

*Doc.: GA31/EC30/REC101/08*

## **RECOMMENDATION 101/2008\***

### **“Foreign investment and the economic growth of the BSEC member states”**

1. The Parliamentary Assembly of the Black Sea Economic Cooperation recognizes the importance of foreign investments in the economic development of the member states and of the region realizing a necessity for trade liberalization and free capital movements in order to ensure sustainable improvement of the investment climate in the region.
2. The PABSEC takes the latest tendencies in the economies of the member states into consideration and is aware of fact that each member state has own priorities in its national investment policy depending on the socio-economic basis and market potential of each country.
3. At the same time the Assembly stresses that despite the positive investment dynamic observed in the BSEC area during the last years the investment share of the region in the global economy is still low and moreover investment coordination in some fields is lacking.

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\* *Rapporteur: Mr.Gagik Minasyan, Chairman of the Committee (Armenia)*

Assembly debate on 18 June 2008 (see Doc.: GA31/EC30/REP/08, Report of the Economic, Commercial Technological and Environmental Affairs Committee “Foreign investment and the economic growth of the BSEC member states” discussed in Tirana, on 5 March 2008; Rapporteur: Mr. Marcel Raducan – Moldova)

*Text adopted by the Assembly in Athens on 10 June 2008.*

4. The Assembly reaffirms its commitment to enhancing regional cooperation aimed at the creation of a proper investment climate by improving the legislative framework in this field, as well as expressing its concern and readiness to give necessary assistance in establishing a dialogue between the investors and governments.

5. The Assembly recalls to its Recommendations 38/1999 on “Promotion and protection of investments in the Black Sea region”, 72/2003 on “Shaping a European Economic Space”, as well as to the Recommendations 33/1999 on “The Black Sea Trade and Development Bank” and 65/2002 on “BSTDB: the financial pillar of cooperation in the Black Sea region” appreciating the role of the Bank as a significant financial component of the BSEC in trade fostering and investment promotion.

6. The Assembly welcomes the activity of the BSEC Business Council (BSEC BC) that contributes to the cooperation of private and public sectors in investment projects and to the development of a network of contacts among the business communities of the region, noting the possibilities of the BSEC BC in strengthening SMEs in the economic life of the region.

7. The PABSEC fully supports the activity of the BSEC in the investment promotion and joint initiatives carried out with other international organizations, including the recently launched **Black Sea Investment and Promotion Program (BSITP)**; at the same time Assembly particularly emphasizes success of the BSEC in implementing two regional projects - memoranda of understanding on **Black Sea Highway Ring** and on the **Motorways of the Black Sea** that would increase intraregional trade and promote investment in the Black Sea area.

8. The PABSEC expresses its adherence to close cooperation with international partners in promoting investment, in particular with the European Union, the Organization of Economic Cooperation and Development (OECD), the United Nations Development Program (UNDP), the European Bank of Reconstruction and Development (EBRD). Investment cooperation with the EU and USA become to be crucial taking into consideration the latest developments in the BSEC-EU interaction process and the growing involvement of American investment in the BSEC area.

9. **Therefore, the Assembly recommends** the Parliaments and the Governments of the BSEC Member States:

i) *to complete* the process of improving the legislative framework in the context of shaping an environmentally friendly investment climate, focusing on the following aspects:

- **elimination** of the bureaucratic obstacles that impede the consistent attraction of foreign investment by measures, such as setting a “one window” principle and optimizing tax rates;

- **creation** of favorable conditions for foreign investors on the principle of non-discrimination granting the same rights and abilities as to local investor;

- **transparency** of the process of foreign investments 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 to either or another sector;
- **fair judicial settlement** of disputes related to foreign investments, which includes a shortened process of litigation and the right of access to arbitration and appeal instances;
- **harmonization** of national investment legislation in accordance with the standards of international organizations, such as the WTO, the OECD and the EU.

ii) *to continue* concluding bilateral treaties and agreements on avoidance of double taxation with countries interested in an investment partnership with member states;

iii) *to define* more clearly the strategic economic sectors, where access of foreign investors is restricted for reasons of economic security of the member states and, if necessary, *to adopt* relevant specific laws or regulations;

iv) *to elaborate* and to develop investment projects in the field of transport, energy and tourism in the light of the increasing role of the BSEC region namely in these sectors, as well as *to intensify* implementation of environmental projects, primarily by taking the problem of Black Sea pollution into consideration;

v) *to provide* a comprehensive exchange of information among member states and other partners on the investment climate, trends and activities that in perspective would allow to establish common data base on the issue;

vi) *to develop* portfolio investments and equity market with a view to stabilizing a financial and credit system, which is a complementary precondition for a favorable investment climate;

vii) *to ensure necessary measures* for the effective implementation of the “Basic Principles of Investment Collaboration” adopted by the BSEC Council of the Ministers of Foreign Affairs in 1996;

viii) *to enhance* cooperation with the BSEC Business Council and Black Sea Trade and Development Bank in order to collaborate on analytical and expertise work on investment policies and for more active involvement of the BSTDB in financing investment projects;

ix) *to cooperate* with EU institutions on financing and coordinating priority investment projects with the possible use of all available financial instruments of the EU bearing in mind the strategic partnership between the EU and the BSEC.

**10. The Parliamentary Assembly** invites the BSEC Council of Ministers of Foreign Affairs to consider this Recommendation.