Plans for the Third G20 Summit: Pittsburgh 2009

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List of Acronyms and Abbreviations

AIMA	Alternative Investment Management Association
ASEAN	Association of South East Asian Nations
BCBS	Basel Committee on Banking Supervision
BRIC	Brazil, Russia, India, China
BVI	British Virgin Islands
CBI	Confederation of British Industry
CIMA	Cayman Islands Monetary Authority
CRA	credit rating agency
ECB	European Central Bank
EU	European Union
FCO	Foreign & Commonwealth Office
FSB	Financial Stability Board
FSF	Financial Stability Forum
G20	Group of Twenty
GDP	gross domestic product
IAIS	International Association of Insurance Supervisors
IADI	International Association of Deposit Insurers
IASB	International Accounting Standards Board
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFIs	international financial institutions
IFRS	International Financial Reporting Standards
IIF	International of International Finance
ILO	International Labour Organization
IMF	International Monetary Fund
IMFC	International Monetary and Finance Committee
IOSCO	International Organization of Securities Commissions
L20	Leaders' Twenty
LDC	least developed country
MDB	multilateral development bank
MDGs	Millennium Development Goals
NAB	new arrangements to borrow
NEPAD	New Partnership for Africa's Development
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
SDRs	special drawing rights
TIEA	tax information exchange agreement
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
WTO	World Trade Organization

Preface

This report on the "G20 Summit: Plans for the Third 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 is updated periodically. Note that this document refers to the G20 leaders' meeting (or summit), which first 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 WTO). Paul Martin, a founder of the G20 finance forum, had long advocated a "Leaders 20" (L20) forum. With the "special" leaders meeting in Washington in November, this L20 came to life.

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 the G20 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 EU. The second summit took place on April 1-2, 2009. The United Kingdom hosted the meeting in London. Spain and the Netherlands again participated and representatives from ASEAN, the FSF, IMF, NEPAD, the UN, World Bank and WTO were also included. The third G20 meeting will take place in Pittsburgh on September 24-25, 2009, with the United States as host.

The G20 finance ministers' and central bank governors' group first met in 1999. They met for their tenth annual meeting on November 8-9, 2008, in Sao Paulo, Brazil. They have started meeting more frequently since the leaders from the G20 first met on November 14-15, 2008, including during the leaders' meeting. They met on April 24, 2009, in Washington DC on the margins of the annual spring meeting of the IMF and World Bank, and will do so again on September 4-5 to prepare for Pittsburgh and for their annual meeting on November 7-8, 2009, hosted by the UK.

Under the Gleneagles Dialogue, since 2005 a group of 20 ministers in the fields of environment and energy have met, including in Japan in 2008, to discuss issues associated with climate change. 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. President Barack Obama co-chaired the second summit-level meeting of the renamed

Major Economies Forum (MEF) as part of the G8 summit in Italy, on July 9, 2009. In both cases, membership largely overlaps that of the G20 finance ministers forum.[1]

2. Agenda and Priorities

UK prime minister Gordon Brown and U.S. president Barack Obama have agreed on the importance of focusing on delivering jobs and economic growth as preparations for the G20 Summit continue. During a prearranged phone call they also agreed the summit should address the needs of developing countries and help support the drive for a climate change deal at Copenhagen.[2] (September 10, 2009, *Dow Jones International News*)

On September 8 Obama said: "The Pittsburgh Summit is an important opportunity to continue the hard work that we have done in confronting the global economic crisis, and renewing prosperity for our people. Together, we will review the progress we have made, assess what more needs to be done, and discuss what we can do together to lay the groundwork for balanced and sustainable economic growth. Pittsburgh stands as a bold example of how to create new jobs and industries while transitioning to a 21st century economy. As a city that has transformed itself from the city of steel to a center for high-tech innovation — including green technology, education and training, and research and development — Pittsburgh will provide both a beautiful backdrop and a powerful example for our work. It's important to note how far we have come in preventing a global economic catastrophe. A year ago, our economy was in a freefall. Some economists were predicting a second Great Depression. Immediate action was required to rescue the economy. In the United States, we passed an historic Recovery Act that quickly put money in the hands of working families, and is putting Americans to work all across the country — including in Pittsburgh and the surrounding area. That includes companies like East Penn Manufacturing, a third-generation family business which is now building batteries for the hybrid, energy efficient vehicles of the 21st century. That includes Serious Materials manufacturing plant outside of Pittsburgh that was shuttered last year, which is now rehiring the workers who lost their jobs and giving them a new mission: producing some of the most energy-efficient windows in the world. And at medical laboratories in Pittsburgh, scientists are making advances in tissue regeneration, which will help people across the globe, including our troops wounded in combat in Iraq and Afghanistan. The steps that we have taken to jumpstart growth have also been coordinated with our partners around the world. Industrial production throughout the G20 has either stabilized or is growing. Global trade is expanding. Stresses in financial markets have significantly abated and our financial institutions are raising needed capital. But all of us must remember that our work is far from complete — not when our people are still looking for work. As the leaders of the world's largest economies, we have a

[1] The G20 Gleneagles Dialogue consists of 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 MEF is composed of 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] *Dow Jones International News* (September 10, 2009), "Brown, Obama Agree On Jobs, Growth Focus As G20 Approaches."

responsibility to work together on behalf of sustained growth, while putting in place the rules of the road that can prevent this kind of crisis from happening again. To avoid being trapped in the cycle of bubble and bust, we must set a path for sustainable growth while steering clear of the imbalances of the past. That will be a key part of the G20 agenda going forward and the Pittsburgh Summit can be an important milestone in our efforts. In a place known as the city of bridges, we can come together to advance our common interest in a global recovery, while turning the page to a truly 21st century economy. By working with our friends and partners from around the world, the U.S. is ready to help lead this effort in Pittsburgh and beyond."[3] (September 8, 2009, *White House*)

After the G20 finance ministers met in London on September 4-5, U.S. treasury secretary Timothy Geithner said the actions taken at G20 leaders at London in April "have pulled the global economy back from the edge of the abyss" and that the financial system was showing "signs of repair." However, he added that unemployment was still high and that "conditions for a sustained recovery led by private demand [were] not yet established." He said that the G20 "need to provide sustained support for growth and financial repair until we have in place a strong foundation for recovery. But that strategy will not be effective unless we can make fully credible our commitment to reverse those actions as soon as conditions permit. This means our strategies will need to evolve as we move from crisis response to recovery, from rescuing the economy to repairing and rebuilding the foundation for future growth. We must lay a foundation for a more balanced and sustainable pattern of future growth, both within and across countries." He said that the G20 needs "to bring greater urgency to the financial reform agenda." On the subject of international capital standards for banks, he said the G20's "objective [was] to reach agreement by the end of [2010] on a new standard that will raise capital and liquidity requirements and dampen rather than amplify future credit and asset price bubbles. Financial activities which present the most risk should have higher capital requirements. And the major globally active financial institutions, those firms that present the greatest risk of systemic crisis, should be held to more demanding standards." He noted that compensation reform is a necessary part of building a more stable system and that more work still needs to be done on over-the-counter derivatives and cross-border resolution frameworks. He reiterated the desire for IFI reform. He closed by saying "we need to bring the sense of common purpose and urgency that we demonstrated at the peak of the crisis to the challenges of restoring growth and to reforming the financial system. We have made a lot of progress, but we have a ways to go. We can't let momentum for reform fade as the crisis recedes."[4] (September 8, 2009, *State Department*)

Despite friction on certain points, such as limiting bonuses or IMF reform, G20 finance ministers managed to show cohesion on the necessary measures for post-crisis management at September 4-5 meeting. They succeeded in agreeing on the issue of bankers' bonuses, based on main principles. Limiting these bonuses, however, was the subject of a compromise. The UK and the U.S., who opposed to such a limit, accepted placing the issue under consideration. Despite progress, the question of a reform of the

[3] *White House* (September 8, 2009), "Statement by the President on G-20 Summit in Pittsburgh."
[4] *State Department* (September 8, 2009), "Remarks by Treasury Secretary Geithner at G-20 Meeting – Outlines challenges ahead of upcoming G-20 Summit in Pittsburgh."

