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Chairman-in-Office Support

Seminar on  
Framework for Private Sector Development, Industrial Co-operation  
and Direct Investment in the CIS Countries

*Minsk*  
*25 - 26 September 1996*

CONSOLIDATED SUMMARY



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I. AGENDA (with moderators, rapporteurs and keynote speakers) and ORGANIZATIONAL MODALITIES

Day One  
Wednesday, 25 September 1996

Opening address by Mr. Serguey Ling, Deputy Prime Minister of the Republic of Belarus

*The OSCE Comprehensive Agenda for Security and the Economic Dimension* - statement by Mr. Giancarlo Aragona, OSCE Secretary General

**First Session: Macroeconomic Framework: Expectations and Reality**

*Role of stable, transparent and predictable macroeconomic, legal and institutional framework for private sector development and promoting foreign direct investments*

**Chair:** Mr. Abdurashid Kadyrov, Deputy Executive Secretary of CIS

**Rapporteur:** Mr. Wolfgang Müller, Counsellor, Federal Ministry of Economic Affairs, Germany

**Presentations:**

- \* UN/ECE – Mr. Geoffrey Hamilton, Regional Adviser
- \* OECD – Mr. Jan Schuijjer, Chief Economist
- \* EBRD – Mr. Allan Popoff, Resident Representative in Minsk
- \* Executive Secretariat of CIS - Mr. Albert Vardanyan, Director of Department
- \* For CIS States: Republic of Belarus – Mr. Evguenyi Semyonov, Head of Department, Ministry of Entrepreneurs and Investments

**Second Session: Monetary Aspects and Fiscal Environment**

*Role of the banking sector, national banking system and banking structures in promoting investments and trade*

**Moderator:** Mr. George Riches, Chairman of Consultancy, British Know How Fund

**Rapporteur:** Mr. Ross Bull, Adviser, BOT Group, UN/ECE

- \* ~~*Role of the banking sector for promoting investments*~~ - statement by Mr. Allan Popoff, Resident Representative in Minsk, EBRD
- \* *Trends in economic integration of CIS countries* - statement by Mr. Alexander Smirnov, Minister, Member of the Collegium of the Interstate Economic Committee, Russian Federation

- \* *Role of the national banking system in promoting foreign investment and trade* - statement by **Mr. Carlo Barbieri**, Head of International Business and Marketing Strategy Department, Mediocredito Centrale S.p.A. Roma, Italy
- \* *Role of banking structures in promoting investments to national economy* - statement by **Mr. Georguyi Yegorov**, First Vice President, Belvnesheconombank, Republic of Belarus

Discussion

<b>Day Two</b> <b>Thursday, 26 September 1996</b>
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**Third Session: Public Administration, Principles of Corporate Behaviour and SMEs**

*Effective strategies for promoting foreign direct investment: the role of public-private partnership; guidelines of multinational enterprises; reform of administrative-economic centre; assistance programmes to promote small and medium-sized enterprises; role of national associations of industrialists and entrepreneurs in promoting industrial co-operation*

*Moderator:* **Mr. Carlo Barbieri**, Mediocredito Centrale S.p.A. Roma, Italy

*Rapporteur:* **Mr. Pawel Kulka Kulpiowski**, Adviser, Ministry of Foreign Affairs, Poland

- \* *Assistance programmes to promote small and medium-sized enterprises* - statement by **Mr. Sergio Arzeni**, Director, OECD/CCET
- \* *Effective strategies for promoting foreign direct investment: the role of public-private partnership* - statement by **Mr. Geoffrey Hamilton**, Regional Adviser, UN/ECE
- \* *Guidelines of multinational enterprises* - statement by **Mr. Johannes Schuijjer**, Chief Administrator, OECD/CCET
- \* *Reform of administrative-economic centre of the government in Poland* - statement by **Mr. Andrzej Pelczarski**, Adviser, Council of Ministers, Poland
- \* *Development of the small-sized business* - statement by **Mr. Viktor Ermakov**, President, Agency of Support for Small and Medium-Sized Business, Russian Federation
- \* *Basic directions in promoting and developing small and medium-sized enterprises in Republic of Belarus* - statement by **Mrs. Natalya Atapina**, Director, Centre for Promotion of Investments, Republic of Belarus
- \* *Role of national associations of industrialists and entrepreneurs in promoting industrial co-operation in CIS countries* - statement by **Mr. Omaryi Mergalitadze**, Counsellor, Member of the Board of the International Congress of Entrepreneurs, Russian Federation

Discussion

**Fourth Session: Regulatory Framework for Investors**

*Regulatory Framework for Investors: role of the Build-Operate-Transfer technique for attracting private investment in large-scale infrastructure projects; effective mechanisms for corporate governance; legal database for foreign direct investments in economies in transition*

