

# Plans for the London G20 Summit 2009

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## Preface

This report on the “London Economic Summit: Plans for the Second Meeting” is compiled by the G20 Research Group largely from public sources as an aid to researchers and other stakeholders interested in the meetings of G20 leaders and their invited guests. It will be updated periodically as plans for the summit evolve. Note that this document refers to the first G20 leaders’ meeting (or summit), which took place on November 14-15, 2008, in Washington DC (as opposed to the G20 finance ministers forum, which was founded in 1999, and other groupings such as the G20 developing countries formed in response to the agricultural negotiations at the World Trade Organization).

## 1. Introduction

The Group of Twenty (G20) leaders met for the first time in 2008, first on November 14 for a working dinner and then on November 15 for a working meeting in Washington’s National Building Museum. The official name of the meeting was the “Summit on Financial Markets and the World Economy.” Participants from systematically significant developing and emerging countries gathered to discuss the global economic and financial crisis 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. Spain and the Netherlands also participated in the first meeting as part of the French delegation, under the auspices of the European Union. The second summit is scheduled to take place on April 2, 2009. The United Kingdom will host the meeting in London.

The G20 finance ministers’ and central bank governors’ group first met in 1999. They met for the tenth time on November 8-9 2008, in Sao Paulo, Brazil. Former Canadian prime minister Paul Martin, a founder of the G20 finance forum, had advocated a “Leaders 20” (L20) forum. With the “special” meeting in Washington in November, this L20 came to life.

Under the Gleneagles Dialogue, since 2005 a group of 20 ministers in the fields of environment and energy have met, most recently in Japan, to discuss issues associated with global warming. On the margins of the G8 Hokkaido Summit in Japan in July 2008, the 16 Major Economies Meeting (MEM-16) was held at the summit level, following official-level meetings of this forum started by the United States in 2007. In both cases, membership largely overlaps that of the G20 finance ministers.<sup>1</sup>

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<sup>1</sup> 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.

## 2. Agenda and Priorities

The British government has set out what the G20 leaders should focus on when they meet in April. They must reaffirm their determination to stabilize, bolster and reform the financial system, reduce the severity of the global recession and speed up the economic recovery. More action is required to avoid a protracted downturn, guard against deflation, strengthen the financial sector, mitigate against a withdrawal of bank lending and to steer clear of protectionism. They will need to look at how effected stimulus measures have been and consider implications for the future so that any further action can be balanced with long-term fiscal prudence. International Monetary Fund (IMF) resources should be increased. Financial regulation must be reformed to improve corporate governance, risk management and the coordination of rules and oversight across global markets. An early warning system, with a bigger role for the IMF, needs to be created. International financial systems need to be reformed. The Doha round needs to be concluded. And developed countries should keep their aid commitments to developing countries.<sup>2</sup> (February 18, 2009, *Reuters News*)

British ambassador to Russia Anne Pringle spoke of the G20 summit's agenda as follows: "The key themes will be focusing on how we stimulate growth again in the world economy and how we create jobs. We'll be following up the Washington summit in November in trying to improve regulations of financial market and better performance and regulation of international financial institutions, generally." She said, "The other big themes are going to be how we pay attention to the needs of emerging economies and how we ensure that countries do not fall back into protectionism." The last set of themes is called "greening the growth," said Pringle. "We mean we have an opportunity out of the crisis to live again at low carbon growth, as we call it."<sup>3</sup> (February 12, 2009, *Interfax: Russia & CIS General Newswire*)

British prime minister Gordon Brown has outlined some issues on the agenda of the April G20 summit. On fiscal policy he said, "We have put monetary policy to its toughest test. Because the monetary mechanism is impaired, the fiscal policy is absolutely essential." On financial regulation, in regard to bank bonuses, he stated, "We are leading the way ... in sweeping aside the old short-term bonus culture of the past and replacing it first of all with a determination that there are no rewards for failure and secondly that there are rewards only for long-term success." On reforming the International Monetary Fund and the World Bank, he said, "These institutions were built for a world of local capital flows, not global capital flows. The institutions we have inherited are not equipped for the tasks we have to deal with in the future. I believe the IMF and World Bank will have to change their role quite fundamentally. The regional development banks will have to be brought into play as well." He went on to say, "I see a big argument about how the IMF and the World Bank are to be financed for the future, one that will require us to talk about the reserves in different countries, talk about what sort of loan or bond facility we can develop, perhaps with the Arab states, perhaps even with Sovereign Wealth Funds ... The

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<sup>2</sup> *Reuters News* (February 18, 2009), "Factbox-Britain's G20 plan for recovery."

<sup>3</sup> *Interfax: Russia & CIS General Newswire* (February 12, 2009), "Brown wants results from G20 in London – British ambassador to Russia."

world lacks a proper early warning system ... no regulators or politicians, governments or central banks of the world have that at the moment. We've never given anybody sufficient teeth that their views are treated seriously, that people have to act when those warnings are given." On trade and investment, he said, "The fourth thing we have got to do is obviously move the economy forward and in our case that will be export-led and investment-led growth for the future."<sup>4</sup> (February 9, 2009, *Reuters News*)

Governments need to agree coordinated monetary and fiscal stimulus measures to "take the world out of depression," British prime minister Gordon Brown said. He also underlined the need for a rapid agreement on the World Trade Organization's (WTO) Doha round of trade liberalization talks. "The biggest danger that the world faces is a retreat into protectionism," he told lawmakers at his weekly question session in the House of Commons. "It's all the more reason why first of all we should sign the Doha agreement ... and secondly we should make sure that every country is analyzed for what it is doing by the World Trade Organization to prevent protectionism." Although he usually uses the words recession or slowdown, he added, "It also is absolutely clear that we should agree as a world on a monetary and fiscal stimulus that will take the world out of depression." The main focus of the G20 summit in the British capital on April 2 will be on reforming international finance rules in the wake of the worst crisis since the 1930s.<sup>5</sup> (February 4, 2009, *Agence France Presse*)

"The primary focus of the G20 summit will be on the economic recovery; it will be on jobs and growth," UK prime minister Gordon Brown said at the World Economic Forum in Davos. He said the summit on April 2 would also discuss issues such as climate change and global poverty. "We will not solve the problem of climate change without development in Africa ... We have got to act on climate change and we have got to act on poverty at the same time," he added.<sup>6</sup> (January 30, 2009, *Reuters News*)

As of January 30, leaders of the G20 were on track to complete an "ambitious and far-reaching" agreement at their April 2 meeting in London, a UK senior treasury official said. Stephen Timms, financial secretary to the treasury, who has been preparing the groundwork for the London meeting, said there is still much to be done but there are signs of a broad buy-in to key changes to the way the global financial system is governed. "It's certainly not true that it's all been done and dusted yet, but there is a lot of work going on and I think there are very good prospects for ambitious and far-reaching set of agreements to be reached in April," Timms said. The G20 meeting will be preceded in mid March by a gathering of finance ministers, which will also take place in London. The global nature of the financial crisis and the speed of its spread has left policy makers looking for ways to make the patchwork of national regulators more responsive to the international nature of modern financial markets. This task, of which the UK has been a leading flag waver, was given to the G20 at a meeting of world leaders in Washington in November. This weekend, Timms and other deputy finance ministers will gather to forge ahead with plans for more effective regulation, greater international cooperation between

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<sup>4</sup> *Reuters News* (February 9, 2009), "UK PM Brown outlines agenda for G20 summit."

<sup>5</sup> *Agence France Presse* (February 4, 2009), "Stimulus needed to 'take world out of depression.': British PM."

<sup>6</sup> *Reuters News* (January 30, 2009), "UK's Brown says G20 summit will focus on economy."

supervisors, and reform of international institutions such as the International Monetary Fund and World Bank. Timms said he believes agreement can be reached on setting up global colleges of supervisors to monitor international banks, expanding the membership and mandate of the Financial Stability Forum and agreeing reform of the IMF both to increase developing countries' representation on its executive board and to give it the "early warning" role the UK has long called for. At the Washington meeting in November, countries signed up to some 47 initiatives to put the global economy back on its feet. Prime Minister Gordon Brown outlined some of the measures he'd like to see at the G20 summit, including plans for a "charter of principles" governing all non-bank institutions and complex new markets and products. He also called for new global best practices standards for financial institutions, governing issues such as compensation, the role of boards and transparency. Timms has recently travelled to several G20 countries for discussions on the London meetings and said he believes the G20 process is "on track." "I've been encouraged by the degree of commitment to the process, the sense that the G20 is the right place for these discussions to be taking place," he said.<sup>7</sup> (January 28, 2009, *Dow Jones International News*)

"Look back on speeches I've been making for years, asking for that to happen — a global supervisory and financial structure that allows us to have the information about what's happening on cross-border flows," British prime minister Gordon Brown said. "Until we get that I will not be satisfied, and that is something I will be pressing for to come out of the G20 meeting in April."<sup>8</sup> (January 19, 2008, *Reuters News*)

European economic powers Germany and Britain expect G20 countries to make significant progress in boosting transparency and tightening supervision in the financial sector at the summit said, "I believe we can find common ground that will make the agreements in April at the G20 a significant event for the world economy," said Brown at a joint news conference with German chancellor Angela Merkel after talks. Both leaders emphasized the need for a joint approach with U.S. President-elect Barack Obama and Merkel said she would hold a Berlin meeting of European G20 members in mid or late February to help prepare the ground. G20 members want more disclosure and transparency in the financial sector, said Brown. "We believe that must extend to regulatory and tax havens and what is now called the shadow banking system," Brown said. The financial crisis required action on impaired assets in the banking system, he added. "It means we will need to have new standards of surveillance and supervision for global financial institutions." Brown said he would talk to the heads of the World Bank, International Monetary Fund and regional development banks to see how they can have a more effective role.<sup>9</sup> (January 15, 2009, *Reuters News*)

Britain has called for more stringent market regulation in setting out its agenda for April's G20 summit in London. Leaders agreed, at the November 2008 G20, that urgent action was needed to make significant progress on the macroeconomic, regulatory and institutional reform agendas. As they head towards the summit on 2 April, work is

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<sup>7</sup> *Dow Jones International News* (January 28, 2009), "G20 To Deliver Far Reaching Deal In April – UK Min."

<sup>8</sup> *Reuters News* (January 19, 2009), "Highlights-Britain steps in to rescue banks again."

<sup>9</sup> *Reuters News* (January 15, 2009), "UK, Germany see G20 progress on financial reforms."

already underway by their officials working closely with experts and representatives of the relevant international institutions. In preparation for the deputies meeting at the end of January Alistair Darling, UK chancellor of the exchequer, sent a letter outlining the objectives of the April G20 to all members of the G20 and the IMF and the World Bank. Given the turmoil in the world's financial markets and the related macroeconomic challenges that all now face, Darling said he would particularly like to focus on reinforcing international cooperation in the areas of financial market regulation and supervision. All members of the G20 have recognized that the financial system has failed in a number of key respects. Financial markets have been in turmoil globally, in some cases ceasing to function. Individual financial institutions have failed across the world. Other institutions have needed to turn to taxpayers to guarantee their liabilities, to provide liquidity and capital. More importantly, the ability of the financial system to perform its critical role in the economy — allocating capital, managing risk and facilitating transactions — has been badly undermined. Ultimately, markets are no more than a collection of people and confidence in the system is a prerequisite for the operation of financial markets.<sup>10</sup> (January 7, 2009, *Reuters News*)

Darling said the first objective should be to return trust and confidence to financial markets. There have been failures of the regulated financial services institutions and of regulation. Tougher global financial regulation is needed. The aim for the G20 in 2009 will be to work with international partners to address these failures and create a more robust financial architecture for the future. The financial system should fulfill a vital role in the economy. Open, innovative financial markets are critical in driving forward economic growth. The financial system delivers capital — “the life-blood of economic growth” — to the real economy and no other better system has been developed than financial markets for allocating capital or managing risk.<sup>11</sup> (January 7, 2009, *Reuters News*)

The second objective must be to retain and build on the benefits that open financial markets bring to the world economy. The key to retaining faith in financial markets is to establish and maintain a consensus within the G20 and elsewhere as to the importance of open capital markets. There needs to be a fuller explanation of the benefits of the financial system, and of financial globalization in particular. He said, “We need to be clear about the role that financial markets will play in tackling some of the other major challenges facing the world: climate change; the retiree boom; and investment in developing countries. But although the focus must be on reforms that will work within the market-based system, that is not a reason for accepting the status quo.”<sup>12</sup> (January 7, 2009, *Reuters News*)

The third objective must be to reduce the likelihood of systemic failures in the financial services industry. Governance of financial institutions must be improved with more active, informed and capable boards. He said better due diligence, care of clients' interests and improved ethics must be demanded. The scope and reach of regulation must

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<sup>10</sup> *Reuters News* (January 7, 2009), “TEXT-British finance minister ‘s letter to G20 members.”

<sup>11</sup> *Reuters News* (January 7, 2009), “TEXT-British finance minister ‘s letter to G20 members.”

<sup>12</sup> *Reuters News* (January 7, 2009), “TEXT-British finance minister ‘s letter to G20 members.”

be appropriate and offshore jurisdictions should not permit firms to behave in ways that jeopardize financial stability. Firms must not engage in regulatory avoidance that compromises the integrity of the regulatory system. Prudential regulation should allow supervisors to prevent firms using business models or practices which increase systemic risk, even if they might be profitable for the firms themselves. There must be a step change in the way regulators work and, in particular, the way that national regulators cooperate. Information-sharing and cooperation on systemically important, cross-border firms through more effective colleges must become the norm. Darling called for reforms to the Financial Stability Forum (FSF) to make it more effective and representative and linked macroeconomic and financial surveillance through closer collaboration between the International Monetary Fund (IMF) and FSF. “We must recognise that we neither could nor should operate in a zero failure regime, he said. “This is sensible recognition that regulation will never prevent all failures.”<sup>13</sup> (January 7, 2009, *Reuters News*)

The fourth objective should be to prepare better for failure within financial markets ensuring that mechanisms are in place to protect depositors, to ensure the orderly wind-up of failed institutions and to make sure that there are the appropriate international mechanisms to coordinate the management of failed institutions. When problems emerge, better, more reliable arrangements are needed to protect consumers, including a more coordinated approach to compensation arrangements; firms need robust contingency plans. Reducing systemic risks and putting in place systems to address future failures carry inherent risks. For example, in the past there has been heavy-handed regulation that led to sclerosis in financial markets where the ultimate losers are pensioners, savers and businesses in need of access to financial services.<sup>14</sup> (January 7, 2009, *Reuters News*)

The fifth objective should be to increase efficiency in the operation of financial markets, so they perform the tasks of capital allocation, risk management and facilitating transactions more efficiently, Darling said.<sup>15</sup> (January 7, 2009, *Reuters News*)

The next G20 summit is expected to focus on ways of fighting the global financial crisis, Russian foreign minister Sergei Lavrov said. “Much will have to be done to correct the drawbacks of the existing [financial] system. The reform we are talking about should be sufficiently radical and complex, and not just cosmetic. Russia will be among the countries whose role will be reflected in the new architecture.”<sup>16</sup> (December 11, 2008, *Russia & CIS General Newswire*)

Gordon Brown said the second G20 summit “will deal with the major questions of economic actions that are necessary.” It will look specifically at attempts to create colleges of supervisors, which are intended to share information on the world’s largest financial institutions, Brown’s office said. Talks will also examine “the impact of the macroeconomic policy action, both monetary and fiscal, on the economy, and consider

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<sup>13</sup> *Reuters News* (January 7, 2009), “TEXT-British finance minister ‘s letter to G20 members.”

<sup>14</sup> *Reuters News* (January 7, 2009), “TEXT-British finance minister ‘s letter to G20 members.”

<sup>15</sup> *Reuters News* (January 7, 2009), “TEXT-British finance minister ‘s letter to G20 members.”

<sup>16</sup> *Russia & CIS General Newswire* (December 11, 2008), “G20 no substitute for G8 but can solve some problems-Lavrov.”

what further coordinated steps the G20 countries can take.”<sup>17</sup> (November 26, 2008, *Associated Press Newswires*)

Many of the world’s largest economies have already announced significant new fiscal stimulus packages. In the U.S., the Federal Reserve and the Treasury said they planned to provide \$800 billion to aid the market for consumer debt and to make mortgage loans cheaper and more available. The European Commission urged EU governments to commit to around \$256 billion in spending and tax cuts to help Europe through the downturn. It said the bulk of money for a two-year “European Economic Recovery Plan” would need to come from the 27 EU governments.<sup>18</sup> (November 26, 2008, *Associated Press Newswires*)

### **G20 Charter of Principles**

“As we move forward to the G20, we’re proposing, if you like, a charter of principles that will govern the individual behaviour of each country, a charter that everyone can subscribe to, including the whole of the European Union. And I believe that the measures that then flow from that, whether in relation to hedge funds or derivatives or other financial products, will be in line with principles of transparency and proper disclosure and people assessing and managing their risks,” Brown said.<sup>19</sup> (January 26, 2009, *Reuters News*)

### **International Cooperation**

Global policymakers must agree to take more action to support the world economy and fix its financial system at the London Summit, said British prime minister Gordon Brown. “Some may have to do more on interest rates, some may have to do more on fiscal stimulus ... The whole point of the G20 is that the whole world must take action to deal with a global problem.” He added: “We are fashioning for the future a global deal, a grand bargain, where each continent accepts its responsibilities and its obligations to act to deal with what is a global problem that can only be solved with a global solution.”<sup>20</sup> (February 18, 2009, *Reuters News*)

In late January, British prime minister Gordon Brown set out his agenda for the G20 crisis summit in London, saying he would push for a new global financial architecture to prevent future turmoil. Laying out his priorities for the meeting, he emphasized the need for beefed-up global institutions and international coordination that reflected the interconnected world. “We have a global financial system, but until now no global coordination or supervision, only national supervisors,” he said in a joint press conference with United Nations secretary general Ban Ki-moon. “We have to ensure therefore that all major changes are agreed for our financial system as a matter of urgency

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<sup>17</sup> *Associated Press Newswires* (November 26, 2008), “Britain to host G20 meeting in April.”

<sup>18</sup> *Associated Press Newswires* (November 26, 2008), “Britain to host G20 meeting in April.”

<sup>19</sup> *Reuters News* (January 26, 2009), “Britain’s Brown’s speech on global finance.”

<sup>20</sup> *Reuters News* (February 18, 2009), “UK’s Brown calls for more global stimulus measures.”



over the next few weeks at the G20 summit in April,” Brown added. The priorities would be “an early warning system of risk on any continent in the world economy,” as well as replacing “the patchwork of current regulation.” He said he would also push for an agreement on “international standards of transparency and disclosure” for financial institutions and products. “And we need to reform and strengthen international institutions, giving them power and resources to invest at global level,” he said.<sup>21</sup> (January 30, 2009, *Agence France Presse*)

Although Brown said there was a “great deal” that individual countries can do to help their own domestic problems, he insisted that the only long-term solution was international, with better regulation and coordinated government intervention. “If what happens to a bank in one country can within minutes have devastating effects for banks on a different continent, then only a truly international response of policy and governance can be effective,” he said. “If we all coordinate our response there will be a quicker global and therefore British recovery.” “We have not yet seen the same protectionism in trade with beggar-thy-neighbour policies of the 1930s and I will fight hard to ensure we do not.”<sup>22</sup> (January 26, 2009, *Associated Press Newswires*)

Brown’s ability to craft his preferred international solution will be tested, during the build-up to the G20 summit. Brown has already embarked on an intense round of diplomatic activity. “I went to France on Wednesday, Germany on Thursday; I’m talking to all the international leaders over the next few weeks.” “I’m going to be visiting a lot of countries in the next few weeks just to talk to the leaders of these countries about the issues ahead and I feel that it is possible ... to build a global consensus.” Brown’s optimism that deals can be brokered under the UK’s chairmanship of the G20 appears to stem in part from the change in U.S. leadership. While careful not to criticize George W. Bush directly, Brown made it clear that he believes the election of Barack Obama will transform Europe’s relations with America, which he admits suffered a “very difficult period” over Iraq. “The transatlantic relationship is absolutely central. I think it will grow in strength.” “The scope for co-ordinated international action is greater than before. Europe wants to work with America, America wants to work with Europe — the rest of the world wants to be part of the discussions.”<sup>23</sup> (January 17, 2009, *Financial Times London*)

The global recession could deepen unless countries unite to try to solve the worst economic crisis in decades and banks resist “financial isolationism,” Brown said. The former finance minister said a joint international effort would provide the key to unlocking the credit markets and kick start the recovery. “The greatest risk after the events of the last few months is a retreat into what I would call financial isolationism.” “A lot will depend on the degree of international cooperation.” Confidence in the credit markets will return only if banks reveal the true scale of their bad assets and avoid the temptation to retreat into their domestic markets.” “One of the necessary elements for the next stage is for people to have a clear understanding that bad assets have been written

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<sup>21</sup> *Agence France Presse* (January 30, 2009), “Brown lays out agenda for G20 crisis meeting.”

<sup>22</sup> *Associated Press Newswires* (January 26, 2009), “Britain’s Brown urges coordinated economic action.”

<sup>23</sup> *Financial Times London* (January 17, 2009), “Brown says recovery need global co-operation.”

off.” “We have got to be clear that where we have got clearly bad assets, I expect them to be dealt with.” Despite a multi-billion pound bank bailout in 2008 and a series of record rate cuts, banks remain unwilling to increase lending as they try to boost their coffers and avoid risk.<sup>24</sup> (January 17, 2009, *Reuters News*)

### **Bank Supervision**

As of February 11, G20 countries planned to increase capital requirements for banks and take a tough stance against tax havens. According to unnamed sources, the G20 countries were discussing a model whereby banks would be required to boost their capital in good economic times to ensure they had a cushion during the bad times. In addition, plans were under way to increase the number of international bodies responsible for overseeing big financial institutions — or so-called “colleges of supervisors” — to 35 from an originally planned 20. The G20 had agreed that countries with secretive bank rules, which in the past have acted as tax havens, would face collective sanctions designed to force them into more transparency. A broadening of the Financial Stability Forum, a grouping of top bank regulators who evaluate banking and market risk, to include more G20 emerging countries is also under discussion.<sup>25</sup> (February 11, 2009, *Reuters News*)

European leaders will discuss their ideas for “bad banks” to absorb toxic assets and take their proposals to the G20 meeting in London in April, European Union economic chief Joaquin Almunia said. “After the European heads of state and government meet, it will be discussed at the next G20 summit.” Almunia, commissioner for monetary and economic affairs said interbank lending has ground to a halt due to distrust over toxic assets and confidence will only return once the illiquid debt is removed from bank balance sheets. “The English, the Dutch, the Germans are discussing this.” “Probably all of us will end up discussing it, definitely at the level of the European Commission, so that there are no distortions.”<sup>26</sup> (February 2, 2009, *Reuters News*)

“[British finance minister] Alistair Darling and I will be inviting the world’s largest international banks’ chief executive officers, whose activities support growth and jobs in many different countries, to meet us in advance of the G20,” British prime minister Gordon Brown said.<sup>27</sup> (January 26, 2009, *Reuters News*)

With confidence not yet restored to the banking sector, the April G20 Summit in London will be of great importance, Germany’s finance minister Peer Steinbrueck said. “We are concerned over the banking sector as a whole, since confidence has not yet been restored.” Asked whether he would support a eurozone-wide law on debt repayment, Steinbrueck said it was a good idea but that “every country is sovereign.” “I share the assessment that this is one of the worst crises.” “We will not be able to avoid recession

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<sup>24</sup> *Reuters News* (January 17, 2009), “UK’s Brown calls for world action on credit crisis.”

<sup>25</sup> *Reuters News* (February 11, 2009), “G20 nears deal on bank capital, tax havens-report.”

<sup>26</sup> *Reuters News* (February 2, 2009), “Europe leaders to discuss bad banks for G20-Almunia.”

<sup>27</sup> *Reuters News* (January 26, 2009), “Britain’s Brown’s speech on global finance.”

but we have to cushion it. We are doing that.”<sup>28</sup> (January 20, 2009, *Market News International*)

Asked about possible new measures to help the banking system, UK prime minister Gordon Brown said: “As far as British banks are concerned the greatest problem that we have is international. It is the exposure of British banks to international losses that is the biggest problem that we face. So what we need is an international solution.” Brown said he had been talking to other leaders and expected further discussions in the coming days. “They will lead up to decisions that I believe that the international community has got to modernise and change and reform and get to the roots of the problem that make us angry about the way that the system is operating.” Brown told British banks they must own up to the extent of their bad assets amid more reports his government could launch a fresh bailout of the struggling sector. He did not rule out the possibility that banks could get a further injection of taxpayers’ money.<sup>29</sup> (January 18, 2009, *Agence France Presse*)

The need for tighter regulatory structures is expected to feature high on the agenda when Britain hosts the G20 summit in April. Britain used to boast about its “light touch” approach to regulation but recently policymakers have taken a harder line. “As the international community moves from crisis management to longer-term reform, the International Centre for Financial Regulation will help governments, regulators and firms across the world to learn from recent experience and build a stronger regulatory framework,” said Gordon Brown. The centre’s aim is to promote international debate on regulatory matters. It will also offer training on topics such as risk management and compliance.<sup>30</sup> (January 13, 2009, *Reuters News*)

### **Hedge Funds**

British prime minister Gordon Brown has called for greater regulation on hedge funds. “Together we will support oversight of under-regulated sectors and I also support proper disclosure and transparency of hedge funds,” he said after meeting with Italian prime minister and G8 host Silvio Berlusconi.<sup>31</sup> (February 19, 2009, *Reuters News*)

The G20 has made hedge funds one of the three items on the regulatory agenda for its meeting in April. The European Commission is drawing plans for tighter controls. In Washington, expectations are growing that hedge funds could be brought into the regulatory net under a widely predicted shake-up. The question that politicians and central bankers are now addressing is not whether to regulate hedge funds, but how. There are three main options. First, regulating funds indirectly through their banks, the prime brokers who provide loans and facilitate short-selling to profit from price falls. This approach, combined with voluntary codes of practice, emerged as the winner in 2008. But it is unlikely to satisfy those worried about the fragile financial system.

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<sup>28</sup> *Market News International* (January 20, 2009), “German Finmin: April London G20 Meeting Of Great Importance.”

<sup>29</sup> *Agence France Presse* (January 18, 2009), “Britain planning new bid to shore up banking system.”

<sup>30</sup> *Reuters News* (January 13, 2009), “UK launches body to boost financial regulation.”

<sup>31</sup> *Reuters News* (February 19, 2009), “UK’s Brown wants more scrutiny of hedge funds.”

