

G20 Economic Summit: Plans for the Special Meeting on November 14-15, 2008

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Preface

This report on the “G20 Economic Summit: Plans for the ‘Special Meeting’” is compiled by the G20 Research Group largely from public sources as an aid to researchers and other stakeholders interested in the G20 leaders’ meeting. It will be updated periodically as plans for the summit evolve. Note that this document refers to the G20 leaders’ meeting announced by U.S. President Bush on October 22, 2008, which is to take place for the first time ever on November 15, 2008 (as opposed to the G20 finance ministers forum founded in 1999 and other G8-related G20 institutions for example, the G20 related to the World Trade Organization agricultural negotiations).

1. Introduction: G20 Economic Summit

The Group of Twenty (G20) economic summit will meet for the first time on November 15, 2008, in Washington’s National Building Museum. The official name of the meeting is “the Summit on Financial Markets and the World Economy.” Here participants from both developed and developing systematically significant countries will gather to discuss the current global economic and financial problems that are affecting the world. The G20’s members are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the European Union.

It was the work of the G20 finance ministers’ group that first led to discussions of other “20” groups. The G20 finance ministers’ group first met in 1999 and will be meeting for the tenth time on November 8-9 in Brazil. Since 2005, under the Gleneagles Dialogue, 20 ministers from the fields of environment and energy have met, most recently in Japan, to discuss the issues associated with global warming. On the margins of the 2008 G8 Summit in Japan in July, a gathering of the Major Economies Meeting of 16 members (MEM-16) at the summit level was held, following official level meetings of this U.S.-initiated forum starting in 2007. In both cases, their membership largely overlaps that of the G20 finance ministers.¹ Former Canadian prime minister Paul Martin has advocated a “Leaders 20” (L20) forum, since the creation of the G20 finance ministers’ forum and it appears that with this ‘special’ meeting, his L20 has come to life.

2. Agenda

A globally coordinated fiscal stimulus is emerging as a unifying theme ahead of the G20 summit. In part, tax cuts or public spending increases appear attractive because interest rates have lost some of their power to boost economies as most of the world’s economies enter recession. More importantly, they are something on which leaders of most advanced and emerging economies agree. Five of the world’s six largest economies will be able to sign up immediately. The U.S. sent tax rebate cheques to most households this year and

¹ The G20 Gleneagles Dialogue is comprised of members from Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Iran, Japan, Mexico, Nigeria, Poland, Russia, South Africa, Spain, the United Kingdom and the United States. The MEM-16 is comprised of members from Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, South Korea, South Africa, the United Kingdom, the United States and the European Union.

President-Elect Barack Obama has called for a second fiscal stimulus package. At the end of last month, Japanese prime minister Taro Aso unveiled a ¥5,000 billion (US\$51 billion, €41 billion, £33 billion) economic stimulus package, a move that has since been replicated by Germany and China. British prime minister Gordon Brown says he is within days of announcing his own package of tax cuts and spending increases, leaving only France, uncharacteristically, not explicitly calling for a domestic fiscal stimulus package. Support for a globally coordinated fiscal package has come from other sources, both predictable and surprising. Not satisfied with the huge injections of taxpayers' cash into its member institutions, the Institute of International Finance, the global representative body of the world's largest banks, called this week for "well-targeted fiscal programmes with quick and strong impact." The IMF, traditionally opposed to anything that could be seen as budgetary profligacy, has called on economies representing half the world's output to loosen fiscal policy. "Our recent experience is showing that coordinated action is much more efficient than isolated efforts," said Dominique Strauss-Kahn, IMF managing director, after Sunday's G20 meeting of finance ministers. Jean-Claude Trichet, the European Central Bank president who usually takes a hard line on fiscal probity, accepted at the weekend that a loosening might be right for some economies. Of all the leaders seeking fiscal policy to appear prominently in the G20 communiqué, Brown has been the most vocal over the past week, despite Britain having the highest budget deficit of leading economies. Pledging Britain would play its part in pumping money into its economy, he said: "We need to have cooperative action across the world ... and that means that each country must make their contribution."² (November 12, 2008, *Financial Times London*)

United Nations secretary general Ban Ki-moon stressed the need to protect the world's most vulnerable in the face of the current turmoil shaking global financial markets, a message he will take with him to Washington DC this weekend when he attends the summit of the G20. "We must do everything we can to alleviate the impact of the crisis on the world's poorest and most vulnerable people," Ban Ki-moon told reporters at his monthly news conference in New York. He said he will also emphasize the importance of tackling the systemic roots of the crisis when he meets with leaders at the G20 meeting, which will be the first time that that group will meet at the level of heads of state, as well as the first time that the UN secretary general has been invited to attend. Ban had planned to travel to Los Angeles prior to going to Washington, but announced today that he has postponed that visit to meet with several world leaders who are coming to New York in advance of the G20 summit and to attend a high-level UN meeting on the culture of peace, set to begin tomorrow. "These leaders have requested urgent consultations with the Secretary-General to discuss pressing and long-term strategies to address the financial crisis and other important issues of immediate concern," Ban's spokesperson said in a statement. Ban has warned of the negative impact of the financial crisis on the achievement of the Millennium Development Goals (MDGs), as well as on efforts to deal with climate change, which he has described as the "defining challenge of our era." He noted today that the current financial crisis is also an opportunity to address climate change, stating that "at a time of growing economic hardship, green growth can create millions of jobs." The UN chief will also carry these messages with him when he travels

² *Financial Times London* (November 12, 2008), "G20 to unite on fiscal stimulus package."

to Doha, Qatar, for the Financing for Development conference that opens at the end of November. “My chief concern will be to ensure that the interest in well-being of the most vulnerable nations of the world will be fully heard,” he stated. “We cannot allow the financial crisis to become an excuse for not delivering on our commitments to the Millennium Development Goals.” In a related development, an independent UN expert has called on the Doha conference to prioritize human rights, and warned that “there is no room for complacency” when it comes to global efforts on debt relief and development.³ (November 12, 2008, *News Press*)

World Bank president Robert Zoellick said: “Leaders meeting on Saturday to discuss the global financial crisis must not lose sight of the human crisis. As always, it is the poorest and most vulnerable who are the hardest hit.” “The response to this crisis must be global, coordinated, flexible and fast. While the challenges need to be addressed at the country level, it is more critical than ever that the international community acts in a coordinated and supportive way to make each country’s task easier.”

Zoellick said: “Working with the IMF, UN agencies, regional development banks and others, the World Bank is helping both governments and the private sector through lending, equity investments, innovative new tools and safety net programmes.” World Bank leader Robert Zoellick reminded G20 leaders to keep sight of the human cost in a slowing global economy.⁴ (November 12, 2008, *The Guardian*)

“Additional monetary and fiscal policy responses need to be on the agenda,” International Monetary Fund managing director Dominique Strauss-Kahn wrote in a letter to G20 leaders, which was made public Sunday. The call for government pump-priming measures is an unusual step for the world body, which has traditionally advocated fiscal discipline, and reflects the serious impact of the global financial system’s troubles on the broader economy. Last week, the IMF downgraded its 2009 economic forecasts for Japan, Europe and the U.S., predicting negative growth for all three for the first time since the end of World War II. Not all G20 nations are free to spend as liberally as others. In Japan’s case, the government has drafted a 27 trillion yen follow-up economic package, but a third round of stimulus measures will be difficult to pay for without deficit-covering bonds, which prime minister Taro Aso has insisted will not be a major source of funding. The U.S. Congress, meanwhile, is considering another stimulus package, but few expect any real progress until president-elect Barack Obama is inaugurated in January. Nations also have differing capacities to act on monetary policy as well. The European Central Bank cut its key interest rate, but the benchmark is still above 3%. By contrast, the U.S. Federal Reserve’s policy rate is at 1% and the Bank of Japan’s is at 0.3%, leaving them little room to maneuver. Many believe that these central banks are unlikely to repeat their recent coordinated rate cut anytime soon.⁵ (November 11, 2008, *Nikkei Report*)

³ *News Press* (November 12, 2008), “Ban Ki-moon to focus on plight of world’s poorest at Washington summit on financial crisis.”

⁴ *The Guardian* (November 12 2008), “Development: World Bank makes \$100bn dollar pledge to poorest nations.”

⁵ *Nikkei Report* (November 11, 2008), “G-20 Enter Summit With Range of Fiscal, Monetary Positions.”

Financial officials from the G20 agreed on ways to stimulate growth which will be discussed further at a G20 leaders' summit in Washington on November 15. European Central Bank governor Jean-Claude Trichet said it was important to give emerging economies more say in international financial institutions. On the role of public spending in boosting growth, he said some countries were well placed for fiscal stimulus but others, in Europe and elsewhere, had not left sufficient slack in their budgets. "They have already now deficits which are very substantial and for them the room for maneuvering does not exist," he said.⁶ (November 9, 2008, *Reuters News*)

The International Monetary Fund urged the G20 governments, which met in Sao Paulo at the G20 finance ministers and central bank governors meeting, to consider further fiscal stimulus. "There is a clear need for additional policy stimulation relative to what has been announced so far," the IMF said. "Room to ease monetary policy should be exploited."⁷ (November 8, 2008, *The Australian*)

Australian trade minister Simon Crean, who met with World Trade Organization leader Pascal Lamy in Geneva this week, says that the upcoming G20 meeting in Washington is an opportunity to push for concluding the Doha round.⁸ (November 7, 2008, *Australian Financial Review*)

In the lead-up to the G20 leaders' summit in Washington, the Doha multilateral negotiations, in an impasse since the last WTO ministerial, have resurfaced in the internal discussions at the European Council and are now threatening to weaken the European unity defended by the French presidency last July in Geneva. Contrary to the opinion of the latter, Germany and the United Kingdom want a strong appeal to be made in Washington in favour of relaunching the Doha round, preferably before the end of the year. A group of countries that includes Australia, Brazil and the U.S. are drawing up draft conclusions for the summit which call for Doha negotiations to be relaunched and issue a strong warning against protectionist temptation. With the support of the European Commission, Germany and the United Kingdom believe that the general relaunch of free trade, and the Doha round in particular, are the best way of overcoming the crisis and want a strong appeal in this sense to be expressed in the text. France is still opposed to a multilateral agreement that goes against the interests of French and European farmers and does not see this German-British initiative with a favourable eye and believes it doomed to failure. French finance minister Christine Lagarde said on November 5 that "I don't approve the operational character of such an appeal. In any case, George Bush is at the end of his mandate and the Americans will be unable to honour any promises."⁹ (November 6, 2008, *Agence Europe*)

In Washington, heads of state and government are likely to discuss currencies, French president Nicolas Sarkozy said. "How can we talk about the financial crisis without

⁶ *Reuters News* (November 9, 2008), "EDB Trichet: G20 encouraging, no room for complacency."

⁷ *The Australian* (November 8, 2008), "Rudd's \$3 billion boost for economy – CRISIS HITS HOME."

⁸ *Australian Financial Review* (November 7, 2008), "Crean urges trade push."

⁹ *Agence Europe* (November 6, 2008), "EU/WTO: Germany and United Kingdom want round revived."

talking about currencies?” he said.¹⁰ (November 7, 2008, *Dow Jones Capital Market Report*)

Regulatory reform of the global financial system will be on the agenda when leaders of the G20 countries meet for a financial crisis summit meeting on November 15 in Washington.¹¹ (November 7, 2008, *Reuters News*)

Countries are likely to pledge funds to bolster the International Monetary Fund at the G20 summit in Washington, British prime minister Gordon Brown said. “People are willing to work with us to make the changes that are necessary in the international financial order,” Brown said. “When we come to Washington in a few days from now I believe we will see countries come together to make their statements about what they can contribute.”¹² (November 4, 2008, *Reuters News*)

World leaders must not waste any time in talks on new rules for financial markets, German chancellor Angela Merkel said, adding she hoped agreement could be found in the coming months. “We must not allow these talks to drag on,” she said in a speech to German business leaders in Berlin. “It mustn’t take years; it must be done in months.” Merkel called for more transparency on financial markets, stricter rules to prevent financial actors from taking on excessive risks and a stronger role for the IMF in the supervision of financial markets. EU leaders are due to meet in Brussels to prepare for the G20 leaders summit. “That’s where we want ... to agree a mandate for talks on a framework for a financial market constitution,” Merkel said. She said she would urge the summit to push ahead with World Trade Organization talks. “At the world finance summit, I will make sure that we continue the WTO talks and that we support free trade as the basis of growth worldwide,” Merkel said. “And (we must) think about setting up an IMF and World Bank program to strengthen and encourage investment in emerging economies, because it is in these regions in particular that we cannot allow growth to fall back,” she said, referring to German exporters’ interests in regions such as China and India.¹³ (November 4, 2008, *Reuters News*)

Nicolas Sarkozy and Gordon Brown have struck up a partnership ahead of next week’s summit in Washington aimed at overhauling the global financial system. But there are still big differences between Paris and London about the lessons to draw from the crisis and a fear in the Elysée that Brown, the UK prime minister, is still committed to preserving a light-touch regulatory regime for the City of London. French officials say the strongest message that should come out of the Washington meeting on November 15 would be a broad commitment from the U.S., the UK and other European countries to abandon competition between regulatory systems in favour of convergence. But they acknowledge this is unlikely. Officials from both sides say the two leaders have in fact put aside their differences about the need for harmonization of rules so that they can both claim success at the summit. Brown and Sarkozy, the French president, want agreement

¹⁰ *Dow Jones Capital Markets Report* (November 7, 2008), “France Sarkozy: EU Agrees Common G20 Position.”

¹¹ *Reuters News* (November 7, 2008), “Key facts on global financial regulators.”

¹² *Reuters News* (November 4, 2008), “UK’s Brown expects IMF cash pledges at G20 summit.”

¹³ *Reuters News* (November 4, 2008), “Germany’s Merkel-financial rules needed in months.”

from the leaders of the G20 for a “new Bretton Woods,” a redesign of the post-war global financial architecture. Brown and Sarkozy will seek EU backing for their proposals at a special summit of EU leaders in Brussels on Friday. The British do not expect the Washington summit to resolve all — or even most — of the issues, but to send out a signal of a commitment to act that will start to restore confidence in battered markets. French officials say the meeting has two objectives. The first is to take executive decisions on issues that have been intensively discussed among regulators and supervisors for the past year. These include supervision of ratings agencies, injecting flexibility into “fair value” accounting norms for illiquid assets and taking into account banks’ pay and bonus structures when evaluating their riskiness. “It’s time to wrap up this discussion,” said an official in Paris. The second objective is to agree a set of principles underpinning reforms to be discussed at future summits. France would like to hold a second meeting in Paris in February to be attended by the new U.S. president. One of the main themes will be changes to the international financial architecture. Britain and France both want a better resourced IMF to carry out an early warning function for the global financial system. But by focusing on the broad outlines of a reformed global financial system and on issues such as tax havens, officials believe Brown will be able to skirt round trickier questions about the standards of regulation in London. Brown’s vision of a reformed global regulatory system does not correspond with Sarkozy’s enthusiasm for a more harmonized EU regulatory regime. “I hear leaders taking a very different stance to the one they took six months ago,” said a senior French official alluding to Brown. “But have they really changed? If we could have an agreement that regulatory convergence was more important than the individual interests of different market places, that would be great. But I’m not sure we are going to get that.” The crisis has made it politically unwise for UK politicians to stand up for the City. The previous British political mantra of “light touch” regulation has now become a defence of “effective” regulation. But both main political parties in Britain believe the UK’s eschewal of heavy-handed statutory controls on the financial sector has given London a clear advantage over its main rival, New York. This is not an advantage that Brown would sacrifice lightly.¹⁴ (November 3, 2008, *Financial Times Asia*)

The aim of the gathering is to come up with “swift, concrete decisions and the definition of a roadmap for the coming weeks,” French president Nicolas Sarkozy said about the upcoming G20 meeting in Washington. Other high-level meetings would follow, he said, adding the process should allow for reforms to the way the global financial system was regulated and supervised. The process should also reinforce the role of the IMF in countries weakened by the financial crisis and promote better coordination of economic policy, he said. The White House has, however, cast some doubt on the chances that concrete decisions on reforms would emerge from the meeting as sought by Sarkozy, saying it was designed to identify problems that sparked the crisis and outline principles for reform. “We just need to get closer to the meeting to see what we’re going to be able to work out,” said White House spokeswoman Dana Perino. She cautioned that the leaders had committed to a series of meetings so major decisions were unlikely to be taken at the first one. “So I don’t think anybody should expect next week that we’re going to walk away and have everything solved,” she said. “I think it’s appropriate at the

¹⁴ *Financial Times Asia* (November 3, 2008), “Brown and Sarkozy agree to seek ‘new Bretton Woods.’”

first meeting to set up the principles for reform, and then task those working groups to go back, work with their financial experts in their countries, work together to figure out a way that we can continue to move forward,” Perino said.¹⁵ (November 3, 2008, *Reuters News*)

“We’ll have a meeting that is robust in its agenda, hopefully robust in its principles for reform to move forward,” White House spokeswoman Dana Perino said, pointing out that the session will be the first in a series. “I don’t think anybody should expect next week that we’re going to walk away and have everything solved.” Leaders from the G20 will convene in Washington November 15. The meeting at the National Building Museum is designed to assess the causes of and reaction so far to the crisis that has crippled world financial markets, and design principles for the way forward. French president Nicolas Sarkozy is pushing for concrete decisions to be made, but the Bush administration hasn’t endorsed specific steps. “Could there be concrete issues that could be agreed to? I don’t know,” Perino said. She dismissed suggestions that the U.S. and France aren’t on the same page. “I do think there has been a tendency in the media to try to draw distinctions and differences, even hostilities, between us and the French. That is not the case,” Perino said. “We are working in a cooperative spirit, trying to find the path forward together.” President George W. Bush’s lame duck status is likely to cloud the talks. The White House has said the president-elect, Barack Obama, will have input in the summit but won’t participate in person.¹⁶ (November 3, 2008, *Dow Jones Newswires*)

Australian trade minister Simon Crean said the emergency G20 meeting scheduled to take place in Washington on November 15 was an opportunity to revive the stalled Doha round of trade liberalization talks. “It’s been difficulty to get anything happening before the US presidential elections,” he said. “But now that there is, if you like, another window, out of adversity ... let’s see if as part of the exercise of rebuilding confidence in the global economy, one of the big injections of confidence you could give would be to conclude the round.”¹⁷ (November 3, 2008, *The Australian*)

Japanese prime minister Taro Aso will use his G8 chair this month to push for stronger monitoring of global financial institutions. Talks at the G20 November meeting are expected to focus on ways to monitor and regulate financial institutions, including tighter controls over hedge funds. Aso will urge world leaders to seriously re-examine the current oversight mechanisms that have failed to prevent irresponsible lending. He is expected to propose a framework of cross-border supervision as the best way to monitor global finance, a report said. He will also call for stricter international rules to enforce transparency at rating agencies. The agencies are under fire for failing to raise the alarm on securitized financial products related to sub-prime loans, the report added. These high-risk instruments have greatly magnified the impact of the current financial crisis. In addition, the Japanese leader will also stress the importance of setting up regional rating agencies to evaluate locally issued bonds in Asia and other areas. In another proposal, Aso will call for changes to the current mark-to-market accounting system, under which

¹⁵ *Reuters News* (November 3, 2008), “Sarkozy urges swift, concrete action at G20.”

