



## “Fragmentation in a globalized world”

9h: Opening session

### 9h10-10h15: Session on Asia

Chair: Yves GOUDINEAU, Research Director at École française d'Extrême-Orient and Visiting Professor at Oxford, Wolfson College.

9h15-9h45: Speaker: ALAN WINTERS, Professor at the University of Sussex and Chief Economist of the Department of International Development (DFID), UK

#### *Fragmentation, the financial crisis and Asia*

This presentation will look at two distinct sense of the fragmentation. The first is the dramatic way in which production processes have been disaggregated over the last two decades. We will look at the degree of vertical specialisation in Asia and elsewhere and consider briefly its role in the growth of trade and the generation of economic welfare. Using linked input-output tables for Asia we will trace links between Asian economies and consider the implications of such slicing up of the value chain for the speed and depth of the transmission of the financial crisis. *Prima facie* it may explain why the fall in trade has been so large relative to the fall in value added, but not why the fall in trade has been so large proportionately to trade itself.

The rapid transmission of the crisis, especially in terms of the increase in unemployment, and the political pressure on governments to be seen to be serving their own electorates, makes a second sense of fragmentation important. Just as the global economy has integrated pretty steadily over the last six decades, we do not wish to see it fragment over the next six months. The paper will consider the evidence on trade restrictions and, if possible other sources of disintegration, over the period since September 2008. It will reflect on the dangers and the appropriate policy responses to them by governments.

9h45-10h15 : Debate

### 10h20-11h25 : Session on Europe

Chair : Jean-Michel DEBRAT, AFD Deputy Director General

10h25-10h55 : Speaker : ANDRE SAPIR, Professor at the Université Libre de Bruxelles

One of the potentially crucial consequences of the current financial is the emergence of the G20 as a key actor of global governance. This development was long overdue given the lack of legitimacy of the G7/8, the self-appointed world's *directoire*, which only represents 15 percent of world population. It opens the prospect of reforming the global governance framework set up

after WWII to reflect the reality of the 21<sup>st</sup> century and the place of emerging and developing countries in the world.

The EU has potentially a comparative advantage in tackling up the challenging agenda of global governance since it is an example par excellence of international governance and its standpoint is the result of an aggregation of diverse national preferences. Diversity is, however, also the EU's great weakness, in the many policy areas, including money and finance, where it does not speak with one voice. This suggests that the EU's actual role in global governance will depend on its capacity to reform its internal governance.

This global EU agenda should not, however, overshadow the fact that the crisis has also revealed the importance of the regional EU agenda. This crisis has highlighted important issues related to the economic models and the social regulation frameworks the eastern European countries and the CIS have been enforcing since the early eighties. This has exposed the weakness of the euro area's (and more broadly the EU's) capacity in dealing with neighbouring countries that are crucial to its prosperity.

The paper, therefore, will analyze the EU's reaction to the global and regional challenges raised by the crisis and point to directions for change in internal governance that may foster the EU's capacity to improve its involvement in global and regional governance.

**10h55-11h25:** Debate

**11h25-11h40:** Coffee Break

**11h40-12h45: Session on the Middle-East and Maghreb**

Chair: Bassma KODMANI, Arab Reform Initiative, Executive Director

**11h45-12h15:** Speaker: MUSTAPHA NABLI, Senior Advisor at the World Bank.

### ***Fragmentation and Fault Lines in the Euro-MED-Arab Space***

The development experience of the Middle East and North Africa region and more broadly the Muslim World over the last 20 years and their relationship with Europe (and the rest of the world) reveals a number of broad changes which show more fragmentation and deeper fault lines. The paper will consider three dimensions.

First, the institutional space for economic cooperation and coordination has evolved significantly. It became much more complex and fragmented both within the Middle East and North Africa region space and the Euro-MED space (and the US).

Second, driven by the major factors of own domestic reforms, the regional environment, political and security conditions as well as global conditions (including commodity prices) various groups of countries within the MENA region had very different economic and social outcomes. The result has been more divergence in outcomes within the region and compared to Europe.