Second, regulating the managers of the funds, about three quarters of which are based in London, New York or Greenwich CT. This is relatively easy, but does not touch the actual pool of money, which is typically in an offshore tax haven. The third approach favoured by many in Europe is the most interventionist, directly regulating the funds, much as mutual funds are controlled.<sup>32</sup> (January 19, 2009, *Financial Times London*)

### **Regional Reserve Currencies**

In November 2008, the consolidation of the world financial system stability through the creation of regional reserve currencies would be one of the problems to be discussed at G20 summit, Russian foreign minister Sergei Lavrov said. “Russian president Dmitry Medvedev and Venezuelan president Hugo Chavez discussed at their meeting the measures, developing the G20 principles approved in Washington, which are to be discussed at the next G20 summit. One of the problems to be discussed is the consolidation of the stability of the international financial system by creating regional reserve currencies,” he said. “This measure is a necessity, not an invention. The rouble and the yuan are objectively becoming centres of such regional currency support structures. The euro is already in existence. The dollar will not cease to exist in the foreseeable future. A possibility of creating special currency in the Arab world is being discussed.” He noted that an extraordinary summit of the Bolivarian Alternative for Latin America (ALBA) on November 26 had agreed that a regional accounting unit, initially called a “sukre,” could be created. “They agreed to assign the experts to analyse ways of using it not as real currency so far, but as accounting unit in trade and financial operations in general.”<sup>33</sup> (November 28, 2008, *ITAR-TASS World Service*)

### **Export Credit**

British prime minister Gordon Brown is consulting multilateral lenders on ways to open credit for the developing world. “I have already started talks with the International Monetary Fund, the World Bank and other organisations to draw up proposals that, if accepted by the G20, could inject billions of dollars into the economies of developing countries.”<sup>34</sup> (February 18, 2009, *Reuters News*)

The G20 will focus discussions on how to revive foreign trade lines to emerging markets, Brazil’s Central Bank president Henrique Meirelles said. The turmoil in financial markets has drastically reduced the volume of credit around the world, and has hit emerging markets particularly hard as investors drew funds away from riskier assets. “Just as the United States begins to look for a way out [of the crisis], the big issue that will remain at the G20 meeting in April will be that of credit lines for imports and exports in emerging and developing countries,” said Meirelles. “Brazil has international reserves to make up

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<sup>32</sup> *Financial Times London* (January 19, 2009), “Hedge funds move to limit rules burden.”

<sup>33</sup> *ITAR-TASS World Service* (November 28, 2008), “G20 to discuss creation of regional reserve currencies.”

<sup>34</sup> *Reuters News* (February 18, 2009), “Britain’s Brown in credit talks for developing world.”

for those lines, but many emerging market countries don't." "This is an essential liquidity tool."<sup>35</sup> (February 13, 2009, *Reuters News*)

To prevent a potentially devastating credit crunch in the developing world, the G20 should consider establishing a temporary Global Expenditure Support Fund, first proposed by Indonesian president Susilo Bambang Yudhoyono at the G20 summit in Washington last November. This fund would support budget and project financing in countries that traditionally rely on market sources for their financing requirements but are facing harsh difficulties due to the breakdown and disruption of financial markets. G20 members would contribute to the fund, and countries with a good track record on fiscal sustainability and a demonstrated commitment to economic development and poverty reduction would be eligible to access the funds over the next two to three years. The funds could be disbursed by the World Bank and the regional development banks.<sup>36</sup> (February 2, 2009, *The Wall Street Journal Asia*)

### **Credit Cards**

Gordon Brown said there needed to be "proper measures to regulate" the credit card industry. He said that one of the issues on the agenda for a meeting between UK business secretary Peter Mandelson and credit card firms was to look at "excessive interest rates that are being charged." The meeting is being attended by representatives from the Association for Payment Clearing Services (APACS) (the United Kingdom payments association) and about a dozen credit card companies.<sup>37</sup> (November 26, 2008, *Dow Jones News Service*)

### **Unemployment**

The financial crisis will turn into a social time-bomb unless the G20 takes immediate and radical action to save and create jobs, trade union leaders said at the World Economic Forum in Davos. Representatives of organized labour said there was a growing risk of a return to the deflationary environment of the 1930s as businesses sought to cut costs, and urged governments to act together to produce a reflationary package. In an 11-point recovery plan, unions said there was a need for a "Green new deal" that would channel higher state spending into climate-friendly investment and jobs. They also urged more generous unemployment benefits, spending on schools and hospitals, and an increase in foreign aid. "We warned business and politicians at Davos last year of dangerous instability in the global economy, but most were more than happy to continue to reap the short-term benefits of the failing model of deregulation and speculation," said Guy Ryder of the International Trade Union Confederation. "Businesses and governments created this crisis on their own, but they won't be able to solve it unless they work with unions to stop the global jobs hemorrhage, kick-start the world economy and put a proper regulatory framework in place." Unions called for further cuts in interest rates,

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<sup>35</sup> *Reuters News* (February 13, 2009), "G20 to discuss foreign trade lines in April-Brazil."

<sup>36</sup> *The Wall Street Journal Asia* (February 2, 2009), "Sovereign Debt Safety Net."

<sup>37</sup> *Dow Jones News Service* (November 26, 2008), UK Brown: Obama To Attend G20 London Meeting."

particularly in Europe, together with higher borrowing to allow governments to boost spending. Any tax cuts should be concentrated on those with the lowest incomes. John Evans, the general secretary of the Trade Union Advisory Committee to the Organisation for Economic Co-operation and Development, said there were now three crises feeding off each other: a housing crisis marked by falling prices, a financial crisis in which banks were seeing huge capital losses and an unemployment crisis. “The unemployment crisis,” said Evans, “is feeding back into asset prices and a continuing financial crisis.”<sup>38</sup> (January 29, 2009, *Guardian Unlimited*)

During his address to the summit in November 2008, Australian prime minister Kevin Rudd predicted unemployment would be the biggest problem facing leaders when they next met. “When unemployment hits, it goes up like an elevator — very sharply — and it comes down like an escalator — very slow,” he said. “It is essential to grasp that this crisis is continuing and there is no alternative but to stimulate our economies now and at a scale to prevent a large rise in global unemployment.” Failure to act could condemn the globe to the next Great Depression that many fear. “If the world fails on this challenge of large scale stimulus we will turn a significant global recession into something worse.”<sup>39</sup> (November 16, 2008, *Australian Associated Press General News*)

### ***Reform of the International Financial Institutions***

British prime minister Gordon Brown and Australian prime minister Kevin Rudd want to increase funding of the International Monetary Fund (IMF), speed up a review to give China and India clearer voting rights and give the fund powers to direct nation-states to respond to its surveillance reports. Brown also wants to give the G20 a permanent secretariat. He wants to expand the IMF’s existing line of credit to give emerging markets an opportunity to contribute. Brown and Rudd want to allocate additional special drawing rights (SDRs) to the IMF’s newest members to give them access to foreign exchange. Brown also wants to give the IMF a strengthened mandate to provide early warning of weaknesses and advice on remedial policies, similar to those provided by a central bank.<sup>40</sup> (February 17, 2009, *The Guardian*)

Russia cannot become a member of the Financial Stability Forum (FSF) until the G20 summit in London, Russian vice premier and finance minister Alexei Kudrin said, because of the reorganization of the forum’s work in connection with planned admittance of new members, such as Russia, India, China and Brazil. At the same time, the key members and organizations of the FSF, including Italy and Britain who are presiding over the G8 and G20 respectively, do not object to admittance of new members. Proposals for joining the organization most likely will be ready by April 2, but the process is likely to take place after the London meeting. Nevertheless, it will not prevent Russia from participating in the preparation and working out of proposals for new world financial

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<sup>38</sup> *Guardian Unlimited* (January 29, 2009), “Global labour leaders demand action from G20 to save jobs.”

<sup>39</sup> *Australian Associated Press General News* (November 16, 2008), “US: Rudd puts world leaders on notice to act on jobs crisis.”

<sup>40</sup> *The Guardian* (February 17, 2009), “Brown seeks sweeping reforms to give IMF global ‘surveillance role’: PM wants G20 summit to be economic turning point Emerging countries would be given greater role.”

architecture formation that are being prepared for the April G20 summit.<sup>41</sup> (February 14, 2009, *ITAR-TASS World Service*)

The current financial crisis has exposed inadequacies in the International Monetary Fund's (IMF) structure and operations, said Australian prime minister Kevin Rudd. The IMF not only failed to foresee this crisis, but its resources and governance structure have also proved inadequate to deal with it. At the G20 summit in April, IMF members have the chance to work toward meaningful, lasting reform to ensure the IMF is never again caught flat-footed. Australia, co-chairing the G20 working group on IMF reform, believes that to respond effectively to this crisis, IMF members need to act quickly to reform the Fund's governance, increase its resourcing and adapt its lending instruments and other procedures to respond to the current situation.<sup>42</sup> (February 11, 2009, *The Wall Street Journal Asia*)

On February 9 UK prime minister Gordon Brown said the International Monetary Fund (IMF) and the World Bank need major overhauls because they are not equipped to deal with the global recession in their current forms. Setting out the aims of the G20 summit in London to a group of economists and academics yesterday, Brown said leaders should use the event in April as an opportunity to reform the institutions. "I believe the IMF and World Bank will have to change their role quite dramatically," said Brown. "These institutions were built for a world of local capital flows, not global capital flows. The institutions we have inherited are not equipped for the tasks we have to deal with in the future." He said bold solutions were needed to avert future crises and suggested that changes are needed to the way the institutions are funded: "I see a big argument about how the IMF and the World Bank are to be financed, one that will require us to talk about the reserves in different countries, talk about what sort of loan or bond facility we can develop, perhaps with the Arab states, even sovereign wealth funds." Dominique Strauss-Kahn, IMF managing director, warned over the weekend that the IMF could run out of money to fight the financial crisis in as little as six months. Brown said the world required an authoritative early-warning system to spot future problems. "We've never given anybody sufficient teeth that their views are treated seriously, that people have to act when those warnings are given." He added the IMF should act as a more sophisticated surveillance system, while the World Bank should increase its resources and play a greater role in environmental development.<sup>43</sup> (February 10, 2009, *The Daily Telegraph*)

British prime minister Gordon Brown indicated that he hoped to reach an agreement on boosting funding for the International Monetary Fund (IMF) and World Bank by the April 2 meeting. "I see a big argument about how the IMF and the World Bank are to be financed for the future, one that will require us talk about the reserves in different countries, talk about what sort of loan or bond facility we can develop, perhaps with the Arab states, perhaps even with sovereign wealth funds." Adding "that thinking has got to move forward very quickly as we move towards April 2," Brown said that he saw a need for the World Bank and the IMF to change their roles "quite fundamentally" to adapt to a

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<sup>41</sup> *ITAR-TASS World Service* (February 14, 2009), "Russia not to join Fin Stability Forum until G20 summit – Kudrin."

<sup>42</sup> *The Wall Street Journal Asia* (February 10, 2009), "Renewing the IMF."

<sup>43</sup> *The Daily Telegraph* (February 10, 2009), "Brown calls for World Bank and IMF reform."

more open world economy and financial system. The IMF should work closely with the Financial Stability Forum (FSF), developing its surveillance function to give early warnings, and becoming “rather like an independent central bank, rather than a political committee.” He said, “We should be thinking at the moment of a loan facility or a trust fund or a new injection of special drawing rights to put the IMF ... in a position to help recapitalize banks in the emerging markets and in a position to speed up the funding that is necessary for these banks to be able to deliver to the economies of these countries.” He added that he expected the World Bank to take a similar role. Brown also said the global recapitalization of the banking system represented only the first step in rescuing the financial system. “We have put monetary policy to its toughest test,” he stated. “Because the monetary mechanism is impaired, the fiscal policy is absolutely essential.”<sup>44</sup> (February 9, 2009, *Dow Jones International News*)

At the G20 summit in London, India and the UK will press for reforms in the World Bank and International Monetary Fund to strengthen the new global financial systems. At the CII Partnership Summit, Indian external affairs minister Pranab Mukherjee and UK secretary of state for business, enterprise and regulatory reform Peter Mandelson underscored the need for proactive and ambitious agenda for the G20 Summit in April. “India must be a part of the solution and need[s] to have a greater role in the global financial architecture,” Mukherjee said, adding the “archaic” institutions created to rebuild economies after World War II need reform. He said emerging economies such as India should have a greater role and say in the global financial matters to “reflect contemporary realities.” Mandelson said the highlight of November G20 Summit in Washington was the participation by India and China, which the U.S. and Europe thought may change global “political subtext.” “At the London summit in April, we want to win agreement on the principles, priorities and process for an ambitious agenda to strengthen the global financial system, reform the World Bank and the IMF, and ensure that the global trading system remains open.”<sup>45</sup> (January 19, 2009, *The Press Trust of India Limited*)

Russian president Dmitry Medvedev hopes that the G20 will make concrete proposals on a reform of financial institutions by the next G20 summit in April 2009. “The plan, which we adopted, envisages the reconfiguration of the leading financial institutions,” he said. “I hope that these proposals will be made by our next meeting.” The current system of financial institutions “is not ideal,” Medvedev believes. “Some of them should certainly remain, it is certainly the [International Monetary Fund (IMF)].” “However, almost all countries proceed from the fact that the IMF does not play that role, which it should have played in averting the crisis.”<sup>46</sup> (November 24, 2008, *ITAR-TASS World Service*)

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<sup>44</sup> *Dow Jones International News* (February 9, 2009), “UK PM: Need to Push IMF, World Bk Funding Before G20.”

<sup>45</sup> *The Press Trust of India Limited* (January 19, 2009), “UK supports India’s demand for reforms in WB, IMF.”

<sup>46</sup> *ITAR-TASS World Service* (November 24, 2008), “Medvedev hopes for G20 concrete offers on fin institutions reform.”



## **Trade**

The British government wants to tighten the G20's commitment not to restrict trade at its summit in London, said Stephen Timms, financial secretary to the British Treasury. At the Washington meeting in November, the G20 agreed that for the next year its members would refrain from raising barriers to trade, imposing new export commitments and introducing measures that run against World Trade Organization rules. But there have been several breeches of that agreement, leading to growing concern about protectionism. "At the summit, we need leaders to strengthen commitments not to restrict or distort trade," said Timms.<sup>47</sup> (February 24, 2009, *Dow Jones Asian Equities Report*)

The G20 meeting in April must come out with a very strong statement against protectionism, British finance minister Alistair Darling said. Darling said the world was still far from emerging from the economic crisis and it was vital that the G20 summit in London sent a strong signal that authorities were cooperating. "We're hoping to get declarations of principle from governments on regulation, trade and tax." "But what really counts is to be very tough on protectionism. It was disastrous in the 1930s. It would be disastrous today." At the London Summit, G20 leaders will meet to agree on reforms to the global financial system, amid increasing concern over a resurgence in protectionism as governments have looked to help local industries. Despite the recent slide in the pound against the euro, Darling dismissed any suggestion that Britain might join the single currency, adding: "Frankly there are much more important subjects at the moment."<sup>48</sup> (February 11, 2009, *Reuters News*)

The UK government will be pressing for as strong a commitment against protectionism as it can muster at the London summit in April. Foreign and Commonwealth Office minister Lord Malloch Brown, at the United Nations in New York, said that the fight against protectionism would be central to the April meeting, in which the G20 will gather to discuss common approaches to combating the global economic crisis. He likened the British prime minister to Adam Smith, the 18th-century free trade advocate. The government is particularly keen to ensure that any hint of protectionism is kept out of the London summit. "As we move towards a deepening of this crisis towards a more apocalyptic view of it, it is the dark clouds of protectionism that worry the commentators and indeed politicians most," said Malloch Brown. "It will be a real challenge for this summit to be relevant and not to be seen as a redundant talking shop as jobs and growth burn up." Malloch Brown has ministerial responsibility for Africa and Asia, and liaison with the UN, where he was deputy secretary general in 2006. Malloch Brown said the Obama administration would be central to the London gathering, the US president's first attendance at an international summit. "In some ways this is the Obama plan writ global." The UK will press at the summit for new mechanisms to open up financial tools for combating the global recession to poorer countries, as part of its ongoing support for the

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<sup>47</sup> *Dow Jones Asian Equities Report* (February 24, 2009), "UK Treasury: Want G20 Summit To Tighten Trade Commitment."

<sup>48</sup> *Reuters News* (February 11, 2009), "UK wants strong G20 anti-protectionism statement."

developing world. Poorer nations are already struggling as a result of cutbacks in aid from rich countries in the wake of the crisis.<sup>49</sup> (February 10, 2009, *Guardian Unlimited*)

The trade positions of India and the U.S. have been key stumbling blocks to the conclusion of the current round of Doha negotiations, but both have shown signs of flexibility, UK prime minister Gordon Brown said. He expressed cautious optimism that the current round of Doha trade negotiations could be concluded as part of the upcoming G20, set to take place in April in London. “The biggest danger the world faces is a retreat into protectionism,” Brown told Parliament, adding, “We should sign the Doha agreement.” He said Doha “will feature on the G20 agenda” and “there are actually only two issues that are left to decide.” The two issues are the terms of a safeguard clause, which covers a surge in imports into any “poor” country, and the second is on the detail of tariff terms for different industrial sectors. “It is now up to President Obama and the Indian Prime Minister to say that they can now accept the terms of this agreement,” he declared. “If that were to be so we would have a conclusion of this first round of the Doha negotiations.” Brown also said G20 countries “should agree as a world on a monetary and fiscal stimulus that will take the world out of recession.”<sup>50</sup> (February 4, 2009, *Market News International*)

Trade ministers meeting at the World Economic Forum will target the April G20 summit to advance their plans to liberalize world trade through the Doha round of talks, according to Australian trade minister Simon Crean. “What has emerged from today is a new resolve to find a mechanism, before the G20, to have input to the G20 meeting.” Against a deteriorating global economic outlook, there was a sense of urgency at the trade ministers’ meeting to move forward the Doha agenda that aims to increase access to global markets, said Crean. The G20 meeting in London will be significant in shaping the future of the trade agenda. Trade ministers should be included. “It can’t just be just Finance Ministers injecting into that equation,” said Crean, adding that he is hopeful the Doha Round can be concluded.<sup>51</sup> (February 1, 2009, *Dow Jones International News*)

## **Climate Change**

Danish prime minister Anders Rasmussen urged countries to keep the environment in mind at the London Summit. “It might facilitate the process towards Copenhagen in December if ‘green’ aspects could be an element at the G20 meeting,” he said. “I think it would be beneficial if the G20 could send a clear signal that there is no contradiction between addressing the financial crisis and addressing climate change.” But Rasmussen said the G20 was not the right place to outline an agreement on climate change. “I think it would be too complicated to discuss climate change at length at the G20 meeting. Also the G20 ... does not comprise all key players concerning the climate change agenda.” He

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<sup>49</sup> *Guardian Unlimited* (February 10, 2009), “Gordon Brown will champion free trade at G20 London Summit.”

<sup>50</sup> *Market News International* (February 4, 2009), “UK Brown: Sees Chance Of Concluding Doha Round at G20.”

<sup>51</sup> *Dow Jones International News* (February 1, 2009), “Australian Min: Trade Ministers Target G20 April Meet on Doha.”

did, however, encourage countries to make sure that “future stimulus packages have a strong ‘green’ element.”<sup>52</sup> (February 18, 2009, *Reuters News*)

The G20 leaders are expected to ensure that their fiscal stimulus measures to address the global financial crisis will also lead to the creation of a low-carbon world economy, according to a senior British official. The G20 leaders are also expected to reaffirm their commitment to advance trade liberalization to ward off protectionism, said Simon Fraser, director general for Europe and Globalization at Britain’s Foreign and Commonwealth Office. “We must make sure that the actions that we take in dealing with this crisis help to equip us in the long-term for a low-carbon, more effective, cleaner global economy going to the future.” He was referring to a “Green new deal” to address the financial crisis and climate change simultaneously, a plan to spur green technology investment and generate jobs advocated by U.S. president Barack Obama, United Nations secretary general Ban Ki-moon and other world leaders. “If we are pumping money out now as governments, then let’s make sure that that money is going to be used in ways that promote long-term sustainable growth,” Fraser said, urging the G20 to boost spending on environmentally friendly initiatives such as energy efficiency and clean technologies. Fraser suggested such policy coordination among the group would spark UN negotiations for a new carbon-capping pact to be adopted at key UN climate talks in Copenhagen in December. At the London Summit, the G20 economies are expected to review their fiscal and monetary policy actions since the first summit last November in Washington and to study whether they are adequate and effective in bolstering the financial system and global growth. “We need to ... make sure that we are coordinating [measures] most effectively to deal with the consequences of the crisis and make sure that the measures taken in one country do not damage the interests of another country, for example.” Fraser said the leaders are also likely to discuss measures to strengthen the international financial system, such as an improved early warning system and macro-financial surveillance by the IMF to identify risks in the global economy and enable governments to respond with better coordinated action.<sup>53</sup> (January 25, 2009, *Kyodo News*)

### ***Oil Prices and Energy***

Russian president Dmitry Medvedev has called for forging new international documents to regulate ways to ensure energy security. After an international conference on gas transit in Moscow, Medvedev said he would raise this issue at a G20 summit in London in April and at the next G8 summit.<sup>54</sup> (January 17, 2009, *Interfax: Russia & CIS Business and Financial Newswire*)

British prime minister Gordon Brown said it is “imperative that when the oil prices come down, that companies are as quick to put prices down as they were” to lift prices as the price of oil climbed.<sup>55</sup> (November 26, 2008, *Dow Jones News Service*)

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<sup>52</sup> *Reuters News* (February 18, 2009), “G20 should send clear signal on climate change-Denmark.”

<sup>53</sup> *Kyodo News* (January 25, 2009), G20 to eye creation of low-carbon economy at April summit.”

<sup>54</sup> *Interfax: Russia & CIS Business and Financial Newswire* (January 17, 2009), “Medvedev to call for forging new energy security mechanism at G20, G8 Summits.”

<sup>55</sup> *Dow Jones News Service* (November 26, 2008), UK Brown: Obama To Attend G20 London Meeting.”

## **Developing Countries**

Mark Malloch-Brown, British prime minister Gordon Brown's envoy to the G20, said that "it is certainly our hope that, at the summit, there will be a very strong rescue plan, if you like, for developing countries — both middle-income and poor." The plan would use international financial institutions, such as the IMF and World Bank, to substitute for countries' lost access to commercial credit markets because of the credit crunch. The aim would be to meet these countries' basic social needs and secure investment in public infrastructure and other job creating mechanisms, he said.<sup>56</sup> (February 17, 2009, *Reuters News*)

## **Working Groups**

According to Rakesh Mohan, deputy governor, Reserve Bank of India and co-chair of Working Group 1, the G20 working groups recognize that emerging economies need a greater voice globally. "Emerging market economies need better representation in standard setting bodies such as the World Bank and the International Monetary Fund," he said.<sup>57</sup> (February 22, 2009, *Indian Express*)

After the November G20 meeting in Washington, four working groups were established. **Working Group 1, Enhancing Sound Regulation and Strengthening Transparency**, co-chaired by Rakesh Mohan, deputy governor of the Reserve Bank of India, and Tiff Macklem, associate deputy minister, Canada's Ministry of Finance, monitors the implementation of actions already identified and makes recommendations to strengthen international standards in accounting and disclosure, prudential oversight and risk management. It will also develop policy recommendations to dampen cyclical forces in the financial system and to address issues relating to the scope and consistency of regulatory regimes.<sup>58</sup> (February 9, 2009, *G20 Official Website*)

Working Group 1 will suggest to the G20 finance ministers and central bank governors in mid-March the ways to improve regulations and transparency in the financial sector. A report will be prepared for the March meeting.<sup>59</sup> (February 21, 2009, *The Press Trust of India Limited*)

**Working Group 2, Reinforcing International Cooperation and Promoting Integrity in Financial Markets**, co-chaired by Alejandro Werner, Mexico's deputy minister of finance, and Jorg Asmussen, state secretary in the German Federal Ministry of Finance, monitors actions and develops proposals to enhance international cooperation in the regulation and oversight of international institutions and financial markets, strengthens the management and resolution of cross-border financial crises, protects the global financial system from illicit activities and non-cooperative jurisdictions, strengthens

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<sup>56</sup> *Reuters News* (February 17, 2009), "UK wants G20 'rescue plan' for poorer nations."

<sup>57</sup> *Indian Express* (February 22, 2009), "Emerging markets need greater voice, Mohan group to tell G-20."

<sup>58</sup> *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from:

<[www.g20.org/about\\_working\\_groups.aspx](http://www.g20.org/about_working_groups.aspx)>

<sup>59</sup> *The Press Trust of India Limited* (February 21, 2009), "Rakesh Mohan group to submit report to G-20 by mid-March."

collaboration between international bodies and monitors expansion of their membership.<sup>60</sup> (February 9, 2009, *G20 Official Website*)

**Working Group 3, Reforming the International Monetary Fund**, co-chaired by Lesetja Kganyago, director general of the South African National Treasury, and Mike Callaghan, Australia's special envoy on the international economy, looks at the institution's role, governance and resource requirements, will review the appropriateness of its lending instruments and the effectiveness of its surveillance function, and will consider the sufficiency of its resources and its general arrangements and accountability; it will also look at the issue of reform of the governance structure in order to reflect changing economic weights in the world economy.<sup>61</sup> (February 9, 2009, *G20 Official Website*)

**Working Group 4, The World Bank and Other Multilateral Development Banks**, co-chaired by Anggito Abimanyu, head of fiscal policy at the Indonesian Ministry of Finance, and Benoit Coeure, head of multilateral affairs and development policy at the France's Ministry of Finance, considers the mandates, governance, resourcing and policy instruments of the MDBs in light of the needs of their members and the pressures resulting from the impact of the downturn on developing countries. It will also look at the issue of reform of the governance structures so that they more adequately reflect changing economic weights in the world economy. The working groups will report to finance ministers and central bank governors when they meet on March 14 in the UK. In addition, G20 finance ministry and central bank deputies have agreed to take forward the work of establishing closer macroeconomic cooperation to restore growth in a broad range of countries, while avoiding negative spillovers.<sup>62</sup> (February 9, 2009, *G20 Official Website*)

The IMF will contribute to working groups set up by the G20 for developing proposals on a range of issues, including how to enhance sound regulation and strengthening transparency, reinforce international cooperation and promote the integrity of financial markets, and reform international financial institutions.<sup>63</sup> (December 20, 2008, *Economic Times*)

To further develop and review the ideas put forth at the G20 summit in November, a working group was established under the G20 umbrella. The leaders will discuss its recommendations on various issues at their next meeting.<sup>64</sup> (November 16, 2008, *Yonhap English News*)

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<sup>60</sup> *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from: <[www.g20.org/about\\_working\\_groups.aspx](http://www.g20.org/about_working_groups.aspx)>

<sup>61</sup> *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from: <[www.g20.org/about\\_working\\_groups.aspx](http://www.g20.org/about_working_groups.aspx)>

<sup>62</sup> *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from: <[www.g20.org/about\\_working\\_groups.aspx](http://www.g20.org/about_working_groups.aspx)>

<sup>63</sup> *The Economic Times* (December 20, 2008), "Financial crisis shapes IMF work priorities."

<sup>64</sup> *Yonhap English News* (November 16, 2008), "Full text of Lee's keynote speech at G20 summit."

