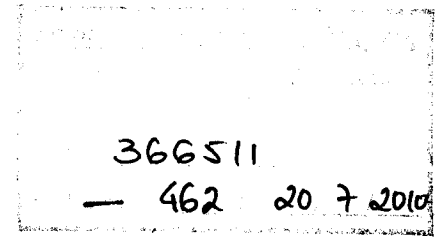


Josef Pröll  
Federal Minister of Finance



Paulo Cardoso Correia Da Mota Pinto  
Comissão Orçamento e Finanças  
Assembleia da República, Palácio de S. Bento  
1249-068 Lisboa  
Portugal

Vienna, 5 July 2010

Dear Mr Correia Da Mota Pinto,

the global and European financial system is emerging from its most severe crisis since many decades. Now we are entering a new phase, growth is about to resume.

The policy challenges we are facing are diverse: We will need to strengthen macro financial stability without unduly restraining the financial sector. We will have to secure adequate financing for innovative investment and growth without overstretching the risk taking capacity of banks. We will need to secure smooth coordination between a complex set of players from countries within and outside the EU without generating excessive coordination costs.

Living up to these challenges demands determined action and innovative ideas. This concerns countries, European institutions, IFIs and last but not least also international banks.

Against this background we intend to hold a high level conference on 17 September 2010. It will focus on the role of banks for the future growth of Central- East- and Southeast Economies. Our intention is to raise the awareness of top policy makers as to what will need to change in the area of finance, especially in the CESEE over the next decade.

We would like to invite you to this high level event and count on your active participation. A draft annotated agenda as well as technical information on organisational matters and logistics is attached. Please communicate by 2 September 2010 to [conference@bmf.gv.at](mailto:conference@bmf.gv.at) if you are able to attend.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Josef Pröll', written in a cursive style.



**FEDERAL MINISTRY  
OF FINANCE**

5.7.2010

## **Beyond the Vienna Initiative: Towards a New Banking Model in a New Growth Model for CESEE**

**International Conference of the Austrian Federal Ministry of Finance**

### **Draft Annotated Agenda**

#### Background

The global and European financial system is emerging from its most severe crisis since many decades. Despite substantial stabilization in key financial markets the overall situation remains volatile, and the fragile state of public finance in some EU countries adds to future risks and uncertainties.

The upswing underway is unfolding differently from the patterns in the pre crisis period: credit supply of the banks remains subdued, both because of decreased risk appetite and deleveraging needs. Medium term growth dynamics in Europe could remain well below pre-crisis levels and preconditions for catching up of the new member states and candidate countries have become less favourable. Overall, the economic system will stay volatile, as the working up of the shock delivered to the global and European Economy will take several years.

The policy challenges deriving from this new environment are diverse. They relate to the level and structure of public receipts and expenditures, structural reforms in financial-, product- and labour markets.

Growth in CESEE over the last decade has been impressive compared to the old EU Member States. We have seen, however, that part of this performance was built on unsustainable lending policies that in turn contributed to the build up of significant disequilibria. As we come out of the crisis we will be confronted with the central question of the future sources of growth. And here the changed role of the financial sector is central: topics to be addressed need to include the regulatory agenda and supervisory structures, the interaction of financial sector reforms with macro-policy issues and the response of the private sector to its evolving operational framework.

**The aim of the conference is to contribute to this emerging discussion in order to ensure that timely, coordinated and comprehensive action by policy makers in the region can build on a robust set of policy recommendations.**

**10.00 to 10.15: Welcome and introduction:**

Josef Pröll, Federal Minister of Finance of the Republic of Austria

**10.15 to 11.45:**

**Panel 1: Review of Causes and Management of the Crisis**

The aim of this panel is to provide a synoptic background for the following sessions. With the benefit of hindsight, the main external factors and domestic policy errors leading to the crisis and salient features of crisis management shall be reviewed. Questions to be dealt with could include:

1. What were the drivers for over reliance on external financial resources in many CESEE economies?
2. What was the relative role of structural factors (openness of the economy, savings rate, ownership structure of the banking sector, depth of domestic financial markets, economic integration) and policy mismanagement in the build up of the crisis?
3. What was the role of financial sector regulation and supervisory structure?
4. What prevented earlier corrective policy action?
5. What was the role of the EU, IFIs and OECD in early warning and crisis management?
6. What were the reasons for success in crisis management?
7. What are the conclusions?

**Key Note Speaker:** Angel Gurría, Secretary-General of the OECD (confirmed)

followed by two to three panellists, among whom Klaus Regling, CEO of the European Financial Stability Facility (confirmed)

11.45 to 12.00 Coffe break

**12.00 to 13.30:**

**Panel 2: Towards a New Banking Model Serving an Adjusted Growth Model**

The aim of the panel is to explore the options for providing the financing needed for restructuring and growth. Questions to be dealt with could include:

1. What shall and can be the future role of capital imports in general and to which extent can non debt creating flows such as FDI substitute for credits?
2. Is there a potential to increase the domestic savings rate in some or all countries? What needs to be done to use this potential?
3. To which extent could the development of local currency markets be part of the solution?
4. What could be the role of new risk sharing instruments between the financial sector, the public sector and IFIs in providing investment finance, and is there an untapped potential to finance infrastructure by PPPs?

