

**OSCE 12th Economic Forum
Prague, 31 May- 4 June 2004**

**“New challenges for Building up Institutional and Human Capacity for
Economic Development and Co-operation”**

Swiss Statement at the Opening Plenary

Mr. Chairman,

The Swiss Delegation would like to express its thanks to the Czech Government for the very kind welcome it offers every year to the OSCE at Czernin Palace. May we also express a particular thank to the Bulgarian chairmanship in office for its contribution to the preparation of this economic forum.

Mr. Chairman, we are pleased to discuss on consistent strategies and policies designed to improve the business environment and human capacity in order to achieve sustainable and long term economic development. I would like to focus my intervention on two particular aspects, the private sector and human capital development.

1. There is no doubt that the role of the private sector in addressing issues related to institutional development, sustainable development, corporate responsibility, conflict prevention and post-conflict rehabilitation has increased in the last years. Promoting private sector development is of central importance to governments in industrial, developing and transition countries. Today, the private sector contributes the lion's share to a country's total economic output. SMEs are often called the “backbone” of an economy as they create the vast majority of jobs and serve an important function in the process of economic innovation and production as well as social stabilisation. Compared to the situation in Western industrial countries, developing and transition countries typically have a deficit of productive and dynamic SMEs. Switzerland is committed to support countries in improving the framework conditions for investment by creating incentives and opportunities for entrepreneurship. Further, Switzerland gives high priority to build capacities of business associations and Investment Promotion Agencies to create sustainable entities, which can serve the needs of SMEs.

With their financial, organisational, and analytical capacity multilateral financial agencies are the best prepared and legitimised to improve the framework for investment. The role of the OSCE is essential to ensure political and social stabilisation, which is the first precondition to attract investments. Furthermore, the OSCE shall contribute, also through its field's missions, to raise OSCE States awareness of the necessity to create the most favourable conditions to foster the development of the private sector and the inflow of investments. In this respect, promoting good governance and rule of law are key elements of the new strategy paper where the OSCE can bring an added value.

2. The second aspect I would like to raise relates to Human capacity. Human capital and education play also a leading role in the process of economic growth. The first and most obvious return on human capital investment concerns labour-market gains for individuals, such as higher wages, better employment prospects and personal satisfaction. Positive externalities can also be observed on the labour productivity and the social cohesion. Supporting academic education and research is central not only to enhancing economic growth but also to preventing crises and promoting stability. The OSCE Academy in Bishkek is a perfect example of how the OSCE is tackling this issue. The Academy focuses on regional security questions and supports expertise and co-operation on and in Central Asia. Switzerland has always supported the idea of an OSCE Academy and has co-financed the first phase of the project.

In the Strategy Document we adopted in Maastricht, we agreed on the central role of human capital for economic growth and development. It is important now that the OSCE and its Participating States take further measures to promote education and training in key areas, such as economics, business, environment, administration and law.

Mr. Chairman, we do hope that the discussions within the different working groups may be successful and will allow us to share new experiences and develop constructive and appropriate proposals as to improve the business environment and the development of human resources.

Before concluding, Mr. Chairman, allow me to express my appreciation to the topic proposed by Slovenia for the Economic Forum 2005. Demographic trends, migratory flows and integration of minorities pose significant political and security concerns and are particular relevant within the OSCE area. Thank you, Mr. Chairman.