¹⁶ *Dow Jones Newswires* (November 3, 2008), “White House Downplays Expectations For Reform At G20 Summit.”

¹⁷ *The Australian* (November 3, 2008), “Crean sees Doha opening in crisis talks.”

companies are forced to write down the value of financial assets in tandem with their declining market value. These write-downs can trigger big losses in times of financial turmoil, forcing companies to either sell assets to raise capital or issue equity in turbulent markets.¹⁸ (November 2, 2008, *Dow Jones*)

IMF managing director Dominique Strauss-Kahn said he would propose five avenues to reform the global financial system, with IMF reasserting a regulating role, when G20 countries meet on November 15 in Washington. Strauss-Kahn said he expected the meeting to take full account of “the historic situation we are living through.” The meeting should therefore give “a decisive impulse on the basis of the document which we will submit on the lessons of the crisis, for reform of world governance.” The IMF’s role as “coordinator of global regulation must be reaffirmed,” he said, adding that such a move had been advocated by French president Nicholas Sarkozy. “I will therefore propose to the G20 a new governance plan ... a global regulation strategy” based on five approaches, he said. “The IMF must develop a new loan able to deal with short-term liquidity problems which certain economies are confronting.” He said IMF resources had to be boosted, as has been urged by British prime minister Gordon Brown. In addition, lessons must be “drawn from economic policies which have produced these repeated bubbles that destroy the real economy when they burst.” Strauss-Kahn also said it would be necessary “to monitor the implementation of new financial regulations drafted — along with the IMF — by the Financial Stability Forum, which groups the major central banks.” “A world system must be envisaged that is more coherent because it is simpler and more efficient because it is more coordinated.” “In addition to its role as fireman and mason, the IMF can — for a while — have an architect’s role.”¹⁹ (October 30, 2008, *Agence France Presse*)

World powers meeting in Washington next month should agree to establish new rules for the global financial system within a year, German chancellor Angela Merkel said. Speaking at a conference in Berlin hosted by the German exporters association (BGA), Merkel also said she expected Europe to push its views forcefully in the talks, which will include leaders from the G20 nations. “We must agree a clear mandate for negotiations that should not last longer than a year,” Merkel said. Speaking at the same conference, German finance minister Peer Steinbrück spoke of a window of opportunity for creating new rules for the financial system and cautioned that a change in government in the United States should not delay their implementation. “My hope is that ... we don’t see any developments that might change the path we are on,” he said, referring to the U.S. election. They want to give the International Monetary Fund more powers to supervise the financial system, change accounting rules to prevent firms from shifting risks off their balance sheets and overhaul ratings agencies.²⁰ (October 29, 2008, *Reuters News*)

Leaders of the G20 countries must act in a coordinated way to deal with the “emerging reality” of a likely global recession, Australian prime minister Kevin Rudd warned. He has backed the G20 as the correct international forum for action on the global financial

¹⁸ *Dow Jones* (November 2, 2008), “Japan PM To Call For Stronger Fincl Supervision Sys at G20.”

¹⁹ *Agence France Presse* (October 30, 2008), “IMF to put five-point financial reform plan to G20: Strauss-Kahn.”

²⁰ *Reuters News* (October 29, 2008), “Merkel wants new financial rules within a year.”

crisis, arguing that because its members represent 85 per cent of the global banking system, it has the necessary economic clout to meet the challenge. “The outcomes must include a framework for the international community to work together to better manage the current financial crisis,” Rudd said. “And we must agree to learn from our mistakes and to work toward common solutions that will serve to mitigate the risks of similar crises re-emerging in the future. “A third objective must be coordinated action to support the global economy to deal with the emerging reality of a likely global recession.” Rudd also underlined the need for leaders of all political persuasions to take care in their public comments to avoid worsening the crisis by eroding public confidence. Arguing that the underpinning of confidence was a fundamental responsibility of leadership in the current circumstances, he said the U.S. Congress’s initial refusal to pass Bush’s proposed bank support package, announced last month, had delivered “a huge blow” to global confidence.²¹ (October 29, 2008, *The Australian*)

“The leaders will review progress being made to address the current financial crisis, advance a common understanding of its causes, and, in order to avoid a repetition, agree on a common set of principles for reform of the regulatory and institutional regimes for the world’s financial sectors,” White House spokeswoman Dana Perino said. The summit will be the first in a series. Perino said the principles that come out of the gathering will be **further developed by working groups** for consideration at future summits. She said it is too early to say when the second get-together would occur or whether it would be at the head-of-state level. French president Nicolas Sarkozy initially called for the summit in an effort to gain momentum for sweeping changes to the global regulatory framework and other measures to avert a repeat of the credit crisis that has rocked global financial markets. Perino said it is **unlikely that a new regulatory regime would emerge** from next month’s summit. “The summit will also provide an important opportunity for leaders to **strengthen the underpinnings of capitalism** by discussing how they can enhance their commitment to open, competitive economies, as well as trade and investment liberalization.”²² (October 22, 2008, *Dow Jones International News*)

Some are saying that the November 15 G20 meeting will be a “**Bretton Woods II**”—a replay of the 1944 gathering where leaders agreed to rebuild the global monetary system in the chaotic aftermath WWII and the Great Depression. However, the degree to which this is possible has come into question. The credibility of the payers who have long pulled the string at the IMF — the U.S. and the major European powers — has been badly tarnished during the current crisis. “You can’t aspire to have the fund play a much larger role if the fund is in the pocket of a few big countries,” a senior analyst from the Brookings Institute said. “If anything is going to come out of the summit, [the U.S. and European powers] are going to have to completely change their views.” French President Sarkozy and other European leaders have suggested giving the **IMF new surveillance powers** over the complex and uncertain world of global finance. And yet the developing

²¹ *The Australian* (October 29, 2008), “PM warns G20 to expect recession – Australia Unlimited.”

²² *Dow Jones International News* (October 22, 2008), “White House To Host Summit On World Economy Nov 15.”

world is not represented in the institutions that do that now — the Bank for International Settlements and the Financial Stability Forum.²³ (October 24, 2008, *The Globe and Mail*) The United States has announced that they will **host an emergency G20 leaders' meeting** in Washington, D.C. on November 15. To avoid repeating the crisis, the leaders will attempt to “agree on a **common set of principles for reform of the regulatory and institutional regimes** for the world’s financial sectors,” White House spokesperson Dana Perino said. Bush’s invitation to the group marked a sharp change of attitude by the Americans, who had resisted the idea of a broader group. “For the U.S. to suddenly realize that in fact the major emerging economies have to be at the table is a major, major step forward,” former Canadian prime minister Paul Martin said. Current Canadian prime minister recently discussed the summit with Bush and they agreed it should be expanded beyond the G8, according to a Canadian official.²⁴ (October 23, *The Globe and Mail*)

The emergency G20 summit is **not** expected to yield decisions on **new policy or regulation**, Dana Perino said. The task of putting “meat on the bones” will be up to financial experts in the countries after the world leaders review the causes of the crisis, the response so far, and the principles of reform that should be adopted.²⁵ (October 22, 2008, *CBC News*)

Officials from the United States have indicated that the G20 leaders’ meeting will not be a one-time event. “This will be the **first in a series of summits that bring together leaders from the countries that participate in the G20 finance ministers process** to discuss current economic challenges,” the U.S. official said.²⁶ (October 22, 2008, *AFX Asia*)

French President Sarkozy is thrilled that U.S. president Bush has decided to hold a G20 summit. A statement by the President’s office said the French leader “who proposed the idea of a summit in his speech before the UN General Assembly on September 23, discussed it in detail with President Bush at Camp David on October 18.” “This **first summit will be followed by several others**, in order to **refound the international financial system** and, through better regulation and more efficient oversight, ensure the crisis is not repeated,” it continued.²⁷ (October 22, 2008, *Agence France Presse*)

Leaders from nations that participate in the G20 will be invited to the U.S.-hosted emergency economic summit, White House spokesperson Dana Perino said. The **agenda** will include discussion of the “**underlying causes of the financial crisis**,” a **review of progress** in addressing them and the development of principles of reform to make sure these conditions aren’t repeated, she told reporters at a briefing. “Everybody will come with their own ideas,” she said. “Not everybody will have the same solution,” and “it’s too soon to say what will come out of it.” Perino said the gathering “will provide an important opportunity for leaders to strengthen the underpinnings of capitalism” and

²³ *The Globe and Mail* (October 24, 2008), “Financial crisis puts IMF back in business: Reluctant borrowers turn to lender of last resort, but experts question whether fund can meet their demands.”

²⁴ *The Globe and Mail* (October 23, 2008), “Bigger Group to tackle crisis.”

²⁵ *CBC News* (October 24, 2008), “Harper to leave Tory convention early for G20 economic summit.”

²⁶ *AFX Asia* (October 22, 2008), “Financial crisis summit to be Nov. 15 – US official.”

²⁷ *Agence France Presse* (October 22, 2008), “France hails G20 summit plan.”

“how they can enhance their commitment to open, competitive economies, as well as trade and investment liberalization.”²⁸ (October 22, 2008, *Bloomberg News*)

3. Participants

Africa is suffering from the credit crisis and should be better represented at the G20 summit on November 14-15, senior African officials said. The African Development Bank (AfDB) revised down its forecast for economic growth on the continent this month as governments brace for a slowdown in donor aid, exports and remittances from Africans living in wealthier countries. The rapid effect on Africa of what started as a U.S. banking crisis proves national economies are inter-linked as never before, said delegates at a meeting of African finance ministers and central bank heads in Tunis. But they accused the wealthy West of failing to consult poor nations when trying to resolve the crisis and develop new institutions to better regulate financial markets. Jean Ping, head of the African Union’s executive commission, said Africa was not really invited to the G20 summit on November 14-15, except for South Africa, which will attend as an emerging market country similar to Brazil or China. “Africa ... was not associated even slightly with the preparation when it’s a question of deciding the future of the world to which this continent belongs, in fact and by right,” said Ping. He appealed to organizers of the G20 meeting to think of Africa’s right to be an active player in the process and “not to suffer, as always, the consequences of other people’s mistakes.” Delegates in Tunis said Africa needed a global financial regime more inclusive of the world’s emerging economies.²⁹ (November 12, 2008, *Reuters News*)

Turkish prime minister Recep Tayyip Erdogan will travel to the United States to attend a meeting of G20 countries and hold bilateral talks. Erdogan will host a reception in New York to thank the permanent representatives of the United Nations member countries for electing Turkey as a non-permanent member to the UN Security Council. He will then proceed from New York to Washington DC and attend a “working reception” to be hosted by U.S. president George W. Bush. Erdogan will be accompanied by state minister and deputy prime minister Nazim Ekren and state minister Mehmet Simsek as well as undersecretary of the Turkish treasury Ibrahim Canakci while attending the G20 meeting.³⁰ (November 12, 2008, *Asia Pulse*)

Naming his economic team is a top priority, but it appears that Barack Obama is likely to wait until after the mid November G20 leaders’ meeting to make his choice. It is virtually certain that he will not be at the meeting. “He has been working tirelessly with the transition team on the development of his economic team ... He wants us to move with deliberate haste — emphasis on deliberate, as well as equal emphasis on haste,” said John Podesta, co-chair of Obama’s transition team.³¹ (November 11, 2008, *The Sydney Morning Herald*)

²⁸ *Bloomberg News* (October 22, 2008), “Global Economic Summit to Open in Washington Nov. 15.”

²⁹ *Reuters News* (November 12, 2008), “Africa dismayed at exclusion from crisis summit.”

³⁰ *Asia Pulse* (November 12, 2008), “TURKEY’S PRIME MINISTER ERDOGAN TO VISIT US, ATTEND G20 SUMMIT.”

³¹ *The Sydney Morning Herald* (November 11, 2008), “Obama to urge Bush to act on economy.”

Italy's economy minister said a new Bretton Woods agreement would have to deal not only with finance but also trade and currency imbalances created by rapid globalization. "The moment has arrived to create something of a new Bretton Woods," Giulio Tremonti said. Italy assumes the rotating presidency of the G8 in January and Tremonti wants to shake up Bretton Woods and its institutions, the World Bank and the International Monetary Fund. "It is necessary to talk about finance, but it is fundamental to discuss goods, exchange rates, rules," he said. Leaders of the G20 will meet in Washington next weekend to look at an overhaul of the world's 60-year-old financial architecture outlined under Bretton Woods. Tremonti said the crisis had its origins in the acceleration of globalization, which created strong imbalances in trade and currencies.³² (November 10, 2008, *Reuters News*)

South Korean president Lee Myung-bak said that he will urge leaders of the G20 to refrain from protectionist trade policies and stick to market economic principles when they meet in Washington. Lee also said he will attempt to engage in "substantial discussions" with the G20 leaders about overcoming the global economic crisis, according to presidential spokesman Lee Dong-kwan. "During the Great Depression, countries worldwide raised tariffs and reinforced their protectionist trade policy, triggering a further contraction of the global economy. The ongoing financial crisis should not pave the ground for a return to protectionist trade and a retreat in the market economy," the spokesman quoted Lee as saying. "The South Korean government will continue to take preemptive, decisive and sufficient measures to prevent the financial crisis from spilling over into the real economy. At the Group of 20 summit, I will try to engage in substantial discussions about such realistic issues, instead of sticking to formalities," the spokesman further quoted Lee as saying.³³ (November 10, 2008, *Asia Pulse*)

Canada's prime minister Stephen Harper said he will advocate open markets and disciplined fiscal policy at the G20 world leader summit to be held in Washington. He said he will push for open markets, clear monetary targets to keep inflation under control, and fiscal policy that keeps taxes down and spending manageable, all backed by a strong regulatory system, when he meets leaders at the meeting aimed to deal with the global financial crisis. Canada will be a voice for positive change at the summit, with its relatively stable financial system, Harper said at a press conference after meeting with the some top Canadian economists before the G20 summit. "Canada is, I think, recognized as having entered this period with a pretty good set of policies. Nobody in the world thinks that Canada was the source of any of these problems or even a complicating factor in any of these problems," he said.³⁴ (November 10, 2008, *Thai News Service*)

The U.S. administration of President George W. Bush is keeping President Elect Barack Obama's economic team "up to speed" on what will be discussed at next weekend's G20 financial summit in Washington, a U.S. Treasury official said. David McCormick, U.S.

³² *Reuters News* (November 10, 2008), "Italy wants Bretton Woods to deal with currencies."

³³ *Asia Pulse* (November 10, 2008), "S KOREAN PRES VOWS TO URGE FREE MARKET, TRADE AT G20 SUMMIT."

³⁴ *Thai News Service* (November 10, 2008), "Canada: Canada to advocate open markets at G-20 summit, says PM."

treasury undersecretary for international affairs, also said that Obama has not yet decided whether he will attend the November 15 summit. “The administration has been in touch with president-elect Obama’s team ... and there is an openness to making sure that he is very much up to speed on what will be discussed and may or may not participate depending on the interest of the president-elect,” McCormick said. “So it’s certainly something that we want to make sure we have a nice handoff with and that the reform agenda can keep moving forward,” he added.³⁵ (November 9, 2008, *Reuters News*)

Prime minister Jose Luis Rodriguez Zapatero hailed Spain’s participation in next week’s financial summit in Washington, saying it was recognition of his country’s economic weight. Spain, the world’s eighth largest economy, will join Britain, France, Germany and Italy among European representatives at the G20 summit, after French president Nicolas Sarkozy said it could have one of two seats allotted to them. Zapatero, speaking at a press conference, thanked Sarkozy and U.S. president George W. Bush for supporting Spain’s claim to take part, which he called “a first step of special importance.” He said Spain would participate at the same level as other countries attending, and not just take up the space accorded by France. France was given two seats, one in its own right and one as the current president of the European Union, but Sarkozy said it was “not a problem” for Spain to take one of them. Sarkozy also wants to see the Netherlands attend the Washington gathering. Zapatero said he would prepare for the meeting by having talks with Spanish economic and political leaders. Spain will be excluded from the G20 again once France’s term at the head of the EU ends in December.³⁶ (November 8, 2008, *Agence France Presse*)

India is expected to push for multi-polar regulation of the international financial architecture instead of over-regulation at the meeting of the G20 countries to be held in Washington on November 14-15. Prime Minister Manmohan Singh and Planning Commission deputy chairman Montek Singh Ahluw will attend the summit. For India and other Asian countries, the key concern from the global liquidity standpoint is not regulation, but the possible impact on infrastructure finance. In preparation for the summit, finance minister P. Chidambaram and his ministry officials were in Sao Paulo for a meeting of G20 nations to develop a consensus on a new economic order following the global financial crisis. Their meeting, along with that of the Bank of International Settlements meeting, is expected to provide a blueprint for the heads of state summit in Washington. Chidambaram and Ahluwalia, along with Raghuram Rajan, honorary economic advisor to the prime minister, are working on the key proposals that India will put forward at the meeting. They will pitch for the creation of another global regulator, apart from the IMF, to oversee the functioning of financial institutions around the world. Reserve Bank of India (RBI) governor Subbarao said at the IMF recently that India did not favour over-reaching controls that stifle innovation in the financial sector. “The Bank of International Settlements could be given greater authority and supervisory role,” said an official involved in the discussions. RBI and the finance ministry have endorsed the Basel norms as the yardstick to determine bank solvency. In the run up to the G20 meeting, the IMF plans to ask advanced and emerging nations for quick fiscal expansion

³⁵ *Reuters News* (November 9, 2008), “Bush keeping Obama up to speed on G20-Treasury.”

