

Joe Andrew Addresses the Atlantic Council Energy and Economic Summit in Istanbul

DENTONS

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Joe Andrew, Dentons Global Chairman, was a featured speaker at the Atlantic Council's summit in Istanbul, "Doing Business in Turbulent Times: Atlantic Council Energy and Economic Summit."

His comments, which introduced a panel on economic reform and investments in an era of new divisions in Europe, were made before several heads of state, dozens of energy and economic ministers and hundreds of opinion leaders.

Speaking about the challenges of globalization, and the role of the legal profession within that environment, Andrew said, "The challenge of our time is globalization versus cultural identity, but it is also governments' inability to address this challenge because the gap between logical policy and popular politics is growing. This gap creates wrinkles in our flat world that can only be navigated by lawyers who not only understand the challenges and know how to 'mind the gap,' but who are themselves in and of the communities in which the deal needs to be done or the dispute needs to be resolved. These lawyers are the tradesmen of globalization—the navigators, the masons, the road builders—an must be in polycentric organizations that are not of one culture, have no one headquarters and do not fly one flag."

The event took place November 21 and 22, 2014.

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My name is Joe Andrew and I have the privilege of serving as the Global Chairman of Dentons, one of the largest law firms in the world. We are proud to be a sponsor of this summit and the important conversations it hosts, such as this one with such a distinguished audience. I am speaking today in front of former presidents and prime ministers, current cabinet secretaries of important governments, chief executive officers of some of the world's largest companies, and presidents and provosts of some of the world's most famous universities. Rarely has such a distinguished group been assembled in one room.

We are honored to be here with all of you. As part of the Atlantic Council family, Dentons is represented on its board of directors by Ambassador Bob Gelbard and my partner Karl Hopkins, who has been instrumental to the Council in engineering this week's event.

Our next panel focuses on the economic part of this Energy and Economic Summit. Specifically, they will discuss the issues surrounding economic reform and investments in an era of new divisions in Europe. But we meet here today in Istanbul, on the edge of both east and west, so many of these issues apply to Asia as well as Europe. Let me pose a framework for that conversation, a few facts to react to, and then pose questions for our panel, and for all of us, to contemplate as we deal with new divisions across Europe and the globe.

As luck would have it, as I was flying into Berlin on Tuesday, I came across an article in the *New York Times* entitled "Berlin After the Wall: A Microcosm of the World's Chaotic Change" that expresses my thinking on the challenges those of us who are part of the globalized economy face today. It examined the confusing nature of a unified Berlin and Germany in a world that, defying predictions, has seemingly become more fractured since the fall of the Berlin

Wall 25 years ago, an event that at the time was perceived as a metaphor for a unifying world.

The most salient point in the article came from the executive director of the American Academy in Berlin, who observed that during the Cold War, “the principal conflict was between free and not-free states. Today it’s between globalization and cultural identity. We live in a completely different world than the one we anticipated.”

This concept that “the principal conflict is between globalization and cultural identity” is at the heart of what I would like to speak about today, and is clearly at the core of why this is a completely different world than the one that most people anticipated.

The interplay between globalization and cultural identity is the environment in which we operate every day at Dentons. Indeed it was one of the driving factors behind the decision of our legacy firms to form Dentons as a polycentric firm. By polycentric, I mean that we are dominated by no one culture, we have no single headquarters and we pride ourselves on being in and of the regions and communities where we practice law. With more than 75 offices in more than 50 countries, we are the tradesmen of globalization—assisting our clients as they go into new and different markets—but we focus on being in and of the communities in which we have offices around the globe. As the tradesmen of globalization we are the plumbers, the masons, the electricians that make globalization work. If a company is going into a new market, or one they are not familiar with and therefore are concerned about the legal or regulatory framework for doing business in that place, the first call they make is to their lawyers. In forming the first and only truly polycentric firm, we not only anticipated the conflict between globalization and cultural identity, we consciously put ourselves in a position to bridge it.

Because in the Internet age where information, and often perceived expertise, are at best table stakes in the game to win work, understanding the business culture, the realpolitik that it takes to get a deal done or solve a dispute in a particular location is the last and best way for a any one to distinguish themselves from those who only have information, expertise and experience in a given abstract, scholarly area. This is polycentric nature is premised on understanding and respecting the importance of cultural identity that so many global business leaders used to ignore as they flew around the world, speaking one language, meeting in remarkably similar conference rooms and running into each other in nearly identical business class airline lounges.

If, as Thomas Friedman has posited, globalization has made the world flatter and now faster, conflicts around cultural identity now create wrinkles in that flat fabric of interconnected commerce. The contours of those wrinkles often ripple far beyond the corners in which they first appear, not only making global commerce more difficult but also slowing it down. If globalization is about flatter and faster, cultural identity is about ancient landscapes and taking the time to savor the local sights, sounds and tastes.

The West is too often perceived as promoting a form of globalization that brings with it uniform, and usually Anglicized, global brands that unintentionally promote one set of cultural attributes that are packaged and marketed in such a way that some believe goes beyond attraction and creates addiction. From the early successes of Coca-Cola, McDonald's and Levi's jeans, to the recent spread of caffeine addiction by Starbucks, globalization has become synonymous to many with American values, American tastes and American-financed franchises.

