



## **Revisiting the CEI Business Dimension** *- Position Paper -*

### **Executive Summary**

Based on the *Budva Recommendations* and the relevant decisions of the Business Forum of the Central European Initiative (CEI) held in Belgrade in November 2011, the CEI Secretariat has taken the necessary steps towards a revisited CEI Business Dimension. The goal of this renewal is to promote an active and strong participation of the business communities of the CEI Member Countries in a bottom-up approach in order to bring about inputs, open discussions and common positions, as well as recommendations originated within the CEI Business Dimension for the Political Leadership.

In February 2012 the CEI Secretariat invited all CEI Member States to make written proposals on the renewal of the Business Dimension. As a result, the Secretariat received one proposal from Hungary and one from Austria. On the basis of these proposals, the CEI Ministers for Foreign Affairs called for a finalisation of a two-pillar scheme, as well as for close cooperation with the Vienna Economic Forum.

This paper offers draft guidelines on how to proceed in order to establish a revisited CEI Business Dimension including concrete proposals for pursuing this goal, in particular concerning a specific role for a representative of the Executive Level of the CEI Secretariat.

### **Background**

The CEI Business Dimension is, as specified in the CEI Guidelines and Rules of Procedure, one of the three dimensions of the CEI activities, together with the Governmental and the Parliamentary Dimensions.

During the past decade, the CEI Business Dimension has mostly focused on intergovernmental cooperation in the field of economy, organising events such as the annual Summit Economic Forum (SEF), as well as on B2B activities managed by the Central European Chamber of Commerce Initiative (CECCI). In fact, the effects of the economic crisis and a lack of a proactive approach have made both the SEF and the CECCI discontinue their activities.

The necessity of revisiting the CEI Business Dimension was recognised by the *International Group of Experts on the Strengthening of the CEI* and firmly expressed in the *Budva Recommendations on the Strengthening of the CEI* adopted at the Meeting of the Ministers of Foreign Affairs held on 15 June 2010 in Budva, Montenegro. The Ministers of Foreign Affairs reaffirmed their support for a renewal of the CEI Business Dimension in the *Communiqué* adopted during their meeting in Trieste on 10 June 2011.

Based on the conclusions and recommendations of the above-mentioned fora, the CEI Secretariat has prepared a non paper on Revisiting the CEI Business Dimension which was unanimously endorsed at the CEI Business Forum held on 4 November 2011 in Belgrade.

At the CNC meeting, held on 22 January 2013 in Budapest, it was decided that the CEI Secretariat would prepare a draft document on the *Revisiting of the Business Dimension* and distribute it to the national coordinators.

### **Proposals made**

As stated above, in February 2012 the CEI Secretariat invited all CEI Member States to submit their written proposals on the renewal of the CEI Business Dimension. Two proposals reached the Secretariat – one from Hungary and one from Austria.

The Hungarian Presidency suggested that the Business Dimension should be based on an SME and large industries - the so-called two-pillar approach.

The SME Pillar should serve to meet the needs of SMEs in the region, by organizing SME-B2B meetings managed by the Chambers of Industry and Commerce (CIC) of the Member States (CEI Chamber Network – CEI CIC Net). These B2B meetings should be organised on the margin of major trade shows or fairs of the presiding country by its CIC. In this way, the SMEs would have the opportunity to receive relevant information on tenders, development projects, and small scale programs and to get internationally connected within the region.

The Large Industry Pillar would be the CEI Economic Forum managed by the Confederation of Industrialists (CI) of the member countries and organised by the CI of the presiding country. The CEI CI Economic Forum as a forum for dialogue between the representatives of governments and the economy of Member States supports the exchange of information on relevant topics of the economic policy, economic climate, perspectives, special regulations, regional development programmes, including projects on infrastructure, environment, agriculture, investment, trade development, R&D. The forum should be organised in a form of a plenary session and of working tables, elaborating crucial topics for the Member States. It should prepare recommendations for the Governmental Dimension on matters discussed. The Forum would enhance cooperation in the above-mentioned fields of activity through better connectivity and networking, and extended professional exchange at the level of organisations/agencies.

The Austrian proposal calls for cooperation with the *Vienna Economic Forum*, an institution successfully instrumental in developing trade and investment oriented relations among the countries of Eastern Europe and the Balkans by i.e. organising business conferences/meetings in the respective countries.

In the *Communiqué*, adopted during their meeting held on 13 June 2012 in Trieste, the CEI Ministers of Foreign Affairs called on the CEI National Coordinators to finalise the *two-pillar scheme* and welcomed the signature of the Memorandum of Understanding with *Vienna Economic Forum*.

### **The way ahead**

According to the *Communiqué* adopted by the CEI Ministers of Foreign Affairs in June 2012 in Trieste, the CEI Business Dimension shall therefore be based on the SME/Large Industry Pillar scheme, including cooperation with the Vienna Economic Forum.

