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Defining Europe's Future: Central and Eastern Europe in the Driver's Seat

TATRA SUMMIT 2022
7–9 OCTOBER

SUMMARY



Scaling to the top: 2022 Tatra Summit in review

With the prior decade of its convening focussed on strengthening ties within the CEE, 2022 marked the start of a journey for the GLOBSEC Tatra Summit becoming a pivotal and intimate gathering of leaders from across the spectrum and the globe. In its second decade the Summit's journey is now about the CEE's place in the world. By 2025, the Tatra Summit expects to become the most exclusive leadership gathering held in Europe, where heads of state, top-policy and civil society leaders, Central Bank Governors, CEOs, investors, world renowned academia and thought leaders can exchange ideas and solutions for the most difficult issues facing the world.

Led by my fellow Co-Chairs Mathias Cormann, Gordon Bajnai and I, the 2022 Summit went beyond the usual wide-ranging on-stage conversations du jour at most conferences. Instead, it honed-in on the real issues plaguing leaders today. The aim? To truly hear each other's diverse perspectives to help shape strategies and future actions. The Summit featured a varied smorgasbord of opportunities to do exactly that. From inclusive town hall style plenary sessions which allowed for diversity in experiences and thought; boardroom style conversations that hashed out solutions; evening cocktails with fireside chats permitting the gathered leadership to truly understand those who may sit opposite them, in both position and roles; to early morning running groups, which created real and personal bonds.

This year, the intimate fireside conversation between the former President of Estonia and the current Slovakian foreign minister gave insights into the tightrope that must be walked with Russia. Perspectives from Europe's largest investors allowed a glimpse into what it will really take to make Europe energy independent. The policy acumen of the head of the IEA, OECD, World Bank's infrastructure boss and the European Commission's energy commissioner allowed the leaders present, to understand the scale of the cost of living and energy crises, and the regulatory changes to expect. Debates about how best to tap human resources, like the female workforce to develop economic resilience were heated and opened eyes. And a first-hand account by the Slovakian Prime Minister of the meeting of EU heads

of state which concluded just hours before the Summit's gala dinner, highlighted just how much value gathering in the mountains of the High Tatras has for leaders, who may not be directly privy to such scenarios.

The 2022 Summit clearly highlighted the power of convening varied minds and leadership in an informal and 'Chatham House rules' setting. Bringing this intimate group of Europe's top leadership together allowed not just varied perspectives to be voiced and honestly discussed, but for ideas for solutions to be put forward toward the challenges ahead of us in the winter of 2022. Public private partnerships are a much-banded terminology, but the GLOBSEC Tatra Summit 2022 proved that by fostering the voices of both sides and connecting them in an environment of candid conversations, allows for finding tangible ways to work together.



Maithreyi Seetharaman

Founder & CEO at Facultas Media, and
Co-Chair of GLOBSEC Tatra Summit 2022

Defining Europe's Future: Central and Eastern Europe in the Driver's Seat

With more than 200 public figures, global leaders, and private sector representatives, GLOBSEC's 2022 Tatra Summit convened at a crucial time to examine how to best overcome the new economic reality. From October 7-9 2022, representatives of various fields came together to address the impact of the looming recession on the region, Europe's energy autonomy and security, and innovation in the CEE region, amongst many others.

Although specific recommendations were manifold, the conference came to strong and unified conclusions on the importance of collaboration during the ongoing energy crisis and beyond, the need for the European Union to further develop sustainable energy, and the condemnation of Russia's continued invasion of Ukraine.

The 2022 Tatra Summit served once again as the leading platform for representatives in CEE to discuss and debate necessary actions to properly navigate the turning point in Europe's economy against the threat of a recession.

While the war in Ukraine was of great importance to all attendees, it was not the only discussed topic. European unity in times of geopolitical hardship, renewable energy, supply chain disruptions, and women's inclusion in a modern and innovative CEE economy, and more were too discussed. If you missed some of the panels, take a look at this year's summary with key takeaways from sessions and fireside chats.

Official Welcome

- ▶ European unity is crucial in the fight against Russia's unprovoked invasion of Ukraine and in the tackling of the subsequent energy crisis and upcoming winter.
- ▶ As the energy sector continues to struggle, Europe is given the opportunity to solve problems that have long needed attention.