IMF and the quota shares of member countries was not resolved. All parties do recognize that the countries are no longer represented at their correct current economic weight. The BRIC countries want 7% of the quota share of industrialized countries. The U.S. suggested 5%. The EU increased its promise of an additional endowment to the IMF in an effort to defend its current share. The G20 showed perfect unity in terms of stimulus saying that it will certainly be withdrawn at one point, but the time has not yet come to do so. In particular, everybody underlined the risks of rising unemployment, even if the economic crisis appears to be easing, and the need to remain united on the main principles was highlighted by all sides. “We still have our feet in the ashes; it is not time to send the firemen back,” said Swedish finance minister Anders Borg, whose country is presiding over the EU. However, he added, “it is also very important that we begin to talk and prepare our strategies for emerging” from the crisis. A consensus was also reached on setting a date for the entry into force of sanctions for uncooperative tax havens.[5] (September 8, 2009, *Europolitics*)

Financial conditions are improving but officials need to maintain the momentum of reform to prevent a repeat of the credit crisis, said Mario Draghi, FSB chair. He said he had been encouraged by the G20 and by the very strong support for maintaining reform momentum. He said the FSB would be working to give shape to agreed changes to Basel II capital requirements. “General conditions are improving and with their improvement banks’ profitability is also improving.” Still, “more needs to be done to make our financial system more resilient and to make sure what we lived through doesn’t happen again any time soon.” He stressed that it should be made clear to banks that the recent improvement was mostly if not totally due to support provided by governments and central banks. At the upcoming G20 leaders’ summit in Pittsburgh, the FSB will set out principles on bankers’ pay, governance structure and disclosure, to encourage consistent international implementation. Draghi stressed that the principles would address the structure rather than the level of compensation. The G20 also asked the FSB to consider whether a limit on the total bonus payments made by individual banks as a share of its profits is needed. “For banks that are being supported by governments and have had access to public support, there is a case to be made for public policy and for prudential grounds that for as long as official support measures are in place the level of compensation should be reduced” to achieve higher capital levels, Draghi said. He also said that cooperation with the IMF was increasing and that they would be conducting an early warning exercise together in Istanbul.[6] (September 5, 2009, *Dow Jones New International*)

G20 finance ministers have agreed to curb bankers’ bonuses, but at present the proposal is not as robust as some would like. The ministers also pledged to maintain stimulus measures such as extra government spending and low interest rates to boost the global economy. U.S. treasury secretary Timothy Geithner said, “Growth is now under way. However, we still face significant challenges ahead.” The IMF has said that the global economy is beginning a sluggish recovery, raising its estimate for global economic

[5] *Eutopolitics* (September 8, 2009), “G20 : Ministers Manage To Show United Front.”
[6] *Dow Jones News International* (September 5, 2009), “G20: FSB Draghi: Need To Maintain Reform Momentum.”

growth in 2010 to 2.5% from an earlier projection of 1.9%. But the IMF also downgraded its forecast for this year, saying it would shrink by 1.4%, instead of 1.3%. The group also pushed ahead with plans to reform the financial system, including tougher action against tax havens and giving developing countries a greater say in global governance. French finance minister Christine Lagarde said this ensured that "things will not go back to business as usual … that there are no dark areas anymore to hide." On the topic of bankers' bonuses, the G20 agreed to give the FSB the task of drawing up practical proposals that the leaders could agree on when they meet in Pittsburgh. There was an agreement to take tougher action against tax havens, with the identifying a March 2010 deadline to start sanctions against tax havens which refuse to comply with new transparency rules agreed at the April G20 summit. The ministers also reaffirmed its commitment to changes at the World Bank and the IMF to give developing countries a greater say on those bodies. Brazil, Russia, India and China proposed a quota shift of 7% in the IMF and 6% in the World Bank Group to reach what they view as a more equitable distribution of voting power between advanced and developing countries. The G20 stopped short of agreeing to those figures, but it did agree to complete World Bank reforms by spring 2010 and IMF quota reviews by January 2011.[7] (September 5, 2009, *Associated Press Newswires*)

The U.S. wants to broaden the agenda at the G20 Pittsburgh Summit so the forum incorporates the voices of emerging countries on key global issues. The U.S. government is lobbying other participants to approve the expanded agenda. By covering a wider range of issues, the G20 summit, which was created to focus on monetary topics in the wake of the global financial crisis, could become a full-fledged gathering of industrialized and emerging countries on a regular basis. If the September meeting is transformed into a more traditional summit, the subsequent meeting could be scheduled around spring 2010. The leaders may, for example, discuss climate change targets when they meet.[8] (July 7, 2009, *Nikkei Report*)

Underscoring the risk that hopes for a quick turnaround may be premature; the World Bank said in early June that it expected the global economy to shrink nearly 3% in 2009, far deeper than the 1.7% contraction it predicted slightly more than two months before. Although it expected growth in developed countries to resume in 2010, emerging market countries could feel the effects of "aftershocks" for several years. "It's quite clear that even if the developed world starts on a path of recovery, for many developing countries, it will take longer," said president Robert Zoellick. "Financial markets seem to have broken the fall but there are clear fragilities and risks remain … Some of these fragile developing economies don't have any cushion."[9] (June 12, 2009, *New York Times*)

British chancellor of the exchequer Alistair Darling predicted in mid-May that the recession will be over by December 2009. "We will see a return to growth at the turn of the year." He says as long as Britain and other countries fully implement the rescue package agreed to by the G20 in April and UK banks step up lending, a firm recovery

[7] *Associated Press Newswires* (September 5, 2009), "G-20 pledge to continued economic stimulus, reach compromise to limit bankers' bonuses."
[8] *Nikkei Report* (July 7, 2009), "U.S. Aims To Expand G20 Summit Topics Beyond Finance."
[9] *New York Times* (June 12, 2009), "World Bank Sees Economy Shrinking 3 Percent This Year."

will take hold by the end of 2009. "I remain confident that we will come through this, provided we ensure that we deliver what we set out at the G20, and what we are doing ourselves, particularly in relation to ensuring that the bank-lending agreements are fully implemented. That is very, very important."[10] (May 20, 2009, *The Times*)

The G20 leaders will meet again before the end of the year. It is suspected that the next summit will take place in September in New York, but this has not yet been confirmed.[11] (April 4, 2009, *The Independent*)

Finance ministers and central bank governors from the G7 and the G20 will meet on April 24 in Washington. They will follow-up on discussions held at the G20 and, more specifically, will discuss International Monetary Fund (IMF) reform. The meeting will take place on the sidelines of the spring IMF and World Bank meetings. The exact agenda for the meeting is not yet known. (April 3, 2009, *Reuters News*)[12]

Stimulus and Exit Strategies

South Korea has echoed other G20 members' call for the international community to stick to an expansionary policy stance until the global economy shows signs of a more solid recovery. "We need to keep an expansionary macroeconomic policy until signs of a solid global recovery materialize, and those expanded fiscal spending measures promised during the April summit in London should be executed without delay," finance minister Yoon Jeung-hyun said. Saying it is "premature" to talk about when and how to take back expansionary measures, Yoon called for each country to step up cooperation and prepare "in-advance" for a so-called exit strategy in such a way as to ease market uncertainty and stave off a possible double dip of the global economy. At the conclusion of the two-day finance ministers' meeting on September 4-5, the G20 agreed to keep in place expansionary fiscal and monetary measures until the economy shows marked signs of a rebound and called for each nation to provide necessary support to the financial system.[13] (September 6, 2009, *Organisation of Asia-Pacific News Agencies*)

South Africa is planning to continue with its stimulus package, according to finance minister Pravin Gordhan. While he is hopeful that the green shoots in the world economy are real, he believes it is not yet time to pull back on stimulus packages. "There is this cautious hope … it is going to be a long, hard road ahead of us but one that if we manage, as we have managed our fiscal and monetary situation well, we will ensure that South Africa ends up in a better place than it currently finds itself," he said.[14] (September 6, 2009, *Reuters News*)

[10] *The Times* (May 20, 2009), "Alistair Darling predicts UK recession will be over by Christmas."
[11] *Independent* (April 4, 2009), "Brown's assignment for the next G20 meeting: a blueprint for IMF reform."
[12] *Reuters News* (April 3, 2009), "G7 finmins to meet April 24, follow up on G20-EU."
[13] *Organisation of Asia-Pacific News Agencies* (September 6, 2009), "S. Korea backs stimulus steps until firm recovery."
[14] *Reuters News* (September 6, 2009), "S.Africa to stay on stimulus path-finmin."

China plans to stick to its stimulus policies because its economic recovery is still not on solid ground, according to finance minister Xie Xuren. "The series of measures adopted by the Chinese government to promote economic growth have already achieved clear results," Xie said. "The economy is warming up and recovering, but its foundation is still not solid."[15] (September 5, 2009, *Reuters News*)

Anders Borg, Sweden's finance minister, expects the G20 countries to issue a clearer message on stimulus exit strategies in its final document in September. Borg said the EU and G20 needed to start talking about economic stimulus exit strategies this autumn. "We need to have a thorough discussion among ourselves in the EU, we have to reinvigorate the stability and growth pact, to find our own exit strategy … It is also clear that this is a global issue, both for the Monetary Fund and for the G20." Asked whether he expected any changes to the final document in terms of exit strategies, Borg said: "Yes, I think there will be a more pronounced and a clearer message eventually on exit strategies." Borg said there was a broad consensus that exiting the stimulus measures should happen gradually. He also said economic policy in the EU would probably remain expansionary at least throughout next year. "I think economic policy in general, both fiscal and monetary policy, will have to be expansionary for quite some time … At least during 2010 it is quite likely that we will see an expansionary stance in economic policy." Sweden holds the six-month rotating presidency of the EU until December 31, 2009.[16] (August 28, 2009, *Reuters News*)

Since the G20 met in April, the global recession seems to be ending with Quarter 2 data in a number of countries showing growth and stock markets powering ahead, optimistic that the good times will soon return. But G20 policymakers will be guarded even though discussion of exit strategies from the huge fiscal and monetary stimulus thrown into their economies will be high on the agenda. At the world's top central bankers meeting in Jackson Hole, Wyoming those present cautioned that the extraordinary stimulus from governments and central banks must not be withdrawn too soon. While the G20 will tread a fine line between trying to convince markets it has credible plans to withdraw the stimulus in an orderly way and ensuring it does not derail the recovery, analysts warn it also has to act on settling global imbalances. British prime minister Gordon Brown has made finding "future sources of growth" and how the world economy can survive without relying solely on the U.S. consumer one of his goals and this will also feature high on the G20's agenda. Economists and officials say finding a credible answer to the question could set the course of the global economy for another decade. While there has long been agreement on paper that countries running large current account deficits need to save more and those with huge surpluses should be spending more, it has been harder to achieve in practice. So far there is little sign that the crisis has changed the strategies being pursued by surplus countries that have their own domestic politics in mind.[17] (August 26, 2009, *Reuters News*)

[15] *Reuters News* (September 5, 2009), "China's economic stimulus is still needed-minister."
[16] *Reuters News* (August 28, 2009), "Sweden finmin sees G20 clearer on exit plans."
[17] *Reuters News* (August 26, 2009), "Global imbalances to haunt G20 meeting."

