



# **Transport development in Southeast Europe: view from the private sector**

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Chairman

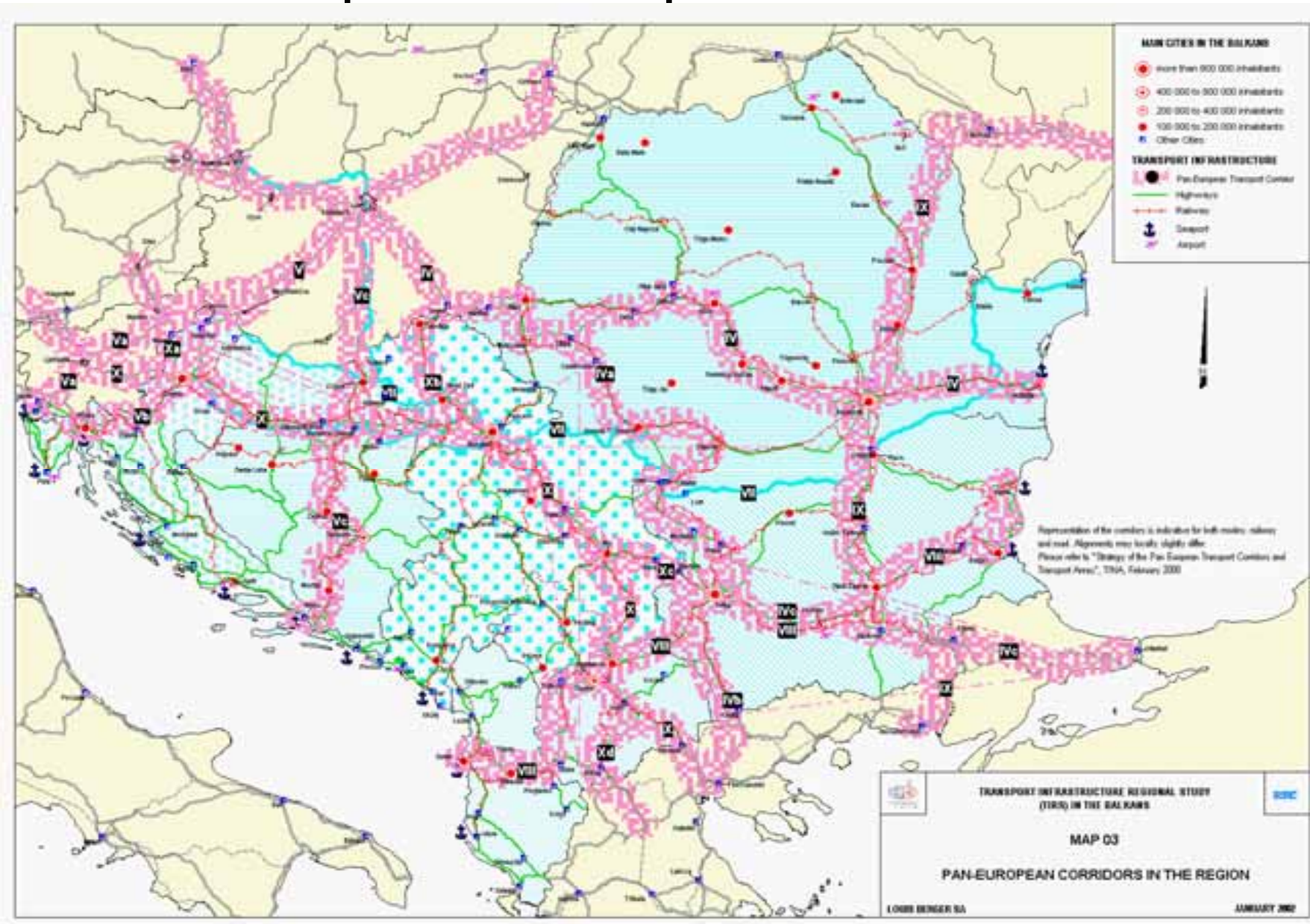
Business Advisory Council for  
Southeast Europe



