

# Globalization a tool for restructuring,

## diversifying Kuwaiti economy

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KUNA

KUWAIT: Globalization is an instrument that can be used to restructure and diversify the Kuwaiti economy and reduce dependency on oil revenues, said a Polish economic expert on Monday.

"With its abundant financial resources due to oil exports, Kuwait can afford to invite global investors and high tech firms which can invest here in joint venture projects, bringing new technology, still better management and marketing skills to orient more market output," said Grzegorz Kolodko, Poland's former deputy premier and finance minister, to Kuwait News Agency (KUNA).

He said the "question of "to be or not to be" for Kuwait's economic future" depended on decreasing the dependency on oil as a main source of income for the state.

Kolodko, who is currently the Director of the Warsaw-based Transformation, Integration and Globalization Economic Research (TIGER), said that in terms of economic diversification, Kuwait could base this on oil processing petrochemical, chemical or pharmaceutical industries where oil resources could be used.

"I think Kuwait has the potential to be an education and research center and education is always a good investment," he added. As for the hike in global prices of commodities in general, the expert said Kuwait could benefit from an "oil for food"

arrangement with such a country as Poland, where "food security for Kuwait comes in exchange for energy security for Poland... the Gulf state can get food at competitive prices and also good quality." This, he explained, would "hamper" food inflation, warning that "inflation is the beast that has the tendency to grow out of control."

The Polish expert said, however, that if members of the Gulf Cooperation Council (GCC) were to achieve currency convergence, "it must be done within an optimal currency zone, which calls for low inflation and competitive exchange rates at the day of introducing the new currency."

He said "currency union is the means to enhance the process of regional integration, and this integration is a very good response

of this part of the world to globalization, the GCC states will have a much better chance to play the global economic game within the context of regional integration than as individual countries."

Kolodko said that although Gulf states were, in theory, far from being within an optimal currency zone "large diversification of GDP per capita, different rates of inflation, and different sizes of economies, there were still successful examples of currency zones to be seen in the EU, the Caribbean and Western Africa." "In case of the Gulf, the common currency has a very strong political context, and the political arguments are as important, if not more important, than the economic ones because the common currency is a means of regional inte-

gration," he noted.

He added that because of the outward nature of Gulf economies, as being exporters rather than importers, the common currency "can perform a tremendously positive job in bringing people together, instead of just the factors of geography, religion and language, you will have a strong economic compliment of political, cultural, and economic integration which will be a very good driving force for the future."

The former Polish minister said the "future of the world is in more and more currency zones," noting that in the case of the EU, the integration process was "very much fueled by the common currency, much more than the "European constitution, we can "fly" without this political constitution,

but it would be difficult without a common currency." Kolodko is in Kuwait on invitation by the American University in Kuwait (AUK) to lecture on regional development in the context of ongoing globalization. He also visited Qatar, Bahrain and Iran as part of his regional visit. Professor Grzegorz W. Kolodko - a key architect of Polish reforms - is a renowned economist and a world expert on transition and development policy. While deputy premier and finance minister in 1994-1997, he led Poland to join the OECD. Holding the same positions again in 2002-2003, he played an important role in his country's integration with the EU. He is the author of 35 books and over 300 articles and research papers that are published in 23 languages around the globe.

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