The UK thinks that the G20 leaders should ensure they have plans to withdraw the huge stimuli put into their economies, but they are also clear that the fiscal and monetary boosts should remain in place for now. "It is vital that countries have an exit strategy but we are very clear that interventions need to remain in place for as long as needed," a source said. "The meeting will emphasise the significant progress that has been made but make it clear that more has to be done." G20 countries have cut interest rates to exceptionally low levels and thrown billions of dollars at their economies in order to fight the worst global downturn in decades.[18] (August 26, 2009, *Reuters News*)

Global policymakers must secure a solid economic recovery before they turn their attention to exit strategies from stimulus policies or to discussion of exchange rates, according to Canadian finance minister Jim Flaherty. Speaking to reporters after three days of meetings in Beijing in August, Flaherty described recent economic signs as encouraging but tentative. Canadian and Chinese leaders agreed that discussions about international currency issues should take a backseat until the global economy was firmly back on its feet, he added. "What positive signs we have seen are encouraging, but they are tentative," he said. He pointed to car sales, consumer confidence and housing as sources of optimism, balancing those against continued worries about global financial institutions and weakness in the U.S. Flaherty said that discussions had touched on currencies, including both the Canadian dollar and the yuan. "The consensus was, quite frankly, that we have to make sure that we have a firmly established global economic recovery before there are further discussions about international currencies." Flaherty said that Canada was in no rush to scale back government spending to help pull itself out of its worst recession in decades. "In the future it will be necessary to have exit strategies so that the degree of involvement of public funds in stimulus programmes and so on can become more balanced. But that depends on how the economies do in the next while." The question of how to wind down stimulus programs is likely to come up next month at a meeting of G20 finance ministers.[19] (August 12, 2009, *Reuters News*)

Canada, China and other G20 countries need to continue to uphold stimulus spending commitments despite the recent signs of economic revival around the world, according to Canadian finance minister Jim Flaherty. China and Canada both have implemented "quite substantial" fiscal stimulus measures of their own to deal with the economic downturn, said Flaherty, and it is important that other countries not back away from previous stimulus commitments of their own. "We've talked about the importance of continuing to implement stimulus spending now, despite the comments by some that it might not be necessary to do that because of some good signs in some economies," he said. "China recognizes the need to provide additional stimulation to the Chinese economy, and Canada similarly needs to continue stimulating the economy, despite the predictions of some growth in real GDP next year … The reason for all of that is the pitfalls we saw in the 1930s, when economies slid backward when governments axed spending."[20] (August 10, 2009, *Dow Jones News Service*)

[18] *Reuters New* (August 26, 2009), "G20 need exit strategy, stimulus to stay now-UK source."
[19] *Reuters News* (August 12, 2009), "Exit strategies must await recovery, Canada says."
[20] *Dow Jones News Service* (August 10, 2009), "Canada Fin Min: G20 Nations Need to Continue Stimulus Steps."

The IMF supports calls for world leaders to coordinate an exit strategy from international stimulus spending. It is also considerably more optimistic about the state of the global financial system and the world economy than it was three months ago, although it continues to warn that the "recession is not over." The IMF's July 2009 Global Financial Stability Report said the risks to the global financial system had moderated from the extremes envisaged in April: "Unprecedented policy actions undertaken by central banks and governments worldwide have succeeded in stabilising the financial conditions of banks, reducing funding pressures and counter-party risk concerns, and supporting aggregate demand … These interventions have reduced the tail risk of another systemic failure similar to the collapse of Lehman Brothers." The IMF also warned against complacency because of the improvements to the financial sector: "Continued policy efforts are needed to stave off the chance that some of the recent gains could yet be reversed." While it was not yet time to begin withdrawing support, the IMF says carefully considered and coordinated exit strategies need to be put in place. "Communication of such strategies can be of great value in reducing market uncertainty," it said. The IMF now predicts global activity will contract by 1.4% in 2009 and expand by 2.5% in 2010. "The recent rally in commodity prices has been strong and broad-based, reflecting improved market sentiment, US dollar depreciation and commodity-specific factors," it said. The IMF has upgraded growth projections in emerging Asian markets, due mainly to improved prospects in China and India.[21] (July 9, 2009, *Australian Associated Press Financial News*)

World leaders need an exit strategy from the unprecedented spending and government intervention they resorted to during the global economic crisis, and should use the G20 to coordinate it, Australian prime minister Kevin Rudd said. He said the G20 should be the powerhouse for global policy to manage the economic recovery, which could prove even more difficult than dealing with the financial crisis itself. Rudd said world leaders would have a difficult task in weaning the global economy off the enormous fiscal stimulus and extraordinary government market intervention that had been necessary as an emergency response to the crisis, as well as finding a middle way between "over-regulation" and "free market fundamentalism." He backed a plan by German Chancellor Angela Merkel for the G20 to oversee a new "financial constitution" for international markets.[22] (July 8, 2009, *The Australian*)

Japan may need more stimuli if the recession worsens. According to the IMF, "fiscal policy should also remain flexible to address further downside risks. Japan's stimulus spending is sizable at 5% of GDP — well above the G20 average — and additional stimulus could be provided should the recession persist longer than expected."[23] (May 20, 2009, *Reuters News*)

The G20 are on track to meet their pledge to spend the equivalent of 2% of their GDP, according to a new estimate by the IMF. The G20 will spend $820 billion on stimulus programs in 2009, compared with a March estimate of $590 billion. The revision reflects

[21] *Australian Associated Press Financial News* (July 9, 2009), "IMF lends weight to PM's call for stimulus exit strategy."
[22] *The Australian* (July 8, 2009), "G20 must co-ordinate global recovery: Rudd."
[23] *Reuters News* (May 20, 2009), "IMF: Japan may need more stimulus if slump worsens."

programs announced within the last few weeks by Japan, South Korea and Russia.[24] (April 26, 2009, *Globe and Mail*)

The IMF says it is time to talk exit strategies since all members now endorsed stimulus measures taken to combat the global financial crisis and the need to clean up banks' bad assets. "Everybody is happy with what has been done on fiscal stimulus … all agree on the absolute necessity of cleaning the financial system," IMF managing director Dominique Strauss-Kahn said. He said there were substantial differences, however, over what steps should be taken to prepare for the economic upturn on the other side of the crisis, adding that countries needed to have a view three to four years ahead.[25] (April 26, 2009, *Agence France Presse*)

U.S. treasury secretary Timothy Geithner indicated that he would urge the G20 to continue to support their respective economies long enough so that a recovery can take root, like the U.S. is trying to do with its $787, three-year stimulus program launched in February.[26] (April 23, 2009, *Agence France Presse*)

Canadian finance minister Jim Flaherty intends to push finance ministers of the G7 and G20 at their April 24 meetings to roll out their fiscal stimulus packages as quickly as possible in an effort to mitigate the impact of a deeper-than-expected recession.[27] (April 23, 2009, *National Post*)

Japan's prime minister Taro Aso claims he got approval to proceed with an additional stimulus plan at the G20 summit in London. Aso is apparently seeking to adopt "the largest possible" new economic package under Japan's current fiscal conditions. It is supposed to include at least ¥10 trillion in fiscal spending.[28] (April 2, 2009, *Kyodo News*)

Coordinated Controls

German chancellor Angela Merkel vowed in early June to focus on establishing coordinated controls over global financial markets at the G20 Pittsburgh Summit as part of the international effort to quell the financial crisis. "We'll make clear that one point we're dedicated to is strengthening the multilateral system," she said. Merkel said the decisions made at the April G20 summit must be implemented, including stricter limits on hedge funds, executive pay, credit rating firms and risk taking by banks.[29] (June 5, 2009, *Bloomberg News*)

[24] *Globe and Mail* (April 26, 2009), "G20 stimulus spending on track, says IMF."
[25] *Agence France Presse* (April 26, 2009), "IMF says time to talk crisis exit plans."
[26] *Agence France Presse* (April 23, 2009), "G7, G20 meet Friday to 'follow-up' on London summit."
[27] *National Post* (April 23, 2009), "Flaherty to push G20 for faster rollout of stimulus packages."
[28] *Kyodo News* (April 2, 2009), "Japan gets G20 backing for more spending, benefactor role."
[29] *Bloomberg News* (June 5, 2009), "Merkel vows to boost G20 market controls."