**Moderator:** **Mr. Rodolfo Laub**, Deputy Director, Federal Office for Foreign Economic Affairs, Switzerland

**Rapporteur:** **Mr. Geoffrey Hamilton**, Regional Adviser, UN/ECE

- \* *Role of the Build-Operate-Transfer (BOT) technique for attracting private investment in large-scale infrastructure projects* - statement by **Mr. Ross Bull**, Adviser, BOT Group, UN/ECE
- \* *Effective mechanisms for corporate governance in the transition economies of the CIS* - statement by **Mr. Geoffrey Hamilton**, Regional Adviser, UN/ECE
- \* *Hungarian experience in attracting foreign investment: possibilities for the CIS countries* - statement by **Mr. Sandor Rethi**, Head of Department, Ministry of Industry and Trade, Hungary
- \* *Framework for investments in Georgia* - statement by **Mr. Grigori Beradze**, Head of Division of the Interstate Economic Committee, Ministry of Trade and External Relations, Georgia
- \* *Role of state in supporting private business in Republic of Belarus* - statement by **Mr. Nikolay Stakh**, Deputy Head of Division, Ministry of Economic Affairs, Republic of Belarus
- \* *Politico-legal basis for promoting investments* - statement by **Mr. Alexander Potupa**, Association of Entrepreneurs, Republic of Belarus
- \* *Framework for investments in Kyrgyzstan* - statement by **Mr. Borubek Ashirov**, Ambassador of Kyrgyzstan to Belarus
- \* *Legal basis for attracting direct foreign investments* - statement by **Mr. Eugenyi Katchurovskij**, Republic of Belarus

Discussion with international business representatives

**Round-up** Summary by the Session Rapporteurs

**Concluding Remarks by Mr. Mikhail Zhebrak**, Permanent and Plenipotentiary Representative of the Republic of Belarus to Statutory and other CIS Organs

### **Timetable and Organizational Modalities**

- The seminar will be conducted in four working sessions on Wednesday, 25 September 1996 and Thursday, 26 September 1996
- The sessions will be chaired by representatives of the Host State, OSCE Delegations and international business representatives
- Working languages: Russian and English
- Arrangements for press coverage will be provided for

### **Participation**

- Participants from each participating State of CIS
- Representatives from other participating States
- The following international organizations will be invited to attend and make contributions: UN/ECE, OECD/CCET, CIS, EBRD, EIB, World Bank/EDI, ICERC, IVC
- OSCE partners for co-operation will be invited to participate in and contribute to the proceedings of the Seminar
- NGOs may attend and participate in accordance with OSCE rules (advance notification required)
- Delegations are encouraged to invite participation of private sector representatives
- OSCE Secretariat staff

### **Transportation, Board and Lodging**

- Participants will be accommodated in the hotel "Planeta" in Minsk
- Local transportation will be arranged by the Executive Secretariat of the CIS

### **Visas**

- Consular offices of the Republic of Belarus abroad will issue visas for the participants in the Seminar. Visas may also be obtained upon arrival at Minsk airport or, alternatively, at consular offices of other CIS countries abroad.

## II. SUMMARIES BY SESSION RAPPORTEURS

### First Session

#### **Opening Statements, Macroeconomic Framework: Expectations and Reality**

*Role of stable, transparent and predictable macroeconomic, legal and institutional framework for private sector development and promoting foreign direct investments*

#### **Rapporteur: Mr. Wolfgang Müller**

1. The Seminar was inaugurated by Mr. Serguey Ling, Deputy Prime Minister of the Republic of Belarus. In his opening address Mr. Ling described the present social and political situation in Belarus. He referred to the special problems of the young Republic which, prior to the break up of the USSR, had been a main assembly line for Soviet industry. To a large extent, military aspects determined industrial production, and the geographic position of the Republic led to a high concentration of military forces and a large arsenal of weapons.

Belarus was now struggling to overcome this legacy, and was making strong efforts with regard to disarmament and to control of the negative consequences that the Chernobyl disaster had brought to Belarus. At the same time the Government was fostering the transition of the country to a social market economy. Mr. Ling stated that progress was being made comparatively slowly but steadily and in the right direction. Belarus had taken significant steps towards macroeconomic stabilization. Monthly inflation rates had come down to 1.3 per cent and the budget deficit and money supply were under control. But the country continued to be slower than the surrounding countries in restructuring its economy and privatizing State enterprises.

Mr. Ling mentioned various efforts of the Belarus Government to create a suitable legal, fiscal and institutional framework for national and foreign investment. He underlined the fact that small and medium-sized enterprises (SMEs) were of particular interest to the Government. They helped to promote a more diverse economic structure, created more jobs and increased the possibility of economic support in general. Finally, he expressed his conviction that progress in the social, economic and political fields would be much faster if there were a greater proportion of foreign investments in the Belarus economy, and repeated the strong commitment of the Government to continue creating the appropriate framework for the adaptation of Belarus' economy to social market structures.

2. Mr. Giancarlo Aragona, Secretary General of the OSCE, welcomed the initiative of the CIS in convening this joint event on economic co-operation in the region. He underlined the importance of such seminars within the OSCE's economic dimension activities in the Newly Independent States (NIS). ~~It was stressed that the four organizations involved in the preparation~~ of the Seminar had learned a lot about each other's philosophy and working methods, which would facilitate further co-operation. The Seminar also offered participants the opportunity to learn from one another about the problems many of the NIS were confronted with and about how others were trying to achieve sustainable economic development.