# About the Business Advisory Council for Southeast Europe

- **Composition:** some 40 international and regional business representatives and entrepreneurs with extensive experience in key fields for the development of SEE (infrastructure, energy, agribusiness, trade, etc)
- **Objective:** promotion of regional cooperation and public private partnerships for the enhancement of foreign investment, the business climate and welfare of the people
- **Network:** local and international partners (World Bank, EBRD, OECD, EIB, foreign investor councils / FICs, local committees for trade and transport facilitation / SECIPRO, Chambers of Commerce, etc)
- **Outreach:** 4 meetings per year, business missions, advisory role to the SPSC, national governments, the international donor community and the European Commission

# Pan-European Transport Corridors in SEE



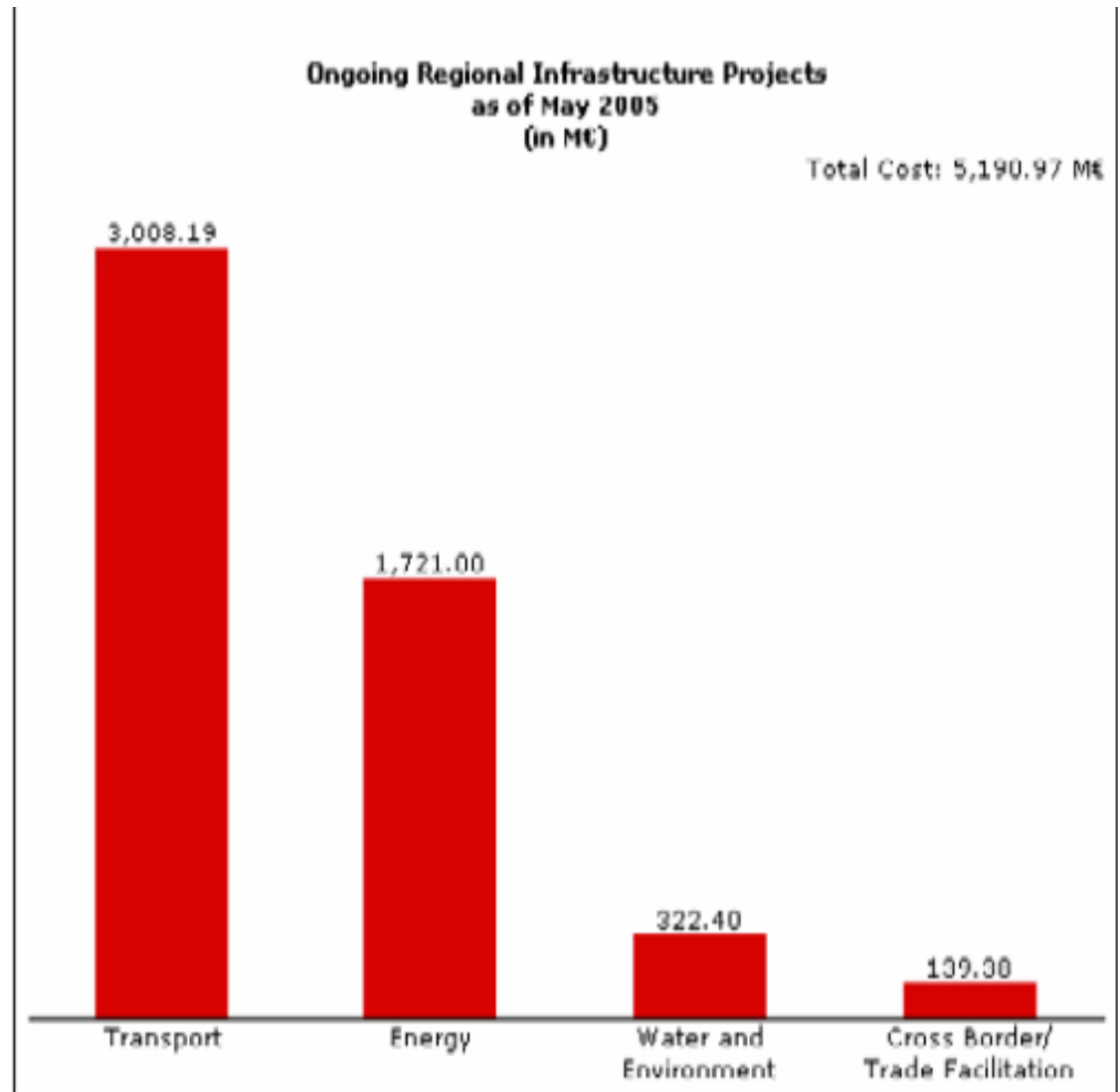


# Transport and Doing Business

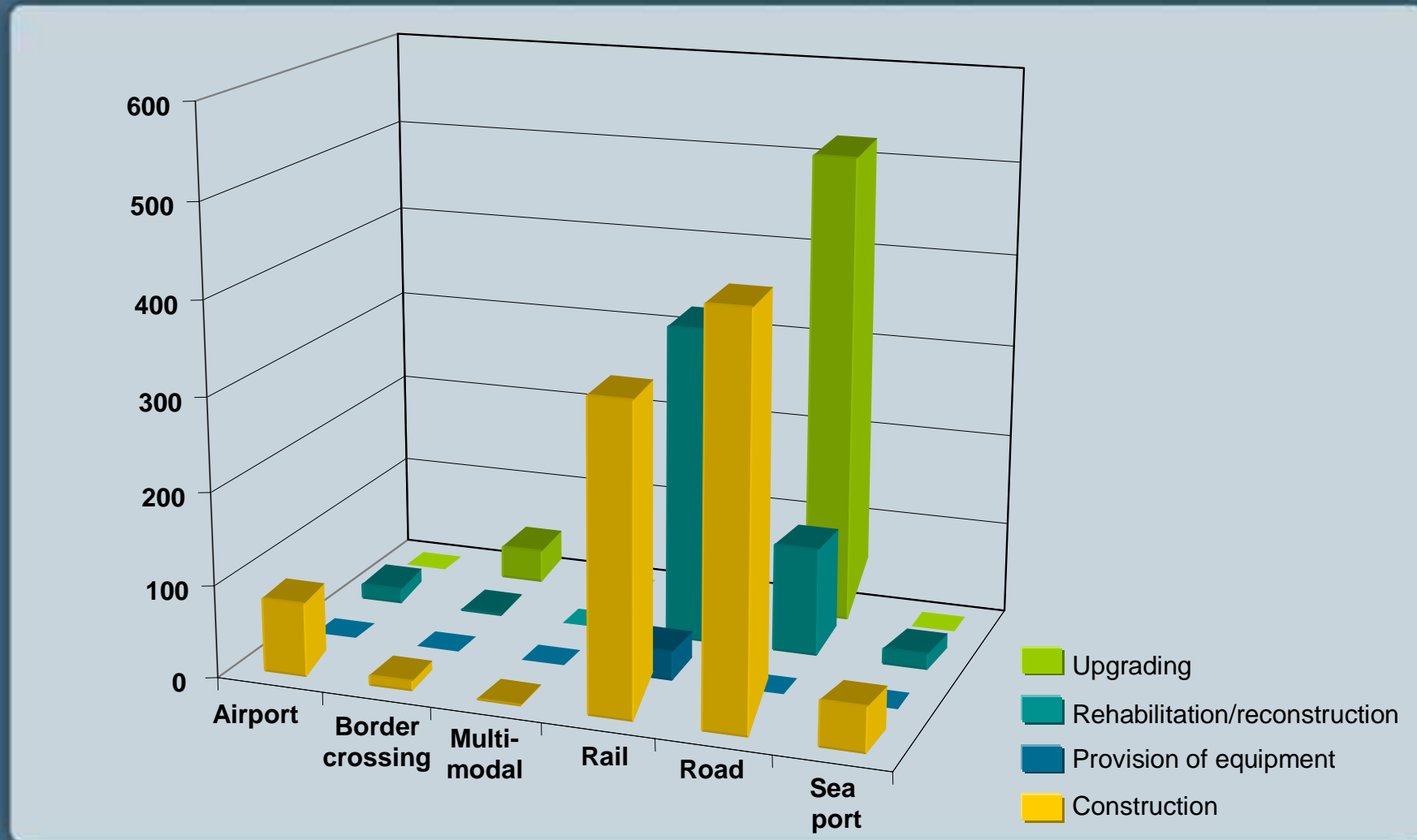
- The SEE market is fragmented
- National markets are small compared to the opportunities for business and investment presented elsewhere
- Efficient transport networks to access both local and neighboring markets are needed, in order to support existing investments and attract new capital