Regulation and Supervision

The BCBS has released high-level guiding principles to assist the IASB in addressing issues related to provisioning, fair value measurement and related disclosures. As the IASB develops new financial instrument accounting standards, the principles will help it produce standards that improve the decision usefulness and relevance of financial reporting for key stakeholders, including prudential regulators. Moreover, the principles will ensure that accounting reforms address broader concerns about pro-cyclicality and systemic risk. The principles are in response to recommendations made by G20 leaders at their April 2009 summit to strengthen financial supervision and regulation. The leaders called on "the accounting standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high-quality global accounting standards." The principles were provided to the IASB in July. The committee believes that these principles should facilitate continued, necessary coordination among standard setters, supervisors and regulators in their respective efforts to implement the G20 recommendations. The principles reflect accounting lessons learned from the financial crisis, and note that the new standard should: reflect the need for earlier recognition of loan losses to ensure robust provisions; recognize that fair value is not effective when markets become dislocated or are illiquid; permit reclassifications from the fair value to the amortized cost category; which should be allowed in rare circumstances following the occurrence of events having clearly led to a change in the business model; and, promote a level playing field across jurisdictions. The new standards should provide for valuation adjustments to avoid misstatement of both initial and subsequent profit and loss recognition when there is significant valuation uncertainty. Moreover, loan loss provisions should be robust and based on sound methodologies that reflect expected credit losses in the banks' existing loan portfolio over the life of the portfolio.[30] (September 8, 2009, *The Philippine Star*)

French president Nicolas Sarkozy thinks that changes to accounting rules so that they no longer focus on the short-term valuations and the supervision of speculative funds need to be discussed at the G20 summit in September.[31] (August 26, 2009, *Reuters News*)

Sarkozy is seeking an agreement with the UK and Germany to push for tighter financial regulation at the next G20 summit. "France is leading a combat for more regulation of the financial sector and for tighter rules on pay," government spokesperson Luc Chatel said. "France has a message to bring — we won't be followers, we'll make proposals."[32] (August 25, 2009, *Dow Jones International News*)

Accounting industry bodies are urging the G20 to give taxpayers a complete picture of their liabilities, which have been swollen by measures to shore up banks and economies during the crisis. But political sensitivities over the scale of increasing public debt mean governments are unlikely to take more than minor steps toward reforming the way they keep their books. "It's very hard for governments to be completely sincere to request a

[30] *The Philippine Star* (September 8, 2009), "Basel committee eyes new banking, accounting rules."
[31] *Reuters News* (August 26, 2009), "France outlines G20 hopes, wants currency discussion."
[32] *Dow Jones International News* (August 25, 2009), "France To Push For Tighter Fincl Regulation At G20 Mtg."

high level of transparency from corporates when they don't do it themselves," said Ian Ball, chief executive of the International Federation of Accountants (IFAC). "There is nothing technically difficult to doing it. You have to question whether there is the political will." The IFAC is asking the G20 to commit in full to a set of public sector accounting principles that have been a decade in the making. The rules were drawn up by the International Public Sector Accounting Standards Board and aim to fully introduce "accrual accounting;" countries would publish government accounts in a format showing all assets and long-term liabilities clearly. Many governments have become more open about their liabilities than they were a decade ago, but most remain far from adopting the spirit, let alone the letter, of the principles. Meanwhile, the credit crisis has produced a dramatic rise in the sums of money that may be hidden by questionable accounting. Credit ratings agency Fitch estimated the world's top-rated governments have raised or committed to raise about €1.8 trillion ($2.6 trillion) in support for the financial system. They have also extended €7.2 trillion in explicit guarantees and asset insurance, equivalent to over a quarter of the countries' combined economic output. That money does not appear in debt figures because it has not been spent as outright purchases of assets. Rating agency Moody's said governments' lack of full transparency was of limited interest in the past, because triple-A rated public debt used to appear rock solid, but huge commitments to shore up national banking sectors have now made the accounting issue more urgent. Some governments, including Britain, do not include promised pensions for civil servants in public debt figures. Doing so would add billions of dollars to published liabilities. The Obama administration, which has said it is determined to make government accounting more accurate, was expected to cut its deficit estimate for the 2009 fiscal year to $1.58 trillion from $1.84 trillion, largely by eliminating funds originally set aside for bank rescues. But even if governments did adopt a full set of easily digestible accounts, the numbers would still have to be treated cautiously because governments, unlike companies, can sometimes alter their finances quite quickly through tax changes. Many are skeptical, however, that the G20 will actually take right the appropriate approach.[33] (August 24, 2009, *Reuters News*)

Governments and regulators of the accounting profession need to promote convergence on global accountancy and auditing standards. This was one of the conclusions at the recent IFAC meeting in London that was attended by 60 leaders. The meeting aimed to achieve consensus on recommendations to the G20 leaders prior to the Pittsburgh Summit on issues related to the financial crisis. Robert Bunting, IFAC president, said: "It is critical that national standard-setting bodies establish road maps to move toward adoption of international financial reporting standards" and international auditing standards. The group stressed the importance of balanced views in the standard-setting process and of ensuring there was no undue influence from any one stakeholder group. They said that the International Accounting Standards Board (IASB) needs a robust governance structure to ensure its effectiveness and independence. IFAC also called on governments to follow the same high standards of financial reporting as the private sector and to adopt international public sector accounting standards. Ian Ball, IFAC CEO, said they "expressed strong concerns about the liabilities and contingencies being assumed by governments in many countries as a result of the financial crisis." Other key

[33] *Reuters News* (August 24, 2009), "ANALYSIS-G20 unlikely to come clean on public accounts."

recommendations included developing and strengthening the profession in developing countries and consideration of the needs of small and medium enterprises in the development of standards, and in any re-regulation. Also a more robust financial reporting model was needed that included sustainability and environmental issues.[34] (August 14, 2009, *All Africa*)

Moves by governments and regulators to shore up banking systems and financial markets risked a push toward financial protectionism, the likes of which had not been seen since before World War II, a leading group of bankers warned. The group, which included senior officials at Deutsche Bank, JPMorgan, Spain's BBVA and Sweden's SEB, said it supported "far-reaching" regulatory reforms including changes to pay practices across banks and tougher capital requirements. However, in a report by the Institute of International Finance (IIF) on the future of financial regulation, bankers voiced concern about swift moves to change rules in the UK and the U.S. that would include curbs on risky compensation practices. "There is a danger of a loss of global integration and co-operation, as happened between 1914 and 1945. Resolute steps should be taken to avoid this," said the report. Charles Dallara, IIF managing director, said that, although global leaders and regulators "pay homage to global co-ordination" in texts put out at meetings such as the G20, "there are some paradoxes in the way action is being taken." He said the speedy moves by the Obama administration to introduce rules on compensation practices and the appointment of a U.S. "pay tsar" meant that such rules might be set in stone in the U.S. before agreement was reached on a global basis. "No one bank can clean up the problem [of compensation] unless we have an across-the-board framework," said Dallara. "Now that legislation is moving ahead the risk of stuff being embedded and crystalised are significant." The report also highlighted concerns about a British proposal to push domestic investors to buy UK government bonds. Such moves "risk undermining the resilience and effectiveness of the global system," it said. One global regulatory priority had to be establishing rules under which global financial firms that failed could be unwound. It was vital that no firm should be considered too big to fail, the bankers said. "The only logical approach is to have a global approach to this," Dallara said, adding that the numerous proposals from the UK, U.S. and Brussels were not allowing for this. "The result of it is cacophony instead of order, inconsistency instead of co-ordination and a financial system that is more fragmented."[35] (July 24, 2009, *Financial Times London*)

Hoping to avoid future crises, the Obama administration released its plan for financial regulatory reform on June 17. The proposal was meant to help U.S. regulators monitor financial stresses during good times and give them new powers to deal with troubled U.S. financial institutions. But the reform proposal is apparently unsatisfying, because in an increasingly global economy it focuses mainly on U.S. regulation. The current crisis already has given a glimpse of the damage that can be done by financial institutions operating beyond the reach of U.S. regulators. Globalization also makes it more difficult to figure out which government will lay out the big bucks to support a mammoth financial institution in the event of a crisis. Until now the U.S. had enough economic heft to serve as the global lender of last resort. For example, when the U.S. government gave

[34] *All Africa* (August 14, 2009), "Accounting Needs Convergence On Global Standards – Summit."
[35] *Financial Times* (July 24, 2009), "Bankers warn regulatory reforms risk push towards protectionism."

money to American International Group (AIG), at least $58 billion went to banks and other creditors based outside the U.S. The U.S. may no longer be able to afford to spend in this way. The Obama officials who wrote the financial regulation proposal are aware of the problem. In a section on international cooperation, the report calls for "further work on the feasibility and desirability of moving towards the development of methods for allocating the financial burden associated with the failure of large, multinational financial firms." In early June, German chancellor Angela Merkel criticized U.S. policies: "I view with great skepticism the powers of the Fed," she said. Europe is also moving toward imposing stricter regulations and creating new European financial supervisors. But the new agencies won't have the power to force European countries to bail out failed banks.[36] (July 6, 2009, *BusinessWeek*)