Third, a number of major policy tensions emerged between Europe and the MENA countries of which migration has been the major one. The population dynamics have created the potential for strong complementarities and large gains from increased flows of migration between the region and the rest of world, more specifically Europe. However, the political dynamics have pulled in the opposite direction of more restrictions on the movement of people. The perceptions of "double talk" by the west promoting globalization and openness for trade and capital but restrictions on movements of people is a major fault line: the clash between "fear" from one side and the "possibility of hope" from the other.

**12h15-12h45:** Debate

**12h45-14h:** Lunch Break

**14h-15h05: Session on Africa**

Chair: Martin BALEPA, Afristat Director

**14h05-14h35:** Speakers: FRANCOIS BOURGUIGNON, Director of the Paris School of Economics and PIERRE JACQUET, AFD Chief Economist

***Which growth model for Sub-Saharan Africa?***

Sub-Saharan Africa is likely to depend more on globalization than other continents. Therefore its relative marginalization from the world economy flows makes it particularly vulnerable. There is no evidence for the existence of a natural geopolitical region which would encompass Europe and the African continent, at least in terms of economic dynamics. The attractive force of oil, mining and cash crops does not behave according to a regional logic and it mainly leads to Sub-Saharan Africa's entrapment into resource rent economies. The recent and sustained growth of the sub-continent between the mid-1990's and 2008 should be analyzed within this context. Is it mostly a temporary phenomenon, whether it is the manifestation of a catching up stage following previous shocks or the result of an increase in commodity prices? Is it a structural break? The paper will link the geopolitical situation of Sub-Saharan Africa and the long-term growth of the sub-continent in order to investigate the African growth model through three main questions. Could the African growth model be different from the developed countries or the Asian ones? How to lift the barriers hampering agricultural development and design another "green revolution" in Africa? Is a late industrialization stage for Africa conceivable considering that Asian countries tend to corner the markets with a cheap, educated and plentiful labour force? The paper will then conclude on the role and the responsibilities of the European Union in terms of trade, financial, migration and official development assistance policies

**14h35-15h05:** Debate

**15h10-16h15: Session on Latin America**

Chair: Ernesto CORDERO, Secretary of State for Social Development, Mexican Government.

**15h15-15h45:** Speaker: CARLOS WINOGRAD, Associate Researcher at Paris School of Economics and former Secretary of State for Competition, Deregulation and Consumer Affairs in Argentina.

***Fragmentation, globalization and Latin America: from the Financial Crisis to the Challenges of the Next Generation***

The economic emergence of the populous nations of Asia has brought a massive shock to the human development path of the planet. The rapid growth and the social transformation of China, India and other Asian nations where almost half of the world population is subject to profound changes poses fundamental challenges for the rest of the countries.

The expected homogenization of cultural modes and political systems has not proven to be a harmonious phenomena leading to gradual convergence. The tensions brought by this trend of events are apparent in all the regions of the world, the mature countries of the west as well as intermediate and less developed economies.

In this presentation we will discuss the current changes in the engines of world development from a Latin American perspective. The impact of increased economic interdependence, trade dynamics and geography, as well as the challenge of the emerging new hierarchy of world powers is a significant exogenous shock for Latam nations. This extension of the western hemisphere with, at first glance, high degrees of homogeneity in culture, religion, and language has adopted in the last decades a democratic political framework. However, the disparities among countries and potential sources of tensions for a balanced development path within countries are far from negligible.

Starting from the impact of the current financial crisis on the economies of Latin America our presentation will extend to the fundamental challenges for the region of the current trends of world development for next generations. Among the main issues we will focus on are food, environment, energy and governance.

**15h45-16h15:** Debate

**16h15-16h30:** Coffee Break

**16h30-17h30: Final Round Table**

Daniel COHEN, Professor at Ecole Normale Supérieure and Paris School of Economics

Ahmed GALAL, Director of the Economic Research Forum in Cairo

David HELD, Co-director of the Center for the Study of Global Governance, London School of Economics

Justin LIN, World Bank Chief Economist

Jean-Philippe PLATTEAU, Professor at Namur University

**17h30: Closing speech by Jean-Michel Severino, AFD CEO.**