Revisiting the Business Dimension requires a flexible and concrete format of such a crucial aspect of the CEI activities (ITALY). The National Chambers of Commerce and the Confederation of Industrialists are likely to become main stakeholders of the revitalised two-pillar CEI Business Dimension.

There seems to be wide agreement to go ahead with the two-pillar approach as it fits best the circumstances met by companies and the business community at large in the CEI Member States.

This will offer the possibility to combine the different situations existing in the Member States concerning the representation of SMEs as well as large industries: Business Support Organisations including Chambers of Commerce and Industry, Centres for Innovation/Technology Transfer, Research Institutions, Development Agencies, Business incubators, investment/Trade Promotion Agencies.

The *SME Pillar* of the Hungarian proposal would focus on the SMEs being both humus and essential drivers of regional and national economic development. It is of the utmost importance that they are given the opportunity to directly express their needs, ideas and visions also in competition with multinational and state-owned enterprises operating in their respective region. Contacts with local and national administrations could also increase opportunities of modern forms of business cooperation. Management training should be encouraged.

The Hungarian Presidency has already prepared the activities for the Business Dimension corresponding to the two-pillar scheme. The Hungarian Chamber of Commerce and Industry – with the financial support of the CEI Cooperation Fund –organised on 10 April 2013 the activity of the first pillar. In this respect the Secretariat recommends that also other bodies which may represent SMEs in the different countries be associated to the above activities as appropriate.

The *Large Industry Pillar* would combine both the Hungarian and the Austrian proposals. Since its central activity would consist of organising the annual CEI Business Forum. The Confederations of Industrialists (CI) of CEI Member States together with the Vienna Economic Forum would be well placed to contribute to the preparations of the yearly CEI Business Forum.

The incoming Austrian Presidency will organise the Economic Forum in cooperation with the Vienna Economic Forum, profiting indeed from the expertise of a specialised body making best use of existing structures.

In cases where appropriate representation/structures do not exist, the Secretariat would point out and facilitate the creation of groups of interested prominent business actors who could provide an adequate expression of the business communities of their countries and cooperate with the Presidency by e.g. participating in CEI business events and in particular the annual CEI Economic Forum. The Secretariat could help to ensure the continuity of the activities of the groups, as well as of other institutions involved. The Vienna Economic Forum could play a prominent role in this process together with the Presidency.

In order to fulfil this task the Secretariat would need a strong mandate. A representative of the Executive Level of the CEI Secretariat would be in charge of guiding and organising the activities to be carried out by the Secretariat.

He/she should in the context of the CEI Business Dimension:

- articulate an ambitious vision coherent with a profound understanding concerning the role of the revisited CEI Business Dimension, also taking into account the considerable influence SMEs exercise with regard to the development of the economies of CEI Member States;
- strongly advocate the ideas of the renewed CEI Business Dimension also under challenging socio-economic circumstances;
- raise awareness of the CEI Business Dimension among key decision makers in CEI member countries;
- elucidate the advantages of a market economy free from unnecessary restraints and hampering bureaucracies.

Therefore, the person in charge should:

- have a firm knowledge and direct experience of the economic and business environment in which the CEI is operating;
- have an eye for specific obstacles confronting SMEs in CEI Member Countries;
- translate in articulated proposals the need and expectations of large companies in terms of elimination of bottlenecks affecting a broader economic cooperation and overall development in the region.

### **Institutional adjustment**

The need for an institutional adjustment exists but should not be carried out hastily. There will be ample opportunity to learn from the Hungarian and Austrian Presidencies, basing their preparations on this SME/Large Industry Pillar scheme. On the basis of this experience the CEI shall define the new tasks as well as possible new operation models. Introducing more flexibility on CEI members' financing of the business dimension could be considered. If accepted by the CNC, the appropriate language will be found for an institutional adjustment.

Concerning the structures of the Business Dimension it must be noted that these are not comparable to those of e.g. the Parliamentary Dimension which has established structures (National Parliaments) including their respective budgetary means allowing for dynamics coming from the Institutions themselves. They express themselves collectively in the CEI Parliamentary Assembly. On the contrary, such structures do not exist at the basis in the Business Dimension.

In summary, based on the above-mentioned experience, the CNC would be in a better position to evaluate whether the current provisions e.g. *Under no circumstances will the enhanced co-operation (...) entail any financial commitments of the Governments of the CEI Member States or the CEI Secretariat* (CEI Guidelines and Rules of Procedure – art 25 para 3 and art 26 para 4) need to be updated.

One should bear in mind here that the organisers of the above-mentioned meetings of the CEI Business Dimension shall rely on their own financial resources. They could always apply for financial resources from the CEI Cooperation Fund on a competitive basis. On the other hand, a well-structured and successful Business Dimension should be able, by definition, to raise considerable external resources possibly through sponsorship