France said it will not allow draft EU rules to regulate hedge funds to pass unless they are toughened up, putting it at odds with Britain which has been trying to dilute them. "The [European] Commission's project [on hedge funds] is a step forward, but it is not up to my ambitions," finance minister Christine Lagarde said. "I will not let this directive be adopted in this state." She said hedge funds located in non-cooperative tax centres should not be allowed to operate in Europe. Britain and the hedge fund industry say the draft rules make it difficult for non-EU managers and funds to operate in the EU. Lagarde also proposed a new EU directive to harmonize clearing house rules. "For our financial stability, I want credit derivatives [denominated] in euro to be cleared by clearing houses located and supervised in the euro zone and that they are able to access European Central Bank liquidity," she said. Britain is the EU's biggest centre for trading off-exchange derivatives and dealers warn the market could be fragmented by many clearers. Lagarde also favours the creation of a euro zone data warehouse that would store copies of credit default swap contracts, in an effort to make the market safer. In the United States, the Depository Trust and Clearing Corporation already operates a warehouse that keeps "gold copies" in digital form of credit default swap contracts. Lagarde urged the G20 to make reforming accounting standards a priority. "Fair value is not always market value. I would like a revision of the field of application of market value," she said. "I would like the valuation methods to be revised to take into account the length of time the assets are held." She also called for a reform of the governance of the IASB so that countries using its International Financial Reporting Standards (IFRS) have more say at the body. She urged the U.S. to quickly adopt Basel II bank capital rules but said while these had much strength, they were not perfect. "I am favourable to a rapid adoption of dynamic provisioning, which is the best response to pro-cyclicality," she said, referring to the idea that accounting rules exacerbate financial problems during bad times and inflate outlooks in good times. Reforming financial rules was essential to ensure a sustained economic recovery, Lagarde said. "Some people are already saying that the old habits are hastily coming back. That foreign banks are already promising extravagant fixed remuneration to rebuild teams and continue tomorrow as they did yesterday … I tell you: that would be a new collective madness; we should oppose it." France would also take steps to make it a more attractive financial centre, including changing regulations to allow a wider variety

[36] *BusinessWeek* (July 6, 2009), "Why a Global Fix is So Far Off: The financial crisis just hasn't been bad enough for G20 leaders to cede power to international regulators."

of securitized bonds and offering new products that fit the rules of Islamic finance, she said.[37] (July 2, 2009, *Reuters News*)

Global insurance industry regulators will begin talks on creating the first common rules on solvency requirements for international insurers, in an effort to prevent AIG-like crises. The International Association of Insurance Supervisors (IAIS) was expected to work out a detailed schedule to come up with requirements for major insurers' solvency margin ratios. The move is in line with a mandate handed down by the G20 in November. That mandate was triggered by a U.S. federal bailout of AIG, the country's biggest insurer, which now tops $180 billion in overall value. Solvency margins are a key gauge of how much capital an insurer has measured against risks. The higher it is, the better equipped a firm would be if faced with unexpected investment losses or surges in claims. In addition to AIG, international insurers such as Prudential PLC, MetLife Inc. and Tokio Marine Holdings Inc. could be affected, while big European players, likely to be subject to tighter regional rules in future, may be less involved. "The goal is to build a framework to enable regulators to examine things without being hindered by regulatory differences [among countries] and grasp risks in the global insurance system," one of the people involved said. Observers say new rules on solvency margins, though nonbinding and likely to take years to finalize, given that the IAIS represents insurance regulators from 140 countries, would carry significant weight. "If there are unified gauges or regulatory standards … they could help improve the transparency of insurance groups operating globally," said Kenji Kawada, a director at credit rating agency Fitch Ratings. Many details of possible new rules still need to be worked out, but one element will be central: any changes in solvency ratio requirements will be applied to all group companies of insurers, including non-insurance businesses, rather than just the insurer itself. Insurer solvency requirements already exist in advanced industrialized countries, and many also have group-wide capital rules, but the minimum regulatory ratios and the calculations vary from country to country. The AIG debacle prompted the U.S. government to include plans to oversee all insurer group companies, including non-insurance units, in its own regulatory reform proposals. The EU is moving toward a new regulatory regime called Solvency II. The complexity of insurance regulation in the U.S. will do little to accelerate the IAIS plan. Insurance regulation in the U.S. is a state matter rather than a federal issue, something the Obama administration hopes to reform. The IAIS has no specific proposals on the maximum common solvency margin ratio but first must determine more basic details, including the definition of capital, risk weights of each type of asset or liability held by insurers and a formula to calculate the ratio. Within a couple of years the organization is expected to come up with a "tentative" ratio. The next stage will be more time consuming, when members will conduct feasibility studies on their own and iron out their competing interests.[38] (June 24, 2009, *The Wall Street Journal Asia*)

In early June Brazil was considering imposing new rules on credit rating agencies so that investors rely less on ratings. Agencies have been criticized for highly rating financial products that became untradable as a result of the credit crunch. Regulators want to

[37] *Reuters News* (July 2, 2009), "France pushing tougher financial regulation."
[38] *The Wall Street Journal Asia* (June 24, 2009), "Insurer solvency is topic of Taiwan meeting—Common regulations are G20 mandate; results are years off."

reduce the sector's pivotal role in shaping investor decisions or how much capital banks set aside. "We are considering importing specific rules on managing conflicts of interest, disclosure of ratings and mapping relating local ratings to global ratings," said Maria Helena Santana, chair of Brazil's Securities and Exchange Commission. "We are trying to do some cleaning up … the mandatory rating process for some products we now require." The market must not support the reliance of investors on ratings rather than carrying out due diligence before investing. It is unclear whether the Brazilian commission will follow the U.S. Securities and Exchange Commission's proposal to remove references to credit ratings in most of its rules. Santana stopped short of calling for holding agencies liable for their ratings, as did her Israeli counterpart, Zohar Goshen. Global regulators are taking steps to rein in rating agencies such as Moody's Corp and Standard & Poor's. U.S. securities regulators have adopted rules to improve the agencies' business conduct and now require more disclosure about a security's underlying assets. The EU has adopted a law requiring agencies to be authorized and directly supervised for the first time. Legislation has been introduced in the U.S. Senate that would allow investors to sue credit rating agencies that fail to review key information in developing a rating, although it is unclear whether this bill will become law. Santana said Brazil's commission is also considering improving investment fund regulation, mainly relating to disclosure in retail offerings of products. She said the G20 could learn from Brazil, where financial markets are more regulated than in many other countries. One of the G20's main concerns is short selling, including discipline in the settlement of the market and the reporting of short operations to regulators: "We have that in both perspectives — disclosure reporting and settlement discipline," Santana noted. Similarly, IOSCO could study Brazil's over-the-counter derivatives market. All institutional investors in Brazil are required to register OTC trades in systems that are regulated and supervised by the Brazilian commission.[39] (June 8, 2009, *News Press*)

The European Commission planned to present a new financial regulation package on May 27, 2009, in response to the appeal by the Europeans at the G20 London Summit for stricter regulation of the financial sector. It was to be based on banking supervision and follow on from the recent proposals on ratings agencies and hedge funds. The EU executive would propose the creation of a European systemic risk committee, headed by the president of the European Central Bank, to alert the national authorities if a potentially important economic problem arises, as recommended in the de Larosière report. It would also propose a European system of financial supervisors, a network of national authorities that would rely on new pan-European authorities in charge of supervising banks, insurance companies and financial markets. These authorities would replace existing consultative committees and would have decision-making authority.[40] (May 26, 2009, *Europolitics*)

The Australian Prudential and Regulation Authority has delayed the release of its executive pay principles for the finance industry due to last-minute concerns from pay experts. Changes to employee share schemes may have thwarted key aspects of the

[39] *News Press* (June 8, 2009), "IMF Strengthens Actions to Help Resolve Global Economic Crisis."
[40] *Europolitics* (May 26, 2009), "New Financial Package' Due Out."

proposals, which are expected to reflect G20 meeting guidelines.[41] (May 21, 2009, *Australian Financial Review*)

French president Nicolas Sarkozy was happy with the G20's work on implementing new and tougher financial and economic regulations at the summit in London.[42] (April 3, 2009, *Financial Times London*)

Bank Supervision

European banks are facing capital raisings that will run into tens of billions of euros over the coming months, following the G20 finance ministers' insistence at their September 4-5 meeting that the quality of banks' capital improve. Kian Abouhossein, an analyst at JPMorgan, said: "The first banks to be forced to raise equity will be those that have hybrid capital from governments." That list could include Germany's Commerzbank and the UK's Lloyds, as well as French and Italian banks, assuming the Italians participate in the coming weeks in the planned issue of "Tremonti bonds." Hybrid capital covers a variety of instruments, such as preference shares, that are not pure equity but have traditionally been deemed close enough to it to count towards a bank's tier one capital ratio — the key measure of financial strength. Some European banks have traditionally held a lot of their capital in hybrid form in an effort to minimize the dilution to equity investors from having to raise fresh funds. Regulators in Europe have allowed banks to hold more hybrid capital than their U.S. counterparts — up to a third of total tier-one capital in some jurisdictions. But that has proved problematic in the financial crisis, since hybrid capital does not have the same loss-bearing capacity as true shareholders' equity. Some banks, such as Royal Bank of Scotland and Switzerland's UBS, have been buying back their own hybrid debt at knock-down prices in recent months in a tactic aimed at boosting core tier-one ratios with the profit on the transactions. But many others — German banks in particular — still have very high levels of "hybrid" capital and, in contrast to other countries, there has been little or no fresh equity issuance to offset it. That makes some analysts believe German banks are more vulnerable than others in Europe to regulatory demands for higher capital as well and to any further losses during the economic cycle.[43] (September 8, 2009, *Financial Times Asia*)

