

Winds of Change

The Impact of Globalization on Europe and Asia

23-24 March
Kyiv Ukraine

Conference
organized by:



Main sponsor:



Sponsor of Session 4



Keynote speakers:

Martin Wolf
Financial Times
**"The Challenges and
Risks of Globalization"**
March 24, 17:20

Alan Gelb
World Bank
**"The Economic
Development of Africa"**
March 24, 10:50

Oleksandr Savchenko
National Bank of Ukraine
**"Ukraine and Global
Economy"**
March 23, 19:30



Dear Conference Participants,

With high growth rates in China, Southeast Asia, India and Central Asia, the economic centre of gravity of Eurasia is rapidly shifting to the East. The same is true as regards population.

At the same time most of Europe faces serious growth barriers in the long term. These come from excessive welfare provision, population aging and institutional rigidities. Europe is also losing competitiveness to Asia in many sectors and industries.

This raises uncertainty not only about the economic and social perspectives for Europe, but also with respect to what has been called its "external modernization mission". The future of the European integration project, which attracted less developed countries into the European "core" and helped them achieve rapid modernization, is unclear at the moment. Both a rapid completion of ongoing EU enlargement in the Balkans and Turkey and - even more - prospects for the integration into Europe of CIS countries are under question. On the other hand, the rapidly growing countries of East and Southeast Asia are discussing deeper economic integration in their region, which may in the future create another center of integration on the Eurasian continent.

The CASE 2007 *Winds of Change* conference will examine the causes and consequences of this major shift in economic power and consider the options available to policymakers in various parts of Europe and Asia.

I would like to thank everyone who has helped CASE and CASE Ukraine in the preparation of this event for their support and commitment, particularly System Capital Management – the main sponsor of the conference. Our special thanks shall be addressed to the speakers and commentators.

For information about CASE and CASE Ukraine's recent projects and activities, I encourage you to visit our websites: www.case.com.pl and www.case-ukraine.kiev.ua.

I wish you an interesting and fruitful debate,

Professor Marek Dabrowski
Chairman of the Conference Organizational Committee

**In this
edition:**

**Interview with Jock Mendoza-Wilson
2006 GMF Trade Survey
Sessions
Program**



Jock Mendoza -Wilson

**Interview with Jock Mendoza-Wilson,
Director of International and Investor Relations
at System Capital Management**

CASE: What is SCM?

JMW: System Capital Management is the leading Ukrainian financial and industrial holding company, which owns, manages and controls assets in four key areas: mining and metals, energy, banking and insurance, and telecommunications. The company's majority shareholder is the Ukrainian businessman, Rinat Akhmetov.

Founded in 2000, System Capital Management (SCM) is headquartered in Donetsk, Ukraine. It is one of Europe's leading industrial holdings and plays a vital role in the economy of Ukraine and Eastern Europe. With over 90 companies under control of our shareholding (including intermediate ownership) and 160,000 employees, SCM is one of the largest domestic investors in the Ukrainian economy. With a turnover of \$5,658bn according to our 2005 accounts (audited to IFRS standard), and consolidated assets of \$7,235bn we are a major contributor to the country's economy and account for approximately 8% of GDP.

CASE: Why Did SCM decide to sponsor the CASE Conference?

JMW: SCM is aware of the reputation of CASE for its work in the area of economic research and policy development for transitional economies, particularly in central and Eastern Europe and wished to support this work through sponsorship of the conference. The subject of the conference "Winds of Change" is highly relevant to Ukraine and the challenges that the country's economy and its' companies face as they compete in the global market. We are also pleased that such an important gathering of economists is taking place in Kiev.

CASE: How is SCM influenced by globalization?

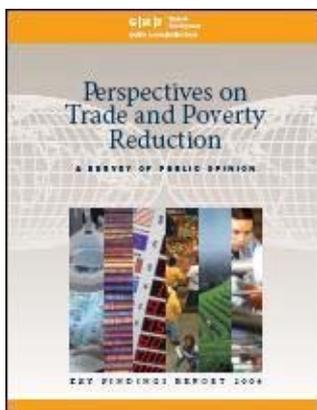
JMW: The market place we operate in is international. For example, the market for steel is global and we face competition in this sector from Europe and Asia, particularly as much of the steel we produce is exported. In addition, we already have significant business interests in Europe, through the Ferriera Valsider rolling mill in Verona, northern Italy and our steel trading business, Leman which is headquartered in Geneva. As a business, SCM recognises that to compete successfully in this environment we must implement the best international practices in each area of our business.