# Transport and Investment

- Transport infrastructure development is one of the largest investments in the region for the national governments, the donor community and the private sector



# Investment costs by transport mode and scope for all "New projects" (EUR million)





# Additional investments for transport infrastructure development:

- **Corridor X**, which is the backbone of the Western Balkans
- **Corridor VII**, the Danube, which connects the whole region
- **Air transport**: development of a regional airline network
- **Border crossing facilities**, including IT applications and security concerns
- Development of elaborated and **economically marketable project proposals**, so as to engage more the know-how and efficiency of the private sector, as well as the financing tools of IFIs

# Transport, Trade & Procedures

- Transport is an integral element of trade, and (in)efficiencies of transport services usually constitute non-tariff barriers to trade
- The transport sector is an important contributor to GDP
- SEE is located at the crossroads of international trade
- **Transport is enhanced not only through infrastructure development, but also through procedures simplification and harmonization to international and European best practices**







# Procedures Simplification

- Infrastructure projects are usually too costly and take too long to complete
- Efforts for procedures simplification delivers maximum results with minimum capital investment
- This does not relate to Customs only, but to all Ministries and government agencies present at border stations
- Visa facilitation could greatly enhance mobility of people and eventually increase the volume of traffic and traded goods




# Harmonization to the EU acquis

- Need for comprehensive information on the EU Customs code, as most non-tariff barriers to trade are related with border crossing procedures
- It is estimated that the ten new EU members will need approximately 15 years to integrate the acquis in the taxation and customs chapter – the fact that the private sector in SEE has minimum or no access to such information (Modernized EU Customs Code) will increase difficulties for SEE countries
- The admission of Bulgaria and Romania will create a more complicated situation for the Western Balkans



# Security of transport flows and corrupt practices

- Prior to 9/11 security was a luxury, but today is a necessity, and an opportunity to achieve trade facilitation through security
- Corrupt behavior and practices consist an even higher proportional cost for SMEs operating in the region than security
- Need for enhanced cooperation between the public and private sector to identify and combat such phenomena, and increase security in parallel to increasing revenues



# Lessons learned and experiences to pass forward...

- Under the umbrella of the Stability Pact, the region has delivered enough success stories for transport facilitation. Two concepts could be developed in cooperation with other international organizations for the Black Sea region and other developing countries:
  - the Infrastructure Steering Group, which has performed an efficient and effective role in project identification, development and execution
  - Establishment of Committees for Trade and Transport Facilitation, PRO schemes, which consist public private partnerships and promote improved targeting and implementation of policy planning



# Merging strengths to overcome weaknesses

- National governments, the international community and the private sector are equal partners to the development challenges of the region
- Efforts need to be well coordinated, so that no mixed signals are sent to developing partners



**Thank you!**

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