Banks are facing pressure to issue far more shares in order to meet a tough new global regulatory framework that calls for much bigger and better capital buffers against shocks. The move, outlined at the September 4-5 G20 finance meeting, follows criticism that some banks have relied too heavily on complex securities which have proved poor defenses against big losses. All banks will have to maintain bigger capital buffers once the financial crisis has passed under the new framework agreed by the G20. Continental European banks fear they will be harder hit by the measures because of stricter rules about what will count as an acceptable cushion. While details are still to be finalized before the G20 Pittsburgh Summit on September 24-25, the framework agreed to by the finance ministers requires complex financial institutions to develop "living wills" to plan

[41] *Australian Financial Review* (May 21, 2009), "APRA postpones executive pay proposals."
[42] *Financial Times London* (April 3, 2009), "Sarkozy claims credit on winning tighter regulation."
[43] *Financial Times Asia* (September 8, 2009), "European banks assess capital raising needs."

for their unwinding. The finance ministers further agreed that banks should be required to retain some portion of the loans they repackage and sell as asset-backed securities. UK prime minister Gordon Brown insisted there was no alternative to the tougher regime of financial regulation, including binding rules on bank bonuses. "We must continue fundamental reforms to ensure a responsible and transparent financial sector," he said. German chancellor Angela Merkel said the Pittsburgh Summit should ensure that banks are no longer a burden on states when they have overreached themselves "including by reinforcing capital requirements."[44] (September 7, 2009, *Financial Times London*)

A forum of bank supervisory authorities released principles for new bank accounting standards ahead of the G20 summit, in a bid to prevent a replay of the recent financial crisis. The principles are meant to "ensure that accounting reforms address broader concerns about procyclicality and systemic risk," the Basel Committee on Banking Supervision (BCBS) said. "In developing the high level principles, the Basel Committee closely examined the lessons learned from the financial crisis," said Nout Wellink, chairman of the committee. The revised accounting standards should reflect the need for losses from loans to be recognized early, in order for sufficient provisions to be made to deal with these losses. They should also recognize that it is ineffective to estimate the fair price of an asset when markets for the type of asset are under strain or illiquid.[45] (August 27, 2009, *Agence France Presse*)

German chancellor Angela Merkel singled out the U.S. for not implementing internationally agreed rules on the amount of capital that banks have to hold, calling it "unfair." "We negotiated Basel II (on capital requirement rules in 2004) together. When Basel II was introduced, the Americans simply didn't stick to it … This creates difficulties for us because things can be made more cheaply elsewhere. It is unfair," she said. "In September at the next G20 summit in Pittsburgh … rules of the game like this have to be agreed upon." Merkel said that less rigorous rules for banks in the U.S. meant that firms there found it easier to obtain credit than businesses in Europe. "There is no fair competition between Europe and the United States," Merkel said. "Lending is key for future economic growth."[46] (August 21, 2009, *Agence France Presse*)

The German government will urge worldwide rules for the financial markets at next month's G20 summit in Pittsburgh, German finance minister Peer Steinbrueck said. He said international "traffic" rules for financial markets are necessary to help prevent the kind of problems that led to government bail-outs. Steinbrueck said lessons must be drawn from the financial crisis and tougher regulation is warranted. "We need a new balance" between financial markets and states as well as supranational organizations. He also called for a new balance between risk and accountability as well as between compensation and responsibility. After the meeting ended, Steinbrueck said banking supervision should change in Germany. "I would be pleased if one of the results of this committee of inquiry would be to implement improvements in some areas here in

[44] *Financial Times London* (September 7, 2009), "G20 calls for bigger buffers at banks."
[45] *Agence France Presse* (August 27, 2009), "Bank supervisors issue new accounting principles."
[46] *Agence France Presse* (August 21, 2009), "Merkel hits out at US banking rules."

Germany, also in the field of banking supervision."[47] (August 20, 2009, *Dow Jones Capital Markets Report*)

EU leaders agreed in mid-June that new EU financial oversight agencies could overrule national regulators as a last resort, but soothed British fears by saying they shouldn't order them to use taxpayers' money to bail out banks. EU nations say they need better oversight of banks and markets to prevent a repeat of last year's financial crisis. Leaders want three new agencies to oversee banks, insurers and financial markets that should have "binding" powers to intervene when national regulators cannot cooperate or agree on how to tackle troubled financial groups that operate in several countries. But they also bowed to British fears of tighter EU financial supervision by saying these agencies should not overrule national regulators where public money would end up footing the bill — an apparent contradiction for the EU's executive commission to wade through when it drafts a law to set up the agencies later this year. Leaders are also expected to back a new overseer to warn of major risks to financial stability — such as the wave of securitized or repackaged debt that has helped punch huge holes in banks' balance sheets. It was unclear if leaders had made any progress on whether it should be led by the European Central Bank's president. Britain is unhappy that the euro zone bank would automatically lead the systemic risk board to monitor the region's economy and wants the position open to the 11 EU nations outside the euro area. The EU's financial regulation overhaul aims to set a common rule book for European nations, closing loopholes on accounting standards and other technical issues that see financial groups in some countries escape tight regulation elsewhere. At its heart, the EU will now change how it supervises the 40 or so major cross-border banks that operate across several of its 27 nations. This is urgent as banks write down huge losses from bad loans. From as soon as next year, each financial institution would be tracked by a "college" of international supervisors. The supervisors would come from the countries where the financial firm does business and will swap information and decide what to do if a group runs into trouble — such as lending heavily without holding capital to cover possible losses. When national supervisors cannot agree, the European Commission and some nations insist that the EU agencies should step in and make a decision for them. This raised hackles in Britain where they have long resisted any greater EU oversight of its financial industry, preferring a "light touch" regulation now viewed with skepticism by France and Germany.[48] (June 18, 2009, *Associated Press Newswires*)

"The US will have a systematic-financial-stability regulator. But we are not going to have a unified regulatory body like in Japan or the United Kingdom. We are going to be more like China, which has different regulators, but their role will be more clarified," David Loevinger, the U.S. treasury's newly appointed executive secretary said in mid June. He stressed that the September G20 meeting will also be "an important part" of the Obama administration's financial reform. "The G20 is going to be a very important body going forward. Whatever we do in the US to strengthen our financial regulation and supervision … We know we have to work with China and other critical partners to strengthen

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[47] *Dow Jones Capital Markets Report* (August 20, 2009), "German Min: Will Urge Intl Fincl Mkt Rules At G20."

[48] *Associated Press Newswires* (June 18, 2009), "EU leaders agree financial oversight reform."

financial supervision … We are seeing some risk stability and recovery in the US financial market, and risk premium is coming down. Financial markets are rising, and banks are beginning to lend to each other, and this are optimistic."[49] (June 18, 2009, *China Daily*)

Banks that are considered too big to fail may be larger than regulators should allow, Bank of England governor Mervyn King said. King said policymakers faced uncomfortable choices about the structure and regulation of banks. "If some banks are thought to be too big to fail, then, in the words of a distinguished American economist, they are too big." "It is not sensible to allow large banks to combine high street retail banking with risky investment banking or funding strategies, and then provide an implicit state guarantee against failure. Something must give." But British finance minister Alistair Darling said it would not be straightforward to limit banks' operations. "The solution is not as simple, as some have suggested, as restricting the size of banks," he said. "We have learnt that you don't necessarily need to be a big bank — or indeed a complex one — to threaten to bring the system down." King said state guarantees should be limited to banks that make a narrower range of investments, or that banks which pose greater risks to taxpayers should face higher capital requirements. Alternatively there could special powers to wind down such complex institutions in an orderly manner. "Or perhaps an element of all three. Privately owned and managed institutions that are too big to fail sit oddly with a market economy." Darling said banks should have in place proper plans to mitigate those risks and deal with failure. "This is the right way of dealing with the big bank problem. But because these banks are global, there is also an urgent need for an international mechanism for resolving failed large multinational banks … We will be bringing forward proposals to the G20 finance ministers in the autumn to ensure that we deal with that."[50] (June 17, 2009, *Reuters News*)

The Basel Committee on Banking Supervision (BCBS) decided to broaden its membership and to invite as new members representatives from the G20 countries that are not currently in. Argentina, Indonesia, Saudi Arabia, South Africa and Turkey are invited to join. In addition, Hong Kong SAR and Singapore have also been invited to become members. "The newly expanded membership will enhance the Committee's ability to carry out its core mission to strengthen global supervisory practices and standards," it said. "It will also help to more effectively implement the necessary reforms of the international financial system."[51] (June 10, 2009, *Reuters News*)

Everyone agrees that governments must imperatively deal with the toxic assets of major banks but the G7 and G20 finance ministers' meetings that took place at the end of April merely served to highlight how slow they are in doing so. "It is frustrating," said Canadian finance minister Jim Flaherty, who hopes U.S. treasury secretary Timothy Geithner's decision to conduct stress tests on most of the large U.S. banks will lead quickly to an effective plan to treat the problem. "Once the Americans do their cleansing of their system and reinforcement of their system, we need it done also in Europe," he

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[49] *China Daily* (June 18, 2009), "US Reform 'Will Secure Chinese Investment.'"
[50] *Reuters News* (June 17, 2009), "BoE's King says some banks may be just too big."
[51] *Reuters News* (June 10, 2009), "Basel banking committee invites new members."

