



Ministry of Economy
Ministry of SMEs, Trade,
and Business Environment
ROMANIA

CEI CENTRAL
EUROPEAN
INITIATIVE

in cooperation with

ITALIA 
Italian Institute for Foreign Trade

12 CEI SUMMIT ECONOMIC FORUM

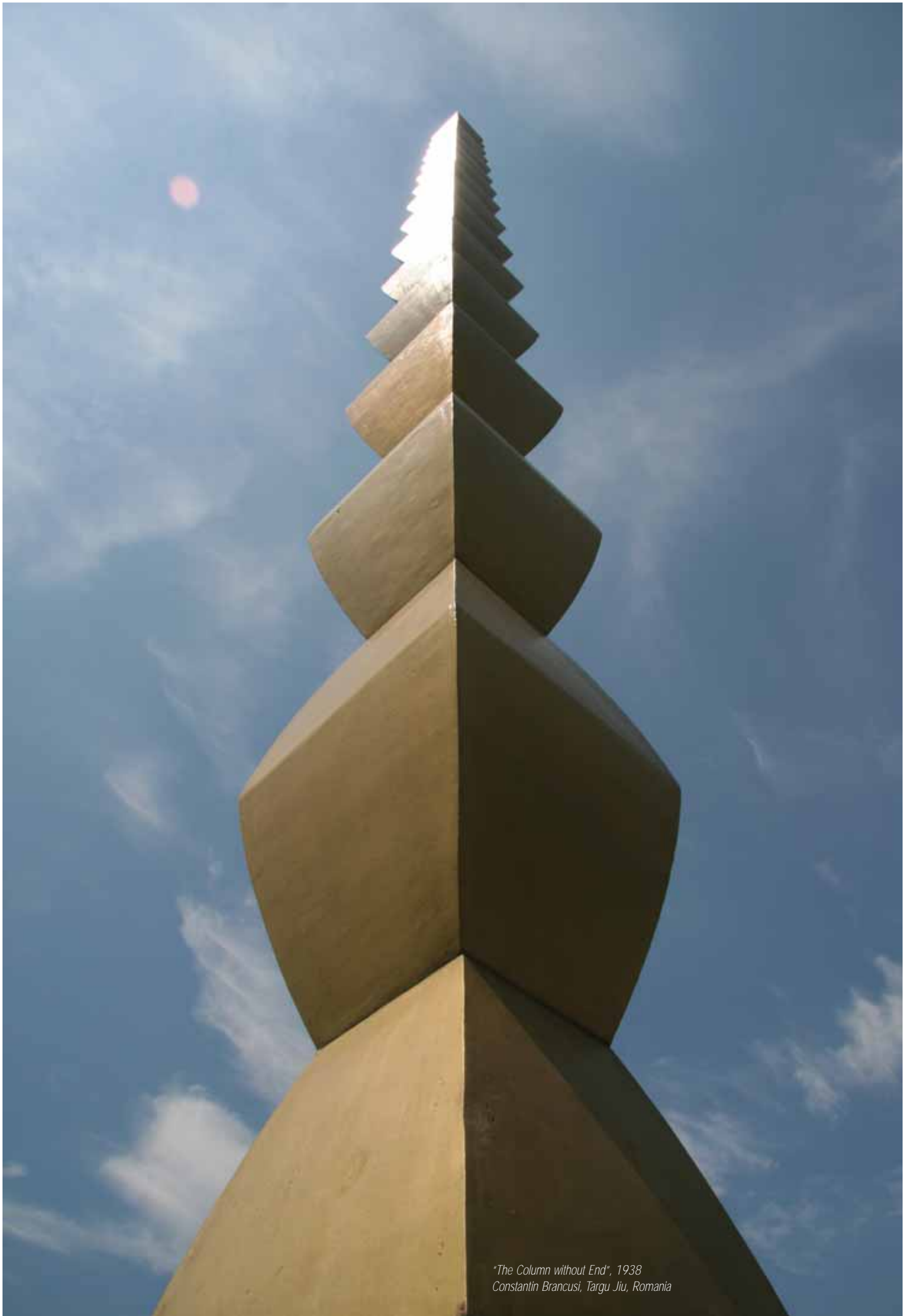
The Way Ahead: Towards a Better Future

FINAL REPORT



*"The Thinker" and "The Sitting Woman", Neolithic Figurines (Hamangia),
National Museum of Romanian History, Bucharest*

12 November 2009 Bucharest **Romania**
JW Marriott Bucharest Grand Hotel



"The Column without End", 1938
Constantin Brancusi, Targu Jiu, Romania

12TH CEI SUMMIT ECONOMIC FORUM

SUMMARY OF RESULTS

Since its beginnings, the mandate of the Central European Initiative has been to help countries in transition in their path to become market economies. To achieve this goal, the CEI has employed a number of tools. One of them aims to bring together the different stakeholders, businesses, governments and international organisations and to provide them with a platform where feasible business ideas can be discussed, investment opportunities examined, trade partnerships established, and cooperation agreements made. This platform is the annual CEI Summit Economic Forum (SEF).

On the occasion of the Meeting of Ministers of Foreign Affairs of the CEI Member States held on the Island of Brijuni (Croatia) on 5-6 June 1998, the Ministers welcomed the proposal of organising a CEI Business Forum (later renamed CEI Summit Economic Forum - SEF) recognising that *"the improved flow of information on economic, legal and commercial issues will promote the development of regional trade and investment links"*.

First organised in Zagreb in 1998, the SEF is now known as the annual flagship event of the Initiative. It takes place each autumn in the country holding the rotating CEI Presidency. The event is held in parallel with the Roundtable of the Ministers of Economic Sectors and generally precedes the Meeting of the Heads of Governments of the CEI Member States.