### 3. Participants

Spain has been invited to participate in the London summit. Spanish prime minister José Zapatero said that “Spain, as the eighth economic power in the world and with a very solid banking system, involved in all the important groups since many years, has to be present in this process of reforms.” He will be accompanied by his economy finance minister, Pedro Solbes.<sup>65</sup> (February 20, 2009, *Agence France Presse*)

British prime minister Gordon Brown has issued formal invitations to leaders to attend the London Summit. He has invited the heads of state from Argentina, Australia, Brazil, Canada, China, European Union president Czech Republic, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Netherlands, South Korea, Russia, Saudi Arabia, South Africa, Spain, Turkey, and the United States. To ensure balanced regional representation the chair of the New Partnership for Africa’s Development (NEPAD), the chair of the Association of South East Asian Nations (ASEAN) and the president of the EU Commission are also invited. The African Union chair will also attend. In addition, the heads of a number of global institutions are also being invited to contribute to specific parts of the agenda. Brown said that “the global economic challenges we face need to be met with decisive action if we are to secure jobs, restore confidence and reinvigorate growth. To be effective in addressing this global crisis we have to bring in partners from across the world ... Having the world’s poorest countries represented by NEPAD, ASEAN and the African Union will ensure their interests are not forgotten and their voices are heard. Having this mix of countries and international organisations present not only reflects the new reality of the global economy but will also make any action we take more effective.”<sup>66</sup> (February 20, 2009, *The London Summit 2009*)

Spanish leader José Zapatero has been invited to attend the London Summit in April. British prime minister Gordon Brown did not say why he extended the invitation to Zapatero, but he did attend the previous summit in Washington in November as French president Nicolas Sarkozy’s guest. Zapatero’s wife was also invited, although no spousal program was outlined for the event.<sup>67</sup> (February 20, 2009, *El Pais – English Edition*)

Argentinean president Cristina Kirchner acknowledged British prime minister Gordon Brown’s invitation to the London Summit. “We’ve just received the invitation from the prime minister ... to be in London April 1 and 2 for the G20 meeting,” Kirchner said.<sup>68</sup> (February 17, 2009, *BBC Monitoring Newsfile*)

Abhisit Vejjajiva, prime minister of Thailand, is planning to attend the G20 summit to clarify Thailand’s economic stimulus package aimed at reversing the local economic

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<sup>65</sup> *Agence France Presse* (February 20, 2009), “Spain to attend G20 summit in London: Madrid.”

<sup>66</sup> *The London Summit 2009*, (February 20, 2009), “Invitations to World Leaders.” Accessed 1 March 2009. Available from: <<http://ow.ly/q2e>>.

<sup>67</sup> *El Pais – English Edition* (February 20, 2009), “Zapatero invited to London G20 Summit.”

<sup>68</sup> *BBC Monitoring Newsfile* (February 17, 2009), “Russian, French presidents say G20 summit should help prevent future crisis.”

crisis. He will ask that protectionism, particularly in trade and investment, not be implemented by major global economies.<sup>69</sup> (February 17, 2009, *Thai News Service*)

U.S. vice-president Joe Biden said that President Barack Obama will attend the G20 summit in London on April 2. Biden said that “to the greatest extent possible, we must cooperate, make sure that our actions are complementary, and do our utmost to combat this global (financial) crisis.”<sup>70</sup> (February 7, 2009, *Agence France Presse*)

Poland may join the G20 at the summit in London in April. “British diplomats are not ruling out Poland’s participation in G20’s April summit devoted to the financial crisis,” according to the Polish daily *Rzeczpospolita*. An unnamed British diplomat said that Poland could be an important participant of the meeting in London, since it turned out to be better prepared than other countries to tackle the global financial crisis. “The Polish experience is very interesting to us,” said the diplomat. “Even if Poland doesn’t show up, for sure we will want to have broad consultations with Poland before the summit.” The Polish foreign ministry has recently been instructed to seek a permanent place for Poland in the G20.<sup>71</sup> (February 5, 2009, *Interfax: Poland Business Newswire*)

German chancellor Angela Merkel said she wanted international financial institutions to be present at the G20 meeting in London. “We want closer cooperation [of these institutions] in the G20 process,” Merkel said at a joint news conference with the heads of the International Monetary Fund, the World Trade Organization, the World Bank, the Organisation for Economic Co-operation and Development and the International Labour Organization. Merkel said she would see whether UK prime minister Gordon Brown was open to the possibility of the bodies participating in the G20 meeting in London.<sup>72</sup> (February 5, 2009, *Reuters News*)

The G20 summit on the global financial crisis “has not been prepared to the end,” Russian president Dmitry Medvedev said. “There is no sense in travelling to London just to meet and talk,” he said. “If the decision is made to go, then a document must be signed. No common position has been formed on ways to overcome the financial crisis thus far. A great deal of work is still to be done ... The discussion has been slow-moving, which is very alarming.”<sup>73</sup> (February 4, 2009, *Interfax: Russia & CIS Business and Financial Newswire*)

Chinese premier Wen Jiabao told the meeting of business and political leaders at the World Economic Forum in Switzerland that China was ready to cooperate with other countries on finding ways to tackle the financial crisis ahead of the G20 summit. China will look to represent the interests of developing countries at the G20, said several

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<sup>69</sup> *Thai News Service* (February 17, 2009), “Thailand: Thai PM to attend G-20 summit in April.”

<sup>70</sup> *Agence France Presse* (February 7, 2009), “Obama to attend G20 summit in London in April: Biden.”

<sup>71</sup> *Interfax: Poland Business Newswire* (February 5, 2009), “Poland may join G20 group at London summit in April.”

<sup>72</sup> *Reuters News* (February 5, 2009), “Germany’s Merkel wants int’l bodies at G20.”

<sup>73</sup> *Interfax: Russia & CIS Business and Financial Newswire* (February 4, 2009), “G20 remains undecided on ways to overcome financial crisis – Medvedev.”

Chinese analysts who attended the World Economic Forum.<sup>74</sup> (February 1, 2009, *Reuters News*)

Spanish finance minister Pedro Solbes and UK chancellor of the exchequer Alistair Darling are meeting to discuss the G20. Spain expects to be at the April 2 meeting although it isn't a G20 member, the spokesperson said. "We've been invited to the Berlin preparatory meeting, so, yes, we expect to be present at the London event," she said.<sup>75</sup> (February 5, 2009, *Dow Jones International News*)

Spanish diplomats are attempting to ensure prime minister José Luis Rodríguez Zapatero has a seat at the G20 meeting in London in April after winning a hard-fought place at the gathering in Washington in November to discuss the international financial crisis. Sources say they are focusing on British prime minister Gordon Brown, who will host the April 2 summit, and German chancellor Angela Merkel, who will organize a preparatory meeting of European Union states in March. Having struggled to obtain a seat for the Washington meeting, diplomats say things should be easier this time around. "It was hard to get in but now we're in it will be hard to get thrown out," one source says. Spain is not a member of the G20 group of major developed and developing countries, but claims it should be in attendance because it has the eighth largest economy in the world and a famously solid financial sector. At Washington, Zapatero was "lent" a seat by French president Nicolas Sarkozy, who was representing both his country and the European Union. If Zapatero will also be present in London, other G20 countries will have to create a new place for him, given that the EU's seat will be taken by the bloc's current term as president, the Czech Republic.<sup>76</sup> (January 30, 2009, *El Paris-English Edition*)

Switzerland wants to take part in the next G20 summit in April on the global economic crisis, economy minister Doris Leuthard said. "I hope we can be present" at the April 2, 2009, meeting in London, Leuthard said, adding "we would not just be extras." While Switzerland does not figure among the world's top 20 economic powers, it makes the rankings as a financial centre, Leuthard said. She predicted that the country would not escape a recession in technical terms — two consecutive quarters of negative gross domestic product — and forecast growth of well below 1 percent in 2009 with deep cuts in exports. However Switzerland should not experience a major recession accompanied by soaring unemployment and a collapse in demand.<sup>77</sup> (December 6, 2008, *Agence France Presse*)

The British prime minister's office said that the meeting on April 2 would likely include just members of the G20, unlike the Washington talks, which offered seats to Spain and four international organizations. "I have spoken to the incoming U.S. administration and President-Elect Obama expects to come to Britain at that time."<sup>78</sup> (November 26, 2008, *Associated Press Newswires*)

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<sup>74</sup> *Reuters News* (February 1, 2009), "DAVOS-ANALYSIS-China looks to broker gradual finance reform."

<sup>75</sup> *Dow Jones International News* (February 5, 2009), "Spain Solbes, UK Darling To Discuss London G20 Mtg."

<sup>76</sup> *El Paris-English Edition* (January 30, 2009), "Spain seeks G20 seat at London financial summit."

<sup>77</sup> *Agence France Presse* (December 6, 2008), "Switzerland wants seat at next G20 summit: minister."

<sup>78</sup> *Associated Press Newswires* (November 26, 2008), "Britain to host G20 meeting in April."



Russian president Dmitry Medvedev will take part in a G20 summit in London on April 2. “We welcome the decision to hold the summit not later than April 2009, as the leaders agreed at the first G20 summit, and in London, which was discussed at a meeting between Dmitry Medvedev and Gordon Brown in Washington,” Russian sherpa Arkady Dvorkovich said. “The Russian president plans to take part in the summit.”<sup>79</sup> (November 26, 2008, *RIA Novosti*)

Egyptian finance minister Youssef Boutros-Ghali sought to quell a spat with Saudi Arabia, saying that the kingdom was a voice for the region in meetings of the G20. Last week Boutros-Ghali, asked whether he was satisfied with Saudi Arabia’s presence at the G20 meetings, said: “I think representation should be through a country that understands the various issues being faced by a specific group of nations.” He went on to say it would be preferable to be represented by “a state that shares the same issues as yours and that shares the ... challenges you are faced with.” Boutros-Ghali’s comments prompted a Saudi rebuke, with Saudi finance minister Ibrahim al-Assaf saying: “If there’s a country that understands better than anyone the issue of developing nations, it’s Saudi Arabia.” “Traditionally we have always reflected the interest and the concerns of developing nations in general and of Arab nations in particular.” But in a statement later on, Boutros-Ghali said his remarks had been misinterpreted and “affirmed that the presence of the Kingdom in the G20 guarantees that the voice of the Arab countries will be heard in this important international forum.” He said that Saudi Arabia “completely understood” the problems of the Arab countries, and had contributed repeatedly in solving many of those problems.<sup>80</sup> (November 26, 2008, *Reuters News*)

Prime minister Han Seung-soo says Korea should prepare itself to speak for emerging economies in the next G20 summit slated for April. He made the comment in an economic policy meeting, noting that President Lee Myung-bak received a positive response in the current G20 summit in Washington by urging emerging economies to help reform the world financial system.<sup>81</sup> (November 16, 2008, *KBS World News*)

### **Sideline Meetings**

U.S. president Barack Obama plans to meet Chinese president Hu Jintao on the sidelines of the London Summit, said U.S. secretary of state Hillary Clinton said. “President Obama looks forward to seeing President Hu in London around the G20 summit.” Clinton said the U.S. and China must work together on major global economic problems such as the economy and climate change.<sup>82</sup> (February 20, 2009, *Agence France Presse*)

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<sup>79</sup> *RIA Novosti* (November 26, 2008), “Medvedev to take part in G20 summit in April.”

<sup>80</sup> *Reuters News* (November 26, 2008), “Egypt supports Saudi presence in G20-minister.”

<sup>81</sup> *KBS World News – English Edition* (November 16, 2008), “Korea to Represent Emerging Economies at G20.”

<sup>82</sup> *Agence France Presse* (February 20, 2009), “Obama plans to meet Hu in London during G20 summit: Clinton.”

South Korean president Lee Myung-bak and U.S. president Barack Obama are planning to meet on the sidelines of the London Summit.<sup>83</sup> (February 17, 2009, *Yonhap English News*)

It is likely that the first meeting between the Russian and the U.S. presidents will take place in London, at the G20 summit on April 2, Russian foreign minister Sergey Lavrov said. “Medvedev and Obama have already spoken by phone twice. What is more, it was not just an exchange of pleasantries. They talked about the substance of our relations. Both sides restated that relations should be normalized. As President Obama said, the ‘reset’ button should be pressed. President Medvedev also underlined the desire to ‘start from scratch.’”<sup>84</sup> (February 14, 2009, *BBC Monitoring Newsfile*)

British ambassador to Russia Anne Pringle has not ruled out that British prime minister Gordon Brown and Russian president Dmitry Medvedev could meet on the sidelines of the G20 summit in April. “They’ll certainly meet and the agenda for the summit is obviously going to be tight because although G20 is the core, other people will be there, so it will be a very busy day,” Pringle said in an interview with Interfax. “I hope there will be a bilateral but I can only hope and press, there are only 24 hours in a day. So we’ll see.”<sup>85</sup> (February 12, 2009, *Interfax: Russia & CIS General Newswire*)

Japan is planning a first summit with U.S. president Barack Obama before April to show the strength of the two countries’ alliance, the Japanese foreign ministry said. Prime Minister Taro Aso and Obama are expected to take part in the London G20 Summit on April 2. But Japan hopes to secure a meeting between the two leaders before that, foreign ministry press secretary Kazuo Kodama said, adding it would most likely take place in the United States. “Both Japan and the United States are coordinating to find a suitable date before the April G20 meeting.” Obama spoke with Aso by telephone and said he “looked forward to an early meeting with the Japanese prime minister,” White House press secretary Robert Gibbs said.<sup>86</sup> (January 30, 2009, *Agence France Presse*)

Russian and U.S. presidents Dmitry Medvedev and Barack Obama may hold a bilateral meeting on the sidelines of the G20 summit in London on 2 April, Russian foreign minister Sergey Lavrov has said. “They both will be in London. I am confident that they will find an opportunity to have direct contact.” Lavrov added that his meeting with U.S. secretary of state Hillary Clinton should take place before then. “During our conversation with Hillary Clinton we agreed that we should meet before then.” Lavrov said that Medvedev and Obama had a telephone conversation on 26 January. “The presidents confirmed the importance of overcoming differences which remain in some areas. The mood for constructive work was shown by both sides.” He added that both Moscow and Washington were interested in restoring full-fledged cooperation. “Both sides confirmed their interest in re-launching Russian-U.S. relations to focus efforts on the most topical

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<sup>83</sup> *Yonhap English News* (February 17, 2009), “Lee, Obama likely to hold first meeting in London.”

<sup>84</sup> *BBC Monitoring Newsfile* (February 14, 2009), Russian, US leaders likely to meet at G20 London forum – Foreign Minister Lavrov.”

<sup>85</sup> *Interfax: Russia & CIS General Newswire* (February 12, 2009), “UK ambassador to Russia hopes Brown, Medvedev will meet in London in April.”

<sup>86</sup> *Agence France Presse* (January 30, 2009), “Japan planning Obama summit by April: spokesman.”

problems.” These problems included strategic stability, nonproliferation of weapons of mass destruction and international terrorism.<sup>87</sup> (January 27, 2009, *BBC Monitoring Newsfile*)

U.S. president Barack Obama could visit Moscow in April. A source said Obama could fly to Moscow after the G20 and NATO summits. The previous U.S. president George Bush flew to Russia’s Black Sea resort of Sochi after last year’s NATO summit in Bucharest. U.S. secretary of state Hillary Clinton was likely to visit Russia in March before Obama’s trip to Moscow. The Russian foreign ministry said the date of Clinton’s visit had not yet been agreed on. President Dmitry Medvedev earlier said he hoped the United States would develop constructive relations with Moscow under Obama. “We want to cooperate with them where we can, and there are a whole host of areas particularly around nonproliferation of weapons and terrorism where we can cooperate, but we also have to send a clear message that they have to act in ways that are not bullying their neighbors,” Obama said in December. “They’re increasingly assertive. And when it comes to Georgia and their threats against their neighboring countries, I think they have been acting in a way that is contrary to international norms,” he added.<sup>88</sup> (January 22, 2009, *RIA Novosti*)

Moscow and Tokyo are considering the possibility of arranging a bilateral meeting of Russian president Dmitry Medvedev and Japanese prime minister Taro Aso on the sidelines of a G20 summit in London in April, minister of the Japanese embassy in Moscow Akira Imamura said. “The parties agreed to study the possibility of holding a summit on the sidelines of a G20 meeting in London in April.”<sup>89</sup> (January 21, 2009, *Interfax: Russia & CIS General Newswire*)

South Korea is seeking a summit meeting between President Lee Myung-bak and U.S. president Barack Obama at the G20 gathering in London, a senior official said. The official said that Seoul has directly and indirectly stated its desire for a summit on the sidelines of the gathering slated for early April. “The G20 summit meeting will be held on April 2, while a dinner for the leaders is planned for the day before,” he said, hinting that it would be desirable to hold a separate summit of the two leaders around that time. The policymaker, however, said that because the G20 meeting will only last two days and other leaders have all requested talks with Obama, a one-on-one summit may not take place at all. He said Washington has not revealed its position on individual summit meetings in London.<sup>90</sup> (January 21, 2009, *Yonhap English News*)

South Korean president Lee Myung-bak is expected to hold his first meeting with Barack Obama in London in early April on the sidelines of the G20 economic summit, the South Korean foreign minister said. “We need to consult with the U.S. on the issue, but President-Elect Obama will likely focus on domestic issues, including the economic

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<sup>87</sup> *BBC Monitoring Newsfile* (January 27, 2009), “Russia, US foreign ministers to meet before leaders’ meeting in April.”

<sup>88</sup> *RIA Novosti* (January 22, 2009), “Barack Obama could visit Russia in April-paper.”

<sup>89</sup> *Interfax: Russia & CIS General Newswire* (January 21, 2009), “Russian, Japanese leaders could meet in April-Japanese diplomat.”

<sup>90</sup> *Yonhap English News* (January 21, 2009), “S. Korea seeks Lee-Obama summit at G20.”

crisis, rather than foreign affairs once he takes office,” Yu Myung-hwan said. The minister declined to predict when he would meet with Hillary Clinton, nominated to be Obama’s secretary of state, citing Washington’s schedule for confirmation hearings. Yu added that he would soon be heading to southeast Asia with a planned stop in Indonesia, saying it is time to pay more attention to the region as he spent much of last year travelling to the four major regional powers — the U.S., China, Russia, and Japan. He did not give a date. In his New Year’s message to ministry officials earlier in the day, Yu asked for stepped up efforts to help boost the slumping economy. “All advanced nations are projected to record minus growth amid the economic recession following the financial crisis.” “Our ministry should make utmost efforts to support the pan-governmental campaign to revive the economy.”<sup>91</sup> (January 2, 2009, *Yonhap English News*)

## 4. Implementation and Preparations

### *Implementation*

“I am preparing to go to London on 2 April where there will be a meeting where we will of course discuss how to overcome the crisis,” Russian president Dmitri Medvedev said. “We have already done some work on this and there is more to do. It is difficult work. I can tell you frankly: I am still not quite satisfied with the results because we have not yet created a framework that could serve as the basis for the development of the financial system in the years ahead. But I hope that soon we will all be able to get on with actually creating such documents. Accordingly we will be talking about the most difficult issues that now concern all countries, including the world’s twenty largest economies.”<sup>92</sup> (February 10, 2009, *ITAR-TASS World Service*)

The remaining time before the London G20 summit should be used to implement the philosophy of the November Washington summit, Russian foreign minister Sergei Lavrov said. “We then came to an understanding that much should be changed and there should be joint action taken in a somewhat different way than under the old rules so far.” “It was agreed to consider how the mechanisms of the world finance function and how various measures of regulation, of control are applied,” he said. “Work is under way, above all, along the lines of the finance ministers ... It will be sad if all this remains on paper and the London meeting ends up as an attempt not to change anything and by means of some cosmetic nuances to leave everything as it is.” He added, “I believe this will be a time bomb, as matters of reform of the world financial system will still have to be tackled in a more complicated situation.” The minister stressed that “Russia is for specific measures, collectively coordinated and implemented.”<sup>93</sup> (February 10, 2009, *ITAR-TASS World Service*)

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<sup>91</sup> *Yonhap English News* (January 2, 2009), “Lee, Obama meeting likely at April G20: minister.”

<sup>92</sup> *ITAR-TASS World Service* (February 10, 2009), “RF FM for implementing philosophy of Washington summit.”

<sup>93</sup> *ITAR-TASS World Service* (February 10, 2009), “RF FM for implementing philosophy of Washington summit.”

“While policymakers across advanced and emerging economies have adopted extraordinary policy measures, further policy actions are needed to resolve the crisis and establish a durable turnaround in global activity,” according to a report by the International Monetary Fund (IMF) presented to G20 deputy finance ministers at a preparatory meeting last weekend. For growth, the IMF reiterated that fiscal stimulus amounting to 2% of the world’s GDP would be needed. It estimated that stimulus plans already in place or in the works average about 0.5% of a country’s GDP in 2008, 1.4% this year, and 1.3% in 2010. While that falls short of the target, the measures should have a “considerable impact” on G20 economies, adding between 0.5 to 1.25 percentage point of growth. “Time will tell whether this is enough,” said a senior IMF official on a conference call to discuss the report. “It is certainly a good start, and we will keep monitoring things.” The report said that “restoring financial health will require dealing aggressively with distressed assets and the recapitalization of banks ... Limiting the fall in demand will require using the full range of macroeconomic policies.”<sup>94</sup> (February 5, 2009, *Dow Jones Capital Markets Report*)

Leaders of the G20 are on track to complete an “ambitious and far-reaching” agreement on changes to the regulation of the global financial system, a senior UK treasury official said. Stephen Timms said that he believes agreement can be reached on reforms the UK has promoted. These include setting up global colleges of supervisors to monitor international banks, expanding the membership and mandate of the FSF and reforming the IMF to increase developing countries’ representation on its executive board. Timms and other deputy finance ministers will gather to discuss the plans. “We certainly don’t see any backing off from commitment to the process.”<sup>95</sup> (January 29, 2009, *The Wall Street Journal*)

Some G20 countries are seeking a relaxation of commitments they made at a summit last November in response to the global financial crisis, Russia’s G8 deputy sherpa said in late January. G20 leaders pledged at a crisis summit in November to do all they could to limit the broader economic damage from the worst financial crisis since the 1930s and to resist any temptation to resort to protectionism. The commitments, in a joint communiqué, included reform of financial regulation and supervision, pledges to keep the International Monetary Fund (IMF) sufficiently funded to help troubled countries and a pledge to refrain from raising any new barriers to trade and investment for a year as a sign of determination to reject protectionism. Some of the issues are posing problems as the economic slowdown deepens and politicians focus on defending their own economies. Russia introduced levies on imports of used foreign cars this year, while the European Union has decided to offer subsidies to dairy products exported by its members. “There is discussion over how feasible it is for all the countries to fulfill the Washington obligations, and whether it makes sense to refer to the worsening of the situation and to say ‘sorry guys, in the near future we are simply not able to’,” said Andrei Bokarev, deputy head of the finance ministry’s debt and foreign relations

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<sup>94</sup> *Dow Jones Capital Markets Report* (February 5, 2009), “IMF Urges G20 To Revive Fincl System, Econ Growth”

<sup>95</sup> *The Wall Street Journal* (January 29, 2009), “G20 On Track for Changes in Financial Regulation.”

department. “There are discussions but it is not possible to say as yet how they will finish.” In a sign that the economic slowdown could also lead to countries tightening their purse strings, Bokarev said Russia would stick by current G8 commitments on issues such as health care and energy in developing countries, but any new schemes would now be decided on case by case. “The crisis will affect the ability and the willingness of our country and other countries to realise programmes and initiatives.” Russia wanted the G20 to discuss the need for world diversification from one reserve currency, and to propose that major economies adopt principles of best practice on issues such as maximum budget deficits and debt levels.<sup>96</sup> (January 28, 2009, *Reuters News*)

In late January Dominique Strauss-Kahn, managing director of the International Monetary Fund (IMF), said that G20 has made little progress in fighting the global financial crisis since the November meeting. “We gathered here in Washington and said we would recapitalize banks, disclose their losses, implement stimulus packages.” He said, “Very little has been done. I don’t say nothing has been done, but it’s moving very, very slowly.” The G20 called for a range of new regulations of financial institutions. It also insisted that large developing economies such as Brazil and China be given more say in the operation of global finance institutions such as the IMF, which have been dominated by industrial countries. “We at the IMF have the experience of 22 banking crises in the world,” said Strauss-Kahn. Until the banks reveal all the losses and clean them up “you can’t find a way out.” Strauss-Kahn praised central banks’ handling of the financial crisis. “What has been well managed, I think, at the global level is the liquidity issue, with the global coordination between central banks.” He cautioned against protectionism, citing Ireland’s decision in late September to grant unlimited guarantee of bank deposits, a move that angered European neighbours. “A country was acting to protect its own citizens, which is politically understandable, but obviously is not helping to solve the crisis — for instance by protecting deposits.” He added, “Remember what happened with the Irish a few months ago: this kind of policy is exactly the contrary of what we need. So, it’s not exact to say that cooperation and coordination are at their best.”<sup>97</sup> (January 26, 2009, *Agence France Presse*)

Japan believes Russia’s decision to raise the import duties on foreign cars “violates the agreements reached by the G20 leaders at the November summit. These agreements state that no new trade barriers can be created,” said Akira Imamura, minister of the Japanese embassy in Moscow. “It is our policy that it does not serve the interests of free open trade in the spirit of the WTO [World Trade Organization], which Russia plans to enter,” the diplomat said. Japan has more than once made diplomatic demarches when Russia first planned such a move. Russian deputy foreign minister Alexei Borodavkin said the increase of the duties is not aimed against Japan. “The new customs duties are not targeted against Japanese producers, they are aimed at ensuring the development of the Russian car manufacturing industry and preserving jobs in this industry.” In this connection, the production of foreign cars in Russia becomes especially important, said Borodavkin. “Japanese companies are doing the right thing when they try not only to

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<sup>96</sup> *Reuters News* (January 28, 2009), “Some in G20 urge relaxation of crisis pact-Russia.”

<sup>97</sup> *Agence France Presse* (January 26, 2009), “IMF chief deplores lack of G20 progress against financial crisis.”

expand export of products to Russia, but also launch production in Russia.”<sup>98</sup> (January 21, 2009, *Interfax: Russia & CIS Business and Financial Newswire*)

The EU Commission is launching a wide-ranging consultation on hedge funds. It will focus on overcoming the current economic crisis and ensuring future financial stability. Key themes include role of regulators, transparency, short selling, capital requirements and risk management. The findings will be discussed in February 2009 before final proposals are decided. Speaking to the European Parliament’s Economic and Monetary Committee (ECON) earlier this month, Charlie McCreevy, EU commissioner for the Internal Market and Services, announced a wide-ranging consultation on hedge funds. The initiative follows an agreement of G20 leaders that all financial markets should be regulated “as appropriate to their circumstances,” and that all those developing best practices for hedge funds should bring forward proposals for a unified set of best practices by March 2009. McCreevy was also responding to a recent report by the ECON committee calling for a new regulatory framework for hedge funds and private equity, authored by MEP and former Danish prime minister Poul Nyrup Rasmussen. The report calls for measures to be taken in several areas including financial stability, transparency, excessive debt and conflicts of interest, although it watered down earlier proposals that would have required disclosure of remuneration of directors, corporate earnings and bonuses, and relationships with prime brokers. Announcing the consultation, which will run until February next year, McCreevy said the commission’s work would “inevitably lead to a new architecture for financial markets.” The consultation will focus on two core issues: how to overcome the current economic crisis and how to ensure the financial system is never threatened again to the extent “that it almost caused the meltdown of the world financial system.” It will consider who should regulate hedge funds and whether hedge funds should be regulated by financial regulators or central banks or both. It will also consider whether hedge funds should be required to be more transparent to regulators, or to the market as well as whether short selling be banned. McCreevy says that his “instinct” is that short selling is a “positive element” as it “alerts” the market about companies making poor investment choices. With regard to capital requirements, the consultation will cover whether hedge funds or the banks that lend them should be subject to stricter capital requirements. On risk management the issue is whether regulatory intervention or “dissemination of sound principles” is the best approach. Following the consultation, a conference will take place in February to discuss the findings, after which the commission will decide on the measures to be taken.<sup>99</sup> (January 18, 2009, *Mondaq Business Briefing*)

Four working groups will present interim reports on reform of the International Monetary Fund (IMF) and the World Bank and financial regulation to the meeting of G20 deputies at the end of January, a G20 government source said. “The UK presidency of G20 established four working groups to take forward the work that Group of 20 Leaders mandated to Finance Ministers in Washington,” a source involved in one working group said. Each working group has two chairs, one from an emerging country and the other

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<sup>98</sup> *Interfax: Russia & CIS Business and Financial Newswire* (January 21, 2009), “Japanese diplomat accuses Russia of violating agreements reach by G20 leaders.”