5. What would be the appropriate design of new financial sector regulation - in particular regarding to capital requirements - to strengthen the stability of the financial system while minimizing the negative impact on the capacity for investment lending?
6. What are the implications of economic developments and policy reforms on bank business strategies?
7. How could banks make their share- and stake holders equally (un)happy?

**Key Note Speaker:** Thomas Mirow, President of the EBRD (confirmed)

followed by two to three panellists, among whom Matthias Kollatz-Ahnen, Vice-President of the EIB (confirmed)

### **13.30 to 15.00: Lunch**

### **15.00 to 16.45:**

#### **Round Table with Ministers from CESEE: What conclusions for Policy Makers**

**Chair:** Marek Belka, President of the National Bank of Poland and former Director of the IMF's European Department (enquired)

Sergey Tigipko, Vice Prime Minister of Ukraine (confirmed)

Diana Dragutinović, Minister of Finance of the Republic of Serbia (confirmed)

N.N.

### **16.45 to 17.00:**

#### **Summary and wrap up:**

Thomas Wieser, Director General for Economic Policy and Financial Markets at the Austrian Ministry of Finance and Chairman of the Economic and Financial Committee (EFC) of the European Union

Participants who arrive the day before are kindly invited to join a reception hosted by the Austrian Federal Minister of Finance on 16 September at 6 p.m.

## **Conference – BMF 2010 Information**

### **1. Registration**

Please kindly fill in the enclosed registration form and return it by September 2, 2010. Shuttle services will be provided by the Austrian Federal Ministry of Finance (BMF) according to the requirements you announce in the registration form.

### **2. Map**

Enclosed you will find a map showing the City of Vienna where you will also find the venue where the conference will take place („Aula der Wissenschaften“). The hotels suggested by BMF are marked on the map as well.

### **3. Venue: Aula der Wissenschaften**

The conference will take place at the “Aula der Wissenschaften”, a building dating back to the 17th century situated at the very center of Vienna. The building has recently been renovated and provides all the contemporary modern facilities while still retaining its historic atmosphere. For further information please visit [www.aula-wien.at](http://www.aula-wien.at).

### **4. Hotel Information**

BMF has optioned a certain number of Hotel rooms in the center of Vienna. Please find details, fees and informations concerning the Hotels below.

The options will be held until July 28, 2010.  
Booking Code: Conference – BMF 2010

#### **Hotels \*\*\*\*\***

##### **Do & Co Hotel Vienna \*\*\*\*\***

Stephansplatz 12 | 1010 Vienna

Phone: +43 1 24 188 | e-mail: [hotel@doco.com](mailto:hotel@doco.com) | [www.doco.com](http://www.doco.com)