³⁶ *Agence France Presse* (November 8, 2008), “Zapatero hails Spain’s participation in G20 summit.”

to help lift the global economy, which is slowing sharply. IMF chief economist Olivier Blanchard said at a news briefing, “We are going to advocate at the G20 global fiscal expansion as one of the measures that have to be taken very soon.” There is also a view to push for the setting up of an Asian Investment Bank, where funds from the region could be pooled to finance major projects in member countries. China has called for the creation of such a fund and the United Nations Economic and Social Commission for Asia and the Pacific had also made a similar suggestion in 2005. The liquidity squeeze has seen funds for domestic infrastructure projects drying up. Singh is expected to highlight the need to reform the IMF and the World Bank at the global gathering later this month. The finance ministry has been working out a detailed paper on India’s stance for the G20 meet. Sources said that the finance ministry has been working on the agenda and could meet again next week to finalize it, once Chidambaram returns from Brazil.³⁷ (November 8, 2008, *Financial Express*)

French president Nicolas Sarkozy said that he “has no problem” giving one of France’s two seats to Spain’s prime minister José Luis Rodríguez Zapatero at next week’s financial crisis summit of the G20 in Washington. During a news conference in Brussels, Sarkozy said he found it “difficult” to explain how “the eighth largest economy in the world, Spain, cannot sit alongside the 20 most important economies.” But the French president said the decision whether to invite Spain rests with President George W. Bush, who called the November 15 summit to discuss the global economic crisis.³⁸ (November 8, 2008, *El Pais*)

China will help developing countries at the upcoming G20 summit on the global financial crisis in Washington DC, the foreign ministry said. “The financial crisis, when it extends, will first hit developing countries, especially those most underdeveloped ones,” vice-foreign minister He Yafei said. “Because they will face decreasing investments and possibly assistance.” “Most people are not caring about these countries, but developed ones’ bailout plans instead,” he said. He said rich countries and international organizations such as the World Bank should adopt measures to help the developing world get through current hardships. He Yafei said restoring consumer confidence and stabilizing world financial markets are the most urgent issues to address in Washington. “But it is just a start, as you cannot expect one summit to resolve everything,” he said, noting the international community should work together to initiate reform of the current global financial system in the long run. He said developing countries should also be afforded more say in international financial organizations. “We hope the US abolishes its restrictions on exporting these products to China,” foreign ministry spokesman Qin Gang said, noting both sides should be cautious about trade protectionism.³⁹ (November 7, 2008, *Industry Updates*)

³⁷ *Financial Express* (November 8, 2008), “Financial Express: Multi-polar regulation to be India’s stand at G-20 meet.”

³⁸ *El Pais* (November 8, 2008), “‘No problem’ in giving Zapatero seat at summit, says Sarkozy.”

³⁹ *Industry Updates* (November 7, 2008), “China to fly flag for South at G20 summit.”

France, which holds the presidency of the EU, backs the participation of the Netherlands in the G20 summit in Washington next week, as it has done for Spain, French president Nicolas Sarkozy said on November 7.⁴⁰ (November 7, 2008, *Agence France Presse*)

“It has been decided that [the European] seats [at the G20 leaders’ meeting in Washington] will be occupied by Germany, Italy, France, Britain and Spain, the eighth economy of the world, to which there will also be added the president of the European Commission, Jose Manuel Barroso,” said an aide for French president Nicolas Sarkozy. Spanish prime minister Jose Luis Zapatero said Spain should attend because of its economic standing and the relative strength of its banks, but it was ultimately for U.S. President George W. Bush to decide. “Spain should attend this summit on the financial system because of its economic and political weight, and in my opinion we have gained ground with this argument,” Zapatero told reporters.⁴¹ (November 7, 2008, *Reuters News*)

French president Nicolas Sarkozy said more countries, such as Spain and the Netherlands, should be invited to the G20 meeting. “It’s difficult to explain to the world’s eighth-largest economy...that it doesn’t have its place [in a G20 summit],” he said, referring to Spain. He added that France will probably offer one of its seats to the country. France holds two seats in the G20, one as the rotating head of the EU, the other as a member of the G7. Spanish prime minister Jose Luis Zapatero complained in the last few weeks that his country, which is neither a member of the G7 nor a developing economy, won’t be participating in the talks despite its considerable size.⁴² (November 7, 2008, *Dow Jones Capital Market Report*)

U.S. president elect Obama will not be attending a summit of world leaders for economic crisis talks in Washington next week. Obama’s transition spokesperson Stephanie Cutter confirmed the president elect would not be attending the upcoming summit. “As he said himself, there is only one president at a time,” she said after Obama’s first post-election news conference in Chicago. Earlier the White House confirmed it did not expect Obama to take a seat at the talks on November 15. “We are in communication and coordination with them. I don’t know whether someone will actually be in the building. I don’t expect in the room,” said Tony Fratto, a spokesperson of Obama’s economic team. But Fratto pledged close cooperation with the president elect’s economic advisers on the best way to respond to the global financial meltdown in order to avoid sending “confusing signals” to international markets. “We look forward to hearing their views on how to deal with these issues which are going to go on for some time,” Fratto said one week before outgoing U.S. President George W. Bush hosts the summit. Obama is keen not to trample on the sitting president’s authority. But his aides are also leery of becoming too closely associated with the outgoing administration’s US\$700 billion banking bailout, which remains unpopular among many voters, sources said.⁴³ (November 7, 2008, *Agence France Presse*)

⁴⁰ *Agence France Presse* (November 7, 2008), “Sarkozy in favour of Dutch participation at G20 summit.”

⁴¹ *Reuters News* (November 7, 2008), “Spain to attend G20 summit.”

⁴² *Dow Jones Capital Markets Report* (November 7, 2008), “France Sarkozy: EU Agrees Common G20 Position.”

⁴³ *Agence France Presse* (November 7, 2008), “Obama not to attend G20 summit.”

Chinese president Hu Jintao will attend the meeting in Washington on the global financial crisis in mid-November, the foreign ministry announced. “At the invitation of US president George Bush, Hu Jintao will attend the G20 summit on financial markets and the world economy on November 15,” foreign ministry spokesman Qin Gang said.⁴⁴ (November 4, 2008, *Agence France Presse*)

The Netherlands has lobbied French president Nicolas Sarkozy for a seat at the meeting. Poland has also requested to be included in the meeting, with a direct plea to George W. Bush.⁴⁵ (November 4, 2008, *Agence France Presse*)

Ngozi Okonjo-Iweala, the former Nigerian finance minister who is now a senior official at the World Bank, added her voice to a growing campaign for the world’s poorest countries to be represented at the forthcoming G20 leaders’ summit. When asked whether the world’s poorest countries should attend the summit, Okonjo-Iweala said: “This is a perfect opportunity to get them round the table. It would be good if they are heard, because they are also going to be impacted: they are going to be the ones suffering the most, because they are the most vulnerable.” Several who are on the guest list, including Gordon Brown, have called for a “new Bretton Woods,” to echo the postwar settlement that created the International Monetary Fund and the World Bank. None the less, more than 600 civil society groups from over 100 countries have signed a petition calling for a wider range of countries to be involved, under the auspices of the United Nations. Nick Dearden, director of the Jubilee debt campaign which has signed the petition, said, ‘Our worry at the moment is that this will simply be a resuscitation of the existing system.’⁴⁶ (November 2, 2008, *The Observer*)

The Argentinean president spoke with the head of the Spanish government and expressed their support for Spain to take part in the meeting that is going to be held on 15 November in Washington. “The president said that Spain has Argentina’s support to participate in that meeting. She mentioned among other reasons Spain’s representative nature and the fact that it is important to hear its opinion in that forum,” reported Argentina’s ambassador to Spain, Carlos Bettini. President Cristina conveyed Argentina’s support in the bilateral meeting between the two leaders that took place during the 18th Ibero-American Summit that is being held in the capital of El Salvador.⁴⁷ (November 2, 2008, *BBC Monitoring Americas Argentina*)

French president Sarkozy is considering ceding one of the two seats France will have at the G20 summit in Washington to Spanish prime minister Zapatero in order to ensure Spain is represented. This idea has reportedly met with the approval of British prime minister Gordon Brown, although ultimately it will be down to host country the United States to decide if Spain is invited. (November 1, 2008, *El Pais*, English Edition).

⁴⁴ *Agence France Presse* (November 4, 2008), “China’s Hu to attend finance summit in US: foreign ministry.”

⁴⁵ *Agence France Presse* (November 4, 2008), “Spain and Netherlands face for berth at global crisis summit.”

⁴⁶ *The Observer* (November 2, 2008), “Developing world demands a voice at global finance summit.”

⁴⁷ *BBC Monitoring Americas Argentina* (November 2, 2008), “Argentine president backs Spanish bid to attend USA financial summit.”

French president Nicolas Sarkozy has invited the Czech finance minister, whose country takes over the EU presidency from France in January, to November's G20 meeting on the global finance crisis. Speaking after talks with Czech prime minister Mirek Topolanek, Sarkozy suggested finance minister Miroslav Kalusek join the G20 group of current and emerging powers for the November 15 talks in Washington. He also said Prague — which does not use the euro single currency — would be invited to any extraordinary meeting of the “15-member eurogroup single currency bloc” held under its six-month presidency of the European Union. Sarkozy said the move was intended “to ensure continuity in European unity on the financial crisis” between the French and Czech presidencies. The French leader's activism on the finance crisis, and suggestions he wanted to take the helm of the eurogroup in 2009, has fuelled speculation he would try to cling on to the EU reins after the end of the year. Topolanek said he and Sarkozy had “agreed on the need for continuity and a smooth transition” between the two presidencies. “We have worked very hard together because it is very important the handover between the French and Czech presidencies of the European Union takes place smoothly,” Sarkozy added.⁴⁸ (October 31, 2008, *Agence France Presse*)

Seven African heads of state apparently have mandated Congolese president Denis Sassou Nguesso to attend next month's G20 financial summit in Washington even though he has not been invited. Sassou Nguesso said that it was “unacceptable” that Africa had not been invited to the summit that will consider the future of the global financial system. The Congolese president “will go to Washington,” said Henri Djombo, the country's forestry economy minister. He was given a mandate by the heads of state of Benin, Burkina Faso, Burundi, the Central African Republic, Gabon, Sao Tomé and Togo who were attending the sixth World Forum for Sustainable Development in Brazzaville. “The heads of state decided that President Denis Sassou Nguesso could argue the case for Africa on the occasion of the historic meeting in Washington,” Djombo said, reading a statement from the forum's 1,348 participants. Sassou Nguesso said that the invitation to South Africa was not sufficient. “It is understood ... that South Africa is invited not in the name of Africa but as an emerging country,” he said. “What is at stake today is the future of the world, Africa cannot be kept on the sidelines because in fact it is the future of the world.”⁴⁹ (October 30, 2008, *Agence France Presse*)

The efforts on the part of the government for Spain to be invited to the G20 financial summit on November 15 in Washington received the firm support of His Majesty King Juan Carlos during the state visit he is making to Peru. On being asked by a journalist about whether he believes our country must be at that international meeting — to which it has not been called for the time being — Juan Carlos replied: “Of course it has to be there.” “You only have to look at the economic figures, although then there are some historical circumstances,” he said, referring to the fact that Spain is not in the G8 or the G20, whose members have been invited to Washington. Before ending his conversation, the king said he was “sure” that Spain will be present at the meeting. While there is no record that the king has made any direct moves with the leaders involved in calling the

⁴⁸ *Agence France Presse* (October 31, 2008), “Sarkozy invites Czech Republic to G20 finance summit.”

⁴⁹ *Agence France Presse* (October 30, 2008), “Congo president plans to attend G20 economic summit.”

summit, those around him say that he is paying close attention to and encourages all the steps being taken so that our country is not excluded from a meeting which is given great importance. Meanwhile, the government moves so that these wishes are fulfilled continue, so the foreign minister, Miguel Angel Moratinos, who is accompanying the monarchs on their visit to Peru, said, stating that the voice of Spain “has to be heard at that meeting.”⁵⁰ (October 28, 2008, *BBC Monitoring European*)

Chinese foreign ministry spokesman Jiang Yu said that China has received an invitation from the United States to attend the G20 leaders’ summit on “financial markets and the global economy” and will actively consider attending the meeting. Jiang Yu said: China hopes that the upcoming meeting will not only pragmatically and effectively resolve the current and future problems but also demonstrate the equal, mutually beneficial, and win-win global development partnership so as to actively contribute to stabilizing financial markets and promoting the global economic development.⁵¹ (October 28, 2008, *BBC Monitoring Asia Pacific*)

Whoever wins the November 4 U.S. presidential election won’t take part in the G20’s economic crisis summit on November 15, a top White House official said. “I think I’ve heard from both campaigns that they don’t intend to participate directly,” White House chief of staff Josh Bolten said. Bolten said he had alerted the campaigns of John McCain and Barack Obama about the G20 meeting before it was announced and told them that the White House wouldn’t undermine the next president’s ability to advance his agenda. “We just didn’t feel that we could wait until February for the United States to host this conference. We needed to get going,” Bolten said. “But I gave them assurances that whoever wins the election, that the White House will be in close consultation with the president-elect (and) with the economic team of the president-elect, and make sure that as much as possible we’re on the same page in constructing a work agenda for this summit that necessarily has to go on for, I expect, many months beyond the first meeting in November.”⁵² (October 27, 2008, *Dow Jones International News*)

Chinese premier Wen Jiabao said that China would actively attend the G20 summit on financial crisis slated for November 15 in Washington. “We will discuss with world leaders on measures to cope with the financial crisis in a pragmatic and cooperative manner,” Wen said. “I think what we should do to cope with the crisis can be summarized as confidence, cooperation and responsibility,” said the premier. “We are very glad to see that many countries have taken measures that have initially proved effective. But this is not enough given the current situation, and more needs to be done.” The stability of financial market is key to stabilizing the whole economy. “The first important message that the two-day summit has conveyed is firm confidence, and I think

⁵⁰ *BBC Monitoring European* (October 28, 2008), “King Juan Carlos backs Spanish moves to be included in G20 summit.”

⁵¹ *BBC Monitoring Asia Pacific* (October 28, 2008), “China actively considers attending G20 leaders’ summit-spokesperson.”

⁵² *Dow Jones International News* (October 27, 2008), “White House Aide: Pres-Elect Won’t Participate In G20 Meeting.”

confidence is the source of power to overcome difficulties,” Wen said.⁵³ (October 27, 2008, *Xinhua’s China Economic Information Service*)

Aso plans to attend the emergency G20 summit meeting aimed at alleviating the global financial crisis.⁵⁴ (October 26, 2008, *Kyodo News*)

It is now clear that **India** would certainly be present at the November 15 G20 summit in Washington. U.S. President George Bush has called up Singh to personally ask him to be present.⁵⁵ (October 26, 2008, *The Times of India*)

Berlusconi said on October 23 that the Washington G20 meeting would **hardly fix the existing economic problems** but may encourage the participants to “assume their responsibility to control world economic growth ... through guaranteeing their banking systems so they can support business and spending.”⁵⁶ (October 24, 2008, *RIA Novosti*)

Beyond the G20 leaders, the IMF, the World Bank and the United Nations have all been invited to participate in the ‘special’ summit.⁵⁷ (October 24, 2008, *The Globe and Mail*)

There has been no official confirmation yet, but it is likely that Indian prime minister Singh will travel to Washington for the November 15 summit.⁵⁸ (October 24, 2008, *Daily News & Analysis*)

South Africa has indicated that it is keen to participate in the November 15 G20 leaders’ meeting as it is consistent with South Africa’s position that the developing world must play a bigger role in global economic affairs, Agvanda Ntsaluba, director general of foreign affairs said.⁵⁹ (October 24, 2008, *The Star*)

Venezuelan President Hugo Chavez said that the U.S.-hosted summit on the global financial crisis should involve more countries. An international financial summit is necessary to seek a solution for the world crisis, said Chavez. However, the meeting’s participation is too limited, and “there are other countries which should be listened to.” The meeting should involve “not only the so-called big countries of the world,” he added.⁶⁰ (October 23, 2008, *Xinhua News Agency*)

Saudi King Abdullah will travel to the United States next month to attend G20 leaders’ meeting, an official said. He will probably also hold talks with U.S. President George W. Bush, who will be hosting the summit. During the trip, which is due to begin on November 10, the Saudi king will also attend in New York an inter-faith conference to

⁵³ *Xinhua’s China Economic Information Service* (October 27, 2008), “China’ to actively attend G20 summit on financial crisis, Premier Wen.”

⁵⁴ *Kyodo News* (October 26, 2008), “Aso informally requests talks with the new U.S. president.”

⁵⁵ *The Times of India* (October 26, 2008), “India outlines steps to deal with global financial crisis.”

⁵⁶ *RIA Novosti* (October 24, 2008), “Italy supports G8 expansion proposal.”

⁵⁷ *The Globe and Mail* (October 24, 2008), “Financial crisis puts IMF back in business: Reluctant borrowers turn to lender of last resort, but experts question whether fund can meet their demands.”

⁵⁸ *Daily News & Analysis* (October 24, 2008), “PM may attend G-20 summit on economic crisis.”