Led by **Maithreyi Seetharaman**



Gordon Bajnai, Partner and Chairman of the Global Advisory Board, Campbell Lutyens & Member of the Board of Directors, GLOBSEC:

“One of our biggest challenges is that we keep losing talent to the West. If we are not able to hold that talent and move from a manufacturing area to a tech and knowledge economy, we will be left behind. If we are unable to build prosperous middle classes, we will never thrive. We must create a prosperous middle class to have a strong democracy in the region.”



Róbert Vass, President of GLOBSEC: *“Vladimir Putin’s war is not limited to Ukraine. The consequences of the war are global, transformative, and irreversible. He is waging a hybrid, energy, economic, and disinformation war on Europe, putting the world as a hostage.”*



Mathias Cormann, Secretary-General, Organisation for Economic Cooperation and Development, *regarding the energy crisis: “The pressure in Europe is particularly acute, the impact of energy prices is stark, yet it provides impetus to deal with problems that are long overdue.”*

On the Brink of a Recession? Traversing the Changed Economic Reality

- ▶ Progress is being made to manage the energy crisis. Policies that supported households during the COVID-19 pandemic can be recycled to help during this crisis.
- ▶ The short-term pressure of the war in Ukraine comes parallel to long-term structural challenges. We must face all of them and remember the small cost we are paying compared to Ukrainians.
- ▶ Unity is crucial, both between European nations and between the public and private sectors. Yet, solidarity is affected because different parts of the EU are impacted differently.



Mathias Cormann, Secretary-General, Organisation for Economic Cooperation and Development: *“As we are dealing with short-term pressure from the war in Ukraine, we are dealing with longstanding structural challenges, such as green and digital transformations. As we are making decisions in the short term, we need to understand that it is not what Ukraine is experiencing at the moment, and this is the price we have to pay, but let’s not forget about the long-term trajectory.”*



Marcel Klimek, State Secretary, Ministry of Finance of the Slovak Republic: *“Generally, I am not overconcerned about the EU’s current situation. Instead, we should be thankful for what we have. Let’s not forget that 100 miles away, a country is at war.”*



Martin Kocher, State Federal Minister of Labour and Economy of the Republic of Austria: *“We need solutions to bring [energy] prices down. It is a joint task for the EU and all neighbouring countries that face the same problem - and it is greater than a global pandemic.”*



Torbjorn Caesar, Senior Partner, Actis: *“Having transparency and making sure that the energy sector is cost reflective is an important mindset for governments to have”*

Tatra Talk by Tatra Young Leaders

EU Strategic Autonomy and Climate Transition



Grégoire Roos, Political Dialogues, Strategy & Insight Lead, BMW Foundation Herbert Quandt: *“The Global South pays the bills of the menu that we consume every day. If we do not address this with stronger determination, then our unity is at stake.”*

Europe’s Grand Energy Pivot: Squaring the Circle?

- ▶ The energy crisis goes hand in hand with the need for renewable and sustainable energy in the EU.
- ▶ Diversifying resources will be crucial for the EU’s energy and economic future. It is also necessary as to wean off Russian dependency.
- ▶ The transition from gas to electric energy should be continued, but not in a manner of panic as is right now. Investment is needed to complete this transition, but European households must be protected first.



Kadri Simson, Commissioner for Energy, European Commission: *“Energy prices and crisis are not the only issues. Russia exploits energy to dominate markets. The biggest concern for the EU is the security of supply, and the EU working on complementary benchmarks to manage prices.”*



Pavel Cyrani, Vice-Chair of the Board of Directors, ČEZ: *“Resilience always comes from diversification. There is no sense in opposing nuclear and renewable energies. The central issue is to move away from Russian fossil fuels.”*



Thierry Déau, Chairman and Chief Executive Officer, Meridiam: *“It is probable that this energy crisis will fuel populism. The next round of elections could bring to power forces not supportive of EU values or not competent in economy.”*

Tatra Talk by Tatra Young Leaders

Unlocking Synergy Between Private and Public Sectors to Recover Economy and Deal with Crisis Response



Nina Levchuk, Start-ups & VC Lead, Google: *“There are three important pillars for successful collaboration between private and public sectors; empower all partners with decision-responsibilities, reach out to people who are affected and let them develop the solution and process, and try to focus on building working infrastructure in one sector and have a local presence in it.”*

The Post-Invasion Global Supply: From ‘Just-in-Time’ to ‘Just-In-Case’

- ▶ Governments and private organizations face a variety of domestic and international dilemmas concerning supply chains, and the introduction of nationalistic trade policies in certain countries triggers pushback from critical international actors.
- ▶ While the COVID-19 pandemic had significant economic consequences, Russia’s invasion of Ukraine has had a much larger impact on supply chains, highlighting that more challenges could be on their way.



