

World elite go into crisis retreat

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Leaders from Russia and China are the star attractions among a record number of heads of state and government gathering in the Swiss winter resort of Davos this week to discuss how to get the global economy off the skids.

With the capitalist world suffering its worst battering since the Great Depression, the words of communist China's Premier Wen Jiabao and former communist Russia's Prime Minister Vladimir Putin will dominate the start of the elite five-day meeting on Wednesday.

Putin, Wen, Japan's Prime Minister Taro Aso, German Chancellor Angela Merkel and British Prime Minister Gordon Brown are all to lecture scores of government leaders and ministers and hundreds of corporate chiefs on how crashing economies can be saved.

The way has been left open for Russia and China to monopolise the debate as no top policymaker from the new US administration of President Barack Obama agreed to go to Davos.

Neither Treasury Secretary Timothy Geithner nor the head of Obama's National Economic Council, Lawrence Summers, followed up on initial acceptances.

It was "symbolic" to put China and Russia side by side as they have become "key players of the world economy," World Economic Forum organiser Borge Brende told a press briefing in Geneva.

"It is a very powerful sign from China, my sense is that they want to engage with the rest of the world in finding a solution out of the crisis," said Kishore Mahbubani, dean at the Lee Kuan Yew School of Public Policy in Singapore.

Wen will lead one of the biggest Chinese delegations ever to the snow covered mountain resort, flanked by Trade Minister Chen Deming and Foreign Minister Yang Jiechi.

Li Peng was the last Chinese premier to attend the forum in 1992. Forum organisers said a record 30 Chinese business leaders would also be in Davos.

Russia is also set to make its presence felt with Putin making the keynote opening speech at the forum while he is joined by Deputy Prime Minister Igor Shuvalov and Economic Development Minister Elvira Nabiullina.

"Russia's relations with the Europeans have been strained. Russia may be looking for a way to signal to Europe that they are ready to cooperate," said Mahbubani, a former diplomat.

He pointed out that "neutral" Davos was an ideal site for Moscow to "send a conciliatory message" on political and energy issues especially as the Russian economy has now been hit by the crisis, with oil below 40 dollars a barrel, now more than a 100 dollars below its peak of last year.

China's rampant economic growth has also slowed dramatically as exports were slashed.

The Asian powerhouse expanded by just 6.8 percent in the final quarter, pulling the full-year growth figure down to 9.0 percent, worrying by Chinese standards after a 13.0 percent growth rate in 2007.

Davos supremo Klaus Schwab has made "Shaping the Post-Crisis World" the key theme of the 39th annual World Economic Forum.

And the massive losses and layoffs on Wall Street and in the City of London will be reflected in a sharp change of tone at this year's meeting.

IMD business school professor Jean-Pierre Lehmann pointed to the lavish parties thrown by Citigroup at Davos in the past and said bankers, and other captains of industries, may for the first time have to face up to questions on their role in the financial crisis.

"There was always a certain element of evangelism capitalism during previous years' Davos. You don't get fundamental debate on the system," he said.

Davos, he noted was founded on the "dogma of business leadership" which in recent months have been battered by the crisis fallout.

"What I am most curious about is whether there will be acts of contrition. Given that we have all these brilliant leaders, ... how come we are all taken by surprise by the downturn?" said Lehmann.

Story by Hui Min Neo from AFP

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