The main objectives of the Seminar were to improve understanding of the present situation in all its complexity, to foster co-operation among CIS members and to promote

economic confidence among both foreign and domestic investors. It was stated that, in line with the comprehensive approach to the security model, the OSCE could also benefit from the discussions.

3. Mr. Geoffrey Hamilton, Regional Adviser of the UN/ECE, underlined the importance of highlighting existing problems and of re-examining the progress and achievements of the CIS countries in creating the right framework for domestic and foreign economic engagement. Substantial reforms had already taken place in various ways in the different CIS countries but it had also to be borne in mind that there were important differences in the problems faced by each of them. Mr. Hamilton mentioned that measures were still required to improve the macroeconomic and microeconomic framework and said that stabilization could not be pursued in a vacuum. He pointed out the need to establish supporting institutions (e.g. commercial banks), to enhance the image of the country seen from outside (including the psychological perspective) and to create appropriate conditions for close co-operation between governments and the private sector including NGOs.

4. In his keynote address Mr. Jan Schuijjer, Principal Economist of the OECD, presented the OECD's legal instruments in the area of international direct investment. He stressed the fact that direct investments had been growing faster than trade in recent years and were making an increasing contribution to the integration of national economies in the global economy. Thus, there had been a growing demand for multilateral rules on investment. The perception of foreign investors and multinational companies had also changed. OECD members were currently negotiating a Multilateral Agreement on Investment (MAI) with the aim of combining existing elements of different international agreements in a single treaty. The importance of the MAI for CIS countries lay in its character as a free-standing international treaty accessible also to non-OECD members, which would be consulted as the negotiations progressed.

5. Mr. Allan Popoff, Resident Representative of the EBRD, after presenting some information on the Bank itself, concentrated on an overview of the macroeconomic situation in the CIS countries and on the key structural issues. He mentioned some problems with the available data (What had really been produced before 1990? How much of the present output, for instance, really counted?) and then analysed the main macroeconomic indicators in CIS countries. The macroeconomic development of CIS countries was generally on the right track, especially with regard to the reduction of inflation. On the other hand, structural changes such as legal reforms and privatization still lagged behind. In particular, the underdevelopment of the financial sector had to be regarded as an obstacle to steady and more rapid transition.

6. Mr. Albert Vardanyan, Director of the Department for Co-operation with the Interstate Organs of the CIS stressed the irreversibility of the reform process in CIS countries. He drew attention to the decrease in investment inflow into the CIS region, which limited the impetus for reforms and created an obstacle to the restructuring and demonopolizing of industry. Despite such difficulties, it was important to maintain the social infrastructure in those countries in order to ensure support for the reform policy. Mr. Vardanyan underlined the need to grant foreign investors the same treatment as national investors and to offer them guarantees and good prospects for their investment in the countries concerned. He regarded the Seminar as a valid contribution that would assist CIS countries in their transformation to market-oriented societies.

7. Mr. Evgueni Semyonov, Head of Department in the Ministry of Entrepreneurs and Investments of Belarus, gave a thorough overview of the activities of the Government of Belarus



in developing the private sector and attracting foreign investors. He mentioned various draft laws aimed at improving the legal framework for private sector activities and creating a fair competition climate (for instance the law on bankruptcy). He referred to several incentive measures to encourage manufacturing (e.g. tax benefits), special assistance for SMEs and the establishment of technology transfer. Administrative procedures would be made much easier through the creation of a single registration centre. In addition, foreign investors would be allowed to buy land in Belarus.

Mr. Semyonov expressed the hope that the incentives would help to further develop the private sector of Belarus, where 2,000 joint ventures had already been set up and 850 foreign enterprises registered.

## Second Session

### **Monetary Aspects and Fiscal Environment**

*Role of the banking sector, national banking system and banking structures in promoting investments and trade*

**Rapporteur: Mr. Ross Bull**

1. Mr. Popoff of EBRD made a number of points, the most important of which are summarized below:

All economic systems use internally generated and bank financial resources.

Money is the oil in the engine of the economy.

In a market economy, the financial sector is the key intermediary between net savers and net users (i.e. Government and corporates).

Banks applying Western banking principles focus on:

- credit quality
- loan management

Without a market-related financial sector, full transition to a market economy is not possible.

Need to focus on banking because it:

- is the principal means of making national/international payments;
- permits international funds to be mobilized through domestic savings and international capital flows;
- permits commercial allocation of finance according to commercial rates of return (as opposed to central direction).

Transformation in commercial banking sector is taking place through:

- creation of credit committees;
- proper credit appraisal, evaluation of company business plans, cash flow, profit and loss, balance sheet;
- training of professional banking staff.

Transform borrowers to raise the quality of corporate governance.

Banks evaluate projects on the basis of commercial rather than social returns.

Development of the financial/banking sector is a necessary condition for growth.

Multilateral banks (e.g. EBRD) find it efficient to lend to commercial banks for them to on-lend to private enterprises. These local banks have their ear to the ground and are in close contact with entrepreneurs.