The Forum serves as a platform to support and promote the CEI strategy of fostering regional cooperation, European integration and economic transition in Central, Eastern and South Eastern Europe. The event generally attracts a mix of industry leaders, senior government officials from the 18 CEI Member States, regional, national and international organisations financial institutions, professionals and consultants, lawyers and hundreds of businessmen.

This year the SEF took place in Bucharest on the 12th of November 2009 under the leading theme *The Way Ahead: Towards a Better Future*. It was co-organised by the Secretariat for CEI Projects (CEI-PS) and by the Romanian Ministry of Economy and Ministry of SMEs, Trade and Business Environment. The Italian Institute for Foreign Trade (ICE) and the European Bank for Reconstruction and Development (EBRD) also collaborated in the organisation of the SEF 2009.

The sheer numbers of the SEF 2009 are impressive. More than 1300 participants from 42 countries attended the 11 sessions of this year's Forum. Approximately 150 bilateral business meetings took place in meeting rooms purposely arranged by the organisers. As the event's feed-back showed, the formula of organising specialised sessions, networking facilities as well as parallel events and activities in cooperation with international financial institutions like the EBRD, the EIB and the WB proved to be very successful.

The Secretariat for CEI Projects wishes to thank Mr Adrieau Videanu, Minister of Economy of Romania, Ms Maria Parcalabescu, Secretary of State, Ministry of SMEs, Trade and Business Environment of Romania, Ms Irinel Cristu, Secretary of State, Ministry of SMEs, Trade and Business Environment of Romania, and to all Ministers and Deputy Ministers and Government Officials of Romania who contributed to the SEF.

A special thank you note goes to the staff of the Ministry of Economy and Ministry of SMEs, Trade and Business Environment, for the fruitful cooperation and pro-active support in organising the twelfth edition of the SEF.

Finally, the CEI-PS is once again grateful to the EBRD for its support and cooperation.



SEF Official Opening Ceremony

Participants' Satisfaction

The analysis of the questionnaires on SEF participants' satisfaction proved to be an excellent tool to assess the SEF both conceptually, as well as in terms of organisation. The comments received were exceptionally positive, the overall evaluation of both SEF and its organisation recording a high score (4.2 out of 5), and congratulations accompanying various aspects of the logistics of the event. The level of contentment was fairly elevated in general. The evaluation of the sessions in terms of the subjects discussed and the level of speakers and their presentations scored a high 4.0. Additionally, the bilateral meetings through the Match-Making system received a 3.7 score. A reoccurring comment on this criteria suggested that an expansion would be beneficial. Participants assigned a 4.5 score, to the overall logistics, documentation, information and assistance provided by organisers, revealing that the efforts made by the organisers were valued. The CEI website and social events were also positively evaluated, with 4.5 and 3.7 respectively, with the social events leaving some room for improvement in the view of the participants.



Audience

The Business Match-Making

The Business Match-Making has always been a critical component of the Summit Economic Forum and, over the years, participants have learned to use this essential tool more and more, in order to develop their business activities. In Bucharest, once again under the coordination of the CEI staff, more than 150 meetings were organised in over five bilateral rooms. This is a significant outcome, considering that in previous editions of the SEF, one or two bilateral rooms had always been sufficient to accommodate the demand for such meetings. The international atmosphere that has always distinguished the Forum, was this year particularly evident in the Business Match-Making, where representatives of over 15 different countries were hosted. Country delegations, international organisations, entrepreneurs, bankers, journalists and potential investors, took the opportunity to get to know each other and to discuss projects, programmes, availability of funds, business proposals and potential future cooperation.

SEF IN FIGURES

Registered participants	1308
Countries represented	42
IOs, IFIs and other int'l associations	18
Speakers	78
Sessions	11
Parallel events and activities	6
Bilateral business meetings	150
Journalists	60
Sponsors and supporters	17
Media and Marketing Partners	15



From left: Matthias KOLLATZ-AHNEN (Vice President, EIB), Theodore AHLERS (Strategy Director ECA Region, WB), and Enzo QUATTROCIOCCHIE (Secretary General, EBRD) at the SEF Official Opening Ceremony

SEF / Official Programme

Thursday 12 November 2009, Bucharest, Romania

09.30 - 10.30

Official Opening Ceremony

10.45 - 12.15 1.1

Romania's Economy: Survey and Opportunities

10.45 - 12.15 2.1

JASPERS - A Vital Institution for the Development of Major Projects in the Region

10.45 - 12.15 3.1

Trade and Regional Cooperation: an Opportunity for Sustainable Development

13.45 - 15.15 1.2

The Role of the World Bank Group in Supporting Economic Recovery in the CEI Region

13.45 - 15.15 2.2

Ensuring Energy Security: the Role of Central and South-Eastern European Countries

13.45 - 15.15 3.2

Fostering the Business Climate - Financing the Real Economy: Past, Present and Future

15.45 - 17.15 1.3

Tackling the Global Financial Situation

15.45 - 17.15 2.3

Focus on Energy Efficiency and Climate Change

15.45 - 17.15 3.3

SMEs and Sustainable Business Environment: Focus on Financing, Growth and Competitiveness

SEF / Parallel Events

Thursday 12 November 2009, Bucharest, Romania

Desk of Italy for Entrepreneurs coordinated by ICE (Italian Institute for Foreign Trade)

Romania – Your Top Business Partner (Promotional Point)

Presentation of the October 2009 edition of the EU10 Regular Economic Report of the WB

The Signing of the Finance Contract between the EIB and Romania to support the modernisation of Bucharest metro line

Presentation of EU-funded Projects involving the CEI

17.30 - 18.15

Closing Ceremony

High Level Political Events

11-13 November 2009, Bucharest, Romania

Wednesday 11 November 2009

Roundtable of the CEI Ministers of the Economic Sectors, including the Presentation of the EBRD Transition Report 2009

Thursday 12 November 2009

Meeting of the CEI Ministers of Foreign Affairs

Friday 13 November 2009

Summit of the CEI Heads of Government

SESSION HIGHLIGHTS



SEF Closing Ceremony

This year's SEF was composed of nine formal sessions under the theme *The Way Ahead: Towards a Better Future*. Sessions were complemented by a schedule of parallel events and activities, as well as, by bilateral meetings.