<sup>99</sup> *Mondaq Business Briefing* (January 18, 2009), “EU Commissioner McCreevy Launches Consultation On Hedge Fund Regulation.”

from an industrialized country. The working group on IMF reform is led by officials from South Africa and Australia, while Indonesia and France are chairing the one dealing with the reform of the World Bank and the multilateral development banks. India and Canada are leading the group on enhancing regulation and transparency, while Mexico and Germany are chairing the group on international cooperation in regulation and oversight of financial markets. Every G20 country can have only one representative in each group and IMF is also represented in the group dealing with its reform. “Every group will submit an interim report to G20 Finance Deputies at the next meeting at the end of January.” Final reports will be ready for ministers to discuss on March 14 and will form the basis of summit discussions on April 2. The UK host has underlined the need for tougher global financial regulation in a letter sent to G20 colleagues by finance minister Alistair Darling.<sup>100</sup> (January 9, 2009, *Reuters News*)

Dominique Strauss-Kahn, managing director of the International Monetary Fund (IMF), warned that the measures by the G20 countries in November in Washington may not be enough to kick-start the global economy. The IMF may revise its economic growth forecasts for 2009 down again next month.<sup>101</sup> (December 22, 2008, *Citywire*)

“The International Monetary and Financial Committee and the G20 leaders have emphasized the central role of the Fund as a crisis responder and a developer of ideas,” Strauss-Kahn said. “We will take this mandate forward to help restore global financial stability and stimulate sustained economic growth.”<sup>102</sup> (December 18, 2008, *Dow Jones International News*)

“I am happy to report that the FSF is working at record speed on a proposal for expanded membership,” U.S. under secretary for international affairs David McCormick said.<sup>103</sup> (December 16, 2008, *Agence France Presse*)

The World Trade Organization dropped plans to seek a breakthrough for a new trade deal this year, risking an increase in protectionism as the world economy suffers. Key members voiced disappointment at the decision, but vowed to push on with the negotiations next year, when economic conditions will be harder and the new administration of Barack Obama will have taken office in the United States. WTO director-general Pascal Lamy told members he had decided against calling trade ministers to Geneva in December to push for a deal in the WTO’s seven-year-old Doha round, because they were not showing enough political will to narrow differences. A meeting of key ambassadors on December 16 and 17 is supposed to plot out the next steps for Doha, Lamy said.<sup>104</sup> (December 12, 2008, *Reuters News*)

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<sup>100</sup> *Reuters News* (January 9, 2009), “G20 preparing reports on IMF, other reforms-source.”

<sup>101</sup> *Citywire* (December 22, 2008), “Bank of England needs new weapon to fight bad lending, says deputy.”

<sup>102</sup> *Dow Jones International News* (December 18, 2008), “IMF To Continue Focus on Crisis Aid, Global Financial Reform.”

<sup>103</sup> *Agence France Presse* (December 16, 2008), “Global financial forum set to include emerging economies.”

<sup>104</sup> *Reuters News* (December 12, 2008), “WTO drops plans for year-end Doha meeting.”



The largest economies in the world will embark on a new attempt to rescue the Doha round of World Trade Organization (WTO) negotiations, in mid December. According to sources in Geneva and Brussels, WTO director general Pascal Lamy will soon publicly convene trade ministers to an informal meeting starting on December 12, with the hope of achieving a breakthrough in the multilateral talks launched in 2001 in Qatar. Following the call made by G20 leaders during the Washington Summit, on 15 November, senior officials from the key players of the round have stepped up their efforts with a view to resurrecting the negotiations that collapsed last July. Revised compromise texts, reflecting some progress achieved since July, will be presented by the chairs of the WTO negotiating groups by the weekend. Although several players have sent positive signals, no breakthrough has been achieved on the most contentious issues, such as agriculture or industrial products. While the most optimistic believe that the financial crisis offers an unprecedented opportunity to conclude the round, countries such as India and France are likely to stick strongly to their positions. “We should not fool ourselves, however great the political and economic momentum, this is no done deal,” warned European Union trade commissioner Catherine Ashton, on December 2.<sup>105</sup> (December 4, 2008, *Europolitics*)

Doha round trade negotiators will step up work for a new global pact following a call from the G20 summit in November. Pascal Lamy, director general of the World Trade Organization (WTO) set a December 10 date for a mini-ministerial meeting in Geneva to seek a breakthrough. Leaders of the G20 agreed to approve the outlines of a new accord in the Doha round by the end of the year as part of efforts to deal with the financial crisis. At stake is a deal that could send a signal of confidence to businesses battered by the global credit crunch, by improving market access on goods and in services. A recent study by the International Food Policy Research Institute said failure to complete the round could put more than \$1 trillion in world trade at risk. But significant challenges remain. Indian trade minister Kamal Nath said his country would not compromise on sensitive issues like farm safeguards. Faizel Ismail, who heads the South African WTO delegation, said developed countries would have to budge from what they were willing to offer and what they were demanding from emerging countries to secure a deal. “We are willing to work for it provided the developed countries translate the political signals in Washington into some concrete flexibilities,” Ismail said. But other developing countries were more confident that the outlines of a deal could be reached. Mexican WTO ambassador Fernando de Mateo y Venturini said there was an opportunity to clinch a deal and that he was optimistic that the modalities would be finalized by year end. The coming talks will focus on the core areas of farm and industrial goods. The outlines of a deal on services were completed in July although a deadline for final offers had not been agreed. Before the December 10 meeting, WTO mediators would need to update the negotiating texts they issued in July, as the basis for a deal.<sup>106</sup> (December 1, 2008, *Business Day*)

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<sup>105</sup> *Europolitics* (December 4, 2008), “Doha – Again.”

<sup>106</sup> *Business Day* (December 1, 2008), “Trade Beat.”

## **Economic Performance**

The International Monetary Fund (IMF) expects the Korean economy to be the worst performer in the G20 in 2009 because of the country's sensitivity to export demand. "The [prediction of a] 4% contraction is quite shocking, but we have to pay attention to the possibility of the world's fastest recovery next year," said vice finance minister Hur Kyung-wook. "The government will make all-out effort including fiscal spending and liquidity injection to boost the domestic demand."<sup>107</sup> (February 4, 2009, *The Korea Herald*)

## **Preparatory Meetings**

- Jan 30-Feb 1: G20 Deputies Meetings (London)
- March 14-15: G20 Deputies Meetings (London)
- March 14-15: G20 Finance Ministers and Central Bank Governors Meeting
- April 1-2: G20 Leaders Meeting (London)

## **Preparations**

European leaders of the G20 agreed that all financial markets, products and participants including hedge funds must be regulated and any measures that might distort competition must be minimized. "A clear message and concrete actions are necessary to engender new confidence in the markets and to put the world back on a path towards more growth and employment," according to the chair's statement issued after a meeting of European G20 leaders. They agreed that "banks ought to create additional buffers of resources in good times, so that they are better equipped for any bad times the future may bring. They refrained from taking any protectionist measures and pledged to revive World Trade Organization negotiations to lower custom rights. The leaders also supported a global charter for sustainable economic activity at the London Summit that is "based on market forces, but prevent excess, and which ultimately leads to the establishment of a global governance structure." They agreed resources to the International Monetary Fund needed to be doubled. The leaders also said they "want to devise sanctions to safeguard ourselves better against dangers emanating from uncooperative jurisdictions including tax havens."<sup>108</sup> (February 22, 2009, *Dow Jones International News*)

British prime minister Gordon Brown will visit U.S. president Barack Obama on March 3 in Washington. The two will discuss the global financial crisis and the April summit.<sup>109</sup> (February 21, 2009, *Agence France Presse*)

Thai prime minister Abhisit Vejjajiva visited Indonesia on February 20-21. The two leaders were to discuss the G20 meeting. The Thai prime minister has been invited to

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<sup>107</sup> *The Korea Herald* (February 4, 2009), "Korea will be worst performer among G20: IMF."

<sup>108</sup> *Dow Jones International News* (February 22, 2009), "EU G20 Summit: Mkts Must Be Regulated-Chair's Summary."

<sup>109</sup> *Agence France Presse* (February 21, 2009), "British PM to visit Obama March 3: White House."

represent the Association of South East Asian Nations (ASEAN).<sup>110</sup> (February 20, 2009, *Asia Pulse*)

Russian president Dmitri Medvedev and Italian prime minister Silvio Berlusconi have discussed proposal for the London Summit. Both agree that more preparation is needed and that specific proposals for the meeting are important.<sup>111</sup> (February 17, 2009, *ANSA – English Media Service*)

U.S. secretary of state Hillary Clinton is travelling to Japan, Indonesia, South Korea and China where she will be discussing the London Summit. “I will be discussing with them the approaches that each are taking, explaining what we have just done with the passage of our stimulus bill, and seeking greater cooperation about how together we’re going to work out way through these very difficult economic times,” Clinton said.<sup>112</sup> (February 16, 2009, *The Press Trust of India Limited*)

Russian president Dmitri Medvedev and German chancellor Angela Merkel have called for preparations for the G20 to be “stepped up.” They stressed the need for the “dynamics of this work to be increased.” Russia will soon hand over its proposals for the summit to Germany.<sup>113</sup> (February 16, 2009, *BBC Monitoring Former Soviet Union*)

Gordon Brown, prime minister of Britain, will hold talks with Dominique Strauss-Kahn, managing director of the International Monetary Fund (IMF), and Robert Zoellick, president of the World Bank, in London in preparation for the April summit. “We will be setting out further details of our proposals for the issues that should be discussed and considered at the G20,” a representative for Brown said. Brown has also recently talked with Russian president Dmitri Medvedev. “The discussions were very warm and action-oriented.” Brown plans to meet with Danish prime minister Anders Fogh Rasmussen and Italian prime minister Italian Berlusconi. He also is scheduled to meet with Pope Benedict at Vatican City and will attend a meeting of European members of the G20 in Berlin, chaired by German chancellor Angela Merkel.<sup>114</sup> (February 16, 2009, *Reuters News*)

In February, Chinese vice premier Wang Qishan met with Mervyn Davies, special envoy of British prime minister Gordon Brown. The two urged the international community to collaborate on overcoming the financial crisis so as to restore market and public confidence. “International society should enhance cooperation and send positive signals to fight the financial crisis and economic decline,” Wang said to Davies, the minister of state for trade and investment. Davies came to China for discussions with the government on the G20 financial summit. During the summit, participants should devote attention to the issues of global development, ways to combat trade protectionism, supervision of the

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<sup>110</sup> *Asia Pulse* (February 20, 2009), “ASEAN, G-20 Focus as Thai PM visits Indonesia.”

<sup>111</sup> *ANSA – English Media Service* (February 17, 2009), “Medvedev and Berlusconi Discuss Agenda for G20.”

<sup>112</sup> *The Press Trust of India Limited* (February 16, 2009), “G-20 issues to figure up during Clinton Asia tour.”

<sup>113</sup> *BBC Monitoring Former Soviet Union* (February 16, 2009), “Russian, German leaders discuss preparations for G20 summit.”

<sup>114</sup> *Reuters News* (February 16, 2009), “UK’s Brown to meet IMF, World Bank heads on G20.”

financial markets and reform of the international financial system, Wang said. He urged all countries involved to do their best to achieve a consensus and results during the summit. Wang also briefed Davies on China's measures to tackle the crisis. He stressed that China being able to maintain fast, stable economic growth would be the "biggest contribution" to international efforts against the financial crisis. Davies said that the United Kingdom supported China's membership in the Financial Stability Forum, an advisory body of the G7, and hoped to work with China to achieve concrete results during the summit.<sup>115</sup> (February 13, 2009, *Xinhua News Agency*)

Russian president Dmitry Medvedev said he was "not very happy" with preparations for an April economic crisis summit in London, but said there was still time to make up lost ground. "Work has been done, and is being done now. It's not easy. I can tell you openly that I am not very happy with the results so far," declared Medvedev. "We have not yet created the framework which could form the basis for development of the financial system in the years ahead." He added, "However, I hope that we will be able to draw up such documents soon."<sup>116</sup> (February 13, 2009, *Agence France Presse*)

The European Union has said that it will hold no fewer than three economic summits to iron out national differences that threaten to hamper its efforts at tackling the recession. The move came after France and others questioned the ability of the Czech Republic — the state currently holding the EU's rotating presidency — to chart a path out of the worst financial debacle in the bloc's 50-year history. Czech prime minister Mirek Topolánek vowed to end a public row over protectionism with French president Nicolas Sarkozy that has added to the image of European disunity, but said differences among capitals were inevitable. "We have to realise that the individual member states have different approaches to solving this issue," Topolánek said after talks with European Commission president Jose Manuel Barroso. "My goal is to hold a political debate at the highest level in order to strengthen EU cooperation in countering the crisis." Aside from a long-scheduled March 19-20 summit in Brussels, Topolánek called a special one-day meeting of EU leaders on March 1 to discuss efforts to stabilize the financial sector, and a further summit in May to address employment. These are on top of the myriad of meetings in preparation for summits of the G8 and the G20. The 27-state bloc wants to present a united front at the April G20 summit in London but splits exist between the richer, western states that can afford to spend their way out of the slowdown and those, often eastern states, who cannot.<sup>117</sup> (February 11, 2009, *Reuters News*)

The European Union will hold a special summit in February to better coordinate plans to counter the economic crisis and contain a creeping spirit of protectionism. "The situation really is serious. It is getting worse in some countries by the week or day and we had to respond," said Mirek Topolánek. Topolánek referred to "really selective protectionist steps and declarations, among others by [French] President Sarkozy, which led me to calling the extraordinary summit." The letter sent to Topolánek said that "solutions can vary from country to country" but "the principles have to be approved together" so all 27

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<sup>115</sup> *Xinhua News Agency* (February 13, 2009), "China, Britain call for int'l collaboration ahead of G20 London summit."

<sup>116</sup> *Agence France Presse* (February 13, 2009), "Medvedev says 'not happy' with G20 preparation."

<sup>117</sup> *Reuters News* (February 11, 2009), "EU sets triple-summit bid to tackle slowdown."

countries can cooperate on the measures they take. The exact date and location for the meeting has not been set but will precede a regular spring economic EU summit in Brussels on March 19-20. The key issues will be keeping international markets open and countering any trends toward protectionism, European Commission spokesman Johannes Laitenberger said. The new summit will take place during the week following the February 22 summit for the G20.<sup>118</sup> (February 9, 2009, *Associated Press Newswires*)

European countries must arrive at the April 2 G20 summit with a common position on reform of the financial system, French president Nicolas Sarkozy said. He said a February 22 meeting between the six European members of the G20 would be crucial for finding a single line on regulations, tax havens, traders' pay, bad banks and the role of the International Monetary Fund (IMF). "Europe must have a common position on the summit of the G20," he said. "And on such a subject we need European coordination. On Saturday I will be in Germany ... and we will talk about that." Sarkozy said he wanted foreign exchange to be discussed at the G20.<sup>119</sup> (February 5, 2009, *Reuters News*)

German chancellor Angela Merkel will meet the heads of five leading international organizations to discuss better ways to cooperate against the global economic downturn. The talks are part of an initiative launched by the chancellor to drum up support for a new international regulatory system for financial markets, aimed at preventing a repeat of the current crisis. Set to take part in the talks are Pascal Lamy, director general of the World Trade Organization, World Bank president Robert Zoellick and International Monetary Fund managing director Dominique Strauss-Kahn. Also expected to attend are Angel Gurría, director general of the Organisation for Economic Co-operation and Development and Juan Somavia, secretary general of the International Labour Organization.<sup>120</sup> (February 5, 2009, *Trend News Agency*)

Alexei Kudrin, Russian deputy prime minister and finance minister, will take part in the first Russian-British Economic Dialogue forum under the auspices of UK chancellor of the exchequer Alistair Darling. The forum will touch upon matters related to creating a new world financial architecture, also to be discussed at the G20 summit in London on April 2. It will "be an exchange of information about the latest steps and measures the British and Russian authorities have been taking, as well as their effectiveness in combating the world financial and economic crisis" and will focus on a new financial architecture." A source speculated that according to preliminary information, Britain will support Russia's admission to the Financial Stability Forum. For its part, Russia is hoping that a decision in favor of its membership of that organization will be made before or at the G20 forum due on April 2.<sup>121</sup> (February 4, 2009, *ITAR-TASS World Service*)

"A meeting is planned with the chancellor of the exchequer Alistair Darling and also participation in a conference on financial services in Russia in the City," a statement by

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<sup>118</sup> *Associated Press Newswire* (February 9, 2009), "EU leaders to hold special economy summit."

<sup>119</sup> *Reuters News* (February 5, 2009), "Sarkozy wants European position ahead of G20."

<sup>120</sup> *Trend News Agency* (February 5, 2009), "German chancellor hosts top-level meeting on financial crisis."

<sup>121</sup> *ITAR-TASS World Service* (February 4, 2009), "London to host first-ever Russian-British Economic Dialogue Forum."

the Russian embassy in London said. “Financial dialogue is a new form of cooperation. Both sides are interested in discussing questions, which are on the agenda of the G20 and G8 meetings,” a source in the delegation said.<sup>122</sup> (February 4, 2009, *RIA Novosti*)

American president Barak Obama and South Korean president Lee Myung-bak “agreed to work together, including at the G20 summit in London, to stabilize the global economy, to spur growth, and to get credit markets flowing.” Obama warned against the temptation toward protectionist trade policies, and Lee agreed. “We should keep in mind the lesson from the Great Depression that a return to protectionism will delay an economic recovery,” said Lee. Obama said Hillary Clinton will visit Seoul in February for consultations on pending issues between the two allies, the Korean presidential spokesman said. The U.S. leader also said he expects to meet Lee at the G20 summit in April. It was the second telephone talk between the two leaders. On November 7, Lee congratulated Obama on his election.<sup>123</sup> (February 4, 2009, *The Korea Herald*)

Germany’s chancellor Angela Merkel will meet fellow European leaders of the G20 in Berlin on February 22, government spokesperson Thomas Steg said. The countries are working on measures to help prevent any financial crisis similar to the current one.”<sup>124</sup> (February 2, 2009, *Dow Jones News Service*)

U.S. treasury secretary Timothy Geithner called his European and Asian counterparts to discuss the deepening global economic crisis and need for reforms. With French economy minister Christine Lagarde, Geithner spoke about France’s plans to build a new financial architecture and the progress of working groups on financial sector reforms on the G20 emerging and rich nations. Geithner and German finance minister Peer Steinbrueck discussed fiscal stimulus efforts in both countries and stressed the importance of close cooperation leading up to the summit in April. Geithner and his Russian counterpart, Alexey Kudrin, “discussed the state of the global economy and their desire to work together and cooperate to find solutions to the current crisis.” The importance of unlocking credit markets was a key topic between U.S. treasury chief and British chancellor of the exchequer Alistair Darling. They agreed that significant international action is necessary for global growth to regain its footing for the statement. Britain will host the next G20 summit in London in April aimed at building a new global financial architecture in the face of the economic crisis.<sup>125</sup> (February 2, 2009, *Thai News Service*)

U.S. president Barack Obama wants all countries including India, to act in unison in dealing with the current global economic crisis. Obama is expected to come up with a more specific plan in this regard in the run up to the next G20 summit in London in April, White House spokesperson Robert Gibbs said. Responding to a comment that the G20 is not moving anywhere and that several countries are complaining that Brazil, Russia,

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<sup>122</sup> *RIA Novosti* (February 4, 2009), “Russia’s Kudrin heads for renewed financial talks in London.”

<sup>123</sup> *The Korea Herald* (February 4, 2009), “Lee, Obama warn against protectionism.”

<sup>124</sup> *Dow Jones News Service* (February 2, 2009), “Germany To Host Meeting Of European G20 Leaders on Feb 22.”

<sup>125</sup> *Thai News Service* (February 2, 2009), “US Treasury Secretary calls on Asia and Europe to discuss global economic crisis.”

India and China have not been included in the Financial Stability Forum, Gibbs said “India is a member of the G20.” He added, “The President talked about this when he was a mere senator and a candidate: if one entity takes steps and it’s not followed by other countries taking steps — be it regulation, stability or stimulus — you’re most likely to see capital flows, change all around the world ... The President talked about [these countries working together] back in September ... You’ll hear more about some of those specific plans as we get closer to April and going into the second round of this in Europe,” he said.<sup>126</sup> (February 2, 2009, *Thai News Service*)

German chancellor Angela Merkel will call a meeting of the European members of the G20 in Berlin later in February to discuss a joint strategy before he April summit in London. Merkel is seeking to improve controls over global financial markets as part of efforts to prevent a future economic crisis. She has long championed measures to ensure increased transparency and more strict regulations for global finance. Merkel announced plans in her weekend video address to meet with international economic organizations and call a meeting of the European G20 members later in February. She did not announce the exact date.<sup>127</sup> (February 1, 2009, *Associated Press Newswires*)

French finance minister Christine Lagarde said the world was “working against the clock to get proposals ready for the G20 summit in London.”<sup>128</sup> (January 31, 2009, *Agence France Presse*)

Chinese premier Wen Jiabao is scheduled to visit London. British prime minister Brown said he would discuss the global financial crisis with Wen during his visit, noting that it would be “vital” for Britain and China, two of the world’s leading economies, to work together to tackle the issue. “Economic and financial ties between our countries have never been stronger,” said the British head of government, mentioning the fact that Britain is the European Union’s largest investor in China and more than 380 Chinese companies operate in Britain. Brown said that China and other major emerging economies would play an “integral role” at the April G20 summit in “identifying the actions that will resolve the global crisis and lay the foundations for stable growth for the 21st century.” He said, “We must work together to strengthen our financial sectors and international institutions to respond to this crisis and prevent future ones.” Brown also urged the world to support free trade, noting “maintaining support for open markets will be vital to restoring the health of the world economy.” He warned that protectionism is the “wrong response to the current crisis; turning inwards will harm our economies and delay the global return to higher growth.” “Open markets are in all our interests, including the EU’s and China’s. We must stay dedicated to them.”<sup>129</sup> (January 31, 2009, *Xinhua’s China Economic Information Service*)

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<sup>126</sup> *Thai News Service* (February 2, 2009), “United States: Obama wants countries to act on economic crisis, says White House.”

<sup>127</sup> *Associated Press Newswires* (February 1, 2009), “Germany’s Merkel to call meeting of EU’s G20 members, pushes to up market controls.”

<sup>128</sup> *Agence France Presse* (January 31, 2009), “Crisis summit signals era of big government.”

<sup>129</sup> *Xinhua’s China Economic Information Service* (January 31, 2009), “Interview: Britain-China ties never been better: British PM.”

Chinese president Hu Jintao held a telephone conversation with his U.S. counterpart Barack Obama on bilateral ties, with both sides expressing the willingness to further the ties. Hu said China will join hands with the United States to work toward fruitful achievements in April's G20 summit in London and promote healthy and stable development of the world economy and finance. Obama said it is crucial for the United States and China, the two most important economies, to enhance cooperation. Both sides exchanged visit invitations.<sup>130</sup> (January 30, 2009, *Xinhua News Agency*)

U.S. president Barack Obama spoke to South Africa's president Kgalema Motlanthe and gave a clear indication he plans to attend the G20 summit in London in April. White House spokesman Robert Gibbs said the two leaders also talked about "shared concerns" over the political crisis in Zimbabwe. "The President also said that he is looking forward to working with President Motlanthe to address global financial issues at the upcoming G20 summit in London in April." Obama has been working through a list of calls to foreign leaders since his inauguration as president last week.<sup>131</sup> (January 28, 2009, *Agence France Presse*)

Japanese finance minister Shoichi Nakagawa and U.S. treasury secretary Timothy Geithner confirmed that the two countries will continue cooperating in dealing with the deepening global financial crisis. The ministers, holding the first telephone talks since Geithner took office, also agreed that the two countries will take stimulus measures actively to prevent a further economic downturn. Nakagawa said Japan will act quickly to stimulate its economy. Geithner said that he expects the U.S. Congress to pass an economic package totalling \$825 billion. The ministers also confirmed that they will hold talks on the sidelines of a meeting of the G7 finance ministers and central bank chiefs in Rome in February. The ministers did not discuss foreign exchange rates, Japanese officials said.<sup>132</sup> (January 28, 2009, *Jiji Press English News Service*)

French president Nicolas Sarkozy invited Indian prime minister Manmohan Singh to visit France before the next G20 Summit and the coming general elections in India. "I am aware of your important commitments in the spring, with the Indian general elections, but if it seems possible to you, I would be very happy to welcome you to Paris before the London G20 summit." He said that such a meeting would allow them to strengthen the common approach of the two countries on subjects at the heart of the major multilateral events in 2009 including the G20, the G13/G14 at La Maddalena and the Copenhagen Conference of Parties to the United Nations Framework Convention on Climate Change. The French president wrote to the prime minister extending his greetings on India's Republic Day.<sup>133</sup> (January 27, 2009, *United News of India*)

The Czech Republic is considering holding a joint meeting of EU finance and development ministers on the sidelines of an Ecofin Council meeting to prepare for the G20 in London on April 2, so that development concerns are at the heart of the overhaul

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<sup>130</sup> *Xinhua News Agency* (January 30, 2009), "China's Hu holds phone talks with Obama over ties."

<sup>131</sup> *Agence France Presse* (January 28, 2009), "Obama give G20 hint to South African leader."

<sup>132</sup> *Jiji Press English News Service* (January 28, 2009), "Japan, U.S. Confirm Cooperation to Deal with Financial Crisis."