CASE: What are SCM's plans for the future?

JMW: SCM plans to continue to invest in our business and in Ukraine for the long-term. We have planned investments of over \$4.4 billion between 2006 and 2010. This investment will be used to improve the efficiency of our operations, to upgrade and modernise outdated equipment and to introduce energy-saving and environment-friendly technologies. We are investing not only in the mining and metals and energy sectors, but will also continue to diversify our portfolio by investing in other sectors with high growth potential for example the rapidly-growing financial sector, as well as in telecommunications, media and real estate.

CASE: Thank you for your time!

2006 GMF Trade Survey *Perspectives on Trade and Poverty Reduction*



Despite uncertainty over the future of the Doha Round of World Trade Organization talks, a survey released on December 5, 2006 shows that most Americans and Europeans support the lowering of tariffs and other trade barriers. The German Marshall Fund of the United States' *Perspectives on Trade and Poverty Reduction*, in its third year, shows that most Americans and Europeans also appreciate the economic benefits of freer trade and believe it contributes to democracy, global stability, and prosperity. Compared to 2005, views on globalization are more favorable in every country surveyed, and majorities in each favor foreign

companies investing in their markets. However, when asked about the impact of freer trade on jobs and businesses, support for trade weakens. Many Americans and Europeans expressed anxiety over import dependency, and most see China's economy as a threat. A project of GMF's Economics Policy Program, *Perspectives on Trade and Poverty Reduction* is a survey of transatlantic public opinion on international trade, economic development, and poverty reduction. Conducted in France, Germany, Italy, Poland, Slovakia, the United Kingdom, and the United States, it also explores views on agricultural subsidies, development aid, and how governments can improve country competitiveness.

The survey can be download from: <http://www.gmfus.org/trade/research/survey.cfm>

German Marshall Fund of the United States is one of the conference sponsors and the patron of session 4: "Is Aid Needed in a World of Free Trade?" The German Marshall Fund of the United States (GMF) is a nonpartisan American public policy and grantmaking institution dedicated to promoting greater cooperation and understanding between the United States and Europe.



Jonathan White, a Program Officer at the German Marshall Fund of the United States will present the results of the 2006 GMF *Trade Survey*. His presentation entitled "**American and European Perspectives on Trade and Development: How Do We Feel About Living in an Interdependent World?**" followed by a Q&A session will be held on March 23 (Friday) at 17:30.

Media patrons

WirtschaftsBlatt, the German-language newspaper addressed to economic decision makers and opinion leaders became an official conference media partner. WirtschaftsBlatt provides readers with current, information on domestic and foreign economic affairs. Two renowned Ukrainian magazines became media partners of the conference as well: **Investgazeta** and **Expert**. The fourth media partner of the conference is Euractiv.com, an independent media portal dedicated to EU affairs.



Day 1

Conference Sessions

Session 1:

23 March, 9:00

The Asian Challenge to Europe: Growth Performance and Changing Trade Patterns

The rapidly growing economies of China, India and other Asian countries are changing the economic map of the world, while many European economies and Japan have experienced slow growth for more than a decade. This session will: (1) discuss the causes of growth differences across countries in light of modern growth theories and (2) analyze their potential impact on the pattern of world and Eurasian trade and development. Rapidly growing Asian exports are putting pressure on many traditional industries, not only in Europe and the US, but also in middle- and low-income countries. On the other hand, the increasing size of Asian domestic markets is becoming an important source of global demand. How serious is the Asian challenge to Europe and the US, and how can they adjust to this challenge?

Session 2:

23 March, 12:00

Global Imbalances: Sources, Sustainability and Policy Responses

The last ten years the US current account deficit has grown to a record level, which is matched by large and increasing current account surpluses in many East Asian and oil producing countries. Several other groups of countries, such as the Anglo-Saxon OECD members and the new EU member states, have also become persistent net importers of savings. Are these saving-investment imbalances caused by increasing global capital mobility or the macroeconomic policies of particular countries? Are we witnessing a "global savings glut" or a "global liquidity glut"? Can these imbalances be sustained indefinitely? If not, what can be done to correct them?