The CEI Summit Economic Forum was opened by welcoming remarks of the organisers, as well as by brief statements of high level representatives of the EIB, EBRD and WB, which gave a preview of the Forum's main areas of focus.

The main conclusions and results of the event, which are summarised in the following paragraphs of this report, were presented at the Closing Ceremony by the organisers.

1.1 ROMANIA'S ECONOMY: SURVEY AND OPPORTUNITIES

Moderator and Speakers: Mr Sorin DIMITRIU, President, Chamber of Commerce and Industry of Bucharest, Romania // H.E. Gheorghe POGEA, Minister of Public Finance, Romania // Ms Claudia PENDRED, Country Director for Romania, European Bank for Reconstruction and Development // Mr Ioan SILVAS, Head of Energy Sales, SC Electrica SA, Romania // Ms

Marie KOVAROVA, CEO and President of the Directorate, Generali Asigurari, Generali Group // Mr Steven VAN GRONINGEN, Chief Executive Officer, Raiffeisen Bank, Romania // Mr Markus WIRTH, Country Manager, Holcim Romania SA

On its path to membership in the European Union and in other international bodies, Romania reached many important economic and financial benchmarks. Capitalising on investments from international organisations as well as directly from multinational companies, Romania recorded increases in all relevant indicators, before the current crisis. The concerted efforts made in this respect by the private and public sectors and the international organisations were doubled by the inherent potential of the country – relatively high productivity, the second largest population in the new EU Member States, and a strategic position regarding the energy sector. The crisis has challenged, however, these gains, as in most countries of the region. As the macroeconomic reality facing Romania is reshaping, opportunities remain untapped. Mr Gheorghe Pogea, Romanian Minister of Public Finance and keynote speaker of this session, described the current situation as a chance for authorities to implement further structural reforms. The Minister also showcased the competitive advantages and increased presence of foreign direct investment in the IT, automobile, and rural development sectors. While representatives of

manufacturing and energy enterprises analysed the delicate yet crucial relationship between the public and private sectors, Mr Pogea reiterated the Government's commitment to fiscally and otherwise incentivise the business environment.

Moderated by the President of the Chamber of Commerce and Industry of Bucharest, the session perfectly balanced the perspectives of the Government and of private or state-controlled enterprises, with the opinions of the EBRD, and of two leading financial institutions. The EBRD helped create opportunities in Romania by investing EUR 4.4 billion to date. With the EUR 700 million invested in 2009 alone, and a significant increase in equity volume, the Bank targeted priority areas for economic recovery: infrastructure and energy, the banks, especially for the continued support of SMEs, maintaining levels of foreign investment, and increasing local competition.

Romania's financial sector also has great potential for growth. Presentations described the country as the most attractive market for insurance instruments and motivated this by its currently low levels of penetration and lagging GDP per capita. Envisaging the imminent convergence to Western European levels, the demand for savings insurance products is expected to rise significantly, even in the absence of governmental incentives. It is apparent that opportunities remain unexplored in Romania and that space for growth continues to exist. The immediate effects of the crisis may raise doubts in the short-term. However, through joined efforts of all relevant players, Romania has the chance to overcome challenges and continue to structurally improve its economy.

2.1 JASPERS - A VITAL INSTITUTION FOR THE DEVELOPMENT OF MAJOR PROJECTS IN THE REGION

Moderator and Speakers: Mr Alexander AUBOECK, Corporate Director, Procurement and Consultancy Services, European Bank for Reconstruction and Development // Mr Bogdan DRAGOI, Secretary of State, Ministry of Public Finance, Romania // Mr Matthias KOLLATZ-AHNEN, Vice President, European Investment Bank // Mr Rudolf NIESSLER, Director, Policy Coordination, DG Regio, European Commission // Mr Agustin AURIA, Head of JASPERS, European Investment Bank // Mr Christian KRAEMER, First Vice President, Federal and European Affairs, KfW Bankengruppe, Germany // Mr Stoyan BRATOEV IVANOV, Executive Director, Metropolitan JSC (Sofia Metro Company), Bulgaria

The panel featured representatives of the Romanian Ministry of Finance, the EU, EIB, KfW, JASPERS and the Sofia Metro Company. Instead of a series of presentations, the panel members entered into a lively discussion involving the audience. The EU explained how critical the use of Structural Funds is for relevant projects. In their perspective, JASPERS could play a significant role in assisting beneficiaries develop projects which could be approved by the EU. The General Manager of JASPERS made it clear that the programme is now operating at full speed with some eighty employees plus access to a team of external consultants. JASPERS is involved in most "Major Projects" put forward by the beneficiaries of EU Structural Funds, i.e. projects in excess of EUR 50 million. The Romanian Ministry of Finance pointed out that the Structural Funds have been critical for the development of Romania's infrastructure and it welcomed the assistance



From Left: Bogdan DRAGOI (Secretary of State, Ministry of Public Finance, Romania), Alexander AUBOECK (Corporate Director, Procurement and Consultancy Services, EBRD) and Matthias KOLLATZ-AHNEN (Vice President, EIB)