<sup>133</sup> *United News of India* (January 27, 2009), "Sarkozy Invites PM to Visit France Before April."



of the world financial system. Jan Kohout, deputy prime minister and deputy foreign minister with responsibility for development, made the suggestion to the European Parliament development committee.<sup>134</sup> (January 27, 2009, *Agence Europe*)

U.S. president Barack Obama invited his Brazilian counterpart Luiz Inacio Lula da Silva to come to Washington in March on an official visit, government officials said. During the 25-minute telephone call between the presidents, Lula invited Obama to visit Brazil “whenever you want” and he reiterated Brazil’s main priorities in its relationship with the United States. Lula emphasized, among other things, the improvement of U.S. relations with Latin America, the emphasis on biofuels and the importance of concluding the WTO’s Doha Development Round of negotiations. According to Lula’s spokesperson, Obama expressed interest in “moving forward” with the Doha Round negotiations due to the “importance” of increasing the flow of world trade to get out of the current international economic crisis.<sup>135</sup> (January 27, 2009, *EFE News Service*)

A Brazilian official says U.S. president Barack Obama wants to work together with Latin America’s largest country to combat the financial crisis. Marcelo Baumbach, spokesman for Brazilian president Lula, says Obama called the Brazilian leader to say he wants to create partnerships to “strengthen economic relations between the countries.” Baumbach says Obama has asked his economic team to coordinate joint measures with Brazil before the countries meet at the G20 summit in April in London. The spokesman says they talked for 25 minutes.<sup>136</sup> (January 26, 2009, *Associated Press Newswires*)

UK prime minister Gordon Brown will meet leaders from China, South Korea and Japan and heads of global institutions such as the World Bank in February as he seeks to build a consensus for the G20 summit on how to tackle the financial crisis and to prevent a recurrence. He has already spoken to U.S. president Barack Obama and the World Economic Forum in Davos presented another chance to get policymakers onto the same page. “We could allow this crisis to start a retreat from globalisation,” he said, “or we could view the threats and challenges we face today as the difficult birth pangs of a new global order.”<sup>137</sup> (January 26, 2009, *Reuters News*)

White House press secretary Robert Gibbs said U.S. president Barack Obama spoke with British prime minister Gordon Brown, Canadian prime minister Stephen Harper and Saudi Arabian king Abdullah, along with United Nations secretary general Ban Ki-moon. Obama and Brown discussed their countries’ relationship, the need to confront the global economic crisis and political and military situations in Gaza and Afghanistan. Obama also told Brown he hopes to attend April’s G20 Summit in London, the White House said. “The tone of the conversation was friendly and substantive,” Brown’s Downing Street office said. Obama and Harper also talked about their countries’ friendship and economies, Afghanistan and climate change, the White House said. “They had an initial

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<sup>134</sup> *Agence Europe* (January 27, 2009), “Jan Kohout suggests joint meeting of Finance and Development Ministers to prepare for G20.”

<sup>135</sup> *EFE News Service* (January 27, 2009), “Obama invites Lula to meet in March in Washington.”

<sup>136</sup> *Associated Press Newswires* (January 26, 2009), “Silva’s spokesman says Obama wants to strengthen economic relations with Brazil.”

<sup>137</sup> *Reuters News* (January 26, 2009), “Brown urges against financial protectionism.”

discussion on the agenda which will include the economic situation globally, in our two countries and specifically in the auto sector. They also discussed the importance of the environment and energy as well as international issues including Afghanistan,” said Dimitri Soudas, a Harper spokesman. Another Harper spokesman, Kory Teneycke, said the call lasted 15 minutes. Obama plans to make his first international trip as president to Canada, keeping the tradition of U.S. presidents making Canada their first stop. The White House also said Obama spoke about the U.S.-Saudi relationship during their call. Obama also asked the Saudis to support an effort to stop weapons from being smuggled into Gaza, weeks after Israel curtailed its military offensive against the Palestinian territory. Earlier, Obama talked with Israeli, Palestinian, Egyptian and Jordanian leaders about the cease-fire between Israel and Hamas in Gaza.<sup>138</sup> (January 23, 2009, *Associated Press Newswires*)

World leaders and policymakers will gather in record numbers at the annual World Economic Forum at Davos to discuss how to overcome the worst global economic crisis in 80 years. More than 40 heads of state and government will be accompanied by 36 finance ministers and central bankers, including all the central bank chiefs of the G8 countries except the U.S. federal reserve chair. Davos will allow world leaders to confer on neutral ground as they struggle to craft their response to the crisis ahead of a G20 summit in April and a G8 summit in July. Russian prime minister Vladimir Putin will open the Davos meeting on January 28. Also present will be Chinese premier Wen Jiabao, German chancellor Angela Merkel, Japanese prime minister Taro Aso and British prime minister Gordon Brown, who chairs the G20. U.S. president Barack Obama is sending his national economic council director Larry Summers and national security adviser General James Jones. It is still unclear whether Obama’s nominee for Treasury Secretary, Timothy Geithner, facing a Senate confirmation hearing, will attend. The 2009 meeting, dubbed “Shaping the Post-Crisis World,” aims to understand how to get out of the most severe economic crisis since the 1930s. “This crisis has shown that the world is not capable any more to cope with the complexity of today,” said the forum’s founder and chair, Klaus Schwab. One aim of this year’s meeting is to allow business leaders and stakeholders such as trade unionists and non-governmental organizations to contribute to the G20’s goals of reforming the world’s financial architecture and relaunching the global economy before its April summit, Schwab said. Around 20 trade ministers will meet on the sidelines of the forum to discuss the prospects for a deal in the long-running Doha round talks to open up commerce, and other measures to ward off protectionism and bolster cooperation.<sup>139</sup> (January 22, 2009, *Latvian News Agency*)

Russian president Dmitry Medvedev and British prime minister Gordon Brown discussed the G20 in London to consider ways of managing the global financial crisis.<sup>140</sup> (January 16, 2009, *Interfax: Russia & CIS Energy Newswire*)

Donald Kaberuka, president of the African Development Bank (AfDB), is participating in a meeting of the Committee of Ten African finance ministers and central bank governors,

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<sup>138</sup> *Associated Press Newswires* (January 23, 2009), “Obama phone British, Canadian and Saudi leaders.”

<sup>139</sup> *Latvian News Agency* (January 22, 2009), “World leaders ready for crisis forum in Davos.”

<sup>140</sup> *Interfax: Russia & CIS Energy Newswire* (January 16, 2009), “Medvedev, Brown discuss gas issue, planned G20 forum.”

in Cape Town, South Africa. The committee meets to discuss the current global financial crisis and its impact on Africa. It will address priority issues for the continent and develop a forward work program, which will be presented to Heads of State at the African Heads of State Summit in Addis Ababa in early February 2009. The Committee of Ten was convened by the heads of the AfDB, African Union Commission and United Nations Economic Commission for Africa, following a meeting of African finance ministers and central bank governors in November 2008 in Tunis. The meeting agreed upon the establishment of a committee to develop an African response to the global financial crisis and issues on the G20 agenda. Serving on the committee are finance ministers from South Africa, Nigeria, Egypt, Cameroon and Tanzania, as well as central bank governors representing Botswana, Kenya, Algeria, West African states and Central African states. South Africa serves as chair of the first meeting of the committee this year.<sup>141</sup> (January 16, 2009, *All Africa*)

South Korea will set up a new government committee to help arrange upcoming G20 financial summit meetings. South Korea co-chairs the international forum this year along with Britain and Brazil under a troika system that includes the past and future chairs of the 20-member body. "Our country is set to take on a significant role within the G20 forum, along with the other nations of the troika," an official at the presidential office Cheong Wa Dae said. The new panel, dubbed the G20 Coordination Committee, will be tasked with working with the two other chairs of the forum to set agendas for future meetings, the official noted. The South Korean committee is expected to be headed by Sakong Il, the special economic advisor to President Lee Myung-bak.<sup>142</sup> (January 16, 2009, *Yonhap English News*)

British prime minister Gordon Brown is preparing to host the second crisis summit of the G20 nations in London in April which he hopes will agree a fresh series of coordinated measures. He discussed the situation with the head of the U.S. Federal Reserve chair Ben Bernanke, a week ahead of Barack Obama's inauguration as president. Asked recently whether he believed experts were right to predict the downturn could last two years, Brown said: "I think that does depend on the level of international cooperation. You see, if we did something in Britain its effect could be magnified twice over if other countries did it alongside us."<sup>143</sup> (January 13, 2009, *Press Association National Newswire*)

Finance ministers and central bankers from the G7 will meet in Rome for their regular meeting on February 13 and 14 as the world suffers its worst financial crisis in living memory. Their discussions are likely to reflect on the upcoming G20 meeting in London.<sup>144</sup> (January 13, 2009, *Reuters News*)

British prime minister Gordon Brown is to visit Berlin for talks on the world economic crisis with German chancellor Angela Merkel, her office said. Merkel's office said the talks were a part of consultations in advance of the next meeting of the G20 nations on

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<sup>141</sup> *All Africa* (January 16, 2009), "AfDB: African Response to the Global Financial Crisis."

<sup>142</sup> *Yonhap English News* (January 16, 2009), "Seoul to set up committee for G20 summit."

<sup>143</sup> *Press Association National Newswire* (January 13, 2009), "Brown to Hold Talks on Economy with Sarkozy."

<sup>144</sup> *Reuters News* (January 13, 2009), "G7 finance ministers to meet in Rome Feb13-14."

April 2 in London. A preparatory meeting for that top-level conference on ways to prevent a repeat of the world financial crisis is expected in March.<sup>145</sup> (January 12, 2009, *Trend News Agency*)

British prime minister Gordon Brown and French president Nicolas Sarkozy will hold talks in Paris on the global economic crisis and the forthcoming G20 meeting, Brown's spokesman said. Brown will then travel on to Berlin for similar talks with German chancellor Angela Merkel, the spokesman added. "Part of the purpose of the meetings with Chancellor Merkel and President Sarkozy will be not only to discuss the European response (to the financial crisis) but also to discuss preparations for the G20 meeting in April." Brown also has talks with U.S. Federal Reserve chief Ben Bernanke. With Britain chairing the G20 group of big industrialized and emerging economies this year, Brown and finance minister Alistair Darling will step up discussions with other countries in the coming weeks "on the next steps forward" in tackling the financial crisis, Brown's office said. Brown will host a G20 summit in April to assess pledges to assist the world economy made at a Washington summit last November. "We are seeing a more coordinated response across Europe to the economic crisis. There is debate taking place in Germany at the moment on a second fiscal stimulus package, but it's clearly for them to make any announcements on that," Brown's spokesman said.<sup>146</sup> (January 12, 2009, *Reuters News*)

UK prime minister Gordon Brown will travel to Berlin on January 14 to meet with German chancellor Angela Merkel, his office said. The meeting is the first bilateral between the ministers since last month's spat over UK fiscal policy. German finance minister Peer Steinbrück accused the UK government of pursuing "crass Keynesianism" in efforts to stymie the economic downturn. The UK responded by saying the comments were driven by domestic German coalition politics rather than economic analysis. Steinbrück is a Social Democrat whereas Merkel is a member of the centre-right Christian Democrat party. The prime minister's office said Brown will also meet with Federal Reserve chair Ben Bernanke during his UK visit.<sup>147</sup> (January 8, 2009, *Dow Jones International News*)

European leaders from G20 will meet in Berlin in the coming weeks to draw up a joint approach ahead of a full G20 summit on the financial crisis in April, French president Nicolas Sarkozy said. The G20 summit he will be held in London in April and will assess pledges to assist the world economy made at a summit in Washington last year. Sarkozy, speaking following talks with German chancellor Angela Merkel, said France and Germany had also agreed to work together to see how they could help their struggling car sectors.<sup>148</sup> (January 8, 2009, *Reuters News*)

French president Nicolas Sarkozy said that rebuilding the global financial system must be a joint effort by all countries and not dictated by the U.S. alone. "In the 21st century, one nation alone can't say what has to be done," he said at the start of a global conference on

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<sup>145</sup> *Trend News Agency* (January 12, 2009), "Britain's Prime Minister to meet German Chancellor."

<sup>146</sup> *Reuters News* (January 12, 2009), "UK's Brown to Meet Sarkozy in Paris on Wednesday."

<sup>147</sup> *Dow Jones International News* (January 8, 2009), "UK PM Brown To Meet Germany's Merkel Jan 14."

<sup>148</sup> *Reuters News* (January 8, 2009), "European G20 leaders to meet ahead of London summit."

new capitalism in Paris. The next G20 meeting will be crucial for speeding up the reform of international capitalism, Sarkozy said, adding that Brazil and China must have their say, as well as African countries. He also said the UK plays a major role in European efforts to change the international financial system, adding that without Europe's insistence November's G20 financial crisis meeting wouldn't be taking place. Sarkozy said the financial crisis has put governments back in the driver's seat of the economy and a new balance needs to be struck between public powers and market participants. The current crisis applies to financial capitalism not capitalism as a whole, and the solution is not to reject capitalism but to inject moral values into it. Sarkozy said the current international financial system thrives on imbalances, adding that from now on, it must serve the real economy. He also said bankers must face their responsibilities, hinting that banks should focus on increasing credit to support economic activity rather than pay dividends. "Now is not the time to thank shareholders," Sarkozy said.<sup>149</sup> (January 8, 2009, *Dow Jones International News*)

U.S. president-elect Barack Obama said that the new administration will have presented an approach on financial regulation by the time the G20 meets in April. He also said that there is "going to be a substantial overhaul" in U.S. financial market regulation and that Wall Street and the current regulatory system has not worked as it is supposed to.<sup>150</sup> (January 7, 2009, *Reuters News*)

The European Union will push for new financial market rules in April at the G20 meeting, European Commission president Jose Manuel Barroso said. EU governments say weak rules and lax oversight, particularly in the U.S., are the cause of the current financial crisis. French president Nicolas Sarkozy has called for "re-founding capitalism," but so far, the EU hasn't pushed this agenda at international meetings. Barroso said EU leaders will use a summit in Brussels March 19 and 20 to forge a common stance ahead of the April G20 meeting. "It is important that the European Union is united," Barroso said.<sup>151</sup> (January 7, 2009, *Dow Jones International News*)

Over and above a mere updating of a strategic partnership launched last year, the aim of the second EU-Brazil summit, held on December 22, 2008, in Rio de Janeiro was to confirm their "very large convergence of views" to add to their clout at the G20 summit on April 2 in London. "We decided, with President Lula, to use our influence to get things to change and to change deeply. We decided to bring our positions closer together and to go to London with a shared vision of the future role of the IMF, the system of financial institutions," Sarkozy commented, adding that the EU and Brazil would "work relentlessly" from now to 2 April. "We cannot allow a single financial institution not to be supervised," he said. "We decided to join our efforts to lay down the foundations of a more balanced monetary system structured on the world's main currencies. We also want to discuss and set up the bases of economic coordination and to put in place a recovery

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<sup>149</sup> *Dow Jones International News* (January 8, 2009), "Sarkozy: Rebuilding Fincl System Must Be Intl Effort."

<sup>150</sup> *Reuters News* (January 7, 2009), "Obama sees financial regulation plan by April-CNBC."

<sup>151</sup> *Dow Jones International News* (January 7, 2009), "EU Barroso: Bloc To Push For New Fincl Mkt Rules At April G20."

scheme similar to what Europe has done,” he continued.<sup>152</sup> (January 7, 2009, *Europolitics*)

Russia expects the G20 summit in London to help build a new financial architecture, deputy foreign minister Andrei Denisov said. “Russia’s foreign ministry is acting by political means under the circumstances of the world financial crisis to create more favourable conditions for the activity of banking structures. “We hope the G20 summit in London to help take measures to build a new financial architecture,” the Russian diplomat said.<sup>153</sup> (December 29, 2008, *ITAR-TASS World Service*)

Speaking at a business summit on the sidelines of the EU-Brazil summit on 22 December, French president Sarkozy urged U.S. president-elect Barack Obama to take action when he takes office on 20 January to get the Doha trade round rolling again.<sup>154</sup> (December 24, 2008, *Agence Europe*)

Russian president Medvedev has invited the leaders of Tajikistan, Armenia, Kazakhstan and Kyrgyzstan to coordinate positions so that Russia could represent the collective interest of its partners at the G20 summit. “Certain results will be summed up in late March and early April, and a [G20] meeting in London will be held in early April. I would like us to compare notes so that Russia, which will take part in this G20 meeting, could in fact represent our collective interests, because only collective actions can be a response to the current crisis.” “We should coordinate our actions in this situation. I will tell you about the events that have happened of late and in which I have taken part — I mean the meeting of the Group of 20 major economies in Washington.”<sup>155</sup> (December 22, 2008, *Interfax: Kazakhstan General Newswire*)

French president Nicolas Sarkozy and Brazilian president Luis da Silva vowed to work together to counter the effects of the world crisis by promoting trade. The European Union and Brazil said the two sides “will work all out” to prepare their positions for an April 2 summit by the G20. “Europe and Brazil must speak with the same voice to obtain fundamental changes in the global financial system and in world governance,” Sarkozy said. “We have decided, with President Lula, to push for things to change, for them to change profoundly. We have decided to align our positions and to arrive in London with a joint vision on the future role of the IMF, the system of financial institution oversight,” he said.<sup>156</sup> (December 22, 2008, *Agence France Presse*)

At an informal meeting of European Union economic and finance ministers in Paris on 19 December, French finance minister Christine Lagarde and her counterparts assessed the situation mid-way between the Washington G20 summit of 15 November and the G20 summit in London on 2 April 2009. Lagarde explained that the finance ministers of

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<sup>152</sup> *Europolitics* (January 7, 2009), “EU/Brazil: Common Will to Reform Global Financial System.”

<sup>153</sup> *ITAR-TASS World Service* (December 29, 2008), “RF expects G20 summit to help build new financial architecture-FM.”

<sup>154</sup> *Agence Europe* (December 24, 2008), “Nicolas Sarkozy urges Barack Obama to take action.”

<sup>155</sup> *Interfax: Kazakhstan General Newswire* (December 22, 2008), “Russia may represent interests of CIS partners at G20 summit in London – Medvedev.”

<sup>156</sup> *Agence France Europe* (December 22, 2008), “EU, Brazil vow to press for IMF overhaul at London G20 meeting.”

Germany, the United Kingdom, Luxembourg and the Czech Republic [which holds the EU presidency as of January 1, 2009] did not attend the meeting because they were otherwise engaged. The participants examined three specific issues, focusing on the fight against non-cooperative centres (tax havens). They also examined various ways of increasing the coffers of the International Monetary Fund (IMF). They had explored all options and mentioned the issuing of bonds. The ministers also worked on the setting up of an early warning system.<sup>157</sup> (December 20, 2008, *Agence Europe*)

Among the issues on the agenda of the European Union-Brazil summit on December 22 are discussions on the reform of international financial architecture ahead of the G20 summit in London. Both the Brazilians and Europeans will repeat the need for a global, coordinated approach. They will stress the need to reject protectionism and increased customs tariffs in this time of great economic uncertainty. They will also take stock of the World Trade Organization (WTO) talks, after the recent failure to convene a ministerial meeting in Geneva before the end of the year.<sup>158</sup> (December 20, 2008, *Agence Europe*)

Ahead of the next G20 summit, French president Nicolas Sarkozy and European Union president José Manuel Barroso are trying to rally as much political support as possible in favour of an ambitious reform agenda. The engagement of emerging countries, such as Brazil, is seen as critical by the EU in order to achieve meaningful results. In order to convince Brazil to join in their efforts, Europe will support its demands for a radical shakeup of the global architecture that would lead to a greater say for emerging powers in international affairs. Brazil, like China, India and other large developing countries, wants more posts and influence within international organizations, such as the IMF. In return, Europe also hopes to see some positive Brazilian steps on climate change that could help to convince other emerging economies, such as India or China, to move in 2009.<sup>159</sup> (December 19, 2008, *Europolitics*)

European Union finance officials discussed ways of preventing financial crises of the kind that have tipped much of the world into recession. “We have decided to explore all options,” French economic minister Christine Lagarde said of the search for IMF funding. European Central Bank president Jean-Claude Trichet attended the talks, as did Dominique Strauss-Kahn, managing director of the IMF, which is busy bailing out economies such as Iceland, Hungary and Latvia. “We are in the last steps of negotiations but we are not yet there. I hope it will finish as soon as possible,” said European economic and monetary affairs commissioner Joaquin Almunia.<sup>160</sup> (December 18, 2008, *Reuters News*)

German finance minister Peer Steinbrueck, Britain’s Alistair Darling, Jean-Claude Juncker of Luxembourg, who serves as chairman of the euro currency zone and the Czech finance minister were all absent from the European Union finance ministers meeting in Paris on

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<sup>157</sup> *Agence Europe* (December 20, 2008), “European economics and finance ministers take stock midway between Washington and London summits.”

<sup>158</sup> *Agence Europe* (December 20, 2008), “Financial crisis and climate change on agenda of second EU-Brazil Summit.”

<sup>159</sup> *Europolitics* (December 19, 2008), “EU/Brazil: Rio Summit to focus on economic crisis and energy.”

<sup>160</sup> *Reuters News* (December 18, 2008), “EU ministers discuss financial crises prevention.”

December 18. Steinbrueck and Darling were kept away by budget discussions back home, French economic minister Christine Lagarde said.<sup>161</sup> (December 18, 2008, *Reuters News*)

Mexican president Felipe Calderon said that Mexico would join with Brazil and Argentina to submit concrete proposals to tackle the current financial crisis, to the G20. Before submitting the proposals, there will be a meeting of the president, he confirmed.<sup>162</sup> (December 17, 2008, *Xinhua News Agency*)

Many invitees of the French-planned meeting of European finance ministers were planning to not show up on December 18. “I don’t know why this meeting is taking place. No one really feels like going and talking about this at this stage. It is a completely redundant meeting,” one of those invited said. Among those not going is Luxembourg’s Jean-Claude Juncker, who chairs regular talks among euro zone finance ministers. Those who had not yet decided include European Central Bank president Jean-Claude Trichet and the finance ministers of Italy, Spain, the Netherlands, Poland, Romania and Latvia. Those who had already confirmed their attendance were ministers from Ireland, Sweden, Austria, Portugal, Estonia, Slovakia and Cyprus.<sup>163</sup> (December 16, 2008, *AFX Asia*)

France has invited finance ministers from the European Union to attend a meeting in Paris on December 18 to prepare for the next G20 summit, officials said. “Invitations have been sent and Paris is still waiting to receive confirmation that France’s partners will attend,” a French economy ministry official said. The meeting will take place at 17:30 on December 18 with a dinner at 19:30. The discussions will focus on world financial issues and International Monetary Fund managing director Dominique Strauss-Kahn was expected to attend.<sup>164</sup> (December 12, 2008, *AFX Asia*)

Russia and Brazil will coordinate their efforts to tackle the international financial crisis, Russian president Dmitry Medvedev said. “We have agreed to coordinate our efforts both in overcoming the effects of the international financial crisis and in creating a modern international financial system,” Medvedev said after Russian-Brazilian high-level talks. At the talks the parties agreed that their countries’ finance ministers will discuss these issues in the near future and that both countries will make sure they have coordinated their positions by the time the G20 meet in London in April 2009, he said.<sup>165</sup> (November 26, 2008, *Russia & CIS General Newswire*)

French president Nicolas Sarkozy went home after the November 14-15 G20 summit and announced that he would hold his own summit meeting in Paris on January 8-9, 2009, on the same topic. That has raised hackles in diplomatic circles, not just because the meeting appears to compete with a planned gathering of 20 world leaders next April. Sarkozy’s aggressive statements have put American officials on edge, with some saying that he

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<sup>161</sup> *Reuters News* (December 18, 2008), “EU ministers discuss financial crises prevention.”

<sup>162</sup> *Xinhua News Agency* (December 17, 2008), “Mexico, Brazil and Argentina to present proposals to G20.”

<sup>163</sup> *AFX Asia* (December 16, 2008), “Many EU finmins to shun extra talks on stimulus, G20.”

<sup>164</sup> *AFX Asia* (December 12, 2008), “France says EU finmin invited to meet Dec. 18.”

<sup>165</sup> *Russia & CIS General Newswire* (November 26, 2008), “Russia, Brazil will coordinate positions ahead of next G20 summit – Medvedev.”



seems determined to turn the global crisis into a referendum on the ills of untrammelled capitalism. Simon Johnson, a former chief economist of the IMF, said that Sarkozy “said the U.S. had agreed to a whole range of negotiations on regulations. But he didn’t actually come in and negotiate any of these things.” Sarkozy said nothing about his plans to convene a meeting to U.S. president George Bush or the other leaders while he was here. French officials said the gathering is to be co-hosted by former British Prime Minister Tony Blair and is merely a conference intended to bring together political leaders and prominent thinkers to discuss issues such as globalization and the values of capitalism. The timing has ruffled feathers, even more than its agenda has, because the G20 set out a detailed process to tackle regulatory reform. Sarkozy’s aides emphasized that the January “informal gathering” is not connected to the G20: “It’s a joint idea of Tony Blair and Nicolas Sarkozy; they have had it on their minds for a while,” said a French official, who spoke on condition of anonymity because he was not authorized to speak publicly. Sarkozy proposed the November 15 meeting, though Bush rejected his idea to hold the talks in New York. American officials said it was Bush’s idea to expand the guest list to 20 countries, rather than the usual gathering of 7 or 8.<sup>166</sup> (November 20, 2008, *The New York Times*)

French president Nicolas Sarkozy and former British prime minister Tony Blair will host a meeting in Paris in January to look at concrete ways to respond to the economic crisis, the French presidency said. The meeting on January 8 and 9, 2009, will be held ahead of a second G20 meeting scheduled for early next year in London to agree on a response to the finance crisis that has since spilled over into the broader economy. “This is a crucial period for our economies and our social organisations,” Sarkozy said. “Now more than ever, we need to show that we can propose concrete solutions to the challenges that we are facing.” Blair said the conference, to be called “A New World: Values, Development and Regulation,” would make a vital contribution to efforts to come to grips with the economic downturn. The G20 leaders agreed at a summit in Washington in November to join forces to galvanize growth and overhaul the world’s financial architecture.<sup>167</sup> (November 20, 2008, *Agence France Presse*)

## Site

The G20 summit will be held at a conference centre in east London, Britain’s foreign office said. A foreign office spokeswoman said the ExCel centre, close to the Canary Wharf financial district, had been selected as the venue for the London Summit 2009. Security will be intense for the gathering of world leaders, the biggest in Britain since the 2005 G8 summit.<sup>168</sup> (February 6, 2009, *Reuters News*)

British prime minister Gordon Brown confirmed on November 26, 2008, that the United Kingdom will chair the second G20 financial summit in 2009. “I can tell the House today that we’ve agreed with our international partners, and particularly with Japan, which is current president of the G8, and Premier Aso, that the next meeting of the G20 will be

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<sup>166</sup> *The New York Times* (November 20, 2008), “Sarkozy’s Fiscal Meeting Raises Diplomatic Hackles.”

<sup>167</sup> *Agence France Presse* (November 20, 2008), “Sarkozy, Blair to host Paris meeting on world economy.”