said. The IMF estimated that European banks would need to write down $750 billion through 2010 in bad loans and securities. European central bank governor Jean-Claude Trichet said the IMF's analysis was not entirely convincing and France said it was flawed because it was based on "top-down" extrapolation rather than the kind of hard data that national supervisory bodies have on their banks.[52] (April 26, 2009, *Reuters News*)

The heads of the major French banks pledged to implement measures in line with the program worked out by the G20 at the London Summit. "The G20 marks a considerable evolution of the financial system. We now have to make the measures a reality," said Georges Pauget, head of the French Bankers Association and chief executive of French semi-mutual banking giant Crédit Agricole S.A. Pauget made his remarks following a meeting with French president Nicolas Sarkozy, senior ministers, top monetary and regulatory officials and the heads of the country's other leading banks. "I am very happy to see that the banks are taking up initiatives," French finance minister Christine Lagarde said. Financing the economy to help limit the impact of the financial crisis and implementing the G20 measures are French banks' top two priorities at the moment, Pauget added.[53] (April 10, 2009, *Dow Jones International News*)

Offshore Jurisdictions and Tax Havens

The U.S and Monaco signed an agreement to share tax information. Monaco has now signed four agreements this year. It is doing so in order to be removed from the OECD's grey list of tax havens by the end of 2009. Monaco is planning to sign three other treaties with Andorra, Austria and Qatar before the Pittsburgh SUmmit.[54] (September 8, 2009, *Agence France Presse*)

The UK has signed a tax information exchange protocol with Switzerland. The UK treasury said the protocol opens the way for a "comprehensive" exchange of tax information. It will come into effect once the two countries' parliaments approve the relevant domestic laws. "The days when hiding money offshore represented a viable means of evading U.K. tax are rapidly drawing to a close," said Stephen Timms, financial secretary to the treasury. At the September 4-5 G20 finance meeting, the countries agreed on a deadline of March 2010 for tax havens to sign up to OECD information-exchange standards.[55] (September 7, 2009, *Dow Jones News Service*)

Italy and the Republic of San Marino will sign a tax accord by the end of September, Italy's finance minister Giulio Tremonti said.[56] (August 28, 2009, *Dow Jones International News*)

[52] *Reuters News* (April 26, 2009), "G20 stimulus spending on track, says IMF."
[53] *Dow Jones International News* (April 10, 2009), "Sarkozy Gets French Banks' Pledge to Abide By G20 Accords."
[54] *Agence France Presse* (September 8, 2009), "US, Monaco sign tax-information swap deal to curb fraud."
[55] *Dow Jones News Service* (September 7, 2009), "UK Signs Tax Info Exchange Accord With Switzerland."
[56] *Dow Jones International News* (August 28, 2009), "Italy, San Marino To Sign Tax Accord In Sept-Tremonti."

Switzerland has agreed to share banking information upon request from France's tax authorities as of January. The agreement amends an existing tax accord from 1966 and is part of Swiss efforts to be removed from the OECD "grey list" of tax havens. "The information exchange clause inserted into the convention allows the French tax administration to obtain from the Swiss authorities, as of January 1, 2010, information, notably banking, regardless of the type of tax, of the people and of the information targeted by the request," the French economy ministry said. "In particular, the Swiss legislation on banking secrecy will no longer be an obstacle to passing on this information." According to a Swiss official, "Switzerland will provide information only upon request and only in specific cases." She added, "That excludes the so-called fishing expeditions," referring to cases where countries try to get bank account details en masse for tax investigations without precise suspicions of individual clients.[57] (August 27, 2009, *Reuters News*)

Switzerland signed a revised dual taxation agreement with Denmark, the first of its kind to fall into line with tougher international standards on information swaps. "Denmark is the first country with which Switzerland has signed an [agreement] containing the extended administrative assistance clause in accordance with … the OECD Model Convention," the Swiss finance ministry said. Switzerland is aiming to sign 13 dual taxation agreements, so far they have initialled 12.[58] (August 21, 2009, *Agence France Presse*)

Representatives of almost 100 governments have been invited to meet in Los Cabos, Mexico, on 1-2 September to decide the next steps in a global campaign to improve transparency and exchange of banking and ownership information for tax purposes. Under the chair of Mexican finance minister Agustín Carstens and with the participation of OECD secretary general Angel Gurría, participants will discuss proposals for a new governance structure and new working methods for the OECD's Global Forum on Transparency and Exchange of Information. Central to their discussions will be plans for establishing a robust peer review mechanism designed to ensure full implementation of international standards developed at the OECD and now endorsed almost universally. In recent months dozens of countries and territories have taken steps to conform to these standards. Bilateral treaties have been revised and numerous new Tax Information Exchange Agreements have been signed or are under negotiation. The OECD has been tracking these developments in a progress report first issued on 2 April 2009 and regularly updated since then. For individuals, banks and companies, the standards mean an obligation to keep reliable books and records and provide access to information about beneficial ownership and banking transactions. Once implemented, they will enable tax authorities to track down tax evaders by obtaining information through cooperation with other governments. The Global Forum will oversee this process. New participants are being invited to join, from both the developed and the developing world.[59] (August 21, 2009, *States News Service*)

[57] *Reuters News* (August 27, 2009), "French sign tax deal with Swiss."
[58] *Agence France Presse* (August 21, 2009), "Swiss sign first tougher tax treaty with Denmark."
[59] *States News Service* (August 21, 2009), "Next Steps for OECD Global Forum on Information Exchange for Tax Purposes."

The OECD has removed the British Virgin Islands and the Cayman Islands from its grey list of countries that had not implemented international standards for tax disclosure. Both islands have now signed 12 agreements to exchange tax information. As a result, both are now categorized as having "substantially implemented the internationally agreed tax standard." The UK and France have said alleged tax havens should face a March 2010 deadline to put their laws in order and sign tax accords. The tax havens issue is expected to be high on the agenda at the Pittsburgh Summit. The OECD has said that six countries have now moved off its grey list since April, when the G20 threatened to impose sanctions.[60] (August 14, 2009, *Dow Jones International News*)

The British Virgin Islands (BVI) has said it will sign a data-sharing pact with New Zealand, putting it onto the global white list of countries committed to catching tax dodgers. Countries that had not signed at least 12 bilateral tax information exchange agreements (TIEAs) in line with OECD standards were put on a grey list. Sherri Ortiz, executive director of BVI's International Finance Centre, said it was a "bittersweet" moment. The island has pushed for several years to sign enough bilateral deals after its first agreement, with the U.S. in 2002. "At that time, tax information exchange agreements were not heard about and not encouraged as people saw them as something that opened up a Pandora's Box and hampered your client relationship," Ortiz said. The tiny country of 25,000 people has some 450,000 foreign companies registered there, helping to make the wider Caribbean region the world's fourth largest banking centre. Ortiz said the G20 pledge in April made countries more willing to sign bilateral deals and BVI expect to seal a few more in coming months.[61] (August 11, 2009, *Reuters News*)

Some feel that the offshore sector is reinventing itself in the face of the regulatory backlash against secrecy. Most Swiss banks are restructuring their business models to adjust to the post-secrecy reality. "Some people are predicting the end of offshore banking, but this is very premature," says Jeremy Jensen, lead wealth management partner for the Emea region at PricewaterhouseCoopers. "The era of absolute banking secrecy has gone. We are now moving into a period of 'compliant confidentiality.'" The regulatory backlash against the current financial crisis may still be in its early stages, but banks must find new ways of operating to satisfy both increasingly demanding clients, who have witnessed the wholesale destruction of their wealth, and increasingly intrusive regulators, which have unwittingly overseen it. "High net worth individuals want oversight and a degree of transparency over their holdings which they never had in the past," said Jensen. "This will require a level of systems and automation that most private banks simply do not have." Although it is unclear how requests for information from foreign governments to Swiss banks will work in the future, business models must also incorporate the cost of frequent information searches, correspondence with outside bodies and compliance with local and regional regulations and customer mandates. Following the G20's grey list of tax havens, Switzerland has agreed to sign new agreements on the exchange of tax information, aiming to reach a target of 12 treaties required to become a "model" OECD member. The new rules of engagement are yet to be set in stone. The

[60] *Dow Jones International News* (August 14, 2009), "OECD:British Virgin, Cayman Islands Off Non-Compliant Tax List."