From Left: Kaspar RICHTER (Senior Economist, Economic Policy and Poverty Reduction, WB), Timothy KRAUSE (Senior Regional Manager, Financial Markets in Central and Eastern Europe Department, IFC/WBG), Vasile OLIEVSCHI (Senior Railway Specialist, WB)

provided by JASPERS, which is present in Bucharest with a sizable office. The case study of the development of the Sofia Metro system, demonstrated that the involvement of JASPERS can cover various areas, as it considerably contributed to the successful development of the project. The EIB, which is entrusted with the management of JASPERS, emphasised the need to shorten the project preparation and approval periods. This way, the real economy could feel a beneficial impact even sooner. The audience was mostly interested in learning more about the EU approval process, the link between PPPs, Structural Funds and Jaspers, and pointed out that the quality of projects was, indeed, of capital importance. Speakers from the audience were concerned that JASPERS would focus too much on big projects, denying smaller developments valuable assistance. Additional information at <http://www.jaspers-europa-info.org/>.

3.1 TRADE AND REGIONAL COOPERATION: AN OPPORTUNITY FOR SUSTAINABLE DEVELOPMENT

Moderator and Speakers: Mr Mihai BERINDE, Director, Corporate Affairs and Compliance, SC Petrom SA, Member of OMV Group, Romania // Ms Maria PARCALABESCU, Secretary of State, Ministry of SMEs, Trade and Business Environment, Romania // Ms Andreea NISTOR, Commercial Director, NC Maritime Ports Administration, S.A. Constantza, Romania // Mr Daniel IVARSSON, Senior Adviser, Bureau of Policy and Programme, International Trade Centre, UNCTAD/WTO // Mr Mario APOSTOLOV, Regional Advisor, United Nations Economic Commission for Europe // Mr Francois FOURMONT, Chief Operating Officer and General Manager, Automobile Dacia, Renault Group, Romania

Competitiveness driven partnerships help the business environment achieve broader economic and social goals in spite of the ongoing tumult of globalisation. European and global cohesion, in need of strengthening, rely on regional cooperation and interdependence. Although somewhat undermined by the current crisis, trade remains a very powerful tool in helping economies deal with a vast array of issues. The session highlighted different aspects through which trade flows had momentous effects in sustaining and soundly connecting pan-European economies. The speakers' presentations focused on benefits for consumers and SMEs, and for the facilitation of general principles of multilateralism. Trade has been a powerful catalyst for conflict resolution in South-Eastern Europe. Indeed, regional trade proved to have quick and powerful advantages, especially for entrepreneurs. For instance, the Port of Constantza offers the infrastructure to increase trade in the region. In terms of creating opportunities through structural changes, the United Nations Economic Commission for Europe implemented a single-window concept in the region, allowing all participants in trade and transport to file for requested information in only one place, in a standard format, in order to carry out import, export and transit operations. The case study of Renault Group's investment in Dacia also highlighted foreign direct investment, as a form of trade. The presence of the French carmaker in Romania had a deep impact on the general economic environment, through employment or the use of local elements in the supply chain. In moving its most important industrial centre to Romania, Renault benefited of the high productivity, but also augmented the country's exports.

As emphasised by Ms Maria Parcalabescu, Secretary of State, Romanian Ministry of SMEs, Trade and Business Environment, and the keynote speaker of the session, sustainable development can build strong roots in trade

and investment. Their effects are especially powerful in the framework of EU policies and of the instruments of promotion facilitated by international organisations.

1.2 THE ROLE OF THE WORLD BANK GROUP IN SUPPORTING ECONOMIC RECOVERY IN THE CEI REGION

Moderator and Speakers: Mr Theodore O. AHLERS, Director, Strategy and Operations, ECA Region, The World Bank // Mr Mihai BOGZA, President, Bancpost, Romania // Mr Misu NEGRITOIU, CEO, ING Bank, Romania // Mr Kaspar RICHTER, Senior Economist, Economic Policy and Poverty Reduction, The World Bank // Mr Truman G. PACKARD, Lead Economist, Human Development Department, ECA Region, The World Bank // Mr Timothy KRAUSE, Senior Regional Manager, Financial Markets in Central and Eastern Europe Department, International Finance Corporation/The World Bank Group // Mr Vasile OLIEVSCHI, Senior Railway Specialist, Transport, The World Bank

The session, chaired and moderated by Mr Theodore Ahlers, Europe and Central Asia Director at the World Bank, focused on the role of the World Bank Group in mitigating the impact of the global economic crisis and supporting a sustainable economic recovery in the CEI region.

Panellists discussed how the World Bank, by providing advice, funding, and implementation support, can help Governments to advance economic reforms needed to stay competitive in a world of reduced capital flows and discriminating financial markets, while safeguarding priority projects and programmes for social inclusion and growth.

Actions and policies presented in this direction include providing government and businesses with up-to-date information and analysis for informed decision making; ensuring that vital investments in human development and infrastructure are protected during periods of fiscal adjustment; supporting the recovery of confidence in financial markets; and enhancing growth through structural change and innovation.