⁵⁹ *The Star* (October 24, 2008), “G20 meeting on financial crisis is crucial.”

⁶⁰ *Xinhua News Agency* (October 23, 2008), “Chavez says financial summit’s participation too limited.”

promote dialogue between monotheistic religions, the official said on condition of anonymity. The New York meeting will be a follow up gathering to an inter-faith conference held in Madrid in July, which was spurred by an initiative, by King Abdullah. In Spain, around 200 Muslim, Christian and Jewish leaders called for an international agreement to combat terrorism and ways to bolster understanding and cooperation between people of different religious and cultural backgrounds.⁶¹ (October 23, 2008, *Agence France Presse*)

Spain has stepped up diplomatic activity in a push to be invited to the G20 economic summit set to take place in Washington in mid-November. The government was making efforts “in all directions, with everyone, and at all levels,” according to government sources. French President Nicolas Sarkozy, British Prime Minister Gordon Brown and European Commission President Jose Manuel Barroso have backed Spain’s arguments to attend the meeting in Washington. But the United States has only offered to allow one other European representative to explain the Spanish stance at the summit. Spain has contacted the U.S. Congress and affiliates of presidential candidates Barack Obama and John McCain, the sources said. However, Zapatero has not discussed the Washington summit with President Bush, with whom he has had cool relations since recalling Spanish troops from Iraq after his election victory in 2004. The Spanish government does not believe that Bush decided personally not to invite Spain to Washington; the guest list was simply based on the composition of the G20. Spain should participate in decisions concerning the future of the global economy, because its economy is the eighth-strongest in the world, Zapatero argues. Organizations such as the International Monetary Fund (IMF) and the World Bank, however, only rank Spain as the 12th-biggest in terms of purchasing power.⁶² (October 23, 2008, *Monster & Critics*)

China has yet to confirm that they will attend the G20 leaders’ meeting in mid-November. They have only gone as far to say that they are “actively considering” attending.⁶³ (October 23, 2008, *Xinhua News Agency*)

South Korean President Lee Myung-bak has accepted U.S. President George W. Bush’s invitation to attend a summit of the G20 scheduled for November 15 in Washington, D.C.

“The South Korean government sincerely welcomes the opening of the Group of 20 summit. President Lee received an invitation from President Bush during their telephone talks on Tuesday and will actively participate in the summit talks,” said presidential spokesman Lee Dong-kwan. “President Lee has repeatedly stressed his opposition to protectionist trade policies in overcoming the financial crisis. At the Group of 20 summit, Lee will call for an overhaul of worldwide financial systems and their regulatory regimes, as well as a greater role for developing countries in overcoming the global crisis,” said the spokesman.⁶⁴ (October 23, 2008, *Xinhua News Agency*)

⁶¹ *Agence France Presse* (October 23, 2008), “Saudi king to attend world financial summit.”

⁶² *Monsters & Critics* (October 23, 2008), “Spain steps up pressure to be at economic summit.”

⁶³ *Xinhua News Agency* (October 23, 2008), “China considering attending G20 summit on financial crisis.”

⁶⁴ *Xinhua News Agency* (October 23, 2008), “S.Korean president to attend G20 summit in Washington.”

Prime Minister Kevin Rudd will be attending the G20 summit on the global financial crisis, his office has confirmed.⁶⁵ (October 23, 2008, *Australian Associated Press Financial News Wire*)

U.S. presidential candidate Barack Obama said it was premature to discuss whether he would attend the November 15 global financial summit. Asked if he would join the summit of the leaders of the G20 countries, Obama said: “I don’t want to get too much ahead of ourselves.” The Democrat said his economic advisers were staying in close contact with top officials in the U.S. administration over the crisis and added: “But I don’t want to make commitments at this point in terms of our participation, my participation in something, before I’ve even won the election.” Obama said he had spoken previously about the need to coordinate the international response to the financial crisis, saying isolated actions by individual states had sometimes aggravated the situation. “The point is, is that our financial markets are so interwoven at this point that we can’t operate in isolation. What we’re going to have to make some decisions about is how do we set up some rules of the road, how do we set up a regulatory framework — some of which may be very formalized, some which may just be a matter of better communication and loose coordination — that ensures that the kind of downward spiral that can occur when one trillion [dollars] can move around the globe with the press of a button on a computer, that those coordinating mechanisms are in place.” Questions as to whether the winner of the presidential vote on November 4, Obama or Republican John McCain, would participate in the summit were sidestepped. “You don’t want to box the next president in. So we’ll just let it happen and we’ll get their input as we move forward,” White House spokeswoman Dana Perino told reporters. She said the administration had spoken to aides with Obama and McCain and that both candidates supported the idea of a summit of world leaders on the crisis.⁶⁶ (October 22, 2008, *Agence France Presse*)

4. Site and Preparations

Preparations

Russian president Dmitry Medvedev will take part in the EU-Russia summit in Nice, France, on November 14, before proceeding to the G20 summit in Washington to be held on November 14-15, a Kremlin spokesman announced. The EU will be represented by Nicolas Sarkozy, the president of France, which holds the rotating presidency of the Council of Europe, Jose Manuel Barroso, president of the European Commission, and the organization’s foreign policy chief, Javier Solana.⁶⁷ (November 12, 2008, *RIA Novosti*)

Japanese prime minister Taro Aso and Canadian prime minister Stephen Harper agreed to cooperate to bring success to a key global financial summit November 14-15 in Washington, a Japanese Foreign Ministry official said. In their 15-minute phone conversation, Aso said the summit meeting should show a clear direction on such issues

⁶⁵ *Australian Associated Press Financial News Wire* (October 23, 2008), “Rudd will be attending G20 summit.”

⁶⁶ *Agence France Presse* (October 22, 2008), “Obama: too early to talk about attending financial summit.”

⁶⁷ *RIA Novosti* (November 12, 2008), “Russia’s Medvedev to attend EU-Russia, G20 summits.”

as how to address the weakening real economy and how to regulate financial institutions, the official said. Harper noted the combination of sound national regulations on financial institutions and proper global oversight on them is effective for dealing with the crisis, the official said.⁶⁸ (November 11, 2008, *Kyodo News*)

Japan, South Korea and China are planning to hold a meeting of finance ministers in Washington just ahead of the two-day global financial summit that will open in the U.S. capital later that day, Japanese officials said. Japan and China are studying whether they can expand bilateral currency swap programs with South Korea, whose currency the won has been under massive selling pressure as foreign investors are withdrawing their capital amid the financial turmoil, the officials said. Chief cabinet secretary Takeo Kawamura said the ministers are expected to discuss how the three Asian economies can cooperate with each other in tackling the global financial crisis. Japanese finance minister Shoichi Nakagawa and his South Korean and Chinese counterparts, Kang Man Soo and Xie Xuren respectively, are expected to talk about bolstering the currency swap schemes aimed at helping participating countries fight speculative attacks on their currencies. At present, Japan can extend U.S. dollars and yen worth up to US\$13 billion to South Korea, while China can provide yuan worth up to US\$4 billion to the country. Seoul has been seeking extended currency swap deals with its Asian neighbours as part of efforts to secure enough dollars to ride out the ongoing financial turbulence. South Korea's foreign reserves have been on a sharp decline as the government has stepped up intervention to prop up the sliding won against the U.S. dollar. As of the end of October, the nation's foreign reserves amounted to US\$212.30 billion, down US\$27.40 billion from a month ago. The three Asian economies plus the 10-member Association of South East Asian Nations (ASEAN) have established the Chiang Mai Initiative, a safety net designed to address short-term liquidity problems in the region. The web of bilateral currency swap arrangements is now worth about US\$80 billion in total, and the ASEAN Plus Three countries have agreed to transform the facility into a multilaterally operating fund.⁶⁹ (November 11, 2008, *Kyodo News*)

To lay the groundwork for the critical G20 summit, the G20 finance ministers and central bank governors met over the weekend in Sao Paulo to clarify the key challenges confronting the world. The top G20 economic officials called for enhancing the functions of the International Monetary Fund and the World Bank while giving emerging countries a greater voice. The Sao Paulo meeting expressed a strong determination to tackle the ongoing crisis head-on and then determine measures to prevent a similar crisis.⁷⁰ (November 12, 2008, *International Herald Tribune*)

Australian federal treasurer Wayne Swan will discuss global action to deal with the financial crisis during a meeting with U.S. Federal Reserve chair Ben Bernanke. Swan is in Washington preparing for the meeting of G20 leaders later this week, after taking part

⁶⁸ *Kyodo News* (November 11, 2008), "Aso, Harper agree to cooperation for successful financial summit."

⁶⁹ *Kyodo News* (November 12, 2008), "Japanese, S. Korean, Chinese finance ministers to meet before summit."

⁷⁰ *The International Herald Tribune* (November 12, 2008), "The Group of 20 leaders will gather in Washington this weekend for an emergency meeting on how to tackle the financial crisis that started in the United States and the looming global recession."

in a weekend gathering of finance ministers and central bankers in Brazil. Swan said his discussions with Bernanke would include how the global financial crisis was unfolding and its impacts on the U.S. and other economies. "We will also discuss the impact of recent policy responses designed to restore stability and confidence to global markets," Swan said in a statement. These include the U.S. government's bailout plan and other U.S. initiatives to address the problems facing its financial system. "We will also discuss the significant economic boost governments and central banks are providing to their economies right around the world, by way of monetary and fiscal policy, including the very significant fiscal stimulus announced by the Chinese authorities," Swan said. Swan will also meet with a number of financial sector policy experts, including former International Monetary Fund official Anne Krueger.⁷¹ (November 11, 2008, *Australian Associated Press*)

Kevin Rudd, who will attend the crisis summit in Washington and has been in regular talks with Chinese leaders in recent weeks, described China's stimulus package as extraordinary, and similar to action it took in 1998 to lift Asia out of a currency crisis. "I regard that as very good news for this economy, very good news for the regional economy, very good news for the global economy," the prime minister said. Last month, Rudd announced a \$10.4 billion economic stimulus package including cash payments for pensioners, first-home buyers and average families designed to boost national economic activity. But Rudd's spending, worth 1% of gross domestic product, is dwarfed by the outlay announced yesterday by China. While full details are yet to emerge, China's state council agreed to the package in a meeting last week chaired by Premier Wen Jiabao. It will involve massive spending on low-income housing, water projects, power plants, transport and environment, and technological innovation. Billions of dollars will also be directed into Sichuan, the region devastated by an earthquake in May. The Chinese will slash corporate taxes by \$25.5 billion and ease credit constraints imposed by the central bank to stimulate consumption. The State Council said: "In expanding investment, we must be fast and forceful. Although the economy has maintained double-digit growth for years, fixed-asset investment and exports have dwarfed consumption as the two pillars of expansion." Rudd said the Chinese response involved similar language to that used in 1998-99 over "the reflationary policies they adopted then in response to the Asian financial crisis." The move is expected to strengthen President Hu Jintao's hand as a crucial contributor to the weekend G20 summit in Washington. Hu recently spoke by telephone with U.S. president-elect Barack Obama about the global crisis. Obama has also foreshadowed an economic stimulus package, and the Japanese government has already acted to boost activity with extra spending.⁷² (November 11, 2008, *The Australian*)

With the global slowdown deepening and a summit fast approaching, pressure is on governments to showcase their rescue plans. Countries that can afford to cut interest rates or finance stimulus packages should do so, and soon, in order to slow down the deterioration of the world's economy, Jean-Claude Trichet, governor of the European

⁷¹ *Australian Associated Press* (November 11, 2008), "Fed: Swan to discuss policy responses to crisis with Brenanke."

⁷² *The Australian* (November 11, 2008), "China's \$855bn economic gift -- World buoyed by surprise stimulus package to avert global recession."

Central Bank, said. “Countries must use all their policy flexibility consistent with their circumstances to support sustainable growth,” the G20 finance minister and central bankers said. The G20 countries will be feeling pressure to have something new to announce when they meet in Washington on November 14 and 15.⁷³ (November 11, 2008, *The Globe and Mail*).

Japanese prime minister Taro Aso has dispatched two special envoys to Indonesia to coordinate views ahead of a global financial summit to be held in Washington on November 14 and 15, chief cabinet secretary Takeo Kawamura said. Former vice finance minister for international affairs Toyoo Gyohten and former vice foreign minister Yoshiji Nogami are set to meet with Indonesian president Susilo Bambang Yudhoyono and deliver Aso’s letter to him, Kawamura said. The two are also scheduled to confer with Bank Indonesia governor Boediono on ways to overcome the current global financial crisis and reaffirm cooperation between Japan and the Southeast Asian nation, according to the Japanese foreign ministry. Gyohten and Nogami have already traveled to South Korea to prepare for the upcoming summit in Washington. The two were appointed as emissaries and economic advisors to Aso last week. Meanwhile, Kawamura hailed an accord by the G20 finance ministers and central bank governors in Sao Paulo that those economies will implement all available measures for their stable and sustainable growth, and aim to reform the existing financial regulatory framework. Discussion at the G20 meeting over the weekend in Brazil was “a significant step” toward the summit to be hosted by U.S. president George W. Bush, Kawamura said, adding that cooperation between industrialized and emerging economies is “extremely important.”⁷⁴ (November 10, 2008, *Kyodo News*)

France and Australia are working together to help calm the global financial crisis and push for reforms to prevent a recurrence, French state secretary for overseas affairs Yves Jego said. Jego said he and Australian foreign minister Stephen Smith would meet and discuss preparations for a G20 summit to be held in Washington later this week aimed at easing the turmoil battering world markets and economies. “The financial crisis is another reason for France and Australia to boost cooperation and work in closer partnership,” Jego said before the meeting. “We want a full partnership with Australia as we share a common vision about working with the international community to emerge from the crisis,” he said. French president Nicolas Sarkozy is working hard to help the world emerge intact from the economic firestorm and to push through reforms to ensure that a similar financial meltdown never happens again, Jego said. France and Australia agreed that all governments must work together to first stabilize the financial system and then boost governance to halt the risky operations by financial institutions that sparked the turmoil, he said. Australian prime minister Kevin Rudd has expressed similar views, calling for global regulation to prevent executives of banks that engage in risky deals from being financially rewarded for the transactions.⁷⁵ (November 9, 2008, *Agence France Presse*)

⁷³ *The Globe and Mail* (November 11, 2008), “ECB urges action, and soon; Canada unlikely to heed call.”

⁷⁴ *Kyodo News* (November 10, 2008), “Aso dispatches envoys to Indonesia to coordinate views before summit.”

⁷⁵ *Agence France Presse* (November 9, 2008), “France, Australia ministers in talks on financial crisis.”

A U.S. official said that the Sao Paulo G20 finance ministers and central bank governors gathering had produced a strong consensus for next week's Washington summit, adding that it likely "lay the groundwork" for key regulatory changes. David McCormick, U.S. treasury undersecretary for international affairs, said the G20 finance ministers and central bank governors had forged an agreement on the need to broaden the efforts to combat the global economic troubles. "I think we found widespread agreement and a common set of views on the challenges that are facing many of our countries," McCormick told journalists in Sao Paulo at the conclusion of two days of G20 discussions. The ministerial-level meeting was seen as setting the stage for heads of government and heads of state in Washington to take further steps toward revamping global financial regulation and institutions to ease the crisis and avert future ones. "The summit will be an opportunity for a very focused discussion among the world leaders on the global financial market crisis, and it will lay the groundwork toward making important regulatory changes," McCormick said. "I would say we welcome the reform, we are leading the reform, we are committed to the reform," he said. He said no decision had been made on replacing the G7 leading economies with a G20 panel to respond to global economic issues. "I didn't hear anyone going away from the G7. I heard a greater emphasis on the G20."⁷⁶ (November 9, 2008, *Agence France Presse*)

"We believe there is a great deal of common ground among our approaches to address the turmoil in the financial markets, and President Bush looks forward to discussing how to best advance reforms to global financial markets with a wide range of leaders," White House spokeswoman Dana Perino said about the commonalities between the U.S. and Europe. The White House has taken a cautious line for the first summit, urging that it focus on identifying the underlying causes of the financial crisis, establish principles for reform and set up working groups to address specific issues. "We agree with European leaders on the importance of identifying common principles to guide reforms, setting out a process to implement those principles promptly, and proceeding with actions on certain reforms immediately," Perino said.⁷⁷ (November 8, 2008, *Reuters News*)

State council premier Wen Jiabao had a phone conversation with British prime minister Gordon Brown on November 7. They exchanged views on the current international financial situation. Wen Jiabao said that the Chinese government has taken a series of measures to further expand domestic demand and will continue to do so in order to maintain the stability of the economic, financial and capital markets and promote steady and relatively fast economic development. This is China's most important and most effective way to respond to the current crisis and is also its greatest contribution to the world. China supports international financial organizations in their efforts to carry out reform and play an active and constructive role in responding to the current crisis. Wen Jiabao said that China is ready to strengthen cooperation with relevant parties at the upcoming summit on the financial market and the world economy of the G20 leaders to enable the summit to achieve positive results. Gordon Brown said that Britain agrees with the Chinese government in taking the policies and measures in response to the current international financial crisis. Sustained and relatively fast economic development of

⁷⁶ *Agence France Presse* (November 9, 2008), "G20 set to set in motion finance reforms: US official."

⁷⁷ *Reuters News* (November 8, 2008), "US sees common ground with EU on addressing crisis."