[61] *Reuters News* (August 11, 2009), British Virgin Islands moves to "white" tax list."

new practicalities will require Switzerland to comply with requests from other countries' authorities requesting information about foreign assets held in Switzerland or income generated there. "This is no longer about money laundering and terror," says Ray Soudah, founder of Millennium Associates, a Swiss banking consultancy. "It is about normal citizens, whose states want income tax." The new regulatory environment will free Switzerland up to concentrate on allocating assets and managing client portfolios, rather than simply trading on an unfair, tax and secrecy-led advantage to entice money looking for a clandestine home. "This is good news for the country's banking system. We may have to kick some clients out, but one way or another, our banks will be regulated," said Soudah. With confidentiality and secrecy becoming largely irrelevant, the quality of investment service and advice will now be the key differentiator when it comes to attracting and keeping clients. Credit Suisse, along with other Swiss banks, plans to move away from luring rich foreigners to book their assets into a Swiss hub. The new approach is to put large numbers of advisors close to the pools of clients and to handle assets in a way that must be "transparent and regulated in that given market," says Paul Sarosy, head of product and sales management at Credit Suisse Private Banking. Moving away from tax-led solutions, Swiss banks are adopting thematic investment focuses to attract increasingly socially aware wealthy families. These banks have pioneered funds investing in water, energy and "socially responsible" investing. When it comes to reinventing themselves, Swiss banks have no lack of ideas, but the transformation will be a gradual one. "The Swiss will move as fast as they need to but as slowly as they can," said one private banking consultant. "We will still be having this conversation in 20 years' time. They will respond and their business will continue to flourish. But there's a lot for them to work through right now."[62] (August 10, 2009, *Financial Times*)

Removed from an OECD blacklist of financial centres in April, Monaco is still working to shed its image as an international tax haven. It remains on the G20 grey list, but hopes to leave that too by the end of the year. The principality plans to launch a major public relations campaign next year, promoting a new, financially transparent image. Monaco was placed in the middle of a three-tier list categorizing tax havens and financial centres by their degree of cooperation with international authorities.[63] (July 24, 2009, *Agence France Presse*)

Italian finance minister Giulio Tremonti introduced a measure in July allowing Italians to repatriate funds held abroad, outside the reach of tax authorities, after calling on world leaders to adopt new rules against evasion. The "tax shield," introduced as an amendment to a bill aimed at helping consumers and companies weather the economic crisis, is the third time since 2001 that Europe's most-indebted country has offered amnesty to tax evaders for a fee. Italians who return undeclared funds held abroad will pay a 5% tax and be exempt from prosecution, according to a copy of the legislation.[64] (July 16, 2009, *Toronto Star*)

[62] *Financial Times* (August 10, 2009), "Swiss banks steer closer to transparency."
[63] *Agence France Presse* (July 24, 2009), "Monaco adopts new rules against money-laundering."
[64] *The Toronto Star* (July 16, 2009), "Italy offers amnesty on funds sheltered abroad."

France is fast becoming one of the leading exponents of a crackdown on offshore centres and banking secrecy, as officials attempt to track down tax dodgers to help pay for a worryingly high government deficit. But it might need to take a tougher line on Monaco if it is to be taken seriously. At a June meeting with UK prime minister Gordon Brown, French president Nicolas Sarkozy said that as "tax havens have shifted from the black list to the grey list, now fiscal co-operation conventions must be signed … they need to exit the grey list." Sarkozy and Brown are calling for sanctions to be imposed on the world's non-compliant tax havens as of next March. As part of the crackdown, in June French authorities made it compulsory for local banks to publish information about their activities in offshore centres in their annual reports. Anticipating a tougher line from Paris, in June Swiss bank Credit Suisse sent a letter to French clients holding French stocks or bonds seeking authorization to pass on information to the Autorité des Marchés Financiers, the financial markets regulator. Non-French nationals holding French securities were also contacted. France signed a TIEA with Switzerland, allowing the French authorities to investigate offshore bank accounts held in Switzerland by French citizens suspected of tax evasion. But France may also be taking a tougher stance in order to track down tax receipts as the country's budget deficit balloons. The public deficit will likely hit between 7% and 7.5% of GDP for 2009, twice as high as 2008. For the French crackdown to be taken more seriously, it will likely need to tougher measures against Monaco, which effectively enjoys many privileges because of its links with its big neighbour. Monaco-based wealth managers handle at least $130 billion (€93 billion) in offshore money, but until April 2009 Monaco was one of only three countries still on the OECD list of uncooperative tax havens.[65] (July 13, 2009, *Financial News*)

Switzerland and Poland have agreed on a double taxation treaty, the ninth such deal Switzerland has struck since March.[66] (July 1, 2009, *Reuters News*)

Switzerland should have renegotiated more than enough double taxation treaties by the autumn to be removed from the OECD grey list, said Swiss finance minister Hans-Rudolf Merz. "We have made faster progress than planned. I am proud of this, particularly as we could get all the parameters the government wanted to include into the eight signed agreements … The next threat that I can see is less likely to come from the OECD than from the EU. There are strong trends to replace the taxation of savings income with automatic exchanges of information. That would be the end of bank secrecy." However, there was no danger in the short term as Switzerland is negotiating with the EU on a taxation of savings income agreement and had recently approached the EU. "These negotiations are not problematic," said Merz. "But in the long term we will have to arm ourselves."[67] (June 29, 2009, *Reuters News*)

The Japanese government has reached basic agreements to conclude separate tax treaties with Bermuda and Switzerland.[68] (June 26, 2009, *Jiji Press English News Service*)

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[65] *Financial News* (July 13, 2009), "France ponders tougher stance against Monaco."
[66] *Reuters News* (July 1, 2009), "Switzerland strikes tax deal with Poland."
[67] *Reuters News* (June 29, 2009), "Merz sees Swiss off OECD tax list by autumn –paper."
[68] *Jiji Press English News Service* (June 26, 2009), "Japan to Ink Tax Treaties with Bermuda, Switzerland."

Switzerland faces economic sanctions if it delays opening up its secretive banks to international scrutiny. The threat was to be made by finance ministers meeting to discuss how to broaden the crackdown on tax havens that are draining exchequers of tens of billions of dollars each year. The meeting of finance ministers in Berlin was to report on progress on complying with new international demands on tax transparency following the G20 London Summit in April. Failure to comply will be greeted with "hostility," warned one official. Switzerland was invited to attend the meeting. The Swiss were rushing to sign bilateral information-sharing agreements with 12 countries by the end of 2009. By mid June it had agreed to six but needs 12 treaties to remove itself from the OECD grey list. Switzerland reached a double tax agreement with the United States recently. However, its leading bank, UBS, still faces a potentially damaging court trial in August for its part in a tax evasion scandal allegedly involving up to 52,000 U.S. account holders. It has also suffered a huge outflow of money from its private banks in recent months as the wealthy grow nervous that the end of Swiss bank secrecy is coming closer. Jeffrey Owens, director of the OECD Centre for Tax Policy and Administration, said that meeting participants would stipulate what signs of progress they expected from countries on the list, and also suggested that the patience of world powers with tax havens such as Liechtenstein, the Caymans and Switzerland was running out. "Political tolerance for non-compliance is headed rapidly towards zero," he said. Owens added, however, that there had been a great deal of progress over the last six months. But campaigners argue that the weight of evidence required by tax investigators to force officials to hand over details of accounts on suspected tax evaders is so onerous that current treaties are ineffective. There is pressure on the OECD to force countries to sign more treaties and to introduce automatic information-sharing agreements. Stephen Timms, the financial secretary to the UK Treasury, was to use the Berlin meeting to call for the introduction of a radical new measure to force global firms to reveal exactly the profits they make and the tax they pay in each jurisdiction they operate in. Known as country-by-country reporting, the proposal is likely to gain strong support from the French and Germans as a way of ensuring countries economies can weather the financial crisis that has destroyed tax revenues. The IMF also recently said that "tax distortions are likely to have encouraged excessive leveraging and other financial market problems evident in the crisis." Private equity firms, in particular, have used tax incentives on debt to finance corporate raids that are now unwinding.[69] (June 22, 2009, *Dow Jones International News*)

Switzerland and the U.S. have reached agreement on a double taxation treaty. Switzerland aims to secure 12 new bilateral tax deals by the end of 2009, which could allow it to be removed from the OECD grey list of states that need to improve tax cooperation and avoid possible sanctions from G20 members.[70] (June 19, 2009, *Reuters News*)

Britain is against the idea put forward by France of including Hong Kong on a tax haven blacklist. "I don't think we have seen Hong Kong needing to be covered by blacklisting," said Adair Turner, FSA chair. "Obviously, it is important we have common standards of

[69] *Dow Jones International News* (June 22, 2009), "Switzerland May Face Sanctions Over Bank Secrecy-Report."
[70] *Reuters News* (June 19, 2009), "Switzerland strikes tax deal with US."

not only the regulatory quality, about which there is no doubt at all in relation to Hong Kong, but also agreements on how we deal with tax." At the G20 London Summit in April, Sarkozy called for Hong Kong and Macao to be added to the tax haven blacklist. Hong Kong chief Executive Donald Tsang responded to the idea by saying: "We have a very simple tax system. We have a low tax rate. We have a very transparent and very competent and well-respected banking and financial services system. Indeed, our tax rate is low, but that does not mean that we harbor irregularities in our system." Turner agreed there was no problem as far as Britain was concerned. "We certainly don't believe in Hong Kong being on any of the blacklists." Turner suggested the steady improvement over time of financial standards and the assurance that all parts of the world should meet those standards was "a priority seen at the G20."[71] (June 18, 2009, *China Daily*)

The UK is backing calls to force multinational corporations to reveal precisely how much tax they pay in each jurisdiction they operate in. The move is being hailed as a significant breakthrough in ending tax secrecy. Stephen Timms, financial secretary to the UK Treasury, planned to tell G20 ministers in Berlin to introduce country-by-country reporting. At present, companies do not need to reveal what tax or profits they make in many countries. The Berlin meeting will be an "exchange of information" to build on the G20 London Summit. Timms said: "I want to make sure we address the concerns in developing countries." He made the promise for the Berlin meeting as he signed an agreement with William