It is the role of government to help set the rules of globalization, and to make sure that the benefits of globalization are not accompanied by a wholesale elimination of the culture of a place. It is said that technocracy is policy without politics and populism is politics without policy. The gap between what we should do in the world as a matter of logic and what we can do as a matter of politics is a growing gap in nearly every democracy. The reasons why are too many to go into here, but this gap is at the core of the challenge.

The challenge of our time is globalization versus cultural identity, but it is also governments' inability to address this challenge because the gap between logical policy and popular politics is growing. This gap creates the wrinkles in our flat world that can only be navigated by lawyers who not only understand the challenges and know how to "mind the

gap" but who are themselves in and of the communities in which the deal needs to be done or the dispute needs to be resolved. These lawyers are the tradesmen of globalization—the navigators, the masons, the road builders—and must be in polycentric organizations that are not of one culture, have no one headquarters and do not fly one flag. If it has one culture, one headquarters and flies one flag, then it and its people cannot respect and understand the different cultures in which it must operate. This is the type of organization that makes these tradesmen most successful in minding the gap and bridging the challenge between a globalizing economy and cultures fighting to protect their identity, their uniqueness and the attributes that distinguish each culture from the perceived infectious plague of global uniformity through global business.

This is not how many imagined the future would play out. The West had hoped that with the end of the Cold War, it would attract the countries of Central and Eastern Europe to its free and globalized markets. Significant and notable successes of economic reform include the unification of Germany and the expansion of the EU from the Baltic to the Black Sea. But since the fall of the Berlin Wall, we have also seen the rise of ethnic tensions in places such as Yugoslavia and Ukraine and a resurgence of Russian nationalism.

And lest we think the issue of cultural identity versus globalization is a function merely of the fall of the Soviet Union, we can see issues of cultural identity playing out from Scotland to Catalan to North Africa and the Middle East.

Nowhere are the tensions between globalization and cultural identity more evident than in Ukraine. Ethnic communities in Crimea and the east identify with Russia. Western Ukraine looks to the EU. Yet globalization has resulted in the EU and Russia having nearly equal economic stakes in Ukraine. The Russian Federation is Ukraine's largest trading partner with about 25 percent of exports and 32 percent of imports. But the EU is almost equally important to Ukraine's economy. It is the destination of 24 percent of Ukraine's exports and the source of 30 percent of its imports.

Those two sets of nearly identical numbers tell the real story: 25 versus 24 percent, and 32 versus 30 percent. The balance of interest creates tensions, or at least hinders government's ability to be perceived as respecting different cultural identities. In particular, if the West is perceived as the promoter of a globalization that brings with it homogenized, Anglicized global brands that triumph over local products, then the West comes to the debate with an anchor tied to its waist.

Complicating the situation is the interconnected nature of trade between Europe and Russia. The EU is now Russia's largest trading partner, accounting for 41 percent of all trade. Importantly, Russia is the source of 44 percent of Europe's natural gas and approximately a third of Europe's oil imports. So economic responses to cultural identity politics are very complicated indeed—and more evidence that we live in a world that was little anticipated 25 years ago.

We need look no further than our host country for this summit for a different iteration of the dichotomy between globalization and cultural identity. Turkey has aggressively and successfully undertaken economic reforms as it seeks to join the EU. Yet its borders with Syria and Iraq have exposed it to the rise of ISIS and complicated long-standing challenges regarding ethnic Kurds. And with the EU receiving 40 percent of its crude oil from the Middle East and North Africa, we can anticipate that a widening of the conflict in this region will result in more wrinkles to trouble a globalized world.

Therefore, in this conflict between globalization and cultural identity, there are key questions to address, which include:

- Will European policymakers continue to prioritize their economic and political agenda of expanding market access to border countries, risking Russian retaliation and escalation of sanctions and countersanctions?
- In this context of economic recovery uncertainty, can Europe risk a serious deterioration in relations with Russia?

Can Russian FDI outflows to Europe be replaced by what recently have been historically low American FDI outflows to Europe?

- Can Europe continue to act in unison, given the different impact the market expansion policy is having on different members? Will Europe undertake needed, but risky, economic reforms to put the bloc on a path of growth in the context of geopolitical uncertainty?

Mustafa Kemal Atatürk, the founder of modern Turkey, is himself controversial because he was perceived as a promoter of trade with others over protection of cultural identity. Whether that is the complete truth or not, and whether Atatürk struck the right balance between globalization and cultural identity that I believe is the key to success in our modern times, he was an astute student of global affairs and once famously said, “Mankind is a single body and each nation a part of that body. We must never say ‘what does it matter to me if some part of the world is ailing? If there is such an illness, we must concern ourselves with it as though we were having that illness.”

I think all of us in this room would add that, as a result of globalization, the conflicts of cultural identity, wherever they occur, are now something that increasingly affect us all. We are all in the throes of this illness. We all must be part of the cure.

Thank you for listening to my framework for a discussion about the economic challenges in world of new divisions, and please join me in welcoming this impressive panel and interesting discussion.

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