Session 3:

23 March, 15:00

Migration Flows: Between Economic Needs and Social Fears

Population aging in Europe, which is particularly acute in the East, puts serious pressure on public finances and may undermine productivity growth in the long term. Migration from countries and regions with surplus labor may be an economic solution. However, the increasing economic demand for imported labor in Europe goes hand-in-hand with increasing opposition to immigration in many European societies, based on social and cultural fears. The session will discuss the economic benefits of the free movement of people and migration, the geographic origins of migratory flows to Europe, and policies which can simultaneously address economic needs and social fears.

23 March, 17:30

GMF Trade Survey:

American and European Perspectives on Trade and Development: How Do We Feel About Living in an Interdependent World?

Jonathan White, German Marshall Fund of the United States

Day 2

Conference Sessions

Session 4 sponsored by the German Marshall Fund

24 March, 8:30

Is Aid Needed in a World of Free Trade?

The income gap between developed and developing countries is not disappearing in spite of a number of spectacular development successes over the last few decades (mostly in East Asia). The number of people living in deep poverty is still very large and certain countries and regions are caught in an “underdevelopment trap”. The question of optimal development aid strategies has been a subject of heated economic and political debate for many decades. This session will discuss the role and effectiveness of various aid strategies and instruments: creating market access for developing countries’ goods and services (trade liberalization), financial aid, and technical assistance involving various kinds of policy and institutional transfers. Within the technical assistance strategy, issues related to the country ownership of imported reforms, its institutional absorption capacity and incentives will be discussed.

24 March, 10:50

Keynote address: The Economic Development of Africa

Alan Gelb, World Bank

Session 5:

24 March, 12:00

Governance and Economic Development

A major reason why countries fail to develop economically is the weakness of their institutions. In many less developed countries such weakness may affect institutions ranging from the broader judiciary and the legal systems to the banking and monetary systems. This session will concentrate on the decisive role that political institutions, public administration, judiciary and legal systems play in accelerating or hindering economic development. Special attention will be paid to the role of democracy, political pluralism and civil liberties in building a competitive market economy.

Session 6:

24 March, 15:00

The European Union and its Near Abroad

The experience of the consecutive EU enlargements (including future ones) shows that European integration is an attractive opportunity for less developed countries in Europe. The prospect of EU membership has become a powerful incentive to intensify both democratic and market reforms, as originally demonstrated in the Mediterranean region, then Central Europe and the Baltic states, and more recently in the Balkan region and Turkey. However, “enlargement fatigue” is surfacing among the incumbent EU members, particularly in Western Europe. What will be effects of slowing down or halting further EU enlargement projects on the stability and prosperity of the European periphery? How attractive is the prospect of EU membership for countries located far from the economic and cultural core of Europe? Are other attractive integration alternatives available? Can the European Neighborhood Policy, which covers a very heterogeneous group of countries, serve as an effective substitute for actual EU membership?

24 March, 17:20

Keynote address: The Challenges and Risks of Globalization

Martin Wolf, Financial Times

Day 1. Friday, March 23

8:00 Registration
8:50 Opening Remarks
Marek Dąbrowski
Chairman of the CASE Supervisory Council
Chairman of the Supervisory Board of CASE Ukraine
Jock Mendoza-Wilson
Director of International and Investors Relations
System Capital Management

9:00 Session 1: The Asian Challenge to Europe: Growth Performance and Changing Trade Patterns

Chairman:
Lucjan Orlowski, Professor of Economics and International Finance, Sacred Heart University
Member of the CASE Advisory Council

Speakers:
Anders Aslund, Senior Fellow
Peterson Institute for International Economics

Susan Schadler
Deputy Director of the European Department,
International Monetary Fund (IMF)

Wing Thye Woo
Senior Fellow, The Brookings Institution

Commentators:
Jean Pisani-Ferry
Director, Brussels European and Global Economic
Laboratory (Breugel)

Wei Zhang
University Lecturer, University of Cambridge

11:30 Morning Coffee

12:00 Session 2: Global Imbalances: Sources, Sustainability, and Policy Responses

Chairman: **Sergey Drobyshevsky**, Director of the Department for Macroeconomics and Finance
Institute for the Economy in Transition (IET)

Speakers:
Daniel Gros
Director, Centre for European Policy Studies (CEPS)
Gian Maria Milesi-Ferretti
Division Chief, International Monetary Fund (IMF)