Financial/banking reform, which moves away from directed credits, also requires:

- banking supervision
- international quality audit
- application of internationally accepted standards e.g. ratios, capitalization
- acceptance that banks work for their owners, not depositors.

Commercial banks are now starting to make profits through lending, not just currency speculation.

2. Mr. Smirnov's points are summarized below:

Need for integration / reintegration into a market economy on a mutually attractive and voluntary basis.

CIS committee has been working to familiarize itself with the European experience and make conditions for success of entrepreneurship, mainly among SMEs, focusing on:

- free movement of goods
- establishment of free trade zones
- creation of customs unions
- removal of obstacles to commodity exchange (e.g. taxes)
- free movement of capital
- co-operation in research and technological development.

Need to balance interests of the CIS block against those of individual countries, particularly in the area of national and international legislation.

Need for some countries in the CIS to set up smaller groupings which will allow programmes to move ahead faster.

Main problem is not investment but shortage of working capital.

Need for advice on how to overcome/stop the outflow of national capital: this is an issue of public policy to persuade owners to invest domestically.

Need to examine in more detail the working of transnational corporations (TNCs) in Europe which can facilitate payments/settlements/co-operation/marketing/distribution.

Need to increase value added in CIS states because, at present, exports (e.g. of metals) are cheap raw materials but also big polluters, so that more attention needs to be given to minimizing environmental impact of production.

Need to take a wider view of banking to cover a number of cross-sectoral issues simultaneously.

3. Mr. Barbieri's paper is summarized below:

Mediocredito Centrale (MC) is a 100 per cent State-owned Italian bank primarily focused on market-driven project finance for development, and on export trade finance.

MC would like to help CIS countries to identify projects where Italians could be involved.

MC specializes through intermediaries in investment in risk capital for SMEs.

It is involved in managing a closed-end fund of US\$30 million for investments in West Russia.

The fund (Regional Venture Fund) is private money, and intervenes to increase capital stock (equity) in SMEs.

A further US\$20 million is provided by Italy to fund technical assistance.

MC has helped to finance various joint ventures to promote Italian investments abroad, financing up to 70 per cent of Italian participation in joint venture equity.

Joint venture operations in the CIS to date are in Belarus, Russia and Estonia, and possibly Uzbekistan.

MC is to participate in the EU's JOP programme and TACIS.

Beginning to see improvements in CIS countries in political, economic, financial, legal and donor-related circumstances, as well as resolution of arrears in commercial credits (particularly in Russia).

MC will review the effectiveness of a co-financing arrangement (inter-bank credit line between IFC, MC and the Inter-Europa Bank of Hungary) for supporting SMEs, with a view to introducing more initiatives of this type elsewhere.

4. Mr. Yegorov made a number of important points, which are summarized below:

Government of Belarus is one of the funders of the Bank for Foreign Economic Activities, holding 32 per cent of the shares through the Ministry of Finance, 32 per cent being held by enterprises and 36 per cent by others. Twenty-two subsidiaries have been opened.

Provides support for export-oriented manufacturing facilities.

Leads in series of inter-governmental credit lines, inter-bank agreements and involvement with EBRD in highways and telecommunications.

Undertaken steps to strengthen its activities, being involved in a broad network of relationships with 583 banks worldwide.

Changes locally in marketing regulations have had an adverse impact on borrowers, reducing the profitability for banks themselves.

Difficult to mobilize resources held by the general public, because of low interest rates offered to savers.

Difficult for users of foreign exchange to access it, because of inflation, etc.

Banks in Belarus are taking steps to make banking sector more efficient in operating domestically and internationally, and five or six banks can now act as foreign intermediaries.

Country risk is very high, but possibilities do exist to make profit: for example, the Ford pilot project.

Key conclusions from the Second Session were as follows:

1. Financial/banking sector has to be reformed if transformation to market economy is to take place.
2. Western banking principles have to be applied, using commercial return rather than central direction as the means of allocating resources.
3. Need to keep capital inside the CIS countries, stop dollars flowing out, and encourage domestic investment.
4. Need to increase generation of value-added activities in the CIS countries.
5. Need to increase contact between domestic banking sector and international banks, so that local banks can access project finance, export-trade credits, improved management, better credit appraisal and better credit delivery/recovery systems.
6. Make saving attractive to domestic savers, and investment attractive to domestic investors.
7. Need to reduce country-specific risks to make inward investment attractive.
8. Need to create a rational investment promotion capacity to attract foreign investment.

### Third Session

#### **Public Administration, Principles of Corporate Behaviour and SMEs**

*Effective strategies for promoting foreign direct investment: the role of public-private partnership; guidelines of multinational enterprises; reform of administrative-economic centre; assistance programmes to promote small and medium-sized enterprises; role of national associations of industrialists and entrepreneurs in promoting industrial co-operation.*

**Rapporteur: Mr. Pawel Kulka-Kulpiowski**

Delegations of all countries and representatives of international organizations took an active part in the work of the Seminar at the Third Session, on "Public Administration, Principles of Corporate Behaviour and SMEs", for which the Moderator was Mr. Barbieri and the Rapporteur was Mr. Kulka-Kulpiowski.

The participants in this session heard eight keynote addresses, given by representatives of international organizations such as OECD, the UN Economic Commission for Europe and the International Congress of Industrialists and Entrepreneurs. Governmental representatives from Poland, the United States and Tajikistan and representatives of Belarus and Russian non-governmental organizations for the support of small and medium private business also spoke. There was a lively discussion, with the active participation of representatives of the delegations from Germany, Denmark, Russia and Switzerland, the UN Economic Commission for Europe, OECD and a private American investor. Those who took part in the session concluded that growth of the private sector, industrial co-operation and direct investment were extremely important for the further progress of reforms and a more profound economic transformation of the CIS countries.

1. It was emphasized that the governments of the CIS countries are playing an important role in ensuring stable economic development and resolving social problems.

Governments should exert a direct influence on the activities of all economic players.

The public administration should:

- lay down guidelines for private business activity;
- create conditions for the operation of SMEs that are the same throughout for everyone involved in the market;
- protect the private business sector;
- create taxation, customs, banking and credit systems which are conducive to the development of that sector.

The speakers expressed the view that the State should promote the development of the small and medium private business sector while intervening as little as possible, and under no circumstances should constrict the development process.

It was emphasized that economic reforms can be realized only under conditions of democracy and when civil rights are respected.

2. Foreign direct investment plays an important part in the economic development of the small and medium private business sector.

Emphasis was placed on the need to create a stable legislative basis setting the conditions for investment from abroad. It was noted that the liberalization of capital movements contributes to the development of the small and medium private business sector. The establishment of direct contacts with international centres from which foreign investors operate and the creation - together with those centres - of joint committees on investment matters were proposed.

The view was frequently expressed that the State should help in attracting foreign direct investment.

It was noted that investment from abroad would in the future play the role of "ambassador" in the country in which the capital was being invested and initiate the penetration of new technologies and organizational structures. It was emphasized that, besides attracting foreign investment, it would be useful to create conditions which would induce nationals of some CIS countries to invest in - and perhaps return to - those countries.

3. The view was expressed that international organizations could play an enormous role in private sector development. In particular, OECD and the UN Economic Commission for Europe have experience of:

- promoting the small and medium private business sector;
- attracting foreign investors;
- formulating principles for the operation of multinational enterprises;
- formulating principles for the relationship between public administration and the private sector;
- formulating principles for the relationship between the national and the international private sector.

4. The session participants heard with some satisfaction presentations by representatives of private Belarus and Russian organizations regarding the steady improvements being made in the small and medium private business sector, which is considered to be important for the development of the domestic market, helping to attract foreign investment.

It was noted that the increase in the importance of the small and medium private business sector was due to the rapid development of its international contacts, through which the private sector is acquiring experience which it can draw upon in negotiations with governments on new legislation and economic policy.

**The development of links among the SMEs in the CIS countries and the renewal of disrupted economic ties were recognized as being very important.**

The overcoming of psychological barriers will be extremely important for the further development of the small and medium private business sector.

5. The session participants heard reports about successes in carrying through economic reforms in Poland and about economic reform successes and difficulties in Tajikistan.

The session participants hope that the reports and discussions will prove useful to those countries which are undergoing economic transformation.

The session participants trust that the OSCE Secretariat will arrange for the dissemination of the reports and other material among the OSCE participating States.



## Fourth Session

### **Regulatory Framework for Investors**

*Role of the Build-Operate-Transfer technique for attracting private investment in large-scale infrastructure projects; effective mechanisms for corporate governance in the transition economies; legal database for foreign direct investments in economies in transition*

**Rapporteur: Mr. Geoffrey Hamilton**

The fourth session on the regulatory framework for investors provided an opportunity to representatives of governments and other experts to describe the laws and regulatory framework governing investments, both domestic and foreign, and the development of private enterprises in general.

Delegates recognized the efforts being made by governments in the transition period to assist the development of their private sectors and to improve the investment climate.

Some interesting experiences from countries outside the CIS were highlighted. The representative of Hungary, for example, described the benefits that had been drawn from FDI, both in terms of the volume of capital it attracted and also in the quality of those investments. The success had occurred because of a good regulatory framework and an initially beneficial incentive system, but primarily because of a consistent and clear political willingness by the Government towards direct foreign investment.

From the CIS side, several delegations pointed to the importance of an improved regulatory framework for attracting FDI.

The representative of Georgia noted the advances that had been made, following implementation of anti-crisis reform, towards a good regulatory and more stable environment.

The representative of the Government of Belarus described programmes to support small businesses and entrepreneurs. In addition, a representative of Belarus noted the stages by which the framework legislation for attracting FDI had been drafted, pointing out that the legislation would improve the framework. One problem was that there were too many agencies within the Government dealing with foreign investment.

The representative of Kyrgyzstan also described the success of the country in macroeconomic stabilization, which had led to lower rates of inflation and more stable exchange rates. This stability formed the basis for the increasing attractiveness of his country to investors. The framework included many new laws on foreign investment, concessions and free economic zones, which guaranteed stability and protection to investors.

The delegate from the OECD, in a written submission, reconfirmed the considerable progress that had been made in the CIS countries in reforming the legal framework for investment, but noted that some delay had taken place before the new laws were effectively implemented.

Generally, it was felt that governments were tackling difficult issues with determination and courage. However, one representative from the private sector of Belarus noted the dangers that could occur when a government was in a position to intervene arbitrarily to stop activity by private enterprises. Such powers not only restricted the rights of entrepreneurs but encouraged investment and capital to leave the country. In particular, the use of executive decrees could stop the functioning of laws and exert a negative influence on the economy.

The regulatory framework for new forms of investment was also highlighted.

The representative of the UN/ECE Group described the sophisticated regulatory framework required to attract private investment in transport, energy, telecommunications and water projects. These schemes involved building, operating and transferring methods of financing whereby the private sector raised the financing and received its returns out of the revenues generated from the users of the project, roads, bridges, etc. There were two conditions for private sector involvement: first, that there was a satisfactory regulatory regime and second, political acceptance that the private sector would be offering the public goods and charging prices that reflected real costs.

The representative of UN/ECE described the need to improve corporate governance systems in order to make privatization more effective and to attract new investment. Rights of shareholders had to be protected from the abuse of managerial power.

In conclusion, it was noted that, as governments of CIS countries moved ahead, they would face criticism from their private sectors for not moving fast enough. This was normal.

The CIS, it was suggested, could provide a useful forum for an exchange of experiences on reforming the regulatory framework to promote private sectors and entrepreneurs.

### III. LIST OF PARTICIPANTS

#### GERMANY

Dr. Rüdiger Leidner	Chief Executive Officer, Federal Ministry of Economic Affairs
Dr. Wolfgang Müller	Counsellor, Federal Ministry of Economics Affairs
Mrs. Elfriede Müller	Assistant, Federal Ministry of Economic Affairs

#### UNITED STATES OF AMERICA

Mr. Josiah Rosenblatt	Coordinator, OSCE Affairs Office of European Security and Political Affairs
Mr. Thomas Delore	Chief Economist, Office of Russian Affairs
Mr. Paul Tashner	V.P. and General Manager, "SAITCO" Jeep-Eagle
Mrs. Diana Valderrama	First Secretary, US Delegation

#### REPUBLIC OF ARMENIA

Mr. David Khachatryan	Leading Specialist, Department for Promotion of Investments and Use of Credits, Secretariat of the Government of the Republic of Armenia
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#### REPUBLIC OF BELARUS

Mr. Serguei Ling	Deputy Prime Minister
Mr. Ivan Bambiza	Minister for CIS Affairs, Cabinet of Ministers
Mr. Valeri Tsepkalov	First Deputy Minister of Foreign Affairs
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Mrs. Marina Dolgapolova	Chief Specialist, Cabinet of the Minister for CIS Affairs
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Mrs. Natalia Budko	Chief Specialist, Ministry of Foreign Economic Relations
Mr. Vladimir Fyodorov	Chief Specialist, Ministry of Foreign Economic Relations
Mrs. Natalia Buko	Chief Economist, Committee on Investments, Ministry of Economic Affairs
Mrs. Adelia Rutskaya	Chief Specialist, Committee on Investments Ministry of Economic Affairs
Mr. Valeri Zhandarov	Chief Specialist, Supreme Economic Court
Mr. Mikhail Lavrinovich	President, Belarus Scientific and Industrial Association
Mr. Edward Kisel	Executive Director, Belarus Scientific and Industrial Association
Mr. Vitali Sevrukevich	Executive Director, Belarusian Scientific and Industrial Association
Mrs. Natalia Atapina	Director, Centre for Promotion of Investments
Mr. Gennadi Atapin	Deputy Director, Belarus Foundation of Financial Support for Entrepreneurs
Mr. Leonid Malevich	Prorector, Non-State Academy of Parliamentarism and Entrepreneurs
Mr. Nikolai Stakh	Deputy Head of Division of structural changes in economy and formation of competitive environment, Ministry of Economic Affairs
Mr. Igor Razumov	Head of Faculty, Non-State Academy of Parliamentarism and Entrepreneurs
Mrs. Nina Grinyuk	Coordinator, project of McDonald's Company in Belarus
Mr. Vladimir Karyagin	President, Belarus Union of Entrepreneurs
Mr. Alexandr Potupa	Vice-President, Belarus Union of Entrepreneurs
Mr. Alexandr Shevtsov	Legal Adviser, Belarus Union of Entrepreneurs
Mrs. Alina Semyonova	Coordinator of International Educational Programmes, Belarus Foundation of Support for Entrepreneurs
Mrs. Natalia Vargalova	Head of information department

Mr. Alexandr Semyonov	Assist. Prof., Head of Faculty, Republican Institute of Higher School and Humanitarian Education
Mr. Vladislav Mischanin	Deputy Head of Representation of the BAYER Concern in the Republic of Belarus
Mr. Vladimir Astapenko	Head of Department of International Economic Relations, MFA
Mr. Andrei Rzheussky	Second Secretary, OSCE Division, MFA
Mr. Felix Chernyavskiy	Head of Division of financial analysis of economic entities, Belarus National Bank
Mr. Andrei Slobodchikov	Chief Specialist, Legal Department, Belarus National Bank
Mrs. Valentina Khalynskaya	Head of Department, State Committee on Property
Mrs. Yelena Pavlyukovich	Head of Division, State Committee on Property
Mr. F.F. Ovseichik	Executive Director, "ECOMIR" Foundation
Mr. Andrei Grinkevich	Third Secretary, Department of International Economic Relations, MFA
Mrs. Tamara Khoroshun	Third Secretary, Department of International Economic Relations, MFA
Mr. Vladimir Avgustinskiy	Head of Representation of Bonn Trade and Industrial Chamber in Minsk

#### DENMARK

Mr. Lars Gronbjerg	Counsellor, Royal Danish Embassy, Moscow
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#### GEORGIA

Mr. Grigori Beradze	Head of Division of the Interstate Economic Committee, Ministry of Trade and External Relation
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#### UNITED KINGDOM

Mr. George Riches	Chairman of Consultancy, British Know How Fund
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#### HUNGARY

Mr. Rethi Sandor	Head of Department, Ministry of Industry and Trade
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#### ITALY

Mr. Carlo Barbieri	Head of International Business and Marketing Strategy Department, MEDIOCREDITO CENTRALE S.p.A. Roma
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## REPUBLIC OF KAZAKSTAN

Mr. Valeri Temirbayev	Ambassador Extraordinary and Plenipotentiary to the Republic of Belarus
Mr. Bakhyt Niyazov	Chief Specialist, Department of Development of Small and Medium-sized Business of Market Infrastructure, Ministry of Economic Affairs
Mr. Igor Pasko	Head of Division, Committee on Co-operation with CIS Countries
Mr. Igor Musalimov	Second Secretary, Embassy in Minsk

## REPUBLIC OF KYRGYZSTAN

Mr. Borubek Ashirov	Ambassador Extraordinary and Plenipotentiary to the Republic of Belarus
Mr. Askar Beshilov	First Secretary, Embassy in Minsk

## REPUBLIC OF LATVIA

Mr. Ugis Ulmanis	Second Secretary, Embassy of the Republic of Latvia in the Republic of Belarus
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## REPUBLIC OF MOLDOVA

Mr. Vladimir Tsurkan	Permanent and Plenipotentiary Representative of the Republic of Moldova to Statutory and Other CIS Organs
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## NORWAY

Mr. Geir Tonnessen	Second Secretary, Royal Norwegian Embassy, Ukraine
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## REPUBLIC OF UZBEKISTAN

Mr. Mirkasym Umarov	Deputy Chairman, Chamber of Commodity Manufacturers and Entrepreneurs
Mr. Ulukbek Saydiyev	Head of Department of Support for Entrepreneurs, Committee on State Property

## POLAND

Mr. Andrzej Pelczarski	Adviser to Vice-Chairman of the Council of Ministers
Mr. Pawel Kulka-Kulpiowski	Adviser to Minister of Department of Eastern Europe, Ministry of Foreign Affairs
Mr. Stanislaw Wegrzypowicz	Adviser to DSE Minister

## RUSSIAN FEDERATION

Mr. Victor Ermakov	President, Russian Agency of Support for Small and Medium-Sized Business
Mr. Alexandr Smirnov	Minister of the Russian Federation, Member of the Collegium of the Interstate Economic Committee
Mr. Omariy Margalitadze	Counsellor to the Chairman, member of the Board of the International Congress of Entrepreneurs
Mr. Vyacheslav Vorob'yov	Representative of the Russian Federation to Statutory and other CIS Organs
Ms. Natalia Sorokina	Attaché, Department of Economic Co-operation, Ministry of Foreign Affairs

## SWITZERLAND

Mr. Rodolfo Laub	Deputy Director, Central/East European Division - UN/ECE, Swiss Federal Office for Foreign Economic Affairs
Mr. Ernst Hubmann	Honorary Consul, Consulate of Switzerland Minsk, Belarus

## TURKMENISTAN

Mr. Il'ya Veldzhanov	Ambassador Extraordinary and Plenipotentiary to the Republic of Belarus
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## REPUBLIC OF TAJIKISTAN

Mr. Olim Rakhimov	Permanent and Plenipotentiary Representative of the Republic of Tajikistan to Statutory and Other CIS Organs
Mr. Shukhrat Sultanov	Plenipotentiary Representative to the Interstate Economic Committee

## UKRAINE

Mr. Youri Usaty	Permanent and Plenipotentiary Representative to Statutory and Other CIS Organs
Mr. Victor Slobodyenyuk	Deputy Head of Division, Ministry of Economics
Mr. Vassili Gorbachuk	Counsellor, Ukrainian Union of Entrepreneurs
Mr. Valeri Plaksi	Director, "REAL GROUP"
Mr. Gennadi Breskalenko	Third Secretary, Embassy in Minsk