<sup>168</sup> *Reuters News* (February 6, 2009), “London’s ExCel centre chosen as venue for G20 summit.”

held in London. It will be held in London on 2 April. It will deal with the major questions of economic action that are necessary,” Brown said to the British parliament. Brown also confirmed that president-elect of the United States, Barack Obama, is expected to attend the summit following his inauguration in January.<sup>169</sup> (November 26, 2008, *Number10*)

The next G20 financial summit will most likely take place in London, Russian presidential aide Arkady Dvorkovich said. A place for the summit and further anti-crisis policy steps must be determined before April 30 next year. Another contender to host the second anti-crisis summit is Japan, but London is the most probable, he said. When asked what steps Russia should take to implement the Washington summit decisions, Dvorkovich answered that no special decisions would be needed, but legislation correction would continue.<sup>170</sup> (November 16, 2008, *ITAR-TASS World Service*)

British prime minister Gordon Brown said that the location of the next G20 summit would be revealed at a later date, declining to confirm London as the host city. “An announcement about location will come within the next 10 days.” He said Britain as chair of the G20 would “lead the way with Brazil and South Korea to form the agenda” for the next gathering scheduled before April 30, 2009. French president Nicolas Sarkozy proposed earlier that the next G20 summit be held in London. A senior U.S. official, who asked not to be named, said a number of countries had expressed interest in hosting the gathering. “The leaders did not have a discussion about the location of the next summit,” said the official. “They agreed on when it would be held, it was not really discussed where it would be held.” The official added: “But a number of countries expressed interest in hosting and those countries who have expressed an interest in hosting were talking among themselves to try and work out where the next one will be.”<sup>171</sup> (November 15, 2008, *Agence France Presse*)

## 5. Future Meetings

G8 host Italy will consider expanding July’s G8 leaders’ meeting into a G20, if a follow-up is needed to an April G20 summit on the global financial crisis in London. “If after the G20 summit in London there is a need to talk about financial matters in the same format, we don’t exclude making space for it at La Maddalena,” said Italy’s G8 sherpa Giampiero Massolo. “We are not asking for this but we are prepared to dedicate part of the summit to such a meeting,” said Massolo. “It depends how London goes and how the crisis develops between April and July,” he said earlier this week. “There is no competition between the formats ... The G8 has the advantage of being a like-minded group but it is today less representative. The G20 summit is a promising format for resolving the global financial crisis.”<sup>172</sup> (January 28, 2009, *Reuters News*)

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<sup>169</sup> *Number10* (November 26, 2008), “UK to host G20 financial summit.”

<sup>170</sup> *ITAR-TASS World Service* (November 16, 2008), “Next G20 summit most likely to take place in London.”

<sup>171</sup> *Agence France Presse* (November 15, 2008), “Location for next summit to be announced shortly: Brown.”

<sup>172</sup> *Reuters News* (January 28, 2009), “Italy may expand G8 summit to G20 crisis talks.”

Speaking at a joint meeting of Italy's parliamentary foreign committees, Italian foreign minister Franco Frattini said the G8 model "should enlarge itself in a flexible manner, involving economic and political players and coordinating with the G20 on economic and financial themes in order to have a complete spectrum" of analysis on global issues. The G20 countries are to meet on the third day of Italy's 2009 G8 summit.<sup>173</sup> (December 5, 2008, *Thai News Service*)

## 6. G20-G8 Relationship

Coordinating the efforts of the G8 and G20 to combat the global recession was at the centre of talks between UK prime minister Gordon Brown and Italian prime minister Silvio Berlusconi in Italy. They said they were in "total agreement" on the nature of the global crisis and the way it needed to be tackled. "We have the same opinions and this is a comfort for us who have the responsibility of the G20, in Gordon Brown's case, and the G8, in my case," Berlusconi said.<sup>174</sup> (February 19, 2009, *ANSA – English Media Service*)

Italian finance minister Giulio Tremonti said that the work carried out by the G8 finance ministers would be passed on to the G20, which is meeting in London in April. "The Italian presidency is not so much interested in formats like the G7, G8, G20 — but especially in the contents" of the meetings, Tremonti said at the end of a two-day meeting of G8 finance ministers.<sup>175</sup> (February 14, 2009, *Dow Jones International News*)

The global financial crisis has undermined confidence in the world financial institutions, Russian foreign minister Sergei Lavrov said. "The global economic crisis makes all focus attention on the vital issues, not on virtual projects." He said, "It is also important that the crisis literally is pushing us all to collective actions, and the factual reforming of the financial Group of Seven into the financial Group of Twenty as this happened at a Washington summit in November 2008, points to this, in particular."<sup>176</sup> (January 16, 2009, *ITAR-TASS World Service*)

Italy, seeing its presidency of the G8 become a sideshow as Britain makes the G20 the focus for fixing the global financial crisis, hopes to make its mark by changing the G8's image as a club for rich western nations. The financial crisis has elevated the G20 to a forum of leaders rather than just economy officials and Gordon Brown's G20 summit in April in London promises to steal the thunder from Silvio Berlusconi's G8 summit in July. The remit of the G8 is to tackle global challenges from the economy to the environment. But it is viewed increasingly as an exclusive and unrepresentative forum. "Ten years ago the G7 represented 80 percent of world GDP, was united around one currency, the dollar, and embodied the predominant democratic values," Italian economy minister Giulio Tremonti said. "Now the G8 equals only half of world GDP and is no

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<sup>173</sup> *Thai News Service* (December 5, 2008), "Italy: Italian FM voices G8 presidency priority next year."

<sup>174</sup> *ANSA – English Media Service* (February 19, 2009), "Berlusconi and Brown Focus on G8 and G20 Crisis Coordination."

<sup>175</sup> *Dow Jones International News* (February 14, 2009), "G7: Italy Fin Min:G8 Work Will Be Passed On To G20."

<sup>176</sup> *ITAR-TASS World Service* (January 16, 2009), "Need of reforming G7 into G20 is obvious-Lavrov."

longer representative of the world in which we live.” Furthermore the G20 has the arguably more urgent task of reviving global growth and reforming the financial sector and oversight bodies. In the heat of financial crisis, the G20 called a summit last November in Washington and a second this April in London. More are on the cards as global recession and banks’ toxic assets mean the problem is unlikely to disappear soon. “In the latest crisis the G20 has taken the lead because the United States sees it as a better forum for taking decisions,” said former Italian prime minister Massimo D’Alema. “The world has changed and you cannot run it with outdated instruments.” Brown hopes the London summit, which will mark U.S. president-elect Barack Obama’s first trip to Europe, will burnish his credentials as a world statesman. Berlusconi has portrayed the G20 as too unwieldy to take decisions, calling it “just a roundtable with each leader almost always reading a prepared speech.” Instead, he promotes the idea of expanding the G8 to include major developing-world powers. The G8 now routinely meets the G5 (China, India, Brazil, South Africa and Mexico) and others like Australia, Indonesia and South Korea. Foreign minister Franco Frattini sees Italy’s presidency expanding the G8 “in a flexible manner” to give the emerging powers more clout, creating a “new global governance.” G8 diplomats say there is broad support for giving emerging economic powers like the G5 “more substantive” input, but there is not consensus on Berlusconi’s suggestions that the G8 could become a G13 or G14, depending on which countries are invited. But Italy’s G8 presidency can rest assured that Brown’s G20 agenda is focused on the financial crisis and not straying off into issues like climate change, leaving Rome scope to make its mark and delete the memory of its last G8 summit in Genoa in 2001, remembered for violent protests and police brutality.<sup>177</sup> (January 15, 2009, *Reuters News*)

Russian foreign minister Sergei Lavrov said, “I don’t think the G20 will ever replace the G8. The G8 will not lose its ability to generate new ideas but those ideas will be discussed in a broader format.”<sup>178</sup> (December 11, 2008, *Russia & CIS General Newswire*)

Canadian ambassador to Japan, Jonathan Fried, said he believes that the G20 will not replace the G8 as a key global forum. “The G8 and the G20 have coexisted successfully among finance ministers since 1999.”<sup>179</sup> (December 8, 2008, *Kyodo News*)

U.S. treasury assistant secretary for international affairs Clay Lowery said the next president would have to weigh the importance of the G7 as a policy-making mechanism. Lowery’s comment came in the context of a question about why the G20 was recently used for a summit and not the G7 or G8. He said that group had been chosen for its breadth of economies and representation of nations. A meeting of G7 leaders would have been too limited, he said. At the same time, “there will be a lot of questions” for the next U.S. administration what should be done with the G7.<sup>180</sup> (November 25, *Dow Jones Chinese Financial Wire*)

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<sup>177</sup> *Reuters News* (January 15, 2009), “Italy revamps G8 as UK makes financial crisis focus.”

<sup>178</sup> *Russia & CIS General Newswire* (December 11, 2008), “G20 no substitute for G8 but can solve some problems-Lavrov.”

<sup>179</sup> *Kyodo News* (December 8, 2008), “Canadian envoy does not foresee G20 replacing G8 as major forum.”

<sup>180</sup> *Dow Jones Chinese Financial Wire* (November 25, 2008), “Next Administration to Mull Import Of G7.”

Indian finance minister P. Chidambaram said that the G20 will be the top economic forum for the future but he is concerned that no mechanism exists to oversee an economic action plan agreed by world leaders on November 15. The minister added it was not quite clear to India whether the incoming U.S. administration was wholly on board with what the George Bush team had agreed at the meeting. Therefore, a clear statement would be reassuring. “Otherwise, I think it’s a good beginning, we are happy, the emerging economies are happy,” he said. The minister expressed hope that President-Elect Barack Obama, who has a larger world-view than current president Bush, would be on board with the action plan. “The G20 has come to stay as the single most important forum to address the financial and economic issues of the world,” Chidambaram, said.<sup>181</sup> (November 19, 2008, *The Economic Times*)

## 7. Civil Society

Activists are planning a mass protest in London to coincide with the G20 summit. Thousands of demonstrators are plotting a series of protests for April 1. Organizers are labelling the event “Financial Fools Day.” Scotland Yard is on alert, and it is feared the protests may cause severe disruption as demonstrators try to block traffic and buildings by lying in tents and sleeping bags across roads. Activists are being invited to “set up camp” in London’s financial centre. One source suggested the protest would include a “spectacular action.” Organizers said on the Climate Camp website: “We need to stop this foolishness ... bring a pop-up tent if you have one, sleeping bag, wind turbine, mobile cinema, extra shoes, action plans and ideas ... let’s imagine another world.” An anarchist wrote on a blog: “The combination of the recession, the inspiration of the Greek anarchists and the G20 summit being in London gives us the opportunity to mobilise far larger than usual numbers on to the streets.”<sup>182</sup> (February 28, 2009, *The Daily Telegraph*)

British police have said that the London Summit could set off mass protests aggravated by the global economic crisis. Anti-globalization protestors, environmental activists and anti-war demonstrators are planning a series of events in the run-up to and during the April event. “We’ve got G20 coming and I think that is being advertised on some of the [web]sites as the highlight of what they see as a ‘summer of rage’,” David Hartshorn, head of London’s public order policing branch said. He said that banks, multinational companies and other financial institutions could be targets. Demonstrations are due to kick off on March 28 with a ‘Put People First’ march through London coordinated by unions, charities and anti-poverty campaigns.<sup>183</sup> (February 23, 2009, *Reuters News*)

A demonstration has been planned against bankers in London’s financial district on April 1. Thousands of people are expected to attend the event, dubbed ‘Financial Fools Day,’ which threatens to cause severe disruption to the UK capital.<sup>184</sup> (February 20, 2009, *Dow Jones International News*)

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<sup>181</sup> *The Economic Times* (November 19, 2008), “G20 will be top economic forum: FM.”

<sup>182</sup> *The Daily Telegraph* (February 28, 2009), “G20 protest points to ‘summer of rage’.”

<sup>183</sup> *Reuters News* (February 23, 2009), “British police fear unrest for G20 global summit.”

<sup>184</sup> *Dow Jones International News* (February 20, 2009), “London Demonstration Planned for Visit of G20 Heads-Report.”

Anti-globalization activists meeting at the World Social Forum in Brazil said they are organizing international protests against a G20 meeting in London on March 28 that is meant to find solutions to the economic crisis. Unions and other leftwing groups taking part said they questioned the legitimacy of the G20 to set policies. They were pushing for a wider body, such as a reformed United Nations, to tackle the issue, the activists said. “We are in a context of an extremely deep global crisis and today the world is expecting us, the anti-globalization movements, to come up with strong, joint proposals,” said Jean Merkart of the CCFD, a French Catholic development charity.<sup>185</sup> (February 1, 2009, *Agence France Presse*)

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<sup>185</sup> *Agence France Presse* (February 1, 2009), “Anti-globalizationists plan protest against G20.”

## 7. Appendices

### *G20 Leaders' Experience for the April Summit*

Country	Leader	Years in office	# of G8 summits attended	# of G20 summit attended
Argentina	Cristina Fernández de Kirchner	1 year, 5 months	0	1
Australia	Kevin Rudd	1 year, 5 months	1	1
Brazil	Luiz Inácio Lula da Silva	6 years, 4 months	5	1
Canada	Stephen Harper	3 years, 4 months	3	1
China	Hu Jintao	6 years, 1 month	5	1
France	Nicolas Sarkozy	1 year, 11 months	2	1
Germany	Angela Merkel	3 years, 5 months	3	1
India	Manmohan Singh	4 years, 11 months	4	1
Indonesia	Susilo Bambang Yudhoyono	4 years, 6 months	1	1
Italy	Silvio Berlusconi	1 year <sup>186</sup>	11	1
Japan	Taro Aso	7 months	0	1
Korea	Lee Myung-bak	1 year, 2 months	1	1
Mexico	Felipe de Jesús Calderón Hinjosa	2 years, 4 months	2	1
Russia	Dmitry Medvedev	11 months	1	1
Saudi Arabia	Adbullah bin Abdul Aziz Al Saud	3 years, 8 months	0	1
South Africa	Petrus Kgalema Motlanthe	7 months	0	1
Turkey	Tayyip Erdoğan	6 years	0	1
United Kingdom	Gordon Brown	1 year, 10 months	1	1
United States	Barack Obama	3 months	0	0
European Union	José Manuel Barroso	4 years, 5 months	4	1
Average		Approx. 2 years, 10 months	1.7	0.95

<sup>186</sup> Includes present term only. Berlusconi was also prime minister of Italy from 17 April 1994 to 17 January 1995 and from 11 June 2001 to 17 May 2006. He attended G7/8 summits in 1994, 2001, 2002, 2003, 2004 and 2005 as well as 2008 (which is indicated in the table above).

## **Members of G20, Gleneagles Dialogue and Major Economies Meeting**

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
	Nigeria	
	Poland	
Russia	Russia	Russia
Saudi Arabia		
South Africa	South Africa	South Africa
South Korea		South Korea
	Spain	
Turkey		
United Kingdom	United Kingdom	United Kingdom
United States	United States	United States
European Union	European Union	European Union

The managing director of the International Monetary Fund 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's Cristina Fernández de Kirchner** became president on December 10, 2007, after winning the general election. 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, Kirchner studied law at the National University of La Plata. The minister of finance is Carlos Fernández.

**Australia's Kevin M. Rudd** became prime minister on December 3, 2007, replacing John Howard who had held the position since March 1996. Before entering into politics, Rudd 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, 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.

**Brazil's 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 but 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.

**Canada's Stephen Harper** was first elected prime minister in January 2006, replacing Paul Martin, and led a minority government until winning a second election and a stronger minority in October 2008. Before entering politics he served as a policy advisor to 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 several years before becoming prime minister. He was born in Toronto, Ontario, on April 30, 1959. He began his academic studies at the University of Toronto and completed a bachelor's degree in economics at the University of Calgary in 1985. In 1991, he received a master's in economics from the University of Calgary. He is married to Laureen Teskey Harper.

**China's Hu Jintao** has been president 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 chair 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. In 1992, he was elected member of the Standing Committee of the Political Bureau of the CPC Central and re-elected in 1997. He became vice-president of China in March 1998 and vice-chair of the CMC in 1999. In 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.

**France's Nicolas Sarkozy** became president on May 16, 2007, taking over from Jacques Chirac, who had held the position since 1995. France holds the presidency of the European Council from July 1 to December 31, 2008. Sarkozy 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) 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 on January 28, 1955. In 1978, he received his degree in law from the University of Paris. He is married to Carla Bruni.

**Germany's Angela Merkel** became chancellor on November 22, 2005, replacing Gerhard Schröder, who had been in power since 1998. She is the first female chancellor of 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.

**India's Manmohan Singh** became prime minister on May 22, 2004, replacing Atal Bihari Vajpayee, who held the position from 1998 to 2004 and 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 to 1985. He was first elected to the upper house of Indian parliament in 1995 and 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 degrees 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. He also currently holds the position of finance minister.

**Indonesia's Susilo Bambang Yudhoyono** became president on October 20, 2004, 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. He received his PhD in agricultural economics from the Bogor Institute of Agriculture in 2004. He is married to Kristiani Herawati.

**Italy's Silvio Berlusconi** was elected prime minister for the third time on April 29, 2008. He occupied the position previously from 1996 to 2001 and 1994 to 1995. Before entering into politics he worked in business, including construction, telecommunicatins and media. 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 2009 G8 Summit. Berlusconi 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.

**Japan's Taro Aso** became prime minister 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.

Aso 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's 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 before entering into politics. Lee was first elected into the Korean National assembly in 1992. He served as mayor of Seoul from 2002 to 2006. Lee was born in Kirano, Japan, on December 19, 1941. He received a degree in business administration from Korea University in 1965. Lee is married to Kim Yun-ok.

**Mexico's Felipe de Jesús Calderón Hinojosa** became president on December 1, 2006, replacing Vicente Fox, who held the position since 2000. 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, Mexico, on August 18, 1962. He received his bachelor's degree in law from Escuela Libre de Derecho in Mexico City and 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.

**Russia's Dmitry Medvedev** became president on May 7, 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) 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.

**Saudi Arabia's 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. 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 chair of the supreme economic council, president of the high council for petroleum and minerals, president of the King Abdulaziz centre for national dialogue, chair 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 of wives.

**South Africa's Petrus Kgalema Motlanthe** became president on September 25, 2008, after the resignation of Thabo Mbeki, who 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.

**Turkey's Recep Tayyip Erdoğan** became prime minister on March 14, 2003, replacing Abdullah Gül, who had occupied the office since November 2002. Before becoming prime minister Erdoğan was mayor of Istanbul from 1994 to 1998. He was born on February 26, 1954, in Rize, Turkey. He studied management at Marmara University's faculty of economics and administrative sciences. He is married to Emine Erdoğan.

The **United Kingdom's Gordon Brown** became prime minister 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 Kirkcaldy and Cowdenbeath in Scotland. Before entering politics he worked as a lecturer and journalist. He served as chancellor of the exchequer from 1997 to 2007 and he accompanied Prime Minister Tony Blair to G8 summits as finance minister. He was born in Govan, 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.

The **United States' Barack Obama** became president-elect on November 4, 2008, and was inaugurated as president on January 20, 2009. Obama was elected to the U.S. Senate in 2005. He worked as a community organizer, a civil rights lawyer and a state legislator for Illinois. The first black president, he was born on August 4, 1961, in Honolulu, Hawaii, to a Kenyan father and American mother. He received his bachelor's degree from Columbia University in 1983 and a law degree from Harvard University in 1991. He is married to Michelle Obama.

The **European Commission's José Manuel Barroso** became president on November 23, 2004. Prior to that he was prime minister of Portugal from 2002 to 2004. Before entering into politics he worked as an academic. He graduated law from the University of Lisbon and has a master's 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.

The **Czech Republic's Mirek Topolánek** became prime minister in August 2006. He took over the presidency of the European Council on January 1, 2009, from France's Sarkozy. He will remain in the position until June 2009, when Sweden will take over. He was a member of the Czech Senate from 1996 to 2004 and its deputy chair from 2002 to 2004. Since June 2006 he has been a member of the Chamber of Deputies. Born in 1956, he studied at Brno University of Technology where he received a degree in mechanical engineering.

## ***Statistical Profiles***

(as of January 2009)

## Argentina

### Polity

Political party:	Justicialist Party
Most recent election:	28 Oct 2007
Government:	Lower House – Majority; Upper House – Majority
Political system:	Presidential
Legislature:	Bicameral, elected Chamber of Deputies, elected Senate
Capital:	Buenos Aires
Official language:	Spanish

### Economy

Currency:	Peso (P)
GDP (real):	\$338.7 billion (2008 est.)
Predicted change:	6.2% (2008); 2.2% (2009)
Composition by sector:	9.2%-agriculture; 34.1%-industry; 56.7%-services (2008 est.)
Central Bank interest rate:	NA
Official reserve assets:	\$46,071.72 million (Nov. 2008)
Foreign currency reserves:	\$43,217.53 million (Nov. 2008) [in converted foreign currencies]
Securities:	\$12,462.39 million (Nov. 2008)
IMF reserve position:	0.29
Gold:	\$1,427.43 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$826.72 million (Nov. 2008)
Loans to nonbank residents:	\$105.17 million (Nov. 2008)
Other reserve assets:	\$14.92 million (Nov. 2008)
Commercial Bank prime lending rate:	28.0% (28 Nov. 2008)
Stock of money:	\$33.93 billion (31 Dec. 2007)
Stock of quasi money:	\$45.92 billion (31 Dec. 2007)
Stock of domestic credit:	\$72.55 billion (31 Dec. 2007)
Household income or consumption by % share:	1.0%-lowest 10%; 35.0%-highest 10% (Jan.-Mar. 2007)
Inflation rate (consumer prices):	22.0% (2008 est.) [based on non-official estimates]
Investment (gross fixed):	24.0% of GDP (2008 est.)
Current account balance:	\$9.0 billion (latest year, Q3 2008)
Budget:	\$86.3 billion-revenues; \$80.4 billion-expenditures (2008 est.)
Budget balance:	0.7% of GDP (2008)
Public debt:	51.0% of GDP (Jun. 2008) [cumulative debt of all government borrowing]
Exchange rates (per USD):	3.45 (Jan. 2009); 3.14 (Jan. 2008)
Economic aid-recipient:	\$99.66 million (2005)
Debt-external:	\$135.5 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$69.1 billion-at home; \$26.81 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$86.68 billion (31 Dec. 2007)
Distribution of family income-Gini index:	49.0 (Jan-Mar. 2007)
Unemployment rate:	7.8% (Q3 2008)
Labour force:	16.27 million (2008 est.) [urban areas only]

### Markets

MERV index:	1,087.6 (Jan. 2009)
% change on 31 Dec. 2008:	-49.5 (local currency); -53.9 (\$ terms)

## Trade

Trade balance:	\$14.1 billion (latest year, Nov. 2008)
Trade to GDP ratio:	44.7 (2005-2007)
Exports:	\$73.0 billion f.o.b. (2008 est.)
Top export partners:	Brazil (19.1%); China (9.4%); U.S. (7.9%); Chile (7.6%) (2007)
Imports:	\$59.9 billion f.o.b. (2008 est.)
Top import partners:	Brazil (34.6%); U.S. (12.6%); China (12.0%); Germany (5.0%) (2007)

## Australia

### Polity

Political party:	Labour Party
Most recent election:	24 Nov 2007
Government:	Lower House – Majority; Upper House – Minority
Political system:	Parliamentary
Legislature:	Bicameral, elected House of Representatives, elected Senate
Capital:	Canberra
Official language:	English

### Economy

Currency:	Australian dollar (A\$)
GDP (real):	\$1.069 trillion (2008 est.)
Predicted change:	2.0% (2008); 0.8% (2009)
Composition by sector:	2.5%-agriculture; 26.4%-industry; 71.1%-services (2008 est.)
Central Bank interest rate:	4.25% (Dec. 2008)
Official reserve assets:	\$30,692.55 million (Nov. 2008)
Foreign currency reserves:	\$27,568.23 million (Nov. 2008) [in converted foreign currencies]
Securities:	\$19,923.68 million (Nov. 2008)
IMF reserve position:	644.06
Gold:	\$2,091.21 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$-96.97 million (Nov. 2008)
Loans to nonbank residents:	\$0.00 (Nov. 2008)
Other reserve assets:	\$317.79 million (Nov. 2008)
Commercial Bank prime lending rate:	10.02% (31 Dec. 2007)
Stock of money:	\$298.5 billion (31 Dec. 2007)
Stock of quasi money:	\$667.2 billion (31 Dec. 2007)
Stock of domestic credit:	\$1.312 trillion (31 Dec. 2007)
Household income or consumption by % share:	2.0%-lowest 10%; 25.4%-highest 10% (1994)
Inflation rate (consumer prices):	4.7% (2008 est.)
Investment (gross fixed):	27.6% of GDP (2008 est.)
Current account balance:	\$-56.7 billion (latest year, Q3 2008)
Budget:	\$343.6 billion-revenues; \$340.7 billion-expenditures (2008 est.)
Budget balance:	-0.3% of GDP (2008)
Public debt:	15.4% of GDP (Jun. 2008) [gross debt]
Exchange rates (per USD):	1.51 (Jan. 2009); 1.14 (Jan. 2008)
Economic aid-donor:	\$2.213 billion (2006) [ODA]
Debt-external:	\$1.032 trillion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$333.1 billion-at home; \$301.1 billion-abroad (2008 est.)

Market value of publicly traded shares: \$1.298 trillion (31 Dec. 2007)  
 Distribution of family income-Gini index: 30.5 (2006)  
 Unemployment rate: 4.5% (Dec. 2008)  
 Labour force: 11.21 million (2008 est.)

### Markets

All Ord. index: 3,624.3 (Jan. 2009)  
 % change on 31 Dec. 2008: -43.6 (local currency); -57.5 (\$ terms)

### Trade

Trade balance: \$-5.0 billion (latest year, Nov. 2008)  
 Trade to GDP ratio: 44.7 (2005-2007)  
 Exports: \$178.9 billion (2008 est.)  
 Top export partners: Japan (18.9%); China (14.2%); South Korea (8.0%); U.S. (6.0%); NZ (5.6%); India (5.5%); UK (4.2%) (2007)  
 Imports: \$187.2 billion (2008 est.)  
 Top import partners: China (15.5%); U.S. (12.8%); Japan (9.6%); Singapore (5.6%); Germany (5.2%); UK (4.3%); Thailand (4.2%) (2007)

## Brazil

### Polity

Political party: Workers' Party (PT)  
 Most recent election: 29 Oct 2006  
 Government: Lower House – Minority; Upper House – Minority  
 Political system: Presidential  
 Legislature: Bicameral, elected Chamber of Deputies, elected Senate  
 Capital: Brasilia  
 Official language: Portuguese

### Economy

Currency: Real (R)  
 GDP (real): \$1.665 trillion (2008 est.)  
 Predicted change: 5.3% (2008); 2.4% (2009)  
 Composition by sector: 5.5%-agriculture; 28.5%-industry; 66.0%-services (2008 est.)  
 Central Bank interest rate: 13.75% (Sep. 2008)  
 Official reserve assets: \$193,783.38 million (Dec. 2008)  
 Foreign currency reserves: \$190,929.37 million (Dec. 2008) [in converted foreign currencies]  
 Securities: \$188,745.97 million (Dec. 2008)  
 IMF reserve position: 0.22  
 Gold: \$939.74 million (Dec. 2008) [including gold deposits and, if appropriate, gold swapped]  
 Financial derivatives: \$-0.41 million (Dec. 2008)  
 Loans to nonbank residents: \$33.63 million (Dec. 2008)  
 Other reserve assets: \$1,879.72 million (Dec. 2008)  
 Commercial Bank prime lending rate: 43.72% (31 Dec. 2007)  
 Stock of money: \$131.1 billion (31 Dec. 2007)  
 Stock of quasi money: \$792.8 billion (31 Dec. 2007)  
 Stock of domestic credit: \$1.377 trillion (31 Dec. 2007)  
 Household income or

consumption by % share:	0.9%-lowest 10%; 44.8%-highest 10% (2004)
Inflation rate (consumer prices):	5.8% (2008 est.)
Investment (gross fixed):	18.6% of GDP (2008 est.)
Current account balance:	\$-26.3 billion (latest year, Nov. 2008)
Budget:	NA
Budget balance:	-1.5% of GDP (2008)
Public debt:	40.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	2.36 (Jan. 2009); 1.77 (Jan. 2008)
Economic aid-recipient:	\$191.9 million (2005)
Debt-external:	\$236.6 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$280.9 billion-at home; \$119.1 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$1.37 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	56.7 (2005)
Unemployment rate:	7.6% (Nov. 2008)
Labour force:	100.9 million (2008 est.)