2.2 ENSURING ENERGY SECURITY: THE ROLE OF CENTRAL AND SOUTH-EASTERN EUROPEAN COUNTRIES

Moderator and Speakers: Mr Lucian STANCU, Deputy Director General, SNGN Romgaz SA, Romania // Mr Tudor SERBAN, Secretary of State for Energy, Oil and Gas, Ministry of Economy, Romania // Amb. Hido BISCEVIC, Secretary General, Regional Cooperation Council // Mr Vlad PAVLOVSCHI, Director Engineering & Research Department, SNTGN Transgaz SA, Romania // Mr Pompiliu BUDULAN, General Director, CN Nuclearelectrica SA, Romania // Mr Michael GREEN, Senior Banker, Natural Resources Department, European Bank for Reconstruction and Development // Mr Marian CERNAT, Director of NDC Operational Division, CN Transelectrica SA, Romania // Mr Lucian PALADE, Chief Development Officer, OPCOM, Romania

Energy security has a strong impact on economic development and represents an essential factor in ensuring sustainable development. The

keynote speaker of the session, Mr Tudor Serban, Secretary of State within the Ministry of Economy of Romania, as well as the representatives of Romanian companies (Transelectrica, Nuclearelectrica, OPCOM) and foreign companies (Enel, GDF Suez) acting in the field of energy, presented measures and actions for supporting energy security in Romania and in the CEI region. These actions focused on a commitment to energy diversification, with a special focus on renewable energy; sustainable use of resources; enabling a mix of energy sources and routes; development of underground gas storages; sustainable development of the nuclear sector; increased energy efficiency; support of the research and development sector on the energy chain – production-transport-distribution; completion of the electricity and gas transmission networks and interconnecting lines among neighbouring countries; regional cooperation in the Black Sea and Caspian Sea regions; development of the energy market, including of the green certificates market.

The session also showcased opportunities in the region. The Secretary General of the Regional Cooperation Council presented the role of energy cooperation in South-East Europe in the process of economic development. Additionally, the European Bank for Reconstruction and Development, represented by Mr Michael Green, Senior Banker, Natural Resources Department, described the role of the EBRD in promoting energy supply projects in the region, but also the main instruments for financing such projects. Finally, the representative of Transgaz presented the main advantages and the recent developments of the NABUCCO Project, one of the main projects supported also by the European Commission to ensure energy security in Europe.

3.2 FOSTERING THE BUSINESS CLIMATE - FINANCING THE REAL ECONOMY: PAST, PRESENT AND FUTURE

Moderator and Speakers: Mr Antonio FANELLI, Deputy Head, Private Sector Development Division, Organisation for Economic Co-operation and Development // Mr Lars KOLTE, Chairman of the Governing Board, Council of Europe Development Bank // Ms Gana ALEKSIC-PETERSEN, Principal Manager, TC Group, Financial Institutions, European Bank for Reconstruction and Development // Mr Alexandru TANASE, Senior Banker, Financial Institutions Group, West Balkans, Belarus, Moldova & Turkey, European Bank for Reconstruction and Development // Mr Sanjin ARIFAGIC, Head of Economic and Social Development Unit, Regional Cooperation Council // Mr Alistair NOLAN, Senior Policy Analyst, Private Sector Development Division, Organisation for Economic Co-operation and Development // Ms Carmen Raluca IPATE, Policy Officer, DG Enterprise and Industry, European Commission

The diversity of views expressed in this session provided different angles on IFIs' focus in a very complex macroeconomic environment, as well as on the role of international organisations that are working to ensure relevancy of investment financing and donor support.

Notwithstanding a discussion on the impact of the economic downturn on the social dimension – with a special focus on policies aimed at recovery, as highlighted by the Council of Europe Development Bank representative – the OECD chaired and moderated the session introducing its instruments for fostering the business climate and SMEs development in Western Balkans, in close cooperation with the European Commission.



From Left: Gary BOND (Director for Monitoring and Impact Assessment, Office of the Chief Economist, EBRD) and Mark ALLEN (Senior Regional Representative, Regional Office for Central and Eastern Europe, IMF)

The role of regional cooperation for economic development was underlined by the Regional Cooperation Council representative, while the EBRD representatives provided the information on financial instruments available in the region, including facilities and programmes under which the micro and small loans are approved. Donor financing was highlighted as a crisis mitigation instrument, particularly in the area of portfolio management.

1.3 TACKLING THE GLOBAL FINANCIAL SITUATION

Moderator and Speakers: Mr Gary BOND, Director for Monitoring and Impact Assessment, Office of the Chief Economist, European Bank for Reconstruction and Development // Mr Cristian POPA, Deputy Governor, National Bank of Romania // Mr Mark ALLEN, Senior Regional Representative, Regional Office for Central and Eastern Europe, International Monetary Fund // Ms Debora REVOLTELLA, Head of Strategic Analysis CEE, Unicredit Group - Bank Austria // Mr Daniel DAIANU, Professor of Economics, SNSPA, Bucharest and Former Finance Minister of Romania

The session looked beyond the global financial crisis period and focused on new challenges and policy actions that are needed to ensure that the CEI region re-establishes the conditions for sustainable and durable growth and resumes the European convergence process. Drawing on the combined talent of well-known public and private sector leaders, the session focused on key issues and challenges in the macroeconomic policy area.

Panel participants discussed current financial conditions and examined specific issues in the European context and in the CEI region, with special regard to monetary policy and financial sector regulation and stability.

Truly diverse in their points of view, speakers represented the EBRD, the IMF, the Romanian National Bank, as well as the banking sector and academia. With such various perspectives, panellists were sometimes at odds in their proposed measures for recovery, especially on the issue of how much new models of growth in the CEI region should differ from the pre-crisis models.