China is beneficial to the world. Britain has attached importance to China's important role in promoting the reform of the international financial system and in responding to the current financial crisis and is ready to maintain communication and coordination with China.⁷⁸ (November 8, 2008, *BBC Monitoring Asia Pacific*)

Canada will use its relatively good financial standing to extol the virtues of open markets and disciplined fiscal policy as world leaders look for a way to dig the global economy out of a financial hole, prime minister Stephen Harper said. "I think these are ways that we can be a voice for positive change that will move us forward," Harper said of the ideas he'll float when he meets with G20 world leaders in Washington next week. "Canada is, I think, recognized as having entered this period with a pretty good set of policies. Nobody in the world thinks that Canada was the source of any of these problems or even a complicating factor in any of these problems." "Selective" but not "massive" improvements to economic policy are among the ideas Harper said he'll bring to his global counterparts. Canada will push for open markets, clear monetary targets to keep inflation under control, and fiscal policy that keeps taxes down and spending manageable, all backed by a strong regulatory system. Trade and borders must be kept open to navigate the economic slump, Harper said. "We do not want to start closing our borders and engaging in protectionism," he said. "We want to stay open to the world."⁷⁹ (November 7, 2008, *Hamilton Spectator*)

Russian president Dmitry Medvedev and Italian prime minister Silvio Berlusconi discussed the agenda of the G20 summit, due to take place in Washington on November 15.⁸⁰ (November 7, 2008, *SKRIN Newswire*)

Harper has spoken by telephone with his counterparts in India, Mexico, Germany and Italy about the November 15 Washington Summit.⁸¹ (November 7, 2008, *Agence France Presse*)

Russia will propose at this month's G20 summit in Washington that the role of the International Monetary Fund should be reviewed, the president's economic advisor said. The summit will provide a good platform to also evaluate the aid criteria of the IMF, president Medvedev's economic advisor Arkady Dvorkovich said. "[The IMF] should set out financial operations and should not set out political conditions for borrowers," Dvorkovich said. "It should operate like a regular bank." He added that while in the short term there is "no alternative to the IMF," Russia will encourage a "serious dialogue" on the fund's future as lender of the last resort. Russia will propose the formation of new international structures, global coordination of macroeconomic policy and for the role of credit rating organizations to be reviewed, Dvorkovich said. He didn't provide any details. The proposal comes as a number of Russian officials have called for a new international financial architecture, an idea reiterated by Medvedev during his state of the

⁷⁸ *BBC Monitoring Asia Pacific* (November 8, 2008), "China, UK leaders exchange views on current financial crisis over phone."

⁷⁹ *Hamilton Spectator* (November 7, 2008), "Harper set to argue for open markets; PM will also make push for disciplined fiscal policy at next week's G20 meeting."

⁸⁰ *SKRIN Newswire* (November 7, 2008), "Russia-Italian interstate consultations held at Kremlin."

⁸¹ *Agence France Presse* (November 7, 2008), "Canada tempers hopes for G20 crisis talks."

nation address earlier this week.⁸² (November 7, 2008, *Dow Jones Emerging Markets Report*)

Obama has already spoken by telephone with the leaders of Australia, Britain, Canada, France, Germany, Israel, Japan, Mexico and South Korea to discuss issues including the economic crisis.⁸³ (November 7, 2008, *Agence France Presse*)

European leaders met on November 7 to set out their stall for sweeping financial reforms ahead of an international conference in the United States next week. The summit was designed to ensure that anything agreed to in Washington is already backed by all of the EU leaders. A statement said EU unity had helped with financial crisis responses so far and now it was time to reform the entire global financial system. British prime minister Gordon Brown said decisions taken on the global economy in the next few months will reshape the world for a decade or more. Brown said, "We have been meeting at a decisive moment for the world economy and the decisions we will make in the coming months will reshape our world for a decade or more." French president Nicolas Sarkozy said nothing short of a new era of economic governance was needed and rejected German concerns that he was pushing for a European economic policy. "If by 'economic governance' you are saying that I am calling for a federal Europe, that is not what I'm saying." The EU declaration stated: "The international summit on 15 November must pave the way for reform of the international financial system: Europe must play a major part in it." The document declared: "No financial institution, no market segment and no jurisdiction must escape proportionate and adequate regulation or at least oversight." The EU wants better transparency in financial markets, measures to curb "excessive risk-taking," and the creation of "supervisory colleges" to oversee the major international financial institutions. Almost all the demands have been repeated by EU leaders in a series of crisis meetings in the last month, but the job now is to carry them through to become part of a global creed endorsed by world powers.⁸⁴ (November 7, 2008, *Irish Examiner*)

French president Nicolas Sarkozy vowed that Europe would head to a world summit in Washington next week united behind a French-inspired agenda for revamping the global financial system. Sarkozy played down long-standing differences with other European partners over economic policy that bubbled over at a meeting of the 27-nation bloc in Brussels, notably insisting that he and Germany's Angela Merkel saw eye to eye on how to deal with the worst financial shock since the Great Depression. "All countries agreed on this need. All have agreed on the need to take firm and ambitious operational decisions at the Washington summit," Sarkozy said. "We want to change the rules of the game in the financial world," he added, stating that EU leaders backed a five-point French plan including a stronger role for the International Monetary Fund (IMF), surveillance of credit ratings agencies and caps on excessive risk taking. The plan calls for the November 15 meeting in Washington to lay the ground for concrete proposals, which would be reviewed within 100 days by a second summit. U.S. officials have been

⁸² *Dow Jones Emerging Markets Report* (November 7, 2008), "Kremlin: Russia To Propose at G20 Summit Review of IMF Role."

⁸³ *Agence France Presse* (November 7, 2008), "Obama likely not at G20 summit: White House."

⁸⁴ *The Irish Examiner* (November 7, 2008), "EU leaders gather ahead of crucial G20 meet."

markedly more circumspect about the timeframe of any action. “We can’t wait around for years until the crisis is over. We need to draw our conclusions quickly,” Merkel said. British prime minister Gordon Brown, who has also called for an overhaul of the bodies such as the IMF that were created in the wake of World War II, insisted that governments must now follow up on a round of interest rate cuts this week. “This is the wrong time for short-term cuts in investment in public services,” Brown said. “There is now an emerging consensus that across the developed world it is right that fiscal policy should work in tandem with monetary policy to support economic growth.” France is eager for Europe to make its voice heard on the international stage, believing the financial crisis, which began in U.S. markets, has weakened the United States and provided the EU with an opportunity to boost its influence. EU leaders will go to Washington buoyed by the belief that it was their €2.2 trillion (US\$2.8 trillion) round of bank rescues last month that helped avert financial meltdown sparked by a credit crunch coming from the United States. “This is a global crisis and we have to remember where it started,” said Sarkozy, who called on U.S. president elect Obama to help reshape world economic governance. “The time when we had a single currency [the dollar], one line to be followed, that era is over and it came to an end on September 18 when responsibility was taken without our opinion being asked with the failure of a major banking institution [Lehman Brothers], and the consequences all follow from that,” he said. Earlier, France’s European affairs minister Jean-Pierre Jouyet provided a reminder of a long-standing rift between Paris and Berlin by criticizing Germany for this week having vetoed a French call for a coordinated response. “I think public opinion around Europe expects coordination and unity ... National and disorderly attitudes are not a good solution,” Jouyet told French radio before the summit. Germany has long opposed a French idea for an “economic government” of Europe, suspecting it would undermine the independence of the European Central Bank. Merkel, whose country launched its national stimulus package this week, said she believed economic policy initiatives should be coordinated at EU level. “You can call that economic government if you want. The point is that it covers all 27 member states,” she said in a pointed reference to French-backed ideas to coordinate the economies of the 15 participants in the euro currency. Sweden had raised concerns that the French proposals for revamping the global financial system amounted to over-regulation. But a Swedish official said Stockholm dropped its objections after Paris deleted a reference to more wide-ranging proposals contained in an earlier draft.⁸⁵ (November 7, 2008, *Reuters News*)

The Netherlands has circulated a “non-paper” setting out its ideas on the reform of the international financial architecture, to inform discussion on a European position for the G20 summit in Washington on November 14-15. The paper contains three sections: encouraging financial institutions to do more for the stability of the system, enhancing cross-border supervision and crisis management in the EU, and strengthening the role of the IMF. The Dutch authorities say that supervision authorities ensure that financial institutions have in place sufficient safeguards (for example, risk management system) to avoid excessive risk taking. They should have a right of scrutiny on the elimination of the counter-productive effects of remuneration policies, with binding corrective action possible if the situation does not improve, they say. Financial institutions should also

⁸⁵ *Reuters News* (November 7, 2008), “EU vows big reform push at Washington G20 meeting.”

provide real-time, exhaustive information on their exposure and financial position. A framework for the activities of rating agencies should be put in place to avoid conflicts of interest. With reference to European supervision, the Netherlands believes that the EU regulatory approach should distinguish rather between financial institutions' prudential rules and codes of conduct than between banking and insurance activities, the line between the two sectors being increasingly difficult to draw. Colleges of supervisors should be set up for all cross-border groups (banks, insurance companies, investment companies). They would operate on the basis of binding information exchange agreements. In decision making, the supervisor of the country where a group has its headquarters would take due account of the interests and contributions of the other supervisors involved. The Dutch also propose putting in place an institutionalized arbitration and appeals procedure in the event of disagreement among supervisors. The Netherlands believes close cooperation between supervisors and central banks to be increasingly necessary. To this end, the mandates of national supervisors could be extended and a European directive could prove to be useful in this regard. Thus, the presidency of the Council of the EU or an independent institution to be set up would take the lead role in coordinating public action, and, in the longer term, moving towards a European prudential supervision system with a strong central entity should be considered, the Dutch say. The Netherlands says that at global level, the IMF should become the institution that is first and foremost responsible for world financial stability. For this, its mandate would have to be extended and its role supervising the financial sector strengthened. The IMF would make recommendations to other forums (for example, the Financial Stability Forum) and international organizations (such as the International Accounting Standards Board).⁸⁶ (November 6, 2008, *Agence Europe*)

Canadian prime minister Stephen Harper and Mexican president Jose Calderon spoke by phone recently to discuss the global financial crisis and upcoming G20 leaders summit, among other things. The two agreed that it is important to keep markets open.⁸⁷ (November 5, 2008, *Canada: Office of the Prime Minister*)

European Union finance ministers approved a set of proposals in advance of a global summit this month on strengthening the world's financial system. They called for improved supervision and tighter risk control mechanisms at banks and other large cross-border financial institutions. The ministers' ideas, adopted at a meeting in Brussels, stopped short of a root-and-branch reform of world capitalism, as suggested last month by Nicolas Sarkozy, French president. But they amounted to a tactical success for France, the current holder of the EU's rotating presidency, and other states, which contend that the global financial crisis was caused largely by a "frenzy of deregulation" over the past 20 years in the US, the UK and like-minded countries. The principles will be forwarded to a meeting of all 27 EU heads of government, who will shape them into a negotiating position for Europe at a summit of the G20 of advanced industrial and emerging countries in Washington on November 15. Europe's ideas include: supervisory colleges for all

⁸⁶ *Agence Europe* (November 6, 2008), "EU/ECONOMY: Netherlands makes proposals on reform of international financial architecture."

⁸⁷ *Canada: Office of the Prime Minister* (November 5, 2008), "Prime Minister Harper calls Mexican President." Accessed 11 November 2008. Available from: <<http://pm.gc.ca/eng/media.asp?category=1&id=2297>>.

large cross-border financial companies; strengthened risk control mechanisms in financial institutions; codes of conduct on excessive risk-taking in the financial industry; tighter rules for credit ratings agencies; and harmonized definitions of banks' capital to permit comparisons.⁸⁸ (November 4, 2008, *Financial Times*)

The Japanese government has said it will dispatch two special envoys of prime minister Taro Aso to the United States and Europe to prepare for the November 15 global financial summit in Washington. Chief cabinet secretary Takeo Kawamura said former vice foreign minister Yoshiji Nogami and former vice finance minister for international affairs Toyoo Gyohten will soon travel to major economies participating in the summit to convey Japan's viewpoints. "They have excellent knowledge of international finance and diplomacy," he said of Nogami and Gyohten. "We expect them to offer explanations to, and ask for the cooperation of, countries concerned and international organizations as the premier's envoys." The upcoming summit to be hosted by U.S. president Bush will bring together leaders of the G20 and explore ways to overcome the ongoing global credit crisis and prevent a recurrence. The gathering is also expected to discuss a new international financial architecture through the reform of multilateral institutions such as the International Monetary Fund, and support through the IMF for emerging economies hit by the crisis. Kawamura said Japan will seek an internationally coordinated approach in reforming the current regulatory system for financial institutions, regulations on the credit rating agencies and mark-to-market accounting rules. Aso has said he is hoping to talk with leaders of fellow G20 economies about how to build a realistic international framework for financial supervision and regulation. Nogami currently serves as an adviser to Mizuho Corporate Bank, while Gyohten is the president of the Institute for International Monetary Affairs.⁸⁹ (November 4, 2008, *Kyodo News*)

European Union finance ministers gathered to endorse reform of the G8 and an end to self-regulation in global financial markets that critics say caused the credit crisis. "The time is coming, we can no longer trust self-regulation on financial markets," Dutch finance minister Walter Bos said on the sidelines of a meeting in Brussels to agree the EU's position for the November 15 summit meeting of leaders from the G20 nations in Washington. "Both supervisors and regulators have to take responsibility," Bos said. "I believe there is a lot of support for that, certainly also on the global level. That's something to be achieved in Washington." The finance chiefs from the 27-nation EU are gathered in Belgium to discuss a reform agenda proposed by France, which currently holds the rotating EU presidency. The document is key to formulating the EU's position for the G20 summit to apply globally the lessons learnt from the worst financial market crisis since the Great Depression of the 1930s. The French plan would give emerging countries more say in global financial stewardship and increase the accountability of credit rating agencies, accounting rules-setters, banks and their top management. The fundamental aim is to curb "short-termism" in financial markets, improve accountability and responsibility, anticipate risk better and increase transparency, the document said. "This is the right objective. I have always said Europe has a big responsibility and I think this is the right point in time for that," Austrian finance minister Wilhelm Molterer said.

⁸⁸ *Financial Times* (November 4, 2008), "France wins EU support for finance proposals."

⁸⁹ *Kyodo News* (November 4, 2008), "Japan to send 2 envoys to U.S., Europe to prepare for summit."

“It is important that Europe speaks with one voice, there might be differing opinions on one or other detail but the direction is right.” Several leaders such as British prime minister Gordon Brown and French president Nicolas Sarkozy want a “Bretton Woods”-style reworking of supervision of global capital markets. The Bretton Woods institutions are the World Bank and the International Monetary Fund, set up after the Second World War. The two are dominated by members of the G8 even though a country like China now has a bigger economy than many of them. Reformers say it is essential for developing countries to take a bigger role in the global system, including the IMF. Britain’s Brown, on a visit to Gulf states, called on Saudi Arabia, China and other relatively wealthy states to help raise hundreds of billions of dollars for a new IMF facility to stabilize struggling economies. Europe is also set to call for expansion of the Financial Stability Forum, a body consisting of regulators, central bankers and finance ministry officials from the G7 and other major economies, as well as international financial institutions and supervisory groupings. Other proposals touch on oversight of big banks that straddle many national markets and on the internal workings of banks, where procedures to limit risk have been found wanting. Policymakers have said products such as credit derivatives were devised and sold by banks without proper appreciation of the risks they contained. And Europe wants a code of conduct to curb financial incentives that lead to excessive risk taking.⁹⁰ (November 4, 2008, *Reuters News*)

Canada’s prime minister Stephen Harper in a telephone call with his Indian counterpart urged “unity among the G20 nations” at upcoming financial crisis talks in Washington, his office said. Harper and India’s prime minister Manmohan Singh “underscored the need for real dialogue and unity among the G20 nations at the Washington meeting, in order to send a strong signal to the global market.” Harper has also spoken with German chancellor Angela Merkel and Italian prime minister Silvio Berlusconi about the talks.⁹¹ (November 3, 2008, *Agence France Presse*)

Russian president Dmitry Medvedev and German chancellor Angela Merkel talked by telephone on Monday to discuss the upcoming G20 summit on the world financial crisis, the Kremlin press service said.⁹² (November 3, 2008, *RIA Novosti*)

Russian president Dmitry Medvedev held a telephone conversation with British prime minister Gordon Brown to discuss the global crisis and bilateral ties, in a possible sign of a thaw in the icy relations between the two countries. The Kremlin said that Medvedev and Brown had discussed by phone preparations for the November 15 summit of the G20 in Washington, which will tackle the global financial crisis. “Both sides underlined the importance of coordinating their positions in the run-up to this crucial event,” the Kremlin said in a statement.⁹³ (November 3, 2008, *Reuters News*)

British prime minister Gordon Brown visited Kuwait, Saudi Arabia and Qatar, asking for “hundreds of billions of dollars” to help the IMF rescue countries who are facing bankruptcy. Similar demands are being made in China, where there are massive financial

⁹⁰ *Reuters News* (November 4, 2008), “EU FinMins meet to finalize G20 reform agenda plan.”

⁹¹ *Agence France Presse* (November 3, 2008), “Canada, India PMs call for ‘unity’ in financial crisis talks.”

⁹² *RIA Novosti* (November 3, 2008), “Medvedev, Merkel discuss financial crisis ahead of U.S. meeting.”