Riccardo Puliti, Vice President for Infrastructure, World Bank: *“We see major actors like the US introducing legislation favouring domestic production. They don’t trust their suppliers and supply chains anymore. Instead, they are building their own industry. This impacts globalization greatly.”*



Steven Ciobo, Managing Director, Stonepeak: *“Countries now face a dilemma. They introduce nationalistic trade policies triggering pushback from capital coming from China, the Middle East, and so on, but at the same time, they want this capital. Strategy trumps profit here.”*



Beata Javorcik, Chief Economist, European Bank for Reconstruction and Development: *“Firms need to be prepared as well because the war is a global trigger not because Russia was an important part of global chains but because it made firms realize more challenges can be coming. Other shocks like COVID-19 didn’t have such a big impact.”*

Tatra Talk by Tatra Young Leaders

Digital Currencies, Weaponisation of Finance and the Risk of Global Fragmentation



Nicola Bilotta, Senior Fellow, Istituto Affari Internazionali: *“Europe is dependent on the US payment system. The EU should start to establish international standards.”*

New Perspectives for a Digital Transition in CEE

- ▶ The digital economy and capabilities proved to be a lifeline during the COVID-19 pandemic, and while overall digitalization is the goal, much progress remains to be made.
- ▶ Investments in digitalization need to be done collaboratively and transparently. It is not helpful for every country to be working on its own, nor is it beneficial to invest in this progress without establishing targets and conducting proper and transparent analyses.



Ivan Bartoš, Deputy Prime Minister for Digitisation and Minister of Regional Development of the Czech Republic: *“Individual solutions on global issues are a waste of money. We need to share knowledge of joint venture development with NGOs and other countries.”*



Marta Poslad, Director of Public Policy and Government Relations for Central and Eastern Europe, Google: *“Two conversations are being held in parallel; the first is how to create the best conditions for SMEs against big players; the second is China’s competitiveness. These two conversations need to be had together before they crash into one another.”*

Fireside Chats

Solving the New Geoeconomics Puzzle

- ▶ Europe not only needs to convince leaders about the importance of supporting Ukraine but also the population of each country, especially given the growing populism and pro-Russian narratives claiming sanctions do not work.
- ▶ The EU market needs to show its population, as well as autocratic regimes, just how well democratic multilateral unions can work.



Kersti Kaljulaid, former President of the Republic of Estonia: *“We depend on the survival of the common EU market. The door is now broken; we have to fix it to show Russian, Chinese, but also European populations that democratic multilateral union can work.”*



Rastislav Káčer, Minister of Foreign and European Affairs of the Slovak Republic: *“If Putin’s propaganda machine was right about the swift win in Ukraine and Kyiv would have fallen, Russia would not have stopped there.”*

Leadership in Times of Crisis

- ▶ The war in Ukraine not only defines its future but the credibility and stability of institutions across European states. If citizens stop trusting their governments, it will be hard to regain their trust, especially with ongoing disinformation campaigns.
- ▶ While European unity might wane in times of crisis due to growing pressure on the population, it will come back stronger.



Sebastian Kurz, Former Federal Chancellor of the Republic of Austria & Chief Executive Office, SK Management: *“Germany is struggling now compared to other crisis situations. It doesn’t have the firepower it showed in the past. This impacts the dynamics within the European Union too.”*



Róbert Vass, President of GLOBSEC: *“Although European leadership faces challenges brought by the war, Putin underestimated Western unity. One of his key mistakes is that he only gets the information he wants to hear; he is disconnected from reality.”*

Breakout Sessions

Under Chatham House Rule

Winter is Coming: European Union Unity Put to The Test



- ▶ Caused by Russia’s invasion of Ukraine, the European Union finds itself launched onto a path of greater geopolitical assertiveness and necessary unity.
- ▶ European leaders must stand up to Russia while keeping their populations satisfied amidst rising inflation, a cost-of-living crisis, and potential energy rationing.

