

## **Chapter 3**

### **Plans for the First G20 Leaders Meeting**

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In the fall of 2008 talk of a “special” leaders summit started to escalate in the international arena. The need for such a summit was sparked by plummeting stock prices, collapsing banks and motionless credit. Extraordinary G7 and G20 finance ministers meetings took place in early October. But it was not until French president Nicolas Sarkozy met with United States president George W. Bush on October 18 that it was announced that a special leaders summit would, in fact, be held. The meeting would take place in the U.S. before the end of November.

Soon after this announcement, United Nations Secretary General Ban Ki-moon offered to host the event at the UN headquarters in New York. However, four days later, on October 22, the U.S. announced that it would host the event, the G20 leaders would be invited, the meeting would take place in the Washington area and it would be held on November 15, with a dinner held the night before at the White House.

The U.S. also announced that participants would include, in addition to the G20 leaders, the managing director of the International Monetary Fund (IMF), the president of the World Bank, the UN secretary general and the chair of the Financial Stability Forum (FSF). By the end of October, it was announced that the meeting would be held in Washington’s National Building Museum.

The meeting was officially named the “Summit on Financial Markets and the World Economy,” a name that aptly indicates what will occupy most of the agenda: the current financial crisis and the global economy. The participants are to review any progress that has been made in addressing the financial crisis in recent weeks. They will work to examine and pin down the underlying causes of the crisis, and they will attempt to agree on a set of principles for reforming regulatory and institutional regimes in the global financial arena. They will discuss a range of topics, most of which were addressed by the G20 finance ministers and central bank governors at their November 8–9 meeting in Sao Paulo, Brazil. The leaders will discuss currencies, financial regulation and reform, and institutional reform. And they will review a range of proposals being put forward by a number of countries for how best to proceed to tackle the financial crisis. Some predict that the meeting will be a “Bretton Woods II,” but IMF managing director Dominique Strauss-Khan, among others, has said that it is unlikely that such drastic reforms will result from this meeting.

Indeed, it is unlikely that a new regulatory regime will emerge as a result of the meeting or that major decisions will be made. The meeting will focus mostly on discussion and cooperation. It will lay the framework for future actions. The participants may also discuss issues of trade, investment and the importance of open, capitalist economies. The Australian and German governments, as well as the World Bank, have also indicated that they would like to discuss the Doha Development Agenda.

Overall the expectations for the summit vary amongst the participants. The U.S. has indicated that it thinks of the meeting as the first step in a process, meant to lay the

ground for future actions. At the other end of the spectrum, the Europeans, led by France's Sarkozy, think the summit should take quick and necessary actions that have substance and meaning and will produce real results.

So far most leaders have confirmed that they will be attending the meeting, including Canada, Australia, India, Italy, South Africa, Saudi Arabia, Brazil, Japan and South Korea. Other participants have been more hesitant, including China, which was initially reluctant to accept the invitation, but eventually said it too would be present. Only Turkey has elected to send head of government instead of its chief of state, President Abdullah Gül, to attend the meeting. China and Brazil have both suggested that they will participate as leading voices for the developing and emerging worlds.

Each of the leaders will be accompanied by a personal representative or sherpa. Indian prime minister Manmohan Singh, for example, has said that he will have Montek Singh Ahluwalia, deputy chair of planning commission, by his side at the closed meetings. Turkish prime minister Recep Tayyip Erdogan will be accompanied by state minister and deputy prime minister Nazim Ekren and state minister Mehmet Simsek as well as undersecretary of the treasury Ibrahim Canakci.

Other leaders who were not included in the initial invitation, have indicated that they want to be included in the meeting, with Spain's prime minister José Zapatero at the forefront. Other countries requesting invitations include Venezuela, Poland and the Netherlands.

Some countries have received support in their requests, in particular Spain. Sarkozy declared that France would give up its seat as rotating president of the European Council so that Spain's Zapatero can attend.

A number of African countries and civil society organizations have noted that Africa and other poorer countries are underrepresented at the meeting. Seven African heads of state have mandated Congolese president Denis Sassou Nguesso to attend the G20 summit in Washington, even though he has not been invited. Nguesso said that it was "unacceptable" that Africa has not been invited to a summit that will consider the future of the global financial system. It is not clear whether he will actually attend.

Sarkozy has also apparently invited the Czech Republic's finance minister to participate in the process, as the Czech Republic will take over the EU presidency from France in 2009.

There is debate over whether the U.S. president-elect Barack Obama will participate in the meeting, which will take place a mere ten days after the election. There is a good chance that he will not be there. However, it has been suggested that he will nonetheless be represented, even if he is not physically present at the meeting. The White House has ensured that Obama is welcome to participate if he chooses.

Several participants will take the opportunity to schedule bilateral meetings. Japanese prime minister Taro Aso, South Korean president Lee Myung-bak and Australian prime minister Kevin Rudd, among others, are trying to arrange meetings with the U.S. president-elect. However, Obama has said he will not meet with any of the participants, although his advisors may. Some leaders are also trying to arrange meetings with President Bush. He, too, has announced that he will not meet with any leaders on the sidelines of the event. However, other bilateral meetings may occur: Russian president

Dmitry Medvedev plans to meet with the leaders from Germany, China and the United Kingdom.

A number of meetings are scheduled to take place before the summit and will likely feed into the process. For example, British prime minister Gordon Brown met with Nicolas Sarkozy at the end of October to work on establishing a common European front for the EU and G20 summits. Brown and German chancellor Angela Merkel planned a meeting to discuss the world economy and financial market reforms. Medvedev has talked with Rudd and has also met with Italian prime minister Silvio Berlusconi about the economic situation. Japan's Aso dispatched individuals to the G20 countries, particularly the G8 members and to emerging countries, such as Indonesia, to prepare for the meeting. Obama has spoken by telephone with the leaders of Australia, Britain, Canada, France, Germany, Israel, Japan, Mexico and South Korea to discuss the economic crisis, amongst other topics. An EU-Russia summit was scheduled to take place before the G20 meeting, with Medvedev, Sarkozy and Jose Barroso, head of the European Commission, in attendance.

Others used the meeting of the G20 finance ministers and central bankers in Brazil on November 8 and 9 to hold bilateral discussions to prepare for the meeting in Washington one week later. The G20 finance discussions will feed directly into the G20 leaders' process, as will an additional G20 meeting being held in Washington before the summit on November 13. It is unclear whether this meeting will include finance ministers, their deputies or other representatives. However, Australian treasury secretary Wayne Swan confirmed that he will be involved in the preparatory process for the November 14–15 meeting. Finance ministers from China, Japan and South Korea are also scheduled to be in Washington ahead of the G20 summit.

The Asia-Europe Meeting (ASEM) in Beijing in October highlighted a number of issues that would be on the G20 economic summit's agenda. And at the November 7 EU summit, European countries were able to come to a common agreement on the financial situation, completing a proposal that will likely be tabled at the G20 meeting.

The November 14–15 special leaders economic summit will be the first gathering in a series. There is talk that the second summit could happen as early as November 21 in New York or sometime between February and April in Paris. The European countries have declared that they want to reconvene within 100 days of the initial November meeting, which would mean the second meeting would take place before the end of February 2009, with U.S. president-elect Obama in office. The third and fourth meetings will likely take place outside of the United States. The principles that come out of the November 14–15 gathering will be developed further by working groups for consideration at future gatherings, which will likely continue until the global financial crisis appears to be under control.