With introductions by:
- Ardian Fullani** (Governor, Bank of Albania); **Eleni Louri** (Bank of Greece);  
                  **Peter Sanfey** (EBRD)  
                  Chair: **Max Watson** (St Antony's College, Oxford)
- Workshop rapporteur:    Irem Guceri (Dep. Of Economics, Oxford); Nemanja Tepavcevic (St Antony's College, Oxford)
- Workshop administrator: Julie Adams (SEESOX)

## Panels

Following two jointly organised events in Tirana, a third Bank of Albania-SEESOX regional workshop will be held on December 2nd at St. Antony's College, Oxford. The workshop will focus on the prospects for domestic and foreign investment in Southeast Europe.

### I - The political-economic context

Earlier events in this series discussed the pattern of growth in the pre-crisis period, noting that this was highly dependent on residential investment, construction, and consumption, as well as on unsustainable levels of cross-border bank financing and foreign currency lending. Against this backdrop, the first session of the workshop will discuss how political and economic influences are currently shaping the recovery that is gradually emerging across the region. These include the impact of national policies adopted to counter the economic crisis; risks from current stresses in the euro area; and the role of external actors, including the IMF. It will ask what is the right framework in which to evaluate current trends and the role of policies? This session will set the stage to explore (in Session II) opportunities and constraints affecting key sectors of the economy, and to identify (in Session III) the kinds policy initiatives required to foster a sustainable investment agenda.

### II – Prospects for investment - is the region ready?

The goal of this session is to explore which sectors are important as a new and more sustainable pattern of growth emerges in Southeast Europe, and what obstacles stand in the way of achieving this at the national and regional levels. For example, in which sectors does the region have an actual or potential competitive advantage? How well-placed is Southeast Europe relative to its regional peers that are growing more buoyantly in the post-crisis period, such as Central Europe, commodity exporting countries, and Turkey? What factors are currently favourable for an expansion of export-oriented sectors of the economy, and for achieving synergies in production, distribution and sales across the region? What are the critical obstacles to an expansion of investment – e.g., in terms of educational and vocational skills, costs, infrastructure support, administrative hurdles, policy risk factors, or other aspects of the operating environment for business? Finally, what are the prospects for the role of the financial sector in supporting growth, and the outlook for inflows of private capital?

Lunchtime Address: Governor Ardian Fullani, Bank of Albania

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## III - Policies to foster investment

The final session will explore the potential need for new policy initiatives by national authorities, keeping in mind the political-economic nature of today's challenges. It will consider the state of the investment climate; the influence of state administrations; the priorities for infrastructure development at the national and regional level; and other challenges in addressing the fragmentation of the region. One set of questions concerns the business environment and institutional architecture at the national level – for example, channels of consultation and communication with the corporate sector (such as investment councils and chambers of commerce), and procedures for streamlined investment approval ('one-stop shopping'). A further set of issues concern risk management at the macrofinancial level – including the question what role can central banks play, building on their notable progress with co-operation and consultation across the region. Finally, the session will enquire whether governments need to engage in stronger cross-country co-operation, enhancing regional integration: what are the concrete priorities and steps to achieve this; and do external actors need to play an enhanced role in supporting such initiatives?

## IV – Closing Panel: The investment challenge in South East Europe

The closing panel will review the findings of the workshop, highlight policy priorities for the region and its international partners, and consider avenues for future research.

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## Participants

Nihan Akyellen (Oxford University Centre for the Environment)

Othon Anastasakis (SEESOX)

Bas Bakker (IMF)

William Bartlett (LSE)

Jens Bastian (EC)

Boris Begovic (CLDS, Belgrade)

Vesna Bojicic-Dzelilovic (LSE)

Fikret Causevic (SEESOX; University of Sarajevo)

Gillian Edgeworth (Unicredito)

Ardian Fullani (Governor, Bank of Albania)

Irem Guceri (St Antony's College, Oxford)

Joanna Hanson (FCO)

Zorica Kalezic (Central Bank of Montenegro)

Laza Kekic (EIU)

Eleni Louri (Bank of Greece)

Gjovalin Macaj (DPIR, Oxford)

Genci Mamani (Bank of Albania)

Robin McConnachie

Kalypso Nicolaidis (St Antony's College, Oxford)

Slavo Radosevic (UCL, London)

Peter Sanfey (EBRD)

Marko Skreb (Privredna Banka, Zagreb)

Altin Tanku (Bank of Albania)

Nemanja Tepavcevic (St Antony's College, Oxford)

Branko Urosevic (Centre for Investment and Finance, Serbia)

Max Watson (SEESOX)