EU Fiscal Policies in Times of Distress



- ▶ There is a considerable risk that Europe might head towards a recession in the upcoming years, affecting its growth. Therefore, there must be proper policy coordination in the EU and an EU-wide guarantee scheme.
- ▶ The EU needs to ensure financial stability and increase green, sustainable technologies, all while supporting the business sector, households, and the more vulnerable.
- ▶ As the difference among EU states concerning public debts and fiscal policies continues to increase, and with the perspective of a slow recovery, the risk of all Member States complying with the fiscal standards becomes increasingly unlikely.

A Scale-Up Fund as The Key to Access Finance in The Danube Tech Valley?



- ▶ The Danube Tech Valley initiative (DTVI) is on the right track with interregional coordination to achieve synergy within CEE and to scale up the market.
- ▶ The DTVI’s intention of creating regional growth and scale-up fund has the unequivocal support of all parties involved.
- ▶ The intention must be understood as a regional and cross-border opportunity for CEE.

Central European's Energy Security in Uncertain Times: Stepping Up Regional Cooperation and Private-Public Synergies



- ▶ We are in the middle of an energy war. Prices are spiralling upwards, and the market is completely deformed. In this context, we are fighting on two levels: finding common measures at the EU level and supporting local households and businesses in every member state.
- ▶ Energy prices will increase by more than 50% for households. At the same time, families' savings have halved from 10% to 5%.
- ▶ Three key measures to face the energy crisis in Central and Eastern Europe exist. First, boosting energy efficiency. Second, supporting CEE regional cooperation to develop alternative sources, primarily hydrogen and biothermal gas. Third, fostering the switch from gas to electricity and strengthening the electricity grid.
- ▶ The green transition is the only way for the EU to be more energy-independent. The massive investment opportunities offered by this transformative process should be exploited in this time of crisis.

CEE Her Breakfast: Building an Ecosystem for Women in Innovation and Tech



- ▶ An essential opportunity to take out of the current challenging regional geopolitical situation is the inclusion of women innovators and women-led businesses.
- ▶ A working ecosystem between women innovators, business representatives, policymakers, and supportive organizations is necessary to achieve an inclusive, modern, and innovative economy in the CEE region.

Best Policies in Times of Crisis: Employers Speak Out



- ▶ • As the inadequate management of labour and human rights risks can expose businesses to legal, operational, and reputational risks, companies and their owners now need to quickly adapt and navigate through the new "normal" while fighting to remain on top of the global value chains.
- ▶ • Initiatives such as the Green Deal and the Single Market Emergency Instrument, to name a few, must strike the right balance between the long-term competitiveness of businesses and their short-term survival.

Harnessing Turmoil to Fast-Track Innovation In CEE: Advancing the Tech Valley



- ▶ As individual countries, CEE countries are not big enough, but they do have entrepreneurial giants and talents. Therefore, they should be identified to gather the knowledge and return it to the region.
- ▶ The underinvestment in the region should be seen as an investment opportunity and we should find ways to attract more funds in the Danube region.
- ▶ Our goal should be to aim for clear, widely unified and communicated political objectives, with a bottom-up approach with businesses in mind, building interconnected ecosystems such as the Danube Tech Valley, and not only isolated branches.

Rebuilding Ukraine Towards Innovative and Prosperous State: Challenges and Opportunities



- ▶ Although Ukraine and many of its partners in the West have declared unprecedented commitment to its rebuilding, many challenges, such as political uncertainty, an impending energy crisis, and inflation, lay ahead.
- ▶ A balance must be found between foreign aid and domestic reforms in Ukraine. Yet, a joint effort is necessary to leap Ukraine towards a more modern and innovative economy.

Slovak Government Signs Digital Country Partnership with Mastercard and GLOBSEC



At this year's Tatra Summit, GLOBSEC and Mastercard, in cooperation with the Slovak government, have announced the creation of the Digital Country Partnership between the public and private sectors. Over the next four years, the partners intend to support small and medium Slovak enterprises in their digital transition, jointly work on improvement of e-government services, support the FinTech community, address the cyber security challenges, and actively leverage data-based insights to create key economic indicators, such as the Quality-of-Life Index or Digital Index, and explore avenues of green growth solutions.

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