Jürgen von Hagen, Professor of Economics
University of Bonn, Indiana University, and CEPR

Commentators:
Ray Barell, Senior Research Fellow, National
Institute of Economics and Social Research
Marek Dąbrowski
Chairman of the CASE Supervisory Council and
Chairman of the Supervisory Board of CASE Ukraine
George Kopits
Member of the Monetary Council,
National Bank of Hungary

14:00 Lunch

15:00 Session 3: Migration Flows: Between Economic Needs and Social Fears

Chairman: **Roman Mogilevsky**, Executive Director
Center for Social and Economic Research
CASE-Kyrgyzstan

Speakers:
Sebastien Jean, Research Director
INRA, UMR INRA-AgroParisTech Economie Publique

Commentators:
Georges de Menil, Professor of Economics, Ecole des
Hautes Etudes en Sciences Sociales

Krassen Stanchev, Chairman of the Board, Institute for
Market Economics

Matthias Lücke, Senior Economist, Kiel Institute for the
World Economy

17:00 Afternoon Tea

17:30 GMF Trade Survey: American and European Perspectives on Trade and Development: How Do We Feel About Living in an Interdependent World?

Moderator: Anna Kolesnichenko, CASE Ukraine
Speaker: Jonathan White, Program Officer, The German
Marshall Fund of the United States

19.30 CASE 15th Anniversary Dinner

Keynote address:
Oleksandr Savchenko, "Ukraine and Global Economy"

Day 2. Saturday, March 24

8:30 Session 4 sponsored by the German Marshall Fund: Is Aid Needed in a World of Free Trade?

Chairman:

Peter Mihalyi, Head of Department, Department of Finance, University of Veszprem

Speakers:

Refik Erzan

Professor of Economics, Director, Center for Economics and Econometrics, Bogazici University, Istanbul

Paolo Garonna & Abdur Chowdhury

Joint paper of P. Garonna (Deputy Executive Secretary) and A. Chowdhury (Director, Technical Cooperation Unit) United Nations Economic Commission for Europe

Commentators:

Chia Siow Yue, Senior Research Fellow, Singapore Institute of International Affairs

Keun Lee

Professor of Economics, Seoul National University

Stephen P. Groff

Deputy Vice President, Department of Operations Millenium Challenge Corporation

10.50 Keynote address:

Alan Gelb, "The Economic Development of Africa"

11:30 Morning Coffee

12:00 Session 5: Governance and Economic Development

Chairwoman: **Irina Akimova**, Director, Bureau for Economic and Social Technologies (BEST)

Speakers:

Leszek Balcerowicz

Former President of the National Bank of Poland

Paul G. Hare

Professor of Economics, Heriot-Watt University

Jan Svejnar

Professor of Economics, Business Administration and Public Policy, University of Michigan

Commentators:

Leonid Polishchuk

Associate Director, IRIS Centre

Jacek Rostowski

Professor of Economics, Central European University in Budapest, Member of the CASE Supervisory Council

14:00 Lunch

15:00 Session 6: The European Union and Its Near Abroad

Chairman: **Wojciech Paczynski**, Senior Fellow Center for Social and Economic Research (CASE)

Speakers:

Lucio Vinhas de Souza

Head of the Russia/Belarus Desk DG-ECFIN, European Commission

Michael Emerson

Associate Senior Research Fellow Centre for European Policy Studies (CEPS)

Commentators:

Samir Radwan

Ex Managing Director, Economic Research Forum

Milica Uvalic

Professor of Economics, University of Perugia
Vladimer Papava, Deputy Chairman, Committee for Finance and Budget, Parliament of Georgia; Member of the Board of Directors, CASE Transcaucasus

17:00 Afternoon Tea

17:20 Keynote address

Martin Wolf, "The Challenges and Risks of Globalization"

18:00 Closing Remarks



The Power to Make a Difference.

System Capital Management is one of Ukraine's leading companies. We employ more than 160,000 people in businesses that range from mining and metals through to energy, finance and telecommunications. Since 2000 we have built a business that is now a major contributor to the country's GDP. And we are not stopping there. We have the power, commitment and muscle to take Ukraine to the heart of Europe.



HEAVY INDUSTRIES, RAW MATERIALS, ENERGY,
BANKING, INSURANCE *and much more...*