⁹³ *Reuters News* (November 3, 2008), “Medvedev, Brown talk politics, economics by phone.”

reserves. The financial crisis has humbled American leaders, opening the door for greater influence from leaders such as Brown and French president Sarkozy. The evidence of the U.S. willingness to cede some of its authority was seen when Bush decided to host a G20 meeting.⁹⁴ (November 3, 2008, *The Globe and Mail*)

“Russia should use the current situation for its own benefit. A set of our proposals for the G20 Washington summit of November 15 is being discussed,” First Deputy Prime Minister Igor Shuvalov said. “We understand that a totally new system of international economic relations is about to take shape. Russia may have a totally new role in new international financial institutions and regional entities. We will take a very important role in the world economic system. We have every chance to do that,” Shuvalov said.⁹⁵ (November 2, 2008, *ITAR-TASS World Service*)

20 heads of state and government attending a three-day Ibero-American summit in Latin America agreed on a deep reform of the world financial system, including financial institutions, Spanish prime minister Zapatero told a press conference Friday. The agreement, which incorporates a call for redefining the IMF’s role in global finance and increased regulation, is “most ambitious” as financial system reform can only be carried out with extensive multilateral cooperation, said Zapatero, adding that such reform must reflect current geopolitical and geo-economic reality. Delegates from Argentina, Brazil and Mexico plan to present the summit statement at a meeting of the G20 leaders on the global financial crisis in Washington on November 15.⁹⁶ (November 1, 2008, *Xinhua News Agency*)

EU finance ministers want the G20 economies to crack down on excessive risk taking, force credit rating agencies to register, and curb executive pay, a document they had prepared showed. The finance ministers will discuss the document before leaders of the 27 European Union states meet on November 7 to prepare for the first G20 financial crisis summit in Washington on November 15. “It is important that the inaugural summit delivers a first set of decisions so as to initiate the right momentum around the process and build confidence in it,” the draft document said. The aim is to make oversight system take a longer-term view, improve accountability, improve transparency, ensure more consistency between regulatory systems and better anticipate risks. The document, which could be revised before the ministerial meeting, says leaders at the Washington summit could commit themselves to a series of steps: not to allow any financial institution, market or jurisdiction outside the scope of regulation or oversight, a reference to calls to directly supervise hedge funds and private equity groups; submit all rating agencies to registration and appropriate surveillance. The EU will introduce draft law mandating registration in November while the United States already has a registration system; elaborate and enforce codes of conducts to eliminate incentives to excessive risk taking in

⁹⁴ *The Globe and Mail* (November 3, 2008), “Mideast Called on to Shore up IMF: U.K.’s Brown says oil producers should share petro-wealth, join effort to calm global financial crisis.”

⁹⁵ *ITAR-TASS World Service* (November 2, 2008), “Russia govt won’t disclaim social commitments because of world crisis-Shuvalov.”

⁹⁶ *Xinhua News Agency* (November 1, 2008), “Spanish PM hails Ibero-American consensus on need for global financial system reform.”

the financial industry, including through compensation schemes.⁹⁷ (October 30, 2008, *Reuters News*)

Russian president Dmitry Medvedev had a telephone conversation with Australian prime minister Kevin Rudd to discuss the preparation of the upcoming financial crisis summit of the G20. “The discussion focused on various aspects of preparations for the upcoming summit of the G20 in Washington in the middle of November that will seek ways to overcome the world financial crisis,” the presidential press service said. “The president of Russia noted the initiative put forth by Australia that had sent its suggestions on how to overcome the consequences of the crisis to the participants in the upcoming meeting. Rudd, in turn, welcomed Russia’s proposals in this field. It was agreed to continue expert consultations between governmental representatives of the two countries during the period remaining till the Washington summit,” the press service said. Medvedev and Rudd noted the importance of discussing economic issues at the APEC summit in Peru at the end of November 2008. “As for the participants in the summit, Dmitry Medvedev has spoken many times, including in Evian, about the need to bring in leading economies of the world in order to find a way out of the crisis because in his opinion the G8 format would not be enough for achieving this goal,” a spokeswoman said. “Russia confirms its participation in the summit,” she added. French president Nicolas Sarkozy said Russia should attend the international summit that would have to decide how to deal with global financial crisis. He said that the G8 countries should be the main participants in this summit and Russia should be among them. Sarkozy also believes that countries from the Group of Five — Brazil, India, Mexico, China, and the South Africa — should also be invited to the summit. He stressed the global nature of the current crisis, saying its resolution required a global approach, too. The presidents of the U.S. and European countries have agreed to organize top-level meetings in order to find new forms of managing the global economic processes, Sarkozy said, adding that he would offer his counterparts, the heads of state and government of foreign countries, to join these summits. According to French sources, the first of the conferences in this series will be an expanded G8 summit due in New York November 21. It will be devoted to the mechanisms of regulation and supervision, since the shortcomings in this sphere catalyzed the crisis. Another three of four summits will be held outside the U.S. after that, French newspapers said. Russian foreign minister Sergei Lavrov earlier supported Sarkozy’s initiative. “Dmitry Medvedev talked about it in Evian,” he said. “It is very important to involve other leading economies in the G8 summit, primarily G8 traditional partners — China, India, Brazil, South Africa and Mexico.” Medvedev said Russia supported the idea of holding an urgent G8 summit. He also thinks it necessary to engage India, China, Brazil and South Africa in the consultations and to resolve global economic problems together despite certain disagreements with European colleagues. “I have spoken to French president Nicolas Sarkozy, and I think that an urgent G8 summit would be appropriate,” Medvedev said. “Unfortunately, we failed to hold a detailed discussion of specific measures in the summer although all the states understood the trend. I said in St. Petersburg and in Japan that we must be working on a new economic security architecture, but no decision was made. We should try to make a decision now, so I support the idea of an urgent G8 summit.” “In my opinion, the invitation of other key

⁹⁷ *Reuters News* (October 30, 2008), “EU finmins to urge G20 steps on ratings agencies-document.”

economies that shape up the global financial climate — China, India, Brazil, Mexico, South Africa or maybe some others — would make sense. This position is shared not only in Europe but also by certain U.S. officials,” Medvedev said.⁹⁸ (October 29, 2008, *ITAR_TASS World Service*)

Japan’s Prime Minister Taro Aso has decided to dispatch former vice finance and foreign ministers to countries that will participate in the upcoming G20 economic summit in Washington. To explain Japan’s efforts to fight the global financial crisis, Aso will send Toyoo Gyohten, former vice finance minister for international affairs, and Yoshiji Nogami, former vice foreign minister, to the countries that include Japan’s partners in the G20 nations, particularly the G8 countries as well as emerging powers such as India and Brazil. Their dispatch is seen as Japan’s effort to show its leadership role in the summit.⁹⁹ (October 29, 2008, *Jiji Press English News Service*)

Russian deputy prime minister and finance minister Aleksey Kudrin is planning to conduct a meeting with his British counterpart, chancellor of the exchequer Alistair Darling, in order to discuss issues of the future of the international financial architecture in Brazil in November, Kudrin said. “Preliminarily we want to meet as part of the financial G20 in Brazil,” he said. Kudrin noted that at the next meeting with his British counterpart it is planned to discuss issues such as preparations for the G20 summit and to conduct consultations on issues of the future financial architecture. “Today proposals for countries’ specialists are being prepared. I think that some measures for regulation of the markets will be short-term and medium-term in nature, the others will be more fundamental in nature,” he said. According to Kudrin, the more serious proposals will be worked out over two-three years.¹⁰⁰ (October 28, 2008, *BBC Monitoring Former Soviet Union*)

German chancellor Angela Merkel said time is pressing to come up with proposals for reforming the global financial system. Speaking after a first meeting with a group of experts who are preparing proposals for reform of the global financial system, Merkel said it has been “an important exchange” of views and suggestions will be “helpful instruments” for the government’s position in future international negotiations. The meeting of the G20 leading nations in Washington DC in November will agree to award a mandate to press on with the necessary reforms, Merkel said. Speaking at the same event, German finance minister Peer Steinbrück said the necessity and pressure to reform the regulatory framework “has never been so great.” Otmar Issing, the former European central bank chief economist who chairs the group of experts, said the group will seek to identify the causes of the current turmoil. “Our task isn’t to judge the current crisis management, but to analyze the causes that have led to the financial crisis and to identify the parameters that need to be tackled,” Issing said. The group of experts has been asked to compile proposals for the G20 meeting in Washington. The group has six members:

⁹⁸ *ITAR-TASS World Service* (October 29, 2008), “Russia, Australian leaders discuss upcoming financial crisis summit.”

⁹⁹ *Jiji Press English News Service* (October 29, 2008), “Japan to Send Nogami, Gyohten to G-20 Nations before Summit.”

¹⁰⁰ *BBC Monitoring Former Soviet Union* (October 28, 2008), “Russian finance minister planning to meet UK counterpart at G20 summit.”

Issing, Jens Weidmann of the chancellery, deputy finance minister Jörg Asmussen, university professor Jan Pieter Krahen, former European Commission general secretary Klaus Regling and former Bank for International Settlements chief economist William R. White. The group's main goal is crisis prevention, the government said. "The goal is a framework that will prevent, as far as possible, developments that go in the wrong direction and thereby ensures the functioning of financial markets, which is of fundamental significance for the economic system as a whole," a statement on the group's mandate said. The statement also listed possible guidelines for a new international financial framework, such as increasing financial market stability; ensuring sustainable incentives for financial market participants; tightening European and international supervisory structures — in particular ensuring "appropriate regulation and supervision of all crucial financial market participants" As a further possible guideline, the statement mentioned improving the structure of international cooperation.¹⁰¹ (October 28, 2008, *Dow Jones International News*)

In a keynote speech at the opening session of the Asia-Europe Meeting (ASEM) summit in Beijing, South Korean president Lee asserted that emerging Asian economies should be allowed to reflect their positions in the restructuring of the international financial organizations. "The existing international financial system did not function properly because it failed to keep pace with globalization, revolutions in information and technology, as well as the rapidly changing international economic environment in general." "In light of this, we hope to see discussions take place that will strengthen the role and function of the IMF and the World Bank, whereby we will have an improved mechanism equipped with an early warning and surveillance system, effectively warning us of possible dangers." The biennial ASEM summit opened in Beijing, with the global financial crisis the key focus of attention among participating leaders of 43 member nations and heads of the European Commission and the ASEAN Secretariat. Earlier the leaders of South Korea, China, Japan and 10 member states of the Association of Southeast Asian Nations (ASEAN) met in Beijing and agreed to create an US\$80 billion joint fund by next June to fight regional financial crises. The so-called ASEAN Plus Three countries also agreed to push for the establishment of a regional economic surveillance organization to ensure greater financial stability in the region. President Lee, meanwhile, stressed a greater role for emerging Asian economies in global discussions on combating the financial crisis. He also asked the Asian and European leaders to stimulate their economies by increasing their fiscal expenditures, cutting taxes and refraining from protectionist trade policies. "The expanded Group of Eight summit should allow more emerging economies to take part in the discussions ... on tackling the financial crisis. Through ASEM, we can find means for Asia and Europe to cooperate more closely," said the president. "I believe it is critical that we do not revert to protectionist tendencies because of this financial crisis. During the days of the Great Depression, the situation was made worse by countries putting up protectionist walls which led to a decrease in global trade and consumption," said Lee. Before concluding the speech, Lee expressed high expectations for the G20 summit slated for mid-November in Washington, saying that the upcoming summit meeting is expected to generate "substantive and productive" results

¹⁰¹ *Dow Jones International News* (October 28, 2008), "Germany Merkel: Proposals Needed on Global Fincl Reform."

through closer consultations between emerging and advanced economies.¹⁰² (October 28, 2008, *Asia Pulse*)

British prime minister Gordon Brown and French president Nicolas Sarkozy have called for international intervention to stop the financial crisis from affecting eastern Europe. Brown said it is essential to boost the International Monetary Fund's ability to help poorer countries threatened by economic collapse. "Our first priority at the moment is to stop the contagion to other countries, including in eastern Europe where there are problems emerging and action has to be taken," he said. Brown and Sarkozy are meeting with the hope of building a common European front at a European summit taking place prior to the G20 leaders' meeting in Washington. Sarkozy said he was "very interested by Gordon Brown's proposal on the future role of the IMF," one of the issues set to be tackled at the G20 summit.¹⁰³ (October 29, 2008, *The Globe and Mail*)

British prime minister Gordon Brown and German chancellor Angela Merkel will meet in London to discuss the world economy and reforms to financial markets. The meeting comes in the run-up to a French-led European Union summit on November 7 to prepare the bloc for a November 15 meeting of the G20 in Washington to discuss financial reforms. Brown's spokesman said that further details on the talks with Merkel would be available later.¹⁰⁴ (October 26, 2008, *Reuters News*)

The French presidency of the EU has announced that preparations for the G20 will be made at an extraordinary summit of European heads of state on 7 November in Brussels. On the agenda of the informal meeting will be finalizing a common line as regards the new **rules for how the financial markets work**. The meeting in Washington will be the first attempt to entrust to this new international institution, the G20, the task of reviewing the governance of the world economy. Meanwhile, the opportunities for international debate are multiplying. International agreement will play a key role in preventing the financial crisis from spreading to the real economy and plunging half the world into recession. "The United Nations is at this point incapable of dealing with emergencies," Italian Prime Minister Silvio Berlusconi has said. "The other international institutions, like the World Bank, have failed too. Nowadays, the only body able to control the development of the world economy is an enlarged G-8, a G-plus."¹⁰⁵ (October 26, 2008, *BBC Monitoring European*)

Meeting

Leaders will take part in a dinner banquet hosted by U.S. President George W. Bush on November 14. The next day, they will hold two rounds of summit talks to address the global financial crisis.¹⁰⁶ (November 10, 2008, *KBS World New-English Edition*)

¹⁰² *Asia Pulse* (October 28, 2008), "S Korean President Proposed Restructuring of IMF, World Bank."

¹⁰³ *The Globe and Mail* (October 29, 2008), "Easter Europe is 'first priority.'"

¹⁰⁴ *Reuters News* (October 26, 2008), "UK's Brown, Germany's Merkel to meet on Thursday."

¹⁰⁵ *BBC Monitoring European* (October 26, 2008), "Enlarged G8 the only body able to control world economy – Italian premier."

¹⁰⁶ *KBS World New-English Edition* (November 10, 2008), "Pres. to Attend G-20 Financial Summit and APEC Forum."

Summits, such as the G20 Economic one about to take place on November 15, are usually planned a year in advance. But Dana Perino, a spokesperson for the White House said the financial crisis — marked by plunging stock prices, collapsing banks and frozen credit — requires quick action.¹⁰⁷ (October 23, 2008, *PressTV*)

The G20 leaders' gathering will officially be titled “**the Summit on Financial Markets and the World Economy.**”¹⁰⁸ (October 22, 2008, *Dow Jones International News*)

U.S. president George W. Bush and French president Nicolas Sarkozy said on October 18 that **emergency global summits** on the finance crisis will be held — the first taking place in the US before the end of November.¹⁰⁹ (October 19, 2008, *Deutsche Welle*)

Site

The emergency meeting is going to be held in **Washington's National Building Museum** on November 15.¹¹⁰ (October 27, 2008, *Dow Jones International News*)

The G20 Economic Summit will be held in the Washington, D.C. area on November 15, 2008. They are also a planning a dinner at the White House on the evening of November 14, 2008.¹¹¹ (October 22, 2008, *MarketWatch*)

Sideline Meetings

Russian president Dmitry Medvedev will hold bilateral meetings with the German, Chinese and British leaders on the sidelines of the G20 summit in Washington on November 15, a Kremlin spokesman said.¹¹² (November 12, 2008, *RIA Novosti*)

A proposed summit between Japanese prime minister Taro Aso and U.S. president George W. Bush ahead of the G20 financial summit in Washington will not take place, government sources said. Washington told Tokyo that Bush has no plans to hold separate talks with the G20 leaders who will participate in the summit, according to the sources. Aso, who took office in late September, hoped to reconfirm the bilateral alliance in his first top meeting with Bush. He will visit the United States for four days. Aso visited the United States in late September to attend the ongoing U.N. General Assembly but was not able to meet with Bush. Meantime, the government is arranging Aso's separate talks with Brazilian President Luiz Inacio Lula da Silva, Indonesian President Susilo Bambang

¹⁰⁷ *PressTV* (October 23, 2008), “G20 leaders meet for economic summit.”

¹⁰⁸ *Dow Jones International News* (October 22, 2008), “White House To Host Summit On World Economy Nov 15.”

¹⁰⁹ *Deutsche Welle* (October 19, 2008), “US, EU Leaders Announce Global Financial Crisis Summits.”

¹¹⁰ *Dow Jones International News* (October 27, 2008), “White House Aide: Pres-Elect Won't Participate In G20 Meeting.”

¹¹¹ *MarketWatch* (October 22, 2008), “Bush invites global leaders to Nov. 15 summit.”

¹¹² *RIA Novosti* (November 12, 2008), “Medvedev to meet with German, Chinese, U.K. leaders in Washington.”

Yudhoyono and British Prime Minister Gordon Brown on the sidelines of the upcoming financial summit.¹¹³ (November 12, 2008, *Jiji Press English News Service*)

U.S. president-elect Barack Obama will not meet any foreign leaders attending the global financial summit in Washington, but Obama aides are likely to be tapped for meetings, a top Obama adviser said. “We’ve had requests to have meetings with representatives of the president-elect and the vice president-elect,” said John Podesta, co-chair of Obama’s White House transition. “We are arranging to have appropriate people meet with those leaders -- people they know and they trust and we will have more to say about that later.”¹¹⁴ (November 11, 2008, *Reuters News*)

U.S. president-elect Barack Obama will not hold any meetings with world leaders who travel to Washington for the G20 global summit, his spokesman said. There had been speculation that the next U.S. president, who takes office in January, would take the chance to make an early acquaintance with his future negotiating partners before his inauguration in January. But his spokesman Robert Gibbs said that Obama would stay away from the meeting, though it was possible some of his aides would play some kind of role in Washington. “He’s very interested and thought it was very good to have the meeting,” Gibbs said. “But in a phrase you’ll hear an exceedingly large number of times between now and the 20th of January, there’s only one president at a time.” Gibbs also confirmed that Obama would make no cabinet-level appointments before the G20 meeting but may announce some staff positions, as he works to fill out his administration, after his historic election triumph. The Obama transition team has already said that he would not attend the G20 summit, but there had been some speculation he would participate in some talks on the sidelines of the meeting.¹¹⁵ (November 10, 2008, *Agence France Presse*)

South Korea president Lee Myung-bak and U.S. president elect Barack Obama are scheduled to hold phone talks, said Lee’s spokesman Lee Dong-kwan. Lee is also planning to meet several of Obama’s foreign policy advisors in Washington DC on November 14 before attending the G20 financial summit, according to his spokesman.¹¹⁶ (November 6, 2008, *Dow Jones Chinese Financial Wire*)

There is a possibility that Chinese president Hu will meet with U.S. president-elect Barack Obama. “That depends on the presence of both leaders in Washington. China and the United States have a tradition of summits. Bilateral meetings of Hu are being coordinated,” Chinese deputy foreign minister He Yafei said.¹¹⁷ (November 6, 2008, *Russia & CIS General Newswire*)

¹¹³ *Jiji Press English News Service* (November 12, 2008), “No Summit Between Aso, Bush in Washington.”