2.3 FOCUS ON ENERGY EFFICIENCY AND CLIMATE CHANGE

Moderator and Speakers: Mr Engin GOKSU, Senior Manager, Official Co-financing Unit, European Bank for Reconstruction and Development // Mr Durim KRAJA, Secretary General of the Ministry of Economy, Trade and Energy, Albania // Ms Milena MESSORI, Head of Office, Romania, European Investment Bank // Mr Jacquelin LIGOT, Consultant, France // Mr Valerio CALZOLAIO, Consultant, United Nations Convention to Combat Desertification // Ms Fani KALLIANOU, Energy Efficiency and Climate Change Team, European Bank for Reconstruction and Development // Mr Mihai DAVID, General Manager, SC Hidroelectrica SA, Romania // Mr Marco MORANDO, Energy Efficiency Team, D'Appolonia SpA, Italy // Mr Eugenio FERRO, Energy Business Unit Manager, MWH SpA, Italy

This session reviewed the specific challenges that the CEI region faces in the process of transition to a low carbon economy. While the implications of climate change are becoming clearer, it is uncertain what will be the role of the region in driving an appropriate mitigation/adaptation agenda, for example in the areas of sustainable energy technologies or management of resources. The speakers provided insights into various relevant subjects ranging from the role of renewables, to the issues the industrial sectors face in improving competitiveness in an increasingly constrained environment (e.g., more stringent regulations), and from the mounting challenges associated to scarcity of primary resources (e.g., water), to the role the financial sector can play in delivering dedicated solutions to support innovation and transformation.

3.3 SMEs AND SUSTAINABLE BUSINESS ENVIRONMENT: FOCUS ON FINANCING, GROWTH AND COMPETITIVENESS

Moderator and Speakers: Mr Vito VACCA, Senior Partner, Studio Vacca Consulting, Italy // Ms Irinel CRISTU, Secretary of State, Ministry of SMEs, Trade and Business Environment, Romania // Mr Vesa VANHANEN, Deputy Head of Unit, Financing Innovation and SMEs, DG Enterprise and Industry, European Commission // Mr Hubert COTTOGNI, Head of Regional Business Development, European Investment Fund // Mr Roswitha MOSBURGER, Team Leader International Projects, Austria Wirtschaftsservice GmbH // Mr Michael GUTH, Senior Consultant, Innovation and Technology Transfer, ZENIT GmbH, Germany // Mr Daniel COSNITA, General Manager, Inno Consult, Romania

The performance of SMEs and productive clusters is strictly connected with their local environment. Consequently, the role of public administrations is

fundamental in facilitating a positive business environment, in accordance with other players like financial institutions, chambers of commerce, entrepreneurial associations, technical and professional associations. One dimension of the local authorities' support to the business environment concerns education. As entrepreneurship and innovation are concomitantly individual and collective dynamics, breakthroughs in quality are difficult in the absence of strong universities, training schools, research centres, technological parks, or logistical platforms. Additionally, small businesses need the support of decision makers in terms of simple rules of investment, efficient public services, public encouragement and smart tools to assume entrepreneurial risks.

Recognising their responsibilities, public authorities, financial institutions and stakeholders at all levels are developing policies and initiatives to support small and medium size enterprises. A key objective of the *Small Business Act*, the European set of policies concerning SMEs is to gain competitiveness and create employment.

This session gathered prominent representatives from the European Commission, the Governments of Romania and Austria, the European Investment Fund, and business environment organisations to highlight the role of SMEs in the economy and to promote policy instruments available to support their development in the CEI region. The speakers exchanged information and views on recent developments of EU and national policies, financial instruments and business infrastructures aimed at stimulating individual enterprises or networks of enterprises. The reverse view, of businesses that lobby policy-makers to focus their actions on current priorities was also presented. A particular emphasis was given to the need of promoting financial instruments dedicated to SMEs in order to facilitate their access to finance.



Hubert COTTOGNI, Head of Regional Business Development, EIF

PARALLEL EVENTS

Desk of Italy

The Desk of Italy is a specific instrument meant to support Italian entrepreneurs in the SEF framework, both aiming to promote the internationalisation of Italian enterprises and to encourage the development of trade and investment opportunities. Launched in 2005 by the Italian Institute for Foreign Trade (ICE), the Desk of Italy has a double role. On the one hand, the event strives to highlight the Italian enterprises' presence and their contribution in the country hosting the SEF. On the other hand, the Desk of Italy also facilitates networking and the exchange of experiences, thus complementing the thematic sessions scheduled in the general SEF programme.

This year's Desk of Italy confirmed its role as a forum for discussion and meetings for Italian entrepreneurs. This was enabled by the comprehensive programme of networking opportunities and presentations, introduced by Mr Stefano Saglia, Under Secretary of the Ministry for Economic Development of Italy, and Mr Mario Iaccarino, Director of the ICE Bucharest Office. The speeches of the two main associations of Italian entrepreneurs active in Romania, the Italian Chamber of Commerce for Romania and Unimpresa, were followed by a more technical part: SACE showcased its insurance activity for foreign trade in the Balkan area, while European Bank for Reconstruction and Development experts explained the Bank's activities, its development programmes and related cooperation opportunities for Italian firms.

"The Summit Economic Forum is a unique opportunity for us to implement our internationalisation strategy. The event gives our members the chance to increase their participation to programmes of International Financial Institutions. In this respect we greatly appreciate the strong presence of high level representatives of the EBRD, the EIB and the WB. We look forward to participate to future CEI events in order to continue benefiting from the CEI networks and linkages with IFIs, EBRD in particular."

Raffaele GORJUX

Vice President, OICE (Association of Italian Engineering, Architectural and Technical-economic Consulting Organisations)

The schedule of the Desk of Italy continued in the afternoon by offering participants the opportunity to network in bilateral meetings with the speakers of the formal sessions of the SEF, and the representatives of Italian and international institutions present, in order to deepen the main themes and topics discussed during the sessions of the Summit. Involving five ICE offices operating in the CEI region, the bilateral meetings were highly appreciated by the participants, who included represen-



From Left: Stefano SAGLIA (Secretary of State of the Italian Ministry of Economic Development) and Carmelo BARBERA (Italian Embassy in Bucharest) at the Desk of Italy



Company Presentation

tatives of over 100 companies. Taking advantage of this service, participants had the opportunity to meet, individually and confidentially, high-level interlocutors especially selected on the basis of their needs. Moreover, through the framework of bilateral meetings, the Italian Institute for Foreign Trade offered to each Italian firm present at the SEF, the chance to collect in a single moment all the information about investments, business opportunities and financing they needed.