## INTERNATIONAL ORGANIZATIONS

### Organization for Security and Co-operation in Europe (OSCE)

Mr. Giancarlo Aragona	Secretary General
Mr. Ivan Majerčič	Economic Adviser, Department for Chairman-in-Office Support
Mrs. Aldona Maria Szymanski	Secretary, Department for Chairman-in- Office Support

### UN Economic Commission for Europe (UN/ECE)

Mr. Geoffrey Hamilton	Regional Adviser, Trade Division
Mr. Ross Bull	Adviser, BOT Group

### Organization of Economic Co-operation and Development (OECD/Centre for Co-operation with the Economies in Transition)

Mr. Sergio Arzeni	Director, Directorate of Territorial Services
Mr. Johannes Schuijjer	Chief Economist
Mrs. Barbara Peitsch	Administrator

### United Nations Development Programme (UNDP)

Mr. Valeri Tkachuk	Deputy Resident Representative
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### European Bank of Reconstruction and Development (EBRD)

Mr. Allan Popoff	Resident Representative
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### CIS Executive Secretariat

Mr. Abdurashit Kadyrov	Deputy Executive Secretary
Mr. Albert Vardanyan	Director, Department on Co-operation with Interstate Organs of the Commonwealth
Mr. Leonid Radkevich	Deputy Director, Department of Political Co-operation
Mr. Vladimir Bolbasov	Head of Division on Interaction with the Interstate Economic Committee, Deputy Head of Department
Mr. Nikolai Ougnevenok	Head of Foreign Relations Division
Mrs. Vera Yakoubovskaya	Consultant, Foreign Relations Division



**IV. LIST OF DOCUMENTS AND STATEMENTS DISTRIBUTED DURING THE  
OSCE SEMINAR ON FRAMEWORK FOR PRIVATE SECTOR DEVELOPMENT,  
INDUSTRIAL CO-OPERATION AND DIRECT INVESTMENT IN THE CIS  
COUNTRIES**

**Minsk, Belarus, 25-26 September 1996**

No.	Author/Delegation	Title	Language
1	Mediocredito Centrale, Rome Mr. Carlo Barbieri	The Role of the National Banking System in Promoting Foreign Investment and Trade	English
2	OECD	OECD Instruments for Promoting the Liberalization of Foreign Direct Investment	English
3	OECD	Introduction to the OECD Codes of Liberalisation	English
4	OECD	Code of Liberalization of Capital Movements	English
5	OECD	The OECD Guidelines for Multinational Enterprises	English
6	OECD	Progress Report by the MAI Negotiating Group	English
7	OECD	The Legal Framework for Foreign Direct Investment in Selected Transition Economies (Update)	English
8	OECD Mr. William H. Witherell	The Multilateral Agreement on Investment	English
9	OECD Mr. Johannes Schuijjer	The OECD Instruments on International Direct Investment	English
10	OECD Ms. Barbara Peitsch	Legal Database for Foreign Direct Investments in Economies in Transition	English
11	OECD/CCET	The OECD Declaration and Decisions on International Investment and Multinational Enterprises	Russian
12	OECD/CCET	Assisting Reform in Transition Economies	English/French
13	OECD/CCET	Small Business in Transition Economies (The Development of Entrepreneurship in the Czech Republic, Hungary, Poland and the Slovak Republic) Leed (The Programme on Local Economic and Employment Development, Territorial Development Service)	English
14	OECD/CCET	Microcredit in Transitional Economies	English

15	OSCE Secretariat Secretary General Amb. Giancarlo Aragona	The OSCE Comprehensive Agenda for Security and the Economic Dimension; Opening Statement	English/Russian
16	UN/ECE	Effective Strategies for Promoting Foreign Direct Investment: the Role of Public-Private Partnerships	English
17	UN/ECE	Role of the B.O.T. Technique for Attracting Private Investment in Large-Scale Infrastructure Projects	English
18	UN/ECE	Effective Mechanisms for Corporate Governance in the Transition Economies of the CIS	English
19	UN/ECE Mr. Geoffrey Hamilton	Opening Address	English
20	UN/ECE Mr. Ross Bull	Using DBOOT, Concession, Public-Private Partnership and Other Financing Techniques to Support Infrastructure Development in CIS Countries	English
21	Russian Federation Mr. Omari Mergalitadze	Role of National Associations of Industrialists and Entrepreneurs in Promoting Industrial Co-operation in CIS Countries	Russian
22	Republic of Belarus Deputy Prime Minister Mr. Serguey Ling	Opening Address	Russian
23	Republic of Belarus Mr. Nikolay Stakh	Role of the State in Supporting Business in the Republic of Belarus	Russian
24	Republic of Poland Mr. Andrzej Pelczarski	Reform of Administrative Economic Centre of Government	Russian
25	Republic of Belarus	Promoting the Development of Private Business and the Attracting of International Investments	Russian
26	Republic of Georgia Mr. Grigori Beradze	Investment Climate in Georgia (Possibilities for Foreign Investments)	Russian