### Markets

BVSP index:	37,981.0 (Jan. 2009)
% change on 31 Dec. 2008:	-40.5 (local currency); -55.3 (\$ terms)

### Trade

Trade balance:	\$24.7 billion (latest year, Dec. 2008)
Trade to GDP ratio:	25.8 (2005-2007)
Exports:	\$200.0 billion f.o.b. (2008 est.)
Top export partners:	U.S. (16.1%); Argentina (9.2%); China (6.8%); Netherlands (5.6%); Germany (4.6%) (2007)
Imports:	\$176.0 billion f.o.b. (2008 est.)
Top import partners:	U.S. (15.7%); China (10.5%); Argentina (8.6%); Germany (7.2%); Nigeria (4.4%) (2007)

## Canada

### Polity

Political party:	Conservative Party of Canada
Most recent election:	14 Oct 2008
Government:	Lower House – Minority; Upper House – Minority
Political system:	Parliamentary
Legislature:	Bicameral, elected House of Commons, appointed Senate
Capital:	Ottawa
Official language:	English, French

### Economy

Currency:	Canadian dollar (C\$)
GDP (real):	\$1.564 trillion (2008 est.)
Predicted change:	0.4% (2008); 0.0% (2009)
Composition by sector:	2.0%-agriculture; 28.4%-industry; 69.6%-services (2008 est.)
Central Bank interest rate:	1.0% (Jan. 2009)
Official reserve assets:	\$43,872.00 million (Dec. 2008)
Foreign currency reserves:	\$41,537.00 million (Dec. 2008) [in converted foreign currencies]
Securities:	\$40,584.00 million (Dec. 2008)



IMF reserve position:	1,249.00
Gold:	\$95.00 million (Dec. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Dec. 2008)
Loans to nonbank residents:	\$0.00 (Dec. 2008)
Other reserve assets:	\$0.00 (Dec. 2008)
Commercial Bank prime lending rate:	6.1% (31 Dec. 2007)
Stock of money:	\$391.6 billion (31 Dec. 2007)
Stock of quasi money:	\$1.381 trillion (31 Dec. 2007)
Stock of domestic credit:	\$2.382 trillion (31 Dec. 2007)
Household income or consumption by % share:	2.6%-lowest 10%; 24.8%-highest 10% (2000)
Inflation rate (consumer prices):	3.0% (2008 est.)
Investment (gross fixed):	22.6% of GDP (2008 est.)
Current account balance:	\$19.2 billion (latest year, Q3 2008)
Budget:	\$608.3 billion-revenues; \$606.0 billion-expenditures (2008 est.)
Budget balance:	0.2% of GDP (2008)
Public debt:	62.3% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	1.24 (Jan. 2009); 1.02 (Jan. 2008)
Economic aid-donor:	\$3.9 billion (2007) [ODA]
Debt-external:	\$758.6 billion (30 Jun. 2007)
Stock of direct foreign investment:	\$586.6 billion-at home; \$547.2 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$2.187 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	32.1 (2005)
Unemployment rate:	6.6% (Dec. 2008)
Labour force:	18.18 million (2008 est.)

### Markets

S&P TSX index:	8,688.4 (Jan. 2009)
% change on 31 Dec. 2008:	-37.2 (local currency); -50.1 (\$ terms)

### Trade

Trade balance:	\$47.3 billion (latest year, Nov. 2008)
Trade to GDP ratio:	71.4 (2005-2007)
Exports:	\$461.8 billion f.o.b. (2008 est.)
Top export partners:	U.S. (78.9%); UK (2.8%); China (2.1%) (2007)
Imports:	\$436.7 billion f.o.b. (2008 est.)
Top import partners:	U.S. (54.1%); China (9.4%); Mexico (4.2%) (2007)

## China

### Polity

Political party:	Communist Party of China
Most recent election:	15 Mar 2008
Government:	Single House – Majority
Political system:	Presidential
Legislature:	Unicameral, elected National Congress
Capital:	Beijing

Official language: Mandarin

### **Economy**

Currency: Yuan (¥)  
GDP (real): \$4.222 trillion (2008 est.)  
Predicted change: 9.1% (2008); 6.0% (2009)  
Composition by sector: 10.6%-agriculture; 49.2%-industry; 40.2%-services (2008 est.)  
Central Bank interest rate: 5.58%(Nov. 2008)  
Official reserve assets: NA  
Foreign currency reserves: NA  
Securities: NA  
IMF reserve position: NA  
Gold: \$14,969.06 million (Nov. 2007)  
Financial derivatives: NA  
Loans to nonbank residents: NA  
Other reserve assets: NA  
Commercial Bank prime lending rate: 5.58% (17 Dec. 2007)  
Stock of money: \$2.30 trillion (31 Oct. 2007)  
Stock of quasi money: \$4.431 trillion (31 Oct. 2007)  
Stock of domestic credit: \$5.316 trillion (31 Oct. 2007)  
Household income or consumption by % share: 1.6%-lowest 10%; 34.9%-highest 10% (2004)  
Inflation rate (consumer prices): 6.0% (2008 est.)  
Investment (gross fixed): 40.2% of GDP (2008 est.)  
Current account balance: \$371.8 billion (latest year, 2007)  
Budget: \$868.6 billion-revenues; \$850.5 billion-expenditures (2008 est.)  
Budget balance: -0.1% of GDP (2008)  
Public debt: 15.7% of GDP (2008 est.) [cumulative debt of all government borrowing]  
Exchange rates (per USD): 6.84 (Jan. 2009); 7.23 (Jan. 2008)  
Economic aid-recipient: \$1.641 billion (FY 2007)  
Debt-external: \$420.8 billion (31 Dec. 2008 est.)  
Stock of direct foreign investment: \$758.9 billion-at home (2007 est.); \$139.3 billion-abroad (2008 est.)  
Market value of publicly traded shares: \$6.226 trillion (31 Dec. 2007)  
Distribution of family income-Gini index: 47.0 (2007)  
Unemployment rate: 9.0% (2008)  
Labour force: 807.7 million (2008 est.)

### **Markets**

SSEA index: 2,025.1 (Jan. 2009)  
% change on 31 Dec. 2008: -63.3 (local currency); -60.8 (\$ terms)  
SSEB index (\$ terms): 120.2 (Jan. 2009)  
% change on 31 Dec. 2008: -69.3 (local currency); -67.2 (\$ terms)

### **Trade**

Trade balance: \$295.1 billion (latest year, Dec. 2008)  
Trade to GDP ratio: 71.3 (2005-2007)  
Exports: \$1.465 trillion f.o.b. (2008 est.)  
Top export partners: U.S. (19.1%); Hong Kong (15.1%); Japan (8.4%); South Korea (4.6%); Germany (4.0%) (2007)  
Imports: \$1.156 trillion f.o.b. (2008 est.)

Top import partners: Japan (14.0%); South Korea (10.9%); Taiwan (10.5%); U.S. (7.3%); Germany (4.7%) (2007)

## France

### Polity

Political party: Union for a Popular Movement (UMP)  
Most recent election: 22 Apr and 6 May 2007  
Government: Lower House – Majority; Upper House – Majority  
Political system: Semi-presidential  
Legislature: Bicameral, elected National Assembly, elected Senate  
Capital: Paris  
Official language: French

### Economy

Currency: Euro (€)  
GDP (real): \$2.978 trillion (2008 est.)  
Predicted change: 0.7% (2008); -1.0% (2009)  
Composition by sector: 2.2%-agriculture; 20.3%-industry; 77.4%-services (2008 est.)  
Central Bank interest rate: 2.0% (Jan. 2009) [European Monetary Union]  
Official reserve assets: \$102,836.71 million (Dec. 2008)  
Foreign currency reserves: \$34,462.17 million (Dec. 2008) [in converted foreign currencies]  
Securities: \$26,346.16 million (Dec. 2008)  
IMF reserve position: 1,802.14  
Gold: \$65,639.50 million (Dec. 2008) [including gold deposits and, if appropriate, gold swapped]  
Financial derivatives: \$0.00 (Dec. 2008)  
Loans to nonbank residents: \$0.00 (Dec. 2008)  
Other reserve assets: \$0.00 (Dec. 2008)  
Commercial Bank prime lending rate: 7.28% (31 Dec. 2007)  
Stock of money: NA  
Stock of quasi money: NA  
Stock of domestic credit: \$4.105 trillion (31 Dec. 2007)  
Household income or consumption by % share: 3.0%-lowest 10%; 24.8%-highest 10% (2004)  
Inflation rate (consumer prices): 3.4% (2008 est.)  
Investment (gross fixed): 21.3% of GDP (2008 est.)  
Current account balance: \$-58.7 billion (latest year, Nov. 2008)  
Budget: \$1.439 trillion-revenues; \$1.525 trillion-expenditures (2008 est.)  
Budget balance: -3.0% of GDP (2008)  
Public debt: 64.4% of GDP (2008 est.) [cumulative debt of all government borrowing]  
Exchange rates (per USD): 0.76 (Jan. 2009); 0.68 (Jan. 2008)  
Economic aid-donor: \$10.6 billion (2006) [ODA]  
Debt-external: \$4.396 trillion (30 Jun. 2007)  
Stock of direct foreign investment: \$1.08 trillion-at home; \$1.571 trillion-abroad (2008 est.)  
Market value of publicly traded shares: \$2.771 trillion (31 Dec. 2007)  
Distribution of family income-Gini index: 28.0 (2005)  
Unemployment rate: 7.9% (Nov. 2008)

Labour force: 27.95 million (2008 est.)

### Markets

CAC 40 index: 3,052.0 (Jan. 2009)  
% change on 31 Dec. 2008: -45.6 (local currency); -51.1 (\$ terms)

### Trade

Trade balance: \$-83.3 billion (latest year, Nov. 2008)  
Trade to GDP ratio: 54.3 (2005-2007)  
Exports: \$629.7 billion f.o.b. (2008 est.)  
Top export partners: Germany (14.9%); Spain (9.3%); Italy (8.9%); UK (8.1%); Belgium (7.3%); U.S. (6.1%); Netherlands (4.1%) (2007)  
Imports: \$718.4 billion f.o.b. (2008 est.)  
Top import partners: Germany (18.9%); Belgium (11.4%); Italy (8.4%); Spain (7.1%); Netherlands (7.0%); UK (5.6%); U.S. (4.4%); China (4.0%) (2007)

## Germany

### Polity

Political party: Christian Democratic Union (CDU-CSU)  
Most recent election: 18 Sep 2005  
Government: Lower House – Majority (coalition); Upper House – Majority (coalition)  
Political system: Parliamentary  
Legislature: Bicameral, elected Federal Assembly, elected Federal Council  
Capital: Berlin  
Official language: German

### Economy

Currency: Euro (€)  
GDP (real): \$3.818 trillion (2008 est.)  
Predicted change: 1.0% (2008); -1.4% (2009)  
Composition by sector: 0.9%-agriculture; 30.1%-industry; 69.0%-services (2008 est.)  
Central Bank interest rate: 2.0% (Jan. 2009) [European Monetary Union]  
Official reserve assets: \$138,035.76 million (Dec. 2008)  
Foreign currency reserves: \$38,557.05 million (Dec. 2008) [in converted foreign currencies]  
Securities: \$34,276.18 million (Dec. 2008)  
IMF reserve position: 2,378.42  
Gold: \$94,905.59 million (Dec. 2008) [including gold deposits and, if appropriate, gold swapped]  
Financial derivatives: \$0.00 (Dec. 2008)  
Loans to nonbank residents: \$0.00 (Dec. 2008)  
Other reserve assets: \$0.00 (Dec. 2008)  
Commercial Bank prime lending rate: 5.96% (31 Dec. 2007)  
Stock of money: NA  
Stock of quasi money: NA  
Stock of domestic credit: \$5.081 trillion (31 Dec. 2007)  
Household income or consumption by % share: 3.2%-lowest 10%; 22.1%-highest 10% (2000)  
Inflation rate (consumer prices): 2.8% (2008 est.)  
Investment (gross fixed): 18.9% of GDP (2008 est.)  
Current account balance: \$244.3 billion (latest year, Nov. 2008)

Budget:	\$1.614 trillion-revenues; \$1.579 trillion-expenditures (2008 est.)
Budget balance:	0.3% of GDP (2008)
Public debt:	62.6% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.76 (Jan. 2009); 0.68 (Jan. 2008)
Economic aid-donor:	\$10.44 billion (2006)
Debt-external:	\$4.489 trillion (30 Jun. 2007)
Stock of direct foreign investment:	\$924.7 billion-at home; 1.36 trillion-abroad (2008 est.)
Market value of publicly traded shares:	\$2.106 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	27.0 (2006)
Unemployment rate:	7.6% (Dec. 2008)
Labour force:	43.62 million (2008 est.)

### Markets

DAX index:	4,422.4 (Jan. 2009) [total return index]
% change on 31 Dec. 2008:	-45.2 (local currency); -50.6 (\$ terms)

### Trade

Trade balance:	\$267.2 billion (latest year, Nov. 2008)
Trade to GDP ratio:	83.3 (2005-2007)
Exports:	\$1.53 trillion f.o.b. (2008 est.)
Top export partners:	France (9.7%); U.S. (7.5%); UK (7.3%); Italy (6.7%); Netherlands (6.4%); Austria (5.4%); Belgium (5.3%); Spain (5.0%) (2007)
Imports:	\$1.202 trillion f.o.b. (2008 est.)
Top import partners:	Netherlands (12.0%); France (8.6%); Belgium (7.8%); China (6.2%); Italy (5.8%); UK (5.6%); U.S. (4.5%); Austria (4.4%) (2007)

## India

### Polity

Political party:	Indian National Congress
Most recent election:	2004
Government:	Lower House – Majority (coalition); Upper House – Majority
Political system:	Parliamentary
Legislature:	Bicameral, elected Assembly, indirectly elected Council of States
Capital:	Delhi
Official language:	Hindi

### Economy

Currency:	Indian rupee (Rs)
GDP (real):	\$1.237 trillion (2008 est.)
Predicted change:	6.2% (2008); 6.1% (2009)
Composition by sector:	17.2%-agriculture; 29.1%-industry; 53.7%-services (2008 est.)
Central Bank interest rate:	5.5% (Jan. 2009)
Official reserve assets:	\$247,686.00 million (Nov. 2008)
Foreign currency reserves:	\$238,968.00 million (Nov. 2008) [in converted foreign currencies]
Securities:	\$105,482.00 million (Nov. 2008)
IMF reserve position:	854.00
Gold:	\$7,861.00 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Nov. 2008)
Loans to nonbank	

residents:	\$0.00 (Nov. 2008)
Other reserve assets:	\$0.00 (Nov. 2008)
Commercial Bank prime lending rate:	13.02% (31 Dec. 2007)
Stock of money:	\$250.9 billion (31 Dec. 2007)
Stock of quasi money:	\$647.3 billion (31 Dec. 2007)
Stock of domestic credit:	\$769.3 billion (31 Dec. 2007)
Household income or consumption by % share:	3.6%-lowest 10%; 31.1%-highest 10% (2004)
Inflation rate (consumer prices):	7.8% (2008 est.)
Investment (gross fixed):	34.6% of GDP (2008 est.)
Current account balance:	\$-28.5 billion (latest year, Q3 2008)
Budget:	\$153.5 billion-revenues; \$205.4 billion-expenditures (2008 est.)
Budget balance:	-4.3% of GDP (2008)
Public debt:	59.0% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	48.8 (Jan. 2009); 39.3 (Jan. 2008)
Economic aid-recipient:	\$1.724 billion (2005)
Debt-external:	\$163.8 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$142.9 billion-at home; \$54.21 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$1.819 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	36.8 (2004)
Unemployment rate:	6.8% (Dec. 2008)
Labour force:	523.5 million (2008 est.)

### Markets

BSE index:	9,370.5 (Jan. 2009)
% change on 31 Dec. 2008:	-53.8 (local currency); -62.7 (\$ terms)

### Trade

Trade balance:	\$-112.3 billion (latest year, Nov. 2008)
Trade to GDP ratio:	44.7 (2005-2007)
Exports:	\$175.7 billion f.o.b. (2008 est.)
Top export partners:	U.S. (15.0%); China (8.7%); UAE (8.7%); UK (4.4%) (2007)
Imports:	\$287.5 billion f.o.b. (2008 est.)
Top import partners:	China (10.6%); U.S. (7.8%); Germany (4.4%); Singapore (4.4%) (2007)

## Indonesia

### Polity

Political party:	Democratic Party
Most recent election:	20 Sep 2004
Government:	Lower House – Minority; Upper House – None
Political system:	Presidential
Legislature:	Bicameral, elected House of People's Representatives, elected House of Regional Representatives
Capital:	Jakarta
Official language:	Indonesian

### Economy

Currency:	Rupiah (Rp)
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GDP (real):	\$496.8 billion (2008 est.)
Predicted change:	6.1% (2008); 3.5% (2009)
Composition by sector:	13.5%-agriculture; 45.6%-industry; 40.8%-services (2008 est.)
Central Bank interest rate:	8.75% (Jan. 2009)
Official reserve assets:	\$50,181.62 million (Nov. 2008)
Foreign currency reserves:	\$47,848.70 million (Nov. 2008) [in converted foreign currencies]
Securities:	\$33,708.78 million (Nov. 2008)
IMF reserve position:	217.40
Gold:	\$1,910.50 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Nov. 2008)
Loans to nonbank residents:	\$0.00 (Nov. 2008)
Other reserve assets:	\$172.33 million (Nov. 2008)
Commercial Bank prime lending rate:	13.86% (31 Dec. 2007)
Stock of money:	\$47.78 billion (31 Dec. 2007)
Stock of quasi money:	\$127.0 billion (31 Dec. 2007)
Stock of domestic credit:	\$170.2 billion (31 Dec. 2007)
Household income or consumption by % share:	3.6%-lowest 10%; 28.5%-highest 10% (2002)
Inflation rate (consumer prices):	10.5% (2008 est.)
Investment (gross fixed):	25.2% of GDP (2008 est.)
Current account balance:	\$3.9 billion (latest year, Q3 2008)
Budget:	\$90.17 billion-revenues; \$96.87 billion-expenditures (2008 est.)
Budget balance:	-1.4% of GDP (2008)
Public debt:	30.1% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	11,100.0 (Jan. 2009); 9,445.0 (Jan. 2008)
Economic aid-recipient:	\$2.524 billion (2006 est.)
Debt-external:	\$143.5 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$63.46 billion-at home; \$4.277 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$211.7 billion (31 Dec. 2007)
Distribution of family income-Gini index:	39.4 (2005)
Unemployment rate:	8.5% (Feb. 2008)
Labour force:	112.0 million (2008 est.)

### Markets

JSX index:	1,386.9 (Jan. 2009)
% change on 31 Dec. 2008:	-49.5 (local currency); -57.3 (\$ terms)

### Trade

Trade balance:	\$12.1 billion (latest year, Nov. 2008)
Trade to GDP ratio:	60.4 (2005-2007)
Exports:	\$141.0 billion f.o.b. (2008 est.)
Top export partners:	Japan (20.7%); U.S. (10.2%); Singapore (9.2%); China (8.5%); South Korea (6.6%); Malaysia (4.5%) India (4.3%) (2007)
Imports:	\$114.3 billion f.o.b. (2008 est.)
Top import partners:	Singapore (13.2%); China (11.5%); Japan (8.8%); Malaysia (8.6%); U.S. (6.4%); Thailand (5.8%); Saudi Arabia (4.5%); South Korea (4.3%); Australia (4.0%) (2007)

## Italy

### Polity

Political party:	People of Freedom (coalition)
Most recent election:	13-14 Apr 2008
Government:	Lower House – Majority (coalition); Upper House – Majority (coalition)
Political system:	Parliamentary
Legislature:	Bicameral, elected Chamber of Deputies, elected Senate
Capital:	Rome
Official language:	Italian

### Economy

Currency:	Euro (€)
GDP (real):	\$2.399 trillion (2008 est.)
Predicted change:	-0.5% (2008); -1.2% (2009)
Composition by sector:	2.0%-agriculture; 26.7%-industry; 71.3%-services (2008 est.)
Central Bank interest rate:	2.0% (Jan. 2009) [European Monetary Union]
Official reserve assets:	\$100,246.29 million (Nov. 2008)
Foreign currency reserves:	\$34,421.13 million (Nov. 2008) [in converted foreign currencies]
Securities:	\$30,329.58 million (Nov. 2008)
IMF reserve position:	1,376.19
Gold:	\$64,206.05 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Nov. 2008)
Loans to nonbank residents:	\$0.00 (Nov. 2008)
Other reserve assets:	\$0.00 million (Nov. 2008)
Commercial Bank prime lending rate:	10.93% (31 Dec. 2007)
Stock of money:	NA
Stock of quasi money:	NA
Stock of domestic credit:	\$3.084 trillion (31 Dec. 2007)
Household income or consumption by % share:	2.3%-lowest 10%; 26.8%-highest 10% (2000)
Inflation rate (consumer prices):	3.6% (2008 est.)
Investment (gross fixed):	20.5% of GDP (2008 est.)
Current account balance:	-\$72.2 billion (latest year, Oct. 2008)
Budget:	\$1.139 trillion-revenues; \$1.209 trillion-expenditures (2008 est.)
Budget balance:	-2.6% of GDP (2008)
Public debt:	103.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.76 (Jan. 2009); 0.68 (Jan. 2008)
Economic aid-donor:	\$3.641 billion (2006)
Debt-external:	\$1.06 trillion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$374.8 billion-at home; \$547.7 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$1.073 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	32.0 (2006)
Unemployment rate:	6.7% (Q3 2008)
Labour force:	25.09 million (2008 est.)

### Markets

S&P/MIB index:	18,763.0 (Jan. 2009)
% change on 31 Dec. 2008:	-51.3 (local currency); -56.2 (\$ terms)



## Trade

Trade balance:	\$-17.8 billion (latest year, Oct. 2008)
Trade to GDP ratio:	55.8 (2005-2007)
Exports:	\$566.1 billion f.o.b. (2008 est.)
Top export partners:	Germany (12.9%); France (11.4%); Spain (7.4%); U.S. (6.8%); UK (5.8%) (2007)
Imports:	\$566.8 billion f.o.b. (2008 est.)
Top import partners:	Germany (16.9%); France (9.0%); China (5.9%); Netherlands (5.5%); Belgium (4.3%); Spain (4.2%) (2007)

## Japan

### Polity

Political party:	Liberal Democratic Party
Most recent election:	11 Sep 2005
Government:	Lower House – Majority (coalition); Upper House – Minority (coalition)
Political system:	Parliamentary
Legislature:	Bicameral, elected House of Representatives, elected House of Councilors
Capital:	Tokyo
Official language:	Japanese

### Economy

Currency:	Yen (¥)
GDP (real):	\$4.844 trillion (2008 est.)
Predicted change:	0.0% (2008); -1.4% (2009)
Composition by sector:	1.4%-agriculture; 26.4%-industry; 72.1%-services (2008 est.)
Central Bank interest rate:	0.1% (Dec. 2008)
Official reserve assets:	\$1,030,647.00 million (Dec. 2008)
Foreign currency reserves:	\$1,003,300.00 million (Dec. 2008) [in converted foreign currencies]
Securities:	\$908,015.00 million (Dec. 2008)
IMF reserve position:	2,659.00
Gold:	\$21,281.00 million (Dec. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Dec. 2008)
Loans to nonbank residents:	\$0.00 (Dec. 2008)
Other reserve assets:	\$374.00 million (Dec. 2008)
Commercial Bank prime lending rate:	1.68% (Nov. 2008)
Stock of money:	\$4.37 trillion (31 Dec. 2007)
Stock of quasi money:	\$4.783 trillion (31 Dec. 2007)
Stock of domestic credit:	\$9.653 trillion (31 Dec. 2007)
Household income or consumption by % share:	4.8%-lowest 10%; 21.7%-highest 10% (1993)
Inflation rate (consumer prices):	1.8% (2008 est.)
Investment (gross fixed):	22.5% of GDP (2008 est.)
Current account balance:	\$167.1 billion (latest year, Nov. 2008)
Budget:	\$1.672 trillion-revenues; \$1.823 trillion-expenditures (2008 est.)
Budget balance:	-3.3% of GDP (2008)
Public debt:	170.4% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	88.8 (Jan. 2009); 107.0 (Jan. 2008)
Economic aid-donor:	\$11.19 billion (2006) [ODA]
Debt-external:	\$1.492 trillion (30 Jun. 2007)

Stock of direct foreign investment:	\$139.7 billion-at home; \$587.0 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$4.453 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	38.1 (2002)
Unemployment rate:	3.9% (Nov. 2008)
Labour force:	66.15 million (2008 est.)

### Markets

Nikkei 225 index:	8,438.5 (Jan. 2009)
% change on 31 Dec. 2008:	-44.9 (local currency); -30.7 (\$ terms)
Topix index:	819.4 (Jan. 2009)
% change on 31 Dec. 2008:	-44.5 (local currency); -30.2 (\$ terms)

### Trade

Trade balance:	\$47.3 billion (latest year, Nov. 2008)
Trade to GDP ratio:	31.5 (2005-2007)
Exports:	\$776.8 billion f.o.b. (2008 est.)
Top export partners:	U.S. (20.4%); China (15.3%); South Korea (7.6%); Taiwan (6.3%); Hong Kong (5.4%) (2007)
Imports:	\$696.2 billion f.o.b. (2008 est.)
Top import partners:	China (20.5%); U.S. (11.6%); Saudi Arabia (5.7%); UAE (5.2%); Australia (5.0%); South Korea (4.4%); Indonesia (4.2%) (2007)

## Mexico

### Polity

Political party:	National Action Party
Most recent election:	2 Jul 2006
Government:	Lower House – Minority; Upper House – Minority
Political system:	Presidential
Legislature:	Bicameral, elected Federal Chamber of Deputies, elected Senate
Capital:	Mexico City
Official language:	Spanish

### Economy

Currency:	Mexican peso (PS)
GDP (real):	\$1.578 trillion (2008 est.)
Predicted change:	1.8% (2008); -0.2% (2009)
Composition by sector:	3.7%-agriculture; 34.1%-industry; 62.2%-services (2008 est.)
Central Bank interest rate:	7.75% (Jan. 2009)
Official reserve assets:	NA
Foreign currency reserves:	NA
Securities:	NA
IMF reserve position:	NA
Gold:	NA
Financial derivatives:	NA
Loans to nonbank residents:	NA
Other reserve assets:	NA
Commercial Bank prime lending rate:	7.56% (31 Dec. 2007)

Stock of money:	\$103.5 billion (31 Dec. 2007)
Stock of quasi money:	\$168.4 billion (31 Dec. 2007)
Stock of domestic credit:	\$349.1 billion (31 Dec. 2007)
Household income or consumption by % share:	1.2%-lowest 10%; 37.0%-highest 10% (2006)
Inflation rate (consumer prices):	6.2% (2008 est.)
Investment (gross fixed):	22.9% of GDP (2008 est.)
Current account balance:	\$-11.8 billion (latest year, Q3 2008)
Budget:	\$256.7 billion-revenues; \$256.8 billion-expenditures (2008 est.)
Budget balance:	0.0% of GDP (2008)
Public debt:	20.3% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	14.1 (Jan. 2009); 11.0 (Jan. 2008)
Economic aid-recipient:	\$189.4 million (2005)
Debt-external:	\$181.2 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$278.9 billion-at home; 43.01 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$397.7 billion (31 Dec. 2007)
Distribution of family income-Gini index:	47.9 (2006)
Unemployment rate:	4.5% (Nov. 2008)
Labour force:	45.5 million (2008 est.)