Room per night: € 275,00

Breakfast: € 29,00

**Grand Hotel Wien \*\*\*\*\***

Kärntnerring 9 | 1010 Vienna

Phone: +43 1 515 800 | e-mail: office@nethotels.com | www.grandhotelwien.com

Room per night: € 265,00

Breakfast: € 31,00

**Hotels \*\*\*\*****Mercure Wien Zentrum \*\*\*\***

Fleischmarkt 1a | 1010 Vienna

Phone: +43 1 534 600 | e-mail: h0781@accor.com | www.accorhotels.com

Room per night: € 179,00

Breakfast: € 15,00

**Mercure Wien City \*\*\*\***

Hollandstraße 3 | 1020 Vienna

Phone: +43 1 213 130 | e-mail: h1568@accor.com | www.accorhotels.com

Room per night: € 184,00

Breakfast: € 15,00

**Austria Trendhotel Ananas \*\*\*\***

Rechte Wienzeile 93-95 | 1050 Vienna

Phone: +43 1 546 200 | e-mail: office@nethotels.com | www.austria-trend.at

Room per night: € 115,00

Breakfast: € 17,00

**If you have any questions please do not hesitate to contact us.**

**Organisation management:**

Phone: +43 1 890 16 00-0

Fax: +43 1 890 16 00-121

E-mail: conference@bmf.gv.at

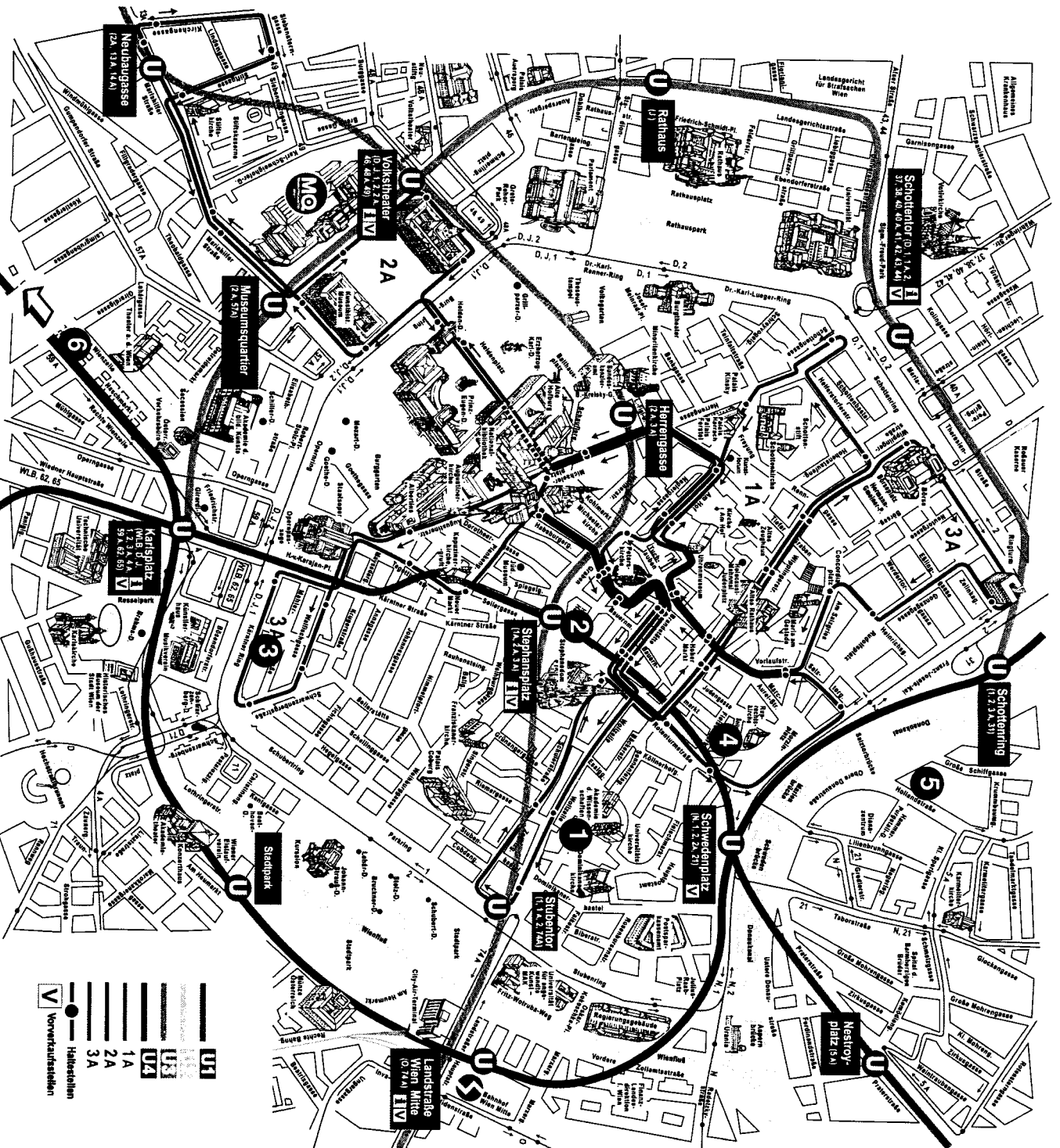
**Content management:**

Mr. Marco Rossegger

Phone: +43 1 514 33-501 377

E-mail: marco.rossegger@bmf.gv.at

# Vienna Inner City



- 1** Aula der Wissenschaften
- 2** Do & Co Hotel Vienna
- 3** Grand Hotel Wien
- 4** Mercure Wien Zentrum
- 5** Mercure Wien City
- 6** Austria Trendhotel Ananas

## Registration Form – Conference BMF 2010

### Contact

Salutation: \_\_\_\_\_ Title: \_\_\_\_\_  
Last Name: \_\_\_\_\_  
First Name: \_\_\_\_\_  
  
Company / Institution: \_\_\_\_\_  
Function: \_\_\_\_\_  
  
Country: \_\_\_\_\_  
Street: \_\_\_\_\_  
ZIP Code: \_\_\_\_\_ City: \_\_\_\_\_  
  
Phone: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
e-mail: \_\_\_\_\_

### Arrival

Day of arrival: \_\_\_\_\_  
Shuttle at arrival:  Yes  No  
Place of arrival: \_\_\_\_\_  
Time of arrival: \_\_\_\_\_  
Flight number / Train number: \_\_\_\_\_

### Departure

Day of departure: \_\_\_\_\_  
Shuttle at departure:  Yes  No  
Place of departure: \_\_\_\_\_  
Time of departure: \_\_\_\_\_  
Flight number / Train number: \_\_\_\_\_

Attendance at reception  
(September 16, 2010):  Yes  No



## Registration Form - Conference BMF 2010

### Contact

Salutation:  Title:

Last Name:

First Name:

Company / Institution:

Function:

Country:

Street:

ZIP Code:  City:

Phone:

Cell Phone:

Fax:

e-mail:

### Arrival

Day of arrival:

Shuttle at arrival:

Place of arrival:

Time of arrival:

Flight number / Train number:

### Departure

Day of departure:

Shuttle at departure:

Place of departure:

Time of departure:

Flight number / Train number:

Attendance at reception (September 16, 2010):