

# The Global Power Industry and Globalization: Challenge and Opportunity

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The global power industry cannot be separated from globalization. The existence of strongly opposing views on the benefits of globalization, and by extension on the benefits of the global power industry, means that we cannot be bystanders in the debate.

TO BE SUCCESSFUL AS POWER BUSINESSES with global scope, we must not only deliver low-cost, reliable electric power, but we must also do more to extend the promise of globalization to a much larger percentage of the people in the emerging markets.

The process popularly known as globalization is here to stay. Like the weather or the dawn, to use New York Times foreign correspondent Tom Friedman's metaphor, we may like it or not, but there is little that we can do about it. There are radically differing views about what it is. Many—but not all—in the developed nations see globalization as the beneficial integration of markets, societies and nations. Many—but not all—in the developing or emerging nations see globalization as the imposition of western economic, social, cultural and political norms and standards.

Without globalization, the international power business would not exist. State utilities would never have turned to the private sector for new generation capacity. Governments would never have de-regulated and privatized their power sectors. Multi-lateral lenders would never have provided the financial support required for our international investments.

However, the opposite is also true. Without the international power industry, globalization would

not be as far advanced as it is today. In country after country, we have been among the first international investors. We have advised on and participated in the re-structuring of the energy sector, the creation of regulatory environments, and the operation of the competitive commercial systems.

The close relationship between globalization and our industry requires that we step up to some important responsibilities. We simply cannot afford a mismatch between the rhetoric and reality of globalization. There is no question that the rising tide brought about by free trade, world-wide availability of capital and the transfer of skills and knowledge between nations will lift all boats. However, for those without a boat, a rising tide is not a positive event. The danger of allowing a widening of the gap between rich and poor—between those who are connected to the rest of world and those who are not, between the rhetoric and the reality of globalization—is a backlash that will go far beyond our industry and our markets.

For all its flaws, globalization is the right approach. The best economic hope for developing and post-socialist countries lies in some form of market-generated growth. And the best political hope lies in some form of democracy, with constitutional constraints to protect minorities.

We—the international power industry—can do a lot to bring the reality of globalization closer to its promise.

First, we all have to honor the basic contract. In simplest terms, we must provide reliable, fairly priced power generated in well-run, safe and environmentally compliant plants. Governments must maintain fair, open and transparent regulatory and legal structures. And customers must pay for the power they consume.

Second, we must stop the corruption that threatens the hope of globalization and the success of our businesses.

Third, we must extend the promise of globalization to a much larger share of the population. We must do everything we can to assure that the “man in the street” has a better life because of our investment, and our economic and political ideas.

Finally, we need to engage in and elevate the global debate, to talk less about the problems and challenges we face—and who is to blame for them—and more about how we can, by working together, find solutions that benefit everyone.

The international power industry is in a symbiotic relationship with globalization. We need globalization, and we need it to succeed. And globalization needs us, not just to invest our capital and our talent, but to extend the benefits of globalization as broadly and deeply as possible. ■