### Markets

IPC index:	20,369.2 (Jan. 2009)
% change on 31 Dec. 2008:	-31.0 (local currency); -46.7 (\$ terms)

### Trade

Trade balance:	\$-14.5 billion (latest year, Nov. 2008)
Trade to GDP ratio:	64.5 (2005-2007)
Exports:	\$294.0 billion f.o.b. (2008 est.)
Top export partners:	U.S. (82.2%); Canada (2.4%); Germany (1.5%) (2007)
Imports:	\$305.9 billion f.o.b. (2008 est.)
Top import partners:	U.S. (49.6%); China (10.5%); Japan (5.8%); South Korea (4.5%) (2007)

## Russia

### Polity

Political party:	United Russia
Most recent election:	2 Mar 2008
Government:	Lower House – Majority; Upper House – None
Political system:	Semi-presidential
Legislature:	Bicameral, elected Duma, appointed Federation Council
Capital:	Moscow
Official language:	Russian

### Economy

Currency:	Rouble (Rb)
GDP (real):	\$17.75 trillion (2008 est.)
Predicted change:	7.0% (2008); 3.7% (2009)
Composition by sector:	4.1%-agriculture; 41.1%-industry; 54.8%-services (2008 est.)
Central Bank interest rate:	13.0% (Jan. 2009)
Official reserve assets:	\$427,079.85 million (Dec. 2008)

Foreign currency reserves:	\$406,205.24 million (Dec. 2008) [in converted foreign currencies]
Securities:	\$369,352.91 million (Dec. 2008)
IMF reserve position:	1,051.47
Gold:	\$14,533.42 million (Dec. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Dec. 2008)
Loans to nonbank residents:	\$0.00 (Dec. 2008)
Other reserve assets:	\$5,288.94 million (Dec. 2008)
Commercial Bank prime lending rate:	13.0% (31 Dec. 2008)
Stock of money:	\$166.4 billion (Oct. 2008)
Stock of quasi money:	\$343.0 billion (Oct. 2008)
Stock of domestic credit:	\$503.7 billion (1 Oct. 2008)
Household income or consumption by % share:	1.9%-lowest 10%; 30.4%-highest 10% (Sep. 2007)
Inflation rate (consumer prices):	13.9% (2008 est.)
Investment (gross fixed):	24.7% of GDP (2007 est.)
Current account balance:	\$98.9 billion (latest year, Q4 2008)
Budget:	\$383.5 billion-revenues; \$273.5 billion-expenditures (2008 est.)
Budget balance:	5.8% of GDP (2008)
Public debt:	6.8% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	31.8 (Jan. 2009); 24.5 (Jan. 2008)
Economic aid-recipient:	\$982.7 million (FY 2006) [from U.S.]
Debt-external:	\$527.1 billion (Jun. 2008 est.)
Stock of direct foreign investment:	\$491.2 billion-at home; \$370.2 billion-abroad (2007)
Market value of publicly traded shares:	\$450.0 billion (15 Dec. 2008 est.)
Distribution of family income-Gini index:	41.5 (Sep. 2008)
Unemployment rate:	6.6% (Nov. 2008)
Labour force:	75.7 million (2008 est.)

### Markets

RTS index (\$ terms):	591.3 (Jan. 2009)
% change on 31 Dec. 2008:	-66.6 (local currency); -74.2 (\$ terms)

### Trade

Trade balance:	\$194.6 billion (latest year, Oct. 2008)
Trade to GDP ratio:	54.2 (2005-2007)
Exports:	\$476.0 billion (2008 est.)
Top export partners:	Netherlands (12.2%); Italy (7.8%); Germany (7.5%); Turkey (5.2%); Belarus (5.0%); Ukraine (4.7%); China (4.5%) (2007)
Imports:	\$302.0 billion f.o.b. (2008 est.)
Top import partners:	Germany (13.3%); China (12.2%); Ukraine (6.7%); Japan (6.4%); U.S. (4.8%); Belarus (4.4%); South Korea (4.4%) Italy (4.3%) (2007)

## Saudi Arabia

### Polity

Political party:	None
Most recent election:	None

Government:	None
Political system:	Absolute monarchy
Legislature:	Monarchy
Capital:	Riyadh
Official language:	Arabic

### **Economy**

Currency:	Riyal (SR)
GDP (real):	\$528.3 billion (2008 est.)
Predicted change:	6.0% (2008); 3.0% (2009)
Composition by sector:	3.1%-agriculture; 61.6%-industry; 35.4%-services (2008 est.)
Central Bank interest rate:	2.0% (Jan. 2009)
Official reserve assets:	NA
Foreign currency reserves:	NA
Securities:	NA
IMF reserve position:	NA
Gold:	NA
Financial derivatives:	NA
Loans to nonbank residents:	NA
Other reserve assets:	NA
Commercial Bank prime lending rate:	NA
Stock of money:	\$102.4 billion (31 Dec. 2007)
Stock of quasi money:	\$109.5 billion (31 Dec. 2007)
Stock of domestic credit:	\$66.94 billion (31 Dec. 2007)
Household income or consumption by % share:	NA
Inflation rate (consumer prices):	10.3% (2008 est.)
Investment (gross fixed):	19.5% of GDP (2008 est.)
Current account balance:	\$95.0 billion (latest year, 2007)
Budget:	\$205.0 billion-revenues; \$146.0 billion-expenditures (2008 est.)
Budget balance:	10.7% of GDP (2008)
Public debt:	17.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	3.75 (Jan. 2009); 3.75 (Jan. 2008)
Economic aid-recipient:	\$26.29 million (2005)
Debt-external:	\$71.56 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	NA
Market value of publicly traded shares:	\$515.1 billion (31 Dec. 2007)
Distribution of family income-Gini index:	NA
Unemployment rate:	NA
Labour force:	6.74 million (2008 est.) [about 1/3 of the population aged 15-64 is non-national]

### **Markets**

Tadawul index:	4,935.3 (Jan. 2009)
% change on 31 Dec. 2008:	-55.3 (local currency); -55.3 (\$ terms)

### **Trade**

Trade balance:	\$150.8 billion (latest year, 2007)
Trade to GDP ratio:	86.7 (2005-2007)
Exports:	\$329.7 billion f.o.b. (2008 est.)

Top export partners:	U.S. (17.1%); Japan (16.3%); South Korea (9.7%); China (8.1%); Taiwan (4.7%); Singapore (4.0%) (2007)
Imports:	\$107.4 billion f.o.b. (2008 est.)
Top import partners:	U.S. (12.6%); China (9.4%); Germany (8.8%); Japan (8.1%); Italy (5.0%); South Korea (4.9%); UK (4.5%) (2007)

## South Africa

### Polity

Political party:	African National Congress
Most recent election:	14 Apr 2004
Government:	Lower House – Majority; Upper House – Majority
Political system:	Parliamentary
Legislature:	Bicameral, elected National Assembly, elected National Council of Provinces
Capital:	Pretoria
Official language:	Afrikaans, English

### Economy

Currency:	Rand (R)
GDP (real):	\$300.4 billion (2008 est.)
Predicted change:	3.5% (2008); 2.5% (2009)
Composition by sector:	3.4%-agriculture; 31.3%-industry; 65.3%-services (2008 est.)
Central Bank interest rate:	11.5% (Dec. 2008)
Official reserve assets:	\$33,217.00 million (Nov. 2008)
Foreign currency reserves:	\$29,634.00 million (Nov. 2008) [in converted foreign currencies]
Securities:	\$1,468.00 million (Nov. 2008)
IMF reserve position:	0.00
Gold:	\$3,250.00 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Nov. 2008)
Loans to nonbank residents:	\$0.00 (Nov. 2008)
Other reserve assets:	\$0.00 (Nov. 2008)
Commercial Bank prime lending rate:	13.17% (31 Dec. 2007)
Stock of money:	\$58.49 billion (31 Dec. 2007)
Stock of quasi money:	\$141.9 billion (31 Dec. 2007)
Stock of domestic credit:	\$254.9 billion (31 Dec. 2007)
Household income or consumption by % share:	1.4%-lowest 10%; 44.7%-highest 10% (2000)
Inflation rate (consumer prices):	11.3% (2008 est.)
Investment (gross fixed):	20.1% of GDP (2008 est.)
Current account balance:	-\$23.2 billion (latest year, Q3 2008)
Budget:	\$83.85 billion-revenues; \$83.3 billion-expenditures (2008 est.)
Budget balance:	0.2% of GDP (2008)
Public debt:	29.9% of GDP (Jun. 2008) [cumulative debt of all government borrowing]
Exchange rates (per USD):	10.2 (Jan. 2009); 6.95 (Jan. 2008)
Economic aid-recipient:	\$700.0 million (2005)
Debt-external:	\$39.69 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$99.61 billion-at home; \$57.08 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$842.0 billion (Jan. 2008)

Distribution of family income-Gini index: 65.0 (2005)  
 Unemployment rate: 23.2% (Sep. 2008)  
 Labour force: 18.22 million (2008 est.) [economically active]

### Markets

JSE AS index: 20,843.0 (Jan. 2009)  
 % change on 31 Dec. 2008: -28.0 (local currency); -51.8 (\$ terms)

### Trade

Trade balance: \$-10.6 billion (latest year, Nov. 2008)  
 Trade to GDP ratio: 62.1 (2005-2007)  
 Exports: \$81.47 billion f.o.b. (2008 est.)  
 Top export partners: U.S. (11.9%); Japan (11.1%); Germany (8.0%); UK (7.7%); China (6.6%); Netherlands (4.5%) (2007)  
 Imports: \$87.3 billion f.o.b. (2008 est.)  
 Top import partners: Germany (10.9%); China (10.0%); Spain (8.2%); U.S. (7.2%); Japan (6.1%); UK (4.5%); Saudi Arabia (4.2%) (2007)

## South Korea

### Polity

Political party: Grand National Party  
 Most recent election: 19 Dec 2007  
 Government: Single House – Majority  
 Political system: Presidential  
 Legislature: Unicameral, elected National Assembly  
 Capital: Seoul  
 Official language: Korean

### Economy

Currency: Won (W)  
 GDP (real): \$953.5 billion (2008 est.)  
 Predicted change: 4.2% (2008); -1.7% (2009)  
 Composition by sector: 2.9%-agriculture; 39.4%-industry; 57.7%-services (2008 est.)  
 Central Bank interest rate: 3.0% (Dec. 2008)  
 Official reserve assets: \$200,506.00 million (Nov. 2008)  
 Foreign currency reserves: \$200,993.00 million (Nov. 2008) [in converted foreign currencies]  
 Securities: \$181,790.00 million (Nov. 2008)  
 IMF reserve position: 562.00  
 Gold: \$75.00 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]  
 Financial derivatives: \$0.00 (Nov. 2008)  
 Loans to nonbank residents: \$0.00 (Nov. 2008)  
 Other reserve assets: \$-1,207.00 million (Nov. 2008)  
 Commercial Bank prime lending rate: 6.55% (31 Dec. 2007)  
 Stock of money: \$92.59 billion (31 Dec. 2007)  
 Stock of quasi money: \$541.7 billion (31 Dec. 2007)  
 Stock of domestic credit: \$1.061 trillion (31 Dec. 2007)  
 Household income or consumption by % share: 2.7%-lowest 10%; 23.7%-highest 10% (2006 est.)  
 Inflation rate (consumer

prices):	5.0% (2008 est.)
Investment (gross fixed):	27.7% of GDP (2008 est.)
Current account balance:	\$-7.9 billion (latest year, Nov. 2008)
Budget:	\$230.6 billion-revenues; \$221.8 billion-expenditures (2008 est.)
Budget balance:	1.1% of GDP (2008)
Public debt:	27.2% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	1,348.0 (Jan. 2009); 940.0 (Jan. 2008)
Economic aid-donor:	\$455.3 million (2006) [ODA]
Debt-external:	\$250.4 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$120.8 billion-at home (2008 est.); \$82.1 billion-abroad (2006)
Market value of publicly traded shares:	\$1.124 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	35.1 (2006)
Unemployment rate:	3.3% (Dec. 2008)
Labour force:	24.34 million (2008 est.)

### Markets

KOSPI index:	1,182.7 (Jan. 2009)
% change on 31 Dec. 2008:	-37.7 (local currency); -56.7 (\$ terms)

### Trade

Trade balance:	\$-14.2 billion (latest year, Dec. 2008)
Trade to GDP ratio:	85.7 (2005-2007)
Exports:	\$458.4 billion f.o.b. (2008 est.)
Top export partners:	China (22.1%); U.S. (12.4%); Japan (7.1%); Hong Kong (5.0%) (2007)
Imports:	\$459.9 billion f.o.b. (2008 est.)
Top import partners:	China (17.7%); Japan (15.8%); U.S. (10.5%); Saudi Arabia (5.9%) (2007)

## Turkey

### Polity

Political party:	Justice and Development Party (AKP)
Most recent election:	22 Jul 2007
Government:	Single House – Majority
Political system:	Parliamentary
Legislature:	Unicameral, elected Grand National Assembly
Capital:	Ankara
Official language:	Turkish

### Economy

Currency:	Turkish lira (YTL)
GDP (real):	\$798.9 billion (2008 est.)
Predicted change:	2.5% (2008); 1.5% (2009)
Composition by sector:	8.5%-agriculture; 28.6%-industry; 62.9%-services (2008 est.)
Central Bank interest rate:	13.0% (Jan. 2009)
Official reserve assets:	\$74,233.89 million (Nov. 2008)
Foreign currency reserves:	\$71,004.88 million (Nov. 2008) [in converted foreign currencies]
Securities:	\$67,208.29 million (Nov. 2008)
IMF reserve position:	168.00
Gold:	\$3,038.52 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Nov. 2008)



Loans to nonbank residents:	\$0.00 (Nov. 2008)
Other reserve assets:	\$0.00 (Nov. 2008)
Commercial Bank prime lending rate:	NA
Stock of money:	\$64.43 billion (31 Dec. 2007)
Stock of quasi money:	\$254.3 billion (31 Dec. 2007)
Stock of domestic credit:	\$358.1 billion (31 Dec. 2007)
Household income or consumption by % share:	2.0%-lowest 10%; 34.1%-highest 10% (2003)
Inflation rate (consumer prices):	10.2% (2008 est.)
Investment (gross fixed):	21.0% of GDP (2008 est.)
Current account balance:	\$-43.9 billion (latest year, Nov. 2008)
Budget:	\$164.6 billion-revenues; \$176.3 billion-expenditures (2008 est.)
Budget balance:	-1.6% of GDP (2008)
Public debt:	37.1% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	1.62 (Jan. 2009); 1.18 (Jan. 2008)
Economic aid-recipient:	\$464.0 million (2005)
Debt-external:	\$294.3 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	\$124.8 billion-at home; \$13.97 billion-abroad (2008 est.)
Market value of publicly traded shares:	\$286.6 billion (31 Dec. 2007)
Distribution of family income-Gini index:	43.6 (2003)
Unemployment rate:	10.3% (Q3 2008)
Labour force:	23.21 million (2008 est.) [about 1.2 million Turks work abroad]

### Markets

ISE index:	25,055.7 (Jan. 2009)
% change on 31 Dec. 2008:	-54.9 (local currency); -67.4 (\$ terms)

### Trade

Trade balance:	\$-72.7 billion (latest year, Nov. 2008)
Trade to GDP ratio:	48.4 (2005-2007)
Exports:	\$141.8 billion f.o.b. (2008 est.)
Top export partners:	Germany (11.2%); UK (8.1%); Italy (7.0%); France (5.6%); Russia (4.4%); Spain (4.3%) (2007)
Imports:	\$204.8 billion f.o.b. (2008 est.)
Top import partners:	Russia (13.8%); Germany (10.3%); China (7.8%); Italy (5.9%); U.S. (4.8%); France (4.6%) (2007)

## United Kingdom

### Polity

Political party:	Labour Party
Most recent election:	5 Oct 2005
Government:	Lower House – Majority; Upper House – Majority
Political system:	Parliamentary
Legislature:	Bicameral, elected House of Commons, appointed House of Lords
Capital:	London
Official language:	English

## **Economy**

Currency:	British pound (£)
GDP (real):	\$2.787 trillion (2008 est.)
Predicted change:	0.6% (2008); -1.7% (2009)
Composition by sector:	0.9%-agriculture; 22.8%-industry; 76.2%-services (2008 est.)
Central Bank interest rate:	1.5% (Jan. 2009)
Official reserve assets:	\$48,973.93 million (Dec. 2008)
Foreign currency reserves:	\$40,486.66 million (Dec. 2008) [in converted foreign currencies]
Securities:	\$39,874.99 million (Dec. 2008)
IMF reserve position:	2,350.08
Gold:	\$8,628.47 million (Dec. 2008) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$-5,069.91 million (Dec. 2008)
Loans to nonbank residents:	\$0.00 (Dec. 2008)
Other reserve assets:	\$2,130.70 million (Dec. 2008)
Commercial Bank prime lending rate:	5.52% (31 Dec. 2007)
Stock of money:	NA
Stock of quasi money:	NA
Stock of domestic credit:	\$5.278 trillion (31 Dec. 2007)
Household income or consumption by % share:	2.1%-lowest 10%; 28.5%-highest 10% (1999)
Inflation rate (consumer prices):	3.8% (2008 est.)
Investment (gross fixed):	16.7% of GDP (2008 est.)
Current account balance:	\$-45.6 billion (latest year, Q3 2008)
Budget:	\$1.107 trillion-revenues; \$1.242 trillion-expenditures (2008 est.)
Budget balance:	-5.3% of GDP (2008)
Public debt:	47.2% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.69 (Jan. 2009); 0.51 (Jan. 2008)
Economic aid-donor:	\$12.46 billion (2006) [ODA]
Debt-external:	\$10.45 trillion (30 Jun. 2007.)
Stock of direct foreign investment:	\$1.409 trillion-at home; \$1.841 trillion-abroad (2008 est.)
Market value of publicly traded shares:	\$3.859 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	34.0 (2005)
Unemployment rate:	6.0% (Oct. 2008)
Labour force:	31.2 million (2008 est.)

## **Markets**

FTSE 100 index:	4,180.6 (Jan. 2009)
% change on 31 Dec. 2008:	-35.3 (local currency); -52.7 (\$ terms)

## **Trade**

Trade balance:	\$-178.6 billion (latest year, Nov. 2008)
Trade to GDP ratio:	57.6 (2005-2007)
Exports:	\$468.7 billion f.o.b. (2008 est.)
Top export partners:	U.S. (14.2%); Germany (11.1%); France (8.1%); Ireland (8.0%); Netherlands (6.8%); Belgium (5.3%); Spain (4.5%); Italy (4.1%) (2007)
Imports:	\$645.7 billion f.o.b. (2008 est.)
Top import partners:	Germany (14.2%); U.S. (8.6%); China (7.3%); Netherlands (7.3%); France (6.9%); Belgium (4.7%); Norway (4.7%); Italy (4.2%) (2007)

## United States

### Polity

Political party:	Democratic Party
Most recent election:	4 Nov 2008
Government:	Lower House – Minority; Upper House – Minority
Political system:	Presidential
Legislature:	Bicameral, elected House of Representatives, elected Senate
Capital:	Washington DC
Official language:	English

### Economy

Currency:	Dollar (\$)
GDP (real):	\$14.33 trillion (2008 est.)
Predicted change:	0.9% (2008); -1.2% (2009)
Composition by sector:	1.2%-agriculture; 19.6%-industry; 79.2%-services (2008 est.)
Central Bank interest rate:	0.25% (Dec. 2008)
Official reserve assets:	\$76,580.00 million (Jan. 2009)
Foreign currency reserves:	\$41,036.00 million (Jan. 2009) [in converted foreign currencies]
Securities:	\$23,484.00 million (Jan. 2009)
IMF reserve position:	7,554.00
Gold:	\$11,041.00 million (Jan. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	\$0.00 (Jan. 2009)
Loans to nonbank residents:	\$0.00 (Jan. 2008)
Other reserve assets:	\$7,765.00 million (Jan. 2009)
Commercial Bank prime lending rate:	8.05% (31 Dec. 2007)
Stock of money:	\$1.374 trillion (31 Dec. 2007)
Stock of quasi money:	\$10.1 trillion (31 Dec. 2007)
Stock of domestic credit:	\$14.15 trillion (31 Dec. 2007)
Household income or consumption by % share:	2.0%-lowest 10%; 30.0%-highest 10% (2007 est.)
Inflation rate (consumer prices):	4.2% (2008 est.)
Investment (gross fixed):	14.6% of GDP (2008 est.)
Current account balance:	-\$697.9 billion (latest year, Q3 2008)
Budget:	\$2.524 trillion-revenues; \$2.979 trillion-expenditures (2008 est.)
Budget balance:	-3.2% of GDP (2008)
Public debt:	60.8% of GDP (2007 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	NA
Economic aid-donor:	\$23.56 billion (2006 [ODA])
Debt-external:	\$12.25 trillion (30 Jun. 2007)
Stock of direct foreign investment:	\$2.22 trillion-at home; \$2.751 trillion-abroad (2008 est.)
Market value of publicly traded shares:	\$19.95 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	45.0 (2007)
Unemployment rate:	7.2% (Dec. 2008)
Labour force:	155.2 million (2008 est.) [includes unemployed]

### Markets

DJIA index:	8,200.1 (Jan. 2009)
% change on 31 Dec. 2008:	-38.2 (local currency); -38.2 (\$ terms)

S&P 500 index: 842.6 (Jan. 2009)  
 % change on 31 Dec. 2008: -42.6 (local currency); -42.6 (\$ terms)  
 NAScomp index: 1,489.6 (Jan. 2009)  
 % change on 31 Dec. 2008: -43.8 (local currency); -43.8 (\$ terms)

### Trade

Trade balance: \$-833.1 billion (latest year, Nov. 2008)  
 Trade to GDP ratio: 27.2 (2005-2007)  
 Exports: \$1.377 trillion f.o.b. (2008 est.)  
 Top export partners: Canada (21.4%); Mexico (11.7%); China (5.6%); Japan (5.4%); UK (4.3%); Germany (4.3%) (2007)  
 Imports: \$2.19 trillion f.o.b. (2008 est.)  
 Top import partners: China (16.9%); Canada (15.7%); Mexico (10.6%); Japan (7.4%); Germany (4.8%) (2007)

## European Union

### Polity

Political party: European People's Party – European Democrats  
 Most recent election: 10-13 Jun 2004  
 Government: Lower House – Minority; Upper House – None  
 Political system: Parliamentary  
 Legislature: Bicameral, elected Parliament, indirectly elected council  
 Official language: Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish, Swedish

### Economy

Currency: Euro (€)  
 GDP (real): \$18.93 trillion (2008 est.)  
 Predicted change: 0.7% (2008); -1.4% (2009) [Euro Area]  
 Composition by sector: 2.0%-agriculture; 26.8%-industry; 71.1%-services (2008 est.)  
 Central Bank interest rate: 2.0% (Jan. 2009)  
 Official reserve assets: \$60,541.07 million (Nov. 2008) [European Central Bank]; \$500,661.09 million (Nov. 2008) [Eurosystem]  
 Foreign currency reserves: \$49,860.57 million (Nov. 2008) [in converted foreign currencies, European Central Bank], \$204,900.88 million (Nov. 2008) [in converted foreign currencies, Eurosystem]  
 Securities: \$46,705.54 million (Nov. 2008) [European Central Bank], \$177,036.39 million (Nov. 2008) [Eurosystem]  
 IMF reserve position: 0.00 [European Central Bank], 9,010.72 [Eurosystem]  
 Gold: \$13,974.25 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped, European Central Bank], \$284,845.53 million (Nov. 2008) [including gold deposits and, if appropriate, gold swapped, Eurosystem]  
 Financial derivatives: \$-3762.10 million (Nov. 2008) [European Central Bank], \$-4,462.09 million (Nov. 2008) [Eurosystem]  
 Loans to nonbank residents: \$0.00 (Nov. 2008) [European Central Bank], \$0.00 (Nov. 2008) [Eurosystem]  
 Other reserve assets: \$0.00 (Nov. 2008) [European Central Bank], \$1.27 million (Nov. 2008) [Eurosystem]  
 Commercial Bank prime lending rate: 8.03% (31 Dec. 2007)  
 Stock of money: \$5.742 trillion (31 Dec. 2007) [Euro Area]

Stock of quasi money:	\$10.93 trillion (31 Dec. 2007) [Euro Area]
Stock of domestic credit:	\$20.94 trillion (31 Dec. 2007) [Euro Area]
Household income or consumption by % share:	2.8%-lowest 10%; 25.2%-highest 10% (2001 est.)
Inflation rate (consumer prices):	3.7% (2008 est.)
Investment (gross fixed):	21.1% of GDP (2008 est.)
Current account balance:	-\$61.5 billion (latest year, Oct. 2008) [Euro Area]
Budget:	NA
Budget balance:	-1.6% of GDP (2008) [Euro Area]
Public debt:	NA
Exchange rates (per USD):	0.76 (Jan. 2009); 0.68 (Jan. 2008)
Economic aid-donor:	NA
Debt-external:	NA
Stock of direct foreign investment:	NA
Market value of publicly traded shares:	NA
Distribution of family income-Gini index:	30.3 (2003 est.)
Unemployment rate:	7.8% (Nov. 2008) [Euro Area]
Labour force:	224.6 million (2008 est.)

#### Markets

FTSE Euro 100 index:	701.3 (Jan. 2009)
% change on 31 Dec. 2008:	-49.0 (local currency); -54.1 (\$ terms)
DJ STOXX 50 index:	2,298.5 (Jan. 2009)
% change on 31 Dec. 2008:	-47.8 (local currency); -53.0 (\$ terms)

#### Trade

Trade balance:	-\$38.7 billion (latest year, Oct. 2008) [Euro Area]
Trade to GDP ratio:	26.4 (2004-2006)
Exports:	\$1.33 trillion f.o.b. (2005) [external exports, excluding intra-EU trade]
Top export partners:	NA
Imports:	\$1.466 trillion f.o.b. (2005) [external imports, excluding intra-EU trade]
Top import partners:	NA

#### Key sources

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