Romania – Your Top Business Partner

Remaining true to its mission of enabling and promoting business opportunities, the 12th Summit Economic Forum offered Romanian firms with export potential, a platform to market their offers. Under the title *Romania - Your Top Business Partner*, Romanian companies, which expressed a desire to promote their products and services, were hosted in the Brasov Room, JW Marriott Bucharest Grand Hotel. The showroom gave companies the opportunity to make presentations, distribute promotional materials and display banners.

Through this platform, participating companies, which are important Romanian brands in the sectors of: food, fashion design, IT, natural gas supply and power technology, as well as craftsmanship, had important meetings with foreign participants attending the SEF in Bucharest. The exquisite quality of the products exhibited, along with the professional way of presenting their offers for export, helped the Romanian companies set up potential future cooperation with representatives of major companies and institutions abroad.

By hosting the SEF this year and organising this showroom, Romanian authorities enabled domestic companies to consolidate business relations on foreign markets and raise awareness leading to the increased development of Romanian exports of products with high added value. This represents a top priority, as stated in the National Strategy Document for Export, 2010-2014.

The Romanian companies participating in *Romania - Your Top Business Partner* were Chronos Art, Electrica, Transelectrica, Hidroelectrica, Nuclearelectrica, Romgaz, Transgaz, Complexul Energetic Craiova, Complexul Energetic Turceni, Complexul Energetic Rovinari, Sonimpex, Domeniile Sahateni, Geci Engineering, Services, Leader International, Hofigal, SIS, Hesper, Creative Laboratories, Canah, Plantextrakt, Electromagnetica, Santo Raphael, Kasiova, Elena Buculei Christian Association, Christine Kostoff, Amelia Ursache, Mecanex, Beta, Promex, Corina Vladescu, Aerostar.

Presentation of EU-funded Projects involving the CEI

Currently, the CEI implements five projects under different EU Programmes: CERES – CEI Research Fellowship Programme, WINS-ICT – Western Balkan Countries, Inco – Net Support in the field of ICT, SEETAC – South East European Transport Axis Cooperation, SUGAR – Sustainable Urban Goods Logistics Achieved by Regional and local policies, and Central European Initiative InConcerto.

During the SEF 2009, the CEI presented all five projects, describing the main objectives, activities and expected results. Furthermore, the CEI gave a short background of each project (project development, application and approval) and of the EU Programme, under which the endeavour is funded. The focus was mainly given to the current state of the projects, actions under implementation and expected results.

The participants showed interest in the presented projects and intervened lively in the section of questions and answers to receive further information. Moreover, some of them further contacted the CEI staff to receive even more detailed information. This was the first time that the CEI dedicated, in the SEF framework, an entire session exclusively dedicated to EU funded projects in which the CEI is involved. For this reason and the lively feedback from the audience, the presentation was very successful.

Presentation of the October 2009 edition of the EU10 Regular Economic Report of the WB

During the CEI Summit Economic Forum, the World Bank Office in Romania organised a presentation of the October 2009 edition of the *EU10 Regular Economic Report* by Kaspar Richter, Senior Economist in the World Bank's Europe and Central Asia Region and lead author of the report. The report cautions that, although the rebound of the global economy has started, the recovery in EU10 countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia) could be weak and growth is likely to be lower than in pre-crisis years. EU10 countries are projected to contract by around 4.2 percent in 2009, and to grow by around 1 percent in 2010 and 3.6 percent in 2011, down from 3.9 percent in 2008 and around 6 percent in 2007. Medium-term growth prospects look weak as the recovery is not yet private-demand driven and potential growth is lower than before the crisis. According to the *EU10 Regular Economic Report* the main challenge for the EU10 countries now is to adjust the policy agenda: the economic policy should balance the support of recovery with exit strategies to contain risks of negative public debt dynamics and inflation. Structural policies, along the lines of the Lisbon Agenda, are crucial to mitigate the loss in potential output growth due to weaker capital flows. Social policies are crucial to mitigate the loss in living standards for the poor.

"The recovery from the economic crisis depends foremost on restoring financial market confidence. To help close some external financing gaps created by the crisis and ease the burden of adjustment, the IMF, EC and World Bank have provided substantial support. As international investors take a closer look at the vulnerabilities of emerging economies, there is a large premium on strong domestic policies." – said Richter. "Governments face the difficult challenge of reconciling three objectives: to protect priority programmes for economic and social development so that growth prospects are enhanced and social cost of the economic crisis mitigated; to exit from anti-crisis poli-

cies and ensure fiscal consolidation once the recovery is under way to make room for a private sector led recovery; and to improve policies, regulations and coordination to prevent such crises in future."

The Signing of the Finance Contract between the EIB and Romania to support the modernisation of Bucharest metro line

Romania and the European Investment Bank have finalised negotiations for a EUR 395 million loan to support the modernisation of the Bucharest metro network, Phase IV, Line 5 Drumul Taberei – Pantelimon, section Drumul Taberei – Universitate.

The loan is complementary to the previous investments dealing with the modernisation of the underground system of Bucharest that were undertaken with EIB support and will contribute to the extension and operational efficiency of the public transport system.

The Finance Contract was signed on 12th November 2009 in the framework of the 12th CEI Summit Economic Forum by Romanian Finance Minister, Mr Gheorghe Pogea, and EIB Vice-President, Mr Matthias Kollatz-Ahnen.