¹¹⁴ *Reuters News* (November 11, 2008), “Obama aides to meet world leaders at G20 summit.”

¹¹⁵ *Agence France Presse* (November 10, 2008), “No world leader talks for Obama at G20.”

¹¹⁶ *Dow Jones Chinese Financial Wire* (November 6, 2008), “DJ S Korea’s Lee, Obama To Hold Phone Talks Friday.”

¹¹⁷ *Russia & CIS General Newswire* (November 6, 2008), “China pledges constructive stand at G20 summit in Washington.”

There is a possibility that Russian president Dmitry Medvedev and U.S. president-elect Barack Obama will have a bilateral meeting on the sidelines of the G20 summit in Washington on November 15. “As far as I know the consultations with President George W. Bush and president elect Barack Obama are underway,” said presidential aide Arkady Dvorkovich. “But it is still unclear whether this meeting will take place or not as none of the meetings has been included in the schedule so far.” He stressed that it is necessary “to assess expediency of the meeting with President Bush in Washington taking into account the fact that there will be such an opportunity at the APEC summit in Peru.” “There are many countries that would like to hold meetings in different formats. The consultations with China, India and Brazil are also underway,” the aide said.¹¹⁸ (November 7, 2008, *ITAR-TASS World Service*)

Australia is aware of the importance of forging a good relationship with the United States. Foreign minister Stephen Smith said prime minister Kevin Rudd might meet with the president-elect when he is in the U.S. for the G20 meeting later this month. “We want to hit the ground running with the new administration is concerned,” he said.¹¹⁹ (November 3, 2008, *Daily Telegraph*)

South Korean president Lee Myung-bak hopes to meet with the U.S. president-elect, either John McCain or Barack Obama, on the sidelines of the G20 financial summit in Washington, diplomatic sources here said.¹²⁰ (October 29, 2008, *Yonhap English News*)

Japanese prime minister Taro Aso has sounded out close aides of the two U.S. presidential candidates about the possibility of arranging a bilateral meeting with the **winner of the U.S. presidential election** on the sidelines of an emergency summit of the G20 on November 15 in Washington, government sources said. It would be rare for a Japanese prime minister to meet a new U.S. leader prior to inauguration. Aso is aiming to demonstrate his strength in diplomacy by confirming bilateral cooperation on the financial crisis and reaffirming the Japan-U.S. alliance in the hope of enhancing his political influence in the government and the ruling coalition, the sources said. According to the sources, Aso has informally requested a meeting with Democratic presidential candidate Barack Obama and his Republican rival John McCain through the Japanese Embassy in the United States. It is still unclear whether Aso will be able to meet the next U.S. leader as planned on the sidelines of the G-20 summit due to uncertainty about the schedule, the sources said, adding the presidential candidates may not be willing to hold such an early bilateral meeting with the Japanese leader prior to the inauguration ceremony in January. Even if the request to hold talks in November is not realized, Aso would like to secure a promise from the U.S. side to set an early date for bilateral summit talks, they added. Meanwhile, Japan and the United States are now in the process of making arrangements for the first bilateral summit between Aso and outgoing U.S. president **George W. Bush**, either on the sidelines of the G20 meeting in Washington or

¹¹⁸ *ITAR-TASS World Service* (November 7, 2008), “Medvedev-Obama meeting may take place during G20 summit – Kremlin.”

¹¹⁹ *Daily Telegraph* (November 3, 2008), “Forging US ties—US election: 2 days to go.”

¹²⁰ *Yonhap English News* (October 29, 2008), “Lee hopes to meet U.S. president-elect on margins on G20 financial.”

at the summit of the Asia-Pacific Economic Cooperation forum to be convened in Lima on November 22-23.¹²¹ (October 26, 2008, *Kyodo News*)

G20 Finance Ministers Preparation Meeting

Finance ministers from the G20 are rumored to be meeting on November 13, 2008 ahead of the event. It has yet to be confirmed whether this meeting will happen and if it will include the finance ministers or their deputy counterparts.¹²² (November 7, 2008, *Market News International*)

Finance ministers and other economic aides will meet in Washington on November 13 ahead of the G20 summit to address the financial crisis, a senior Bush administration official said. “Sherpas and finance ministers will continue their preparations for the summit here in Washington on Thursday” Nov. 13, the administration official said. The meeting will come ahead of the November 15 summit hosted by President Bush and ahead of the APEC summit in Peru.¹²³ (November 5, 2008, *Reuters News*)

Second Meeting

The Europeans are indicating that a second summit will be convened within 100 days of the November 15 meeting in Washington, which means the second meeting would take place before the end of February 2009. U.S. officials have been markedly more circumspect about the timeframe of any action.¹²⁴ (November 7, 2008, *Reuters News*)

France would like to hold a second meeting in Paris in February to be attended by the new U.S. president. One of the main themes will be changes to the international financial architecture.¹²⁵ (November 3, 2008, *Financial Times Asia*)

The presidents of the U.S. and European countries have agreed to organize top-level meetings in order to find new forms of managing the global economic processes, Sarkozy said, adding that he would offer his counterparts, the heads of state and government of foreign countries, to join these summits. According to French sources, the first of the conferences in this series will be an expanded G8 summit due in New York on November 21. It will be devoted to the mechanisms of regulation and supervision, since the shortcomings in this sphere catalyzed the crisis. Another three of four summits will be held outside the U.S. after that, French newspapers said.¹²⁶ (October 29, 2008, *ITAR-TASS World Service*)

¹²¹ *Kyodo News* (October 26, 2008), “Aso informally requests talks with the new U.S. president.”

¹²² *Market News International* (November 7 2008), “US Credit Mkts Week Ahead: Refunding Sales, Retail Report, G20.”

¹²³ *Reuters News*, (November 5, 2008), “Finance ministers to meet Nov. 13 ahead of G20.”

¹²⁴ *Reuters News* (November 7, 2008), “EU vows big reform push at Washington G20 meeting.”

¹²⁵ *Financial Times Asia* (November 3, 2008), “Brown and Sarkozy agree to seek ‘new’ Bretton Woods.”

¹²⁶ *ITAR-TASS World Service* (October 29, 2008), “Russia, Australian leaders discuss upcoming financial crisis summit.”

5. Expectations

Australian federal treasurer Wayne Swan has met the head of the U.S. Federal Reserve, Ben Bernanke, in Washington. Swan is in the U.S. for preliminary talks ahead of a meeting of the G20. Australian prime minister Kevin Rudd will fly to Washington early for the talks on the global coordinated response to the financial crisis. “I came from the meeting with Ben Bernanke knowing that I was talking to someone who has got a very good grasp on all of the issues,” Swan said. “What I take heart from is that policy makers around the world are looking at what can be done to strengthen the global economy and what can be done to reform the system so we can ensure into the future we don’t have a repeat of this episode.”¹²⁷ (November 12, 2008, *Australian Broadcasting Corporation News*)

World leaders are heading for a clash of expectations at the G20 leaders’ summit on the global economic crisis. Europeans are looking urgently for broad changes and tighter universal banking rules. U.S. president George W. Bush is not ready to go nearly that far, and there is a limit to what he could deliver, given his lame-duck status, since other leaders might be hesitant to make deals with a departing administration. The U.S. leader who will assume the job of trying to keep the U.S. economy from capsizing, while President-Elect Barack Obama will not be at the table. French president Nicolas Sarkozy, currently president of the European Union, has emphasized urgency. “We are in an economic crisis,” he said. “We have to react, and we have no time to lose.” Bush convened the emergency session under heavy pressure from Sarkozy during a meeting last month. It is to be the first of a series of such gatherings to map out a coordinated response to the world’s worst financial crisis in decades, which began with losses in U.S. housing markets and quickly spread overseas. The summit offers Bush what may be a last chance on the world stage to move beyond a legacy of war emergencies and bank bailouts by helping to launch what he called a possible new framework for “democratic capitalism.” But he warned that it should not come at the expense of “free markets, free enterprise and free trade.” Different leaders bring to the meeting different perspectives and expectations. “That’s the dangerous part in trying to achieve a common agenda. They’ll try to push their own perceptions of what a global architecture should look like, and who should be the dominant players,” said Charles Freeman, a former Bush administration trade official. “I’m not sure that even an Obama team wants to see the United States’ style and method of capitalism and financial markets converted. We value our flexibility here, and I don’t think we’re willing to capitulate to as much regulation as the Europeans are suggesting, particularly the French.” Stakes are high for the summit, even if chances for real progress are tenuous. With widespread financial disarray and international investors already spooked, any perceived failure at the summit could send world markets tumbling again. Sarkozy and other European leaders are proposing an early-warning system to watch for imbalances in financial markets, expand the role of the International Monetary Fund as the world’s financial watchdog, improve supervision of financial players and close loopholes that let some institutions avoid regulation. “We need monetary and fiscal policy coordination across the world,” said British prime minister Gordon Brown in outlining his own series of broad proposals for the summit to

¹²⁷ *Australian Broadcasting Corporation News* (November 12, 2008), “Swan positive about G20 outcome.”

deal with. Among other suggestions, he wants China to use its US\$2 trillion in reserves to help top up an IMF emergency loan program. China has indicated that its focus is on its own economy. Russia, meanwhile, does not want to expand the IMF's powers as European leaders propose. Instead, they want the IMF's role reduced to make way for entirely new international financial institutions. Russian finance minister Alexei Kudrin called the IMF inadequate as a crisis manager. Amid high-flying but dueling rhetoric, prospects for major breakthroughs at the summit seem scant. "To reach an agreement on exchange rates, bank regulation and trade policy, the principal participants have to agree on both the goals and the means. And the banking systems just vary too much for there to be a common systems of regulations," said Peter Morici, former chief economist at the U.S. International Trade Commission. "What we can expect to see come out of this is some sort of nice statement about the need for stimulus packages and for more cooperation, but nothing substantive beyond that they're all going to do their best to reflate their economies," Morici said. The meeting will be marked not only by who is attending but also by who is not. "When the 20 heads of state come here for the economic summit, they don't want to talk to Bush. They want to talk with Obama or with his surrogates," said American University political scientist James Thurber. Obama advisor Robert Gibbs said Obama is interested in the meeting and thought it was a good idea. But, said Gibbs, "there's only one president at a time, and we will stay up to date and briefed on what's going on but will not be a participant." It also keeps Obama from being tarnished by a less-than-successful summit or from having a hand in proposed solutions that do not pan out.¹²⁸ (November 11, 2008, *Associated Press Newswires*)

Brazil's president warned that not too much should be expected from the upcoming G20 summit of economic powers, where his country has cast itself as a spokesman for emerging nations. "There is no exact cure for the crisis. We are not hoping for much from the G20" meeting on November 15 in Washington, President Luiz Inacio Lula da Silva said in Rome. "It is only the start, even if it is a promising one." "The crisis in the financial sector is already contaminating the real economy and causing unemployment around the world," Lula said, calling for the global world financial system to be "restructured."¹²⁹ (November 11, 2008, *Agence France Presse*)

In a speech to bankers to be delivered, Brown will say that as part of "a new multilateralism that is both hard-headed and progressive," leaders from the G20 meeting in Washington DC on November 14-15 should reach "a global consensus on a new, decisive and systemic approach to strengthening the global economy." He will add that a key part of that approach should be "better international coordination of fiscal and monetary policy." "As America stands at its own dawn of hope, so let that hope be fulfilled through a pact with the wider world to lead and shape the twenty-first century as the century of a truly global society," Brown will say. "And I believe the whole of Europe can work closely with America to meet the great challenges which will test our resolution and illuminate our convictions." Brown will also call for urgent action to stop the spread of the financial crisis to middle-income countries, including agreement on a new International Monetary Fund loan facility, and urge agreement on a global trade

¹²⁸ *Associated Press Newswires* (November 11, 2008), "Expectation clash evident ahead of summit in US."

¹²⁹ *Agence France Presse* (November 11, 2008), "Do not expect much from G20 summit, Brazil warns."

deal. “My message is that we must be internationalist not protectionist, interventionist not neutral, progressive not reactive, and forward looking not frozen by events,” Brown will say. Brown will say that the meeting of G20 leaders offers an opportunity to start the reformation of the global financial system. He repeated his call for an agreement in Washington “to begin to build a new Bretton Woods,” central to which would be an IMF which would be “by its surveillance of every economy, an early warning system and a crisis prevention mechanism for the whole world.”¹³⁰ (November 9, 2008, *Dow Jones International News*)

The head of the International Monetary Fund warned that expectations of a new Bretton Woods system ahead of the G20 summit in mid November were overhyped in a recent interview. Dominique Strauss-Kahn, the IMF’s managing director, said that change would not happen overnight and world powers meeting in Washington on November 14-15 would not create a new international treaty. “Expectations should not be oversold,” Strauss-Kahn said. “Things are not going to change overnight. Bretton Woods took two years to prepare.” “The words sound nice but we are not going to create a new international treaty.” The G20 summit will discuss reform of the IMF, set up as part of the Bretton Woods agreement on international financial management signed in 1944. (November 7, 2008, *Agence France Presse*)¹³¹

The European Union has called for an overhaul of the IMF with French president Nicolas Sarkozy, whose country holds the EU’s rotating presidency, saying: “We want to change the rules of the game.” The U.S., though, has been more lukewarm on the possibility of radical change. Strauss-Kahn also voiced caution about the idea of a global early warning system to prevent future world economic crisis, backed by British prime minister Gordon Brown among others. “I have heard contradictory things about it,” he said. “I don’t think you can have a mechanical system with red lights and green lights and, sometimes country by country, the light goes from green to red.” The IMF chief backed the need for input from U.S. president elect Barack Obama in the process. “If the summit sets up working groups, they will operate as a bridge to the new administration,” he said. “In this respect, it would be nonsense to work without the input of the new administration.” Obama’s spokeswoman said Friday that he would not attend the G20 summit next week.¹³² (November 7, 2008, *Agence France Presse*)

“We are in an economic crisis. We have to take this into account,” French president Sarkozy said. “We have to react and we have no time to lose.” “I’m not going to take part in a summit where there is just talk for talk’s sake,” Sarkozy said after talks between the heads of the EU’s 27 nations. “We want to change the rules of the game in the financial world.” The EU is calling for a second global summit next spring to flesh out changes to the way the world economy is governed. They want to see far more supervision of big financial companies and are urging governments to jointly monitor them. They want to

¹³⁰ *Dow Jones International News* (November 9, 2008), “UK Brown To Call For Closer Cooperation on Fiscal Policy.”

¹³¹ *Agence France Presse* (November 7, 2008), “G20 summit will not yield Bretton Woods II, IMF chief tells paper.”

¹³² *Agence France Presse* (November 7, 2008), “G20 summit will not yield Bretton Woods II, IMF chief tells paper.”

prevent a repeat of the Wall Street excesses that caused havoc in markets worldwide, and are bringing emerging economies China, India and Brazil on board for talks on shaping a new world economic order. British prime minister Gordon Brown said the Washington talks should be a “decisive moment for the world economy.” A text agreed by EU leaders says they want an early warning system that would watch for financial bubbles and prevent “world imbalances,” such as the swelling U.S. trade deficit. They also suggest making the IMF the world’s financial watchdog, giving it more power to curb financial crises, with more money to aid countries in trouble. The Europeans also want to close loopholes that allow some financial institutions to evade regulation, and ensure supervision for all major financial players, including ratings agencies or funds carrying high amounts of debt. The leaders in a declaration called for greater transparency in markets that would no longer omit “vast swathes of financial activity from auditable, certifiable accounts.” It also said “excessive risk taking must be overhauled,” a reference to the sale of high-risk debt securities and executive pay that may reward risk taking. EU leaders will call on the November 14-15 summit to agree immediately on five principles: submit ratings agencies to more surveillance, align accounting standards, close loopholes, set banking codes of conduct to reduce excessive risk taking and ask the International Monetary Fund to suggest ways of calming the turmoil. In Washington, there is little desire in the waning days of the Bush administration for a major overhaul of financial regulations.¹³³ (November 7, 2008, *Associated Press Newswires*)

Martin Feldstein, who would have been the number-one candidate for the next U.S. secretary of treasury if John McCain had won the U.S. election, said he doesn’t expect the G20 summit slated for November 15 in Washington to bring about major breakthroughs in the global financial crisis. The financial turmoil was caused by inadequate attention by the supervisors of financial institutions, which is a national issue,” he said. “Each country has its own financial supervisory system. In America, for example, banks are supervised by the Fed, the SEC and state governments. Heads of nations cannot discuss each other’s supervisory systems.” Feldstein doesn’t see the need to create a new international monetary system to replace the Bretton Woods system of financial rules and institutions. “I wouldn’t say there is a need for fundamental change, although management reforms will be made (to the international monetary system) in the way the countries are represented, how much weight they have in voting and in other internal procedures.”¹³⁴ (November 7, 2008, *The Korea Herald*)

The first G20 leaders summit on the global financial crisis in Washington next week is unlikely to result in bold new actions, a senior aide to Canada’s Prime Minister Stephen Harper said. “I think one should have modest expectations about what will come out” of the first meeting, the official said. Canada will be pushing a “middle approach” between some of the positions expected to be presented at this table, the official said, adding Canada hopes to help “bridge” gaps.¹³⁵ (November 7, 2008, *Agence France Presse*)

¹³³ *Associated Press Newswires* (November 7, 2008), “EU leaders: World has 100 days to fix system.”

¹³⁴ *The Korea Herald* (November 7, 2008), “McCain aide downbeat about G20 summit.”

¹³⁵ *Agence France Presse* (November 7, 2008), “Canada tempers hopes for G20 crisis talks.”

The G20 summit on the global economic crisis will be a chance for world leaders to agree on principles and processes to guide them in the future, a senior U.S. official said. The summit will be “an opportunity to assess what transpired, evaluate the measures taken ... and agree on principles and processes to guide future actions,” the official said. He said the planning was going well and the United States expected the summit to be a positive one. Washington sought “a productive leaders’ discussion,” with a view toward “achieving some consensus as to the way forward in dealing with the current international economic challenges,” he said. European officials portray the meeting, which will bring key emerging-market countries such as China, Brazil, India, South Korea and South Africa together with big industrial nations, as the beginning of a major overhaul of global financial architecture.¹³⁶ (November 6, 2008, *Reuters News*)

“I don’t think anybody should expect next week that we’re going to walk away and have everything solved,” White House spokesperson Dana Perino said.¹³⁷ (November 3, 2008, *Dow Jones Newswires*)

The British do not expect the Washington summit to resolve all — or even most — of the issues, but to send out a signal of a commitment to act that will start to restore confidence in battered markets. Prime Minister Gordon Brown’s vision of a reformed global regulatory system does not correspond with French president Nicolas Sarkozy’s enthusiasm for a more harmonized EU regulatory regime. “I hear leaders taking a very different stance to the one they took six months ago,” said a senior French official alluding to Brown. “But have they really changed? If we could have an agreement that regulatory convergence was more important than the individual interests of different market places, that would be great. But I’m not sure we are going to get that.”¹³⁸ (November 3, 2008, *Financial Times Asia*)

IMF managing director Dominique Strauss-Kahn said he expected the G20 leaders’ meeting to take full account of “the historic situation we are living through.” The meeting should therefore give “a decisive impulse on the basis of the document which we will submit on the lessons of the crisis, for reform of world governance.”¹³⁹ (October 30, 2008, *Agence France Presse*)

Before concluding the speech, South Korean president Lee expressed high expectations for the G20 summit slated for mid November in Washington, saying that the upcoming summit meeting is expected to generate “substantive and productive” results through closer consultations between emerging and advanced economies.¹⁴⁰ (October 28, 2008, *Asia Pulse*)

¹³⁶ *Reuters News* (November 6, 2008), “G20 summit chance to set economic principles—U.S.”

¹³⁷ *Dow Jones Newswires* (November 3, 2008), “White House Downplays Expectations For Reform At G20 Summit.”

¹³⁸ *Financial Times Asia* (November 3, 2008), “Brown and Sarkozy agree to seek ‘new Bretton Woods.’”

¹³⁹ *Agence France Presse* (October 30, 2008), “IMF to put five-point financial reform plan to G20: Strauss-Kahn.”

¹⁴⁰ *Asia Pulse* (October 28, 2008), “S Korean President Proposed Restructuring of IMF, World Bank.”

The emergency G20 summit is **not** expected to yield decisions on **new policy or regulation**, Dana Perino said. The task of putting “meat on the bones” will be up to financial experts in the countries after the world leaders review the causes of the crisis, the response so far, and the principles of reform that should be adopted.¹⁴¹ (October 22, 2008, *CBC News*)

6. Other

Preparing for the G20 summit, Indian prime minister Manmohan Singh will have deputy chair of planning commission Montek Singh Ahluwalia as his sherpa at the closed summit meeting. In the format, which is largely on the lines of G8 meetings, each leader is allowed to bring with him one senior official to assist in deliberations, who is referred to as the sherpa. Usually, leaders bring along a top bureaucrat as their sherpa. For instance, at the G8 Summit, foreign secretary Shivshankar Menon was the prime minister’s sherpa. However, given the economic nature of this meet, Singh is said to have preferred one of his most trusted economic aides with whom he shares a strong professional and personal rapport. The leaders will first meet over dinner on November 14 followed by the summit the next morning. Heads of governments of G20 countries will be meeting for the first time. Finance minister P. Chidambaram will attend a meeting of G20 finance ministers at Sao Paulo on November 8. The purpose of such an informal format is to ensure high degree of confidentiality that, in turn, permits a free and frank exchange of views between top leaders without fearing political implications. To this end, no formal minutes are maintained and, therefore, the sherpa juggles with several roles from keeping notes to coordinating pull-aside meetings and taking forward the conversation with his counterparts at the meeting. This decision also confirms that the Prime minister is indeed following a “hands-on” approach.¹⁴² (November 2, 2008, *Indian Express*)

¹⁴¹ *CBC News* (October 24, 2008), “Harper to leave Tory convention early for G20 economic summit.”

¹⁴² *Indian Express* (November 2, 2008), “At Bush meet, Montek to be Prime Minister’s sherpa.”

5. Appendices

Members

G20 Leaders/Finance	Gleneagles Dialogue	Major Economies Meeting
Argentina	Australia	Australia
Australia	Brazil	Brazil
Brazil	Canada	Canada
Canada	China	China
China	France	France
France	Germany	Germany
Germany	India	India
India	Indonesia	Indonesia
Indonesia	Italy	Italy
Italy	Iran	Japan
Japan	Japan	Mexico
Mexico	Mexico	Russia
Russia	Nigeria	South Korea
Saudi Arabia	Poland	South Africa
South Africa	Russia	United Kingdom
South Korea	South Africa	United States
Turkey	Spain	European Union
United Kingdom	United Kingdom	
United States	United States	
European Union	European Union	

The Managing Director of the International Monetary Fund (IMF) and the President of the World Bank also participate. The chairs of the International Monetary and Financial Committee and Development Committee of the IMF and World Bank also participate on an ex-officio basis.

G20 Leaders' Biographies

Argentina

Cristina Fernández de Kirtchner became President of Argentina on December 10, 2007 after winning the general election in October of that year. She replaced her husband, Néstor Kirchner who was President from May 2003 to December 2007. She is Argentina's second female president, but the first to be elected. Prior to her current position, she was a Senator for Buenos Aires province and Santa Cruz province. She was first elected to the Senate in 1995, and in 1997 to the Chamber of Deputies. In 2001 she won a seat in the Senate again. Born February 19, 1954 in La Plata, Buenos Aires, she studied law at the National University of La Plata. She was married in March 1975 and has two children with her husband.

Australia

Kevin M. Rudd became prime minister of Australia on December 3, 2007, replacing John Howard who held the position since March 1996. Before entering into politics, he worked for the Department of Foreign Affairs where he held posts in Stockholm, Sweden

and China. He also spent time as a political staffer, and held positions that included chief of staff for the premier of Queensland and director general of the office of the Queensland cabinet. Rudd first ran for office in 1996, but was not successfully elected until 1998. Since that time he has served in various positions including shadow minister of foreign affairs and leader of the opposition. He was born in Nambour, Queensland, Australia on September 21, 1957. He received his degree in Asian studies from Australian National University where he focused on Chinese language and history. He is married to Thérèse Rein and they have three children together.

Brazil

Luiz Inácio Lula da Silva first assumed the office of the president on January 1, 2003 after being successfully elected in October 2002. He was re-elected in October 2006, extending his term until January 2011. ‘Lula’ first ran for office in 1982 in the state of Sao Paulo, but it was not until 1986 that he was first elected to congress. He did not run for re-election in 1990. Instead he became more involved in the Workers’ Party where he continued to run for the office of the president. He was born in Caetés, Pernambuco, Brazil, on October 27, 1945. He received no formal education and began working in a copper pressing factory at the age of 14. He became heavily involved in the Workers Unions at a young age. He is married to Marisa Letícia and has five children.

Canada

Stephen J. Harper was first elected prime minister of Canada in January 2006. He took over office from Paul Martin in February of that year and later ran for re-election in October 2008. Harper returned to the House of Commons after the 2008 election, and with a stronger minority. Before running for politics he served as a policy advisor for the newly established Reform party. Harper first ran for a seat in 1988, but was not successfully elected to the House of Commons until 1993. He served as leader of the opposition for a number of years before becoming prime minister. He was born in Toronto, in the province of Ontario on April 30, 1959. After first attending the University of Toronto, he returned to school and received his bachelor’s degree in Economics from the University of Calgary in 1985. In 1991, he returned to the University of Calgary and received his master’s degree in economics. He is married to Laureen Harper and they have two children together.

China

Hu Jintao has been President of the People’s Republic of China since March 15, 2003, replacing Jiang Zemin who had held the position since 1989. He also currently serves as general secretary of the Communist Party of China’s (CPC) Central Committee and chairman of the Central Military Commission (CMC). Before entering into politics Hu worked as an engineer. He joined the CPC in April 1964, and began working with the Party in 1968. Since that time his participation in the CPC has expanded. In 1992, he was elected member of the Standing Committee of the Political Bureau of the CPC Central. He was re-elected to the committee in 1997. He became vice president of China in March 1998 and vice chairman of the CMC in 1999. In November 2002, Hu was elected general secretary of the CPC Central Committee. He was born in Jiangyan,

Jiangsu, China, on December 21, 1942. In 1965 he received his engineering degree from Tsinghua University. He is married to Lui Yongqing and they have two children together.

France

Nicolas Sarkozy became President of France on May 16, 2007, taking over from Jacques Chirac who had held the position since 1995. Sarkozy is also currently the President of the European Council. He worked as a lawyer while he pursued politics. From 1983 to 2002, he was mayor of Neuilly-sur-Seine. He has been president of the Union pour un Mouvement Populaire (UMP), France's major right-wing party, since 2004. During his time in parliament he held a number of cabinet portfolios including minister of state of economy, finance and industry, minister of the budget and minister of the interior. He was born in Paris, France, on January 28, 1955. In 1978, he received his degree in law from the University of Paris. He is currently married to Carla Bruni and has three children.

Germany

Angela Merkel became chancellor of Germany on November 22, 2005, replacing Gerhard Schröder who had been in power since 1998. She is the first female chancellor in Germany. Before entering into politics she worked as a researcher and physicist. Merkel was first elected to the Bundestag in 1990. She held the cabinet portfolios of women and youth minister and environment, nature conservation and nuclear safety minister. She was born in Hamburg, Germany, on July 17, 1956. In 1978, she received her doctorate in physics from the University of Leipzig. She has also received honorary doctorates from the University of Technology in Poland, Leipzig University and the Hebrew University of Jerusalem. She is married to Joachim Sauer and she has no children.

India

Manmohan Singh became prime minister of India on May 22, 2004, replacing Atal Bihari Vajpayee who held the position from 1998 to 2004, and also for a short period in 1996. Before entering into politics, Singh worked as an economist, including for the International Monetary Fund. He was Governor of the Reserve Bank of India from 1982-1985. Singh was first elected to the upper house of Indian parliament in 1995. He was re-elected in 2001 and 2007. He held cabinet positions including minister of finance and minister for external affairs. He was born in Gah, Punjab (now known as Chakwal district, Pakistan), on September 26, 1932. He received his bachelor's and master's degree from Punjab University in 1952 and 1954, an additional undergraduate degree from Cambridge University in 1957 and a PhD from Oxford University in 1962. He is married to Gursharan Kaur and they have three daughters together.

Indonesia

Susilo Bambang Yudhoyono became president on October 20, 2004 after winning the election in September of that year, replacing the incumbent Megawato Sukarnoputri. Before entering into politics, he served as a lecture and a military general. His first experience in politics came when he was appointed minister of mines and energy in 1999. He later served as coordinating minister for politics and security. He was born on September 9, 1949, in Pacitan, East Java, Indonesia. He received his PhD in agricultural

economics from the Bogor Institute of Agriculture in 2004. He is married to Kristiani Herawati and they have two children together.

Italy

Silvio Berlusconi was elected prime minister of Italy for the third time on April 29, 2008. He occupied the position previously from 1996-2001 and 1994-1995. Before entering into politics he worked in business and was quite the entrepreneur—building construction businesses, establishing cable networks, and forming media groups. During his time in politics he has held a number of cabinet portfolios including minister of foreign affairs, minister of economy and finance and minister of health. He is scheduled to chair the 2008 G8 summit in Italy. He was born in Milan, Italy, on September 29, 1936. In 1961, he received his degree in law from the University of Milan. He is married to Veronica Lario and he has five children.

Japan

Taro Aso became prime minister of Japan on September 24, 2008, replacing Yasuo Fukuda, who had held the position since September 2007. Before entering into politics Aso worked in mining. He was first elected to the House of Representatives in 1979 and has been re-elected eight times. He served in a variety of positions in government including minister of foreign affairs and minister of international affairs and communications. He was born in Iizuka in Fukuoka prefecture on September 20, 1940. He studied politics and economics at Gakushuin University and went on to Stanford University and the London School of Economics. He was also a member of the Japanese shooting team that competed at the 1976 Olympics. He is married to Chikako Aso.

Korea

Lee Myung-bak became president on February 25, 2008, replacing Roh Moo-hyun who had occupied the position since 2003. He worked in the business sector, moving up the ranks of Hyundai and becoming the youngest-ever Chief Executive Officer (CEO) before entering into politics. Lee was first elected into the Korean National assembly in 1992. In 2002 he was elected mayor of Seoul, a position he held until 2006. He was born in Kirano, Osaka, Japan on December 19, 1941. He received a degree in business administration from Korea University in 1965. Lee is married to Kim Yun-ok and has four children.

Mexico

Felipe de Jesús Calderón Hinojosa became president of Mexico on December 1, 2006, replacing Vicente Fox who held the position from 2000 to 2006. Calderón was president of the National Action Party's (PAN) youth movement in his early twenties. He served as a local representative in the legislative assembly in the federal chamber of deputies. In 1995 he ran for governor of Michoacán. He served as secretary of energy from 2003 to 2004. He was born in Morelia, Michoacán, Mexico, on August 18, 1962. He received his bachelor's degree in law from Escuela Libre de Derecho in Mexico City. Later, he received a master's degree in economics from the Instituto Tecnológico Autónomo de México as well as a master's in public administration from Harvard University. He is married to Margarita Zavala and has three children.

Russia

Dmitry Medvedev became president of Russia on May 7, 2008 after winning the presidential election on March 2, 2008, replacing Vladimir Putin, whose term in office had expired. Before entering politics, he worked as a legal expert and a lawyer. He was officially endorsed as a candidate for the presidency on December 17, 2007 by Russia's largest political party, United Russia, and by then Putin as well. He served as deputy prime minister of Russia from 2005 to 2008. He was born in Leningrad (now St. Petersburg) of the former Soviet Union on September 14, 1965. He earned a degree in law in 1987 and a PhD in private law in 1990 from Leningrad State University. He is married to Svetlana Medvedeva and they have one child.

Saudi Arabia

King Abdullah bin Abdul Aziz Al Saud has been in power since August 1, 2005. He replaced Fahd bin Abdul Aziz Al Saud who had reigned since June 1982. As Crown Prince since 1987, he had previously acted as *de facto* regent and thus ruler of Saudi Arabia since January 1, 1996, when Fahd was debilitated by a stroke. He was formally enthroned on August 3, 2005. He also serves as prime minister of Saudi Arabia and commander of the National Guard. Abdullah is chairman of the supreme economic council, president of the high council for petroleum and minerals, president of the King Abdulaziz centre for national dialogue, chairman of the council of civil service and head of the military service council. He was born August 1, 1924 in Riyadh, Saudi Arabia. He has a number wives and children.

South Africa

Petrus Kgalema Motlanthe became president of South Africa on September 25, 2008, after Thabo Mbeki resigned. Mbeki had held the position since 1999. In the 1970s Motlanthe worked for Johannesburg's city council and served as secretary general of the National Union of Mineworkers. He became secretary general of the African National Congress in 1997 and elected deputy president in December 2007. He became a member of parliament in May 2008 and in July was appointed to cabinet without a portfolio. He was born on July 19, 1949, in Alexandra, Johannesburg, South Africa. He is married and has three children.

Turkey

Abdullah Gül became president of Turkey on August 28, 2007, replacing Ahmet Necdet Sezer who had occupied the office since 2000. Before entering into politics Gül worked as a lecturer and for the Islamic Development Bank. He was first elected to Turkish parliament in 1991. From 2002 to 2003 he served as prime minister. And from 2003 to 2007 he served as minister of foreign affairs. He was born on October 29, 1950 in Kayseri, Turkey. He received his PhD in economics from Istanbul University in 1983. He is married to Hayrünnisa Gül and they have three children together.

United Kingdom

Gordon Brown became prime minister of the United Kingdom of Great Britain and Northern Ireland on June 27, 2007, three days after becoming leader of the Labour Party.

He was first elected to parliament in 1983 as representative for Dunfermline East. Since 2005 he has been the representative for Kircaldy and Cowdenbeath, both in Scotland. Before entering politics he worked as a lecturer and journalist. He served as Chancellor of the Exchequer from 1997 to 2007 under prime minister Blair and he accompanied Blair to G8 summits in his ministry of finance position. He was born in Govan, Glasgow, Scotland, on February 20, 1951. He studied history at the University of Edinburgh and completed his PhD in 1982. He is married to Sarah Brown and they have two children together.

United States

George W. Bush became president on January 20, 2001, replacing Bill Clinton. Before entering into politics he worked in the oil sector. He served in the Texas and Alabama Air National Guard from 1968-1973. He later ran for governor of Texas and won. Bush received his Bachelor's degree in history from Yale University in 1968 and later completed an MBA from Harvard University. He is married to Laura Bush and they have two children together.

On November 4, 2008, the U.S. elected a new president. The Democratic candidate, Senator Barack Obama, won. He was born on August 4, 1961, in Honolulu, Hawaii. He received his bachelor's degree from Columbia University in 1983 and a law degree from Harvard University in 1991. Before his election to the U.S. Senate in 2005, he worked as a community organizer, a civil rights lawyer and a state legislator for Illinois. George W. Bush remains president of the United States until the inauguration of the new president on January 20, 2009.

European Union

José Manuel Barroso became president of the European Commission on November 23, 2004. Prior to that he was prime minister of Portugal from 2002-2004. Before entering into politics he worked as an academic. He graduated law from the University of Lisbon and has an MSc in economics and social sciences from the University of Geneva. He received his PhD from Georgetown University in 1998. He also received an honorary degree from Liverpool University in 2008. He is married to Maria Margarida Pinto Ribeiro de Sousa Uva and has three children.