The loan was contracted in accordance with public debt legislation with the funds being disbursed until 31st December 2014 and carrying a flexible repayment period of up to 25 years. With a total estimated value of EUR 883 million, the project for the modernisation of the Bucharest Metro, aims to increase the urban transport efficiency in the city of Bucharest, through the construction of a new metro line and the purchase of rolling stock of 37 new subway trains that will operate on this new line and replace obsolete trains running on the existing network. The project is to be carried out by SC Metrorex SA, with the completion date set for end of 2015.



From left: Gheorghe POGEA (Romanian Finance Minister) and Matthias KOLLATZ-AHNEN (EIB Vice-President) at the press conference after the signing of the finance contract

THE ROUNDTABLE OF THE CEI MINISTERS OF ECONOMIC SECTORS

The Roundtable of the CEI Ministers of Economic Sectors took place, within the framework of the CEI Summit Economic Forum, in the afternoon of Wednesday 11th November 2009, in Bucharest, at the Athenee Palace Hilton Hotel.

In the spirit of this year's theme, *The Way Ahead: Towards a Better Future*, the Ministers and the representatives of international institutions focused on measures for economic recovery in the short term and sustainable development in the long term. The statements revealed many shared solutions, among which stronger and better-coordinated economic and financial regulation, fiscal incentives, and an intensification of trade. Under various aspects, energy security and the eco-efficient economy surfaced as particularly important themes for participants.

Ministers also agreed on the need of strengthening international cooperation in order to improve macroeconomic stability, accelerate structural reforms, complete the privatisation process, as well as create a favourable



The magnificent historical ballroom at the Athenee Palace Hilton Bucharest hotel, venue of the Roundtable

environment for private business activities and foreign investment. The Ministers stressed the importance of job creation and support for SMEs. For this purpose, solutions included transparent and non-discriminatory regulatory frameworks, improved infrastructure and education, increased efficiency of public administration, and the spread of good governance practices.



Roundtable's Participants Family Photo

Presentation of the EBRD's Transition Report 2009

This year's Roundtable of the CEI Ministers of Economic Sectors was preceded by the Presentation of the EBRD's Transition Report 2009. The report addresses the implications of the crisis both for the transition region – the countries from Central Europe to Central Asia in which the EBRD invests – and for the whole economic transition process.

Entitled, *Transition in Crisis?* the 2009 report concludes that while the economies of the transition region have been dealt a severe blow, the transition process itself will survive the onslaught of the worst global economic downturn in generations.

"The fundamental growth model for the region remains intact," commented Chief Economist Erik Berglof. *"However, the crisis has highlighted weaknesses. There are lessons to be learnt"* he added.

The report raises questions specifically about the growth model both for countries in Central and South-Eastern Europe, where rapid expansion was fuelled by financial integration, and for commodity rich countries further east, whose growth has depended on income from natural resources.

In the first instance, the EBRD economists concede that financial integration has brought disadvantages, by encouraging credit booms, over-borrowing and a trend toward foreign currency borrowing.

On the other hand, however, this region has benefited from high economic growth. More importantly, when the crisis was finally in full blow, the presence of foreign banks and the resulting depth of the financial systems played a crucial stabilising role.

"Based on these findings, it is clear that attempting to reverse financial integration would be the wrong conclusion to draw from the crisis. The region would deprive itself of a source of growth," the report said.

Nevertheless, the report stresses that the crisis has shown the need for urgent steps to help reduce dependency on foreign exchange lending and to manage more effectively the demand for credit.

Looking at the challenges to resource rich countries in the EBRD region, the report notes that they also face vulnerabilities, with policy management in such countries as Azerbaijan, Kazakhstan, Russia and Turkmenistan complicated by foreign currency inflows that fluctuate according to the price of commodities. Some countries have successfully built up funds that help mitigate the impact of economic setbacks, but the longer-term goal of economic diversification remains elusive.

This is partly because dependence on wealth from such resources and the very lack of diversification itself stand in the way of the development of the sort of institutional framework that would support the creation of a more diverse industrial base.

Nevertheless, the report concludes that: "Institution building in resource-rich countries is likely to be difficult and protracted, but by no means hopeless."

Looking ahead to the impact of the crisis on further market reform in the transition region, the report states that any new surge in reforms is generally unlikely, even though the financial sector will probably experience both institutional change and policy adjustments, including initiatives to increase the quality and the extent of government regulation.

In his foreword to the report, Chief Economist Berglof notes that the crisis has demonstrated the resilience of the reforms and the economic integration achieved over the last 15 to 20 years.

Even though the crisis has also uncovered some pitfalls in the economic models that have evolved, *"It is clear that the way to address these pitfalls is to extend the transition agenda, not to replace it,"* Berglof concludes.



Erik BERGLOF (Chief Economist, EBRD)

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Balkan Investigative Reporting Network



Co-ordination of Research Policies with the Western Balkan Countries

PHOTOGALLERY





Voronet Monastery, Suceava County, Romania

The Central European Initiative (CEI) comprises 18 Member States. Membership extends over a territory of 2.4 million square kilometres with a population of nearly 260 million. From the very beginning, the main aim of the Initiative has been to help transition countries in Central and Eastern Europe in their journey towards further integration with EU structures. Although the CEI is not a major donor organisation, it has several funds which are used to promote projects in a number of sectors. The accession of five CEI Member States to the EU in May 2004, and of Bulgaria and Romania in January 2007, has shifted the CEI focus towards those Member States remaining outside the EU. By developing and implementing various projects and programmes, the CEI assists its Member States in a concrete and demand-driven manner.

12 CEI SUMMITECONOMICFORUM

The Way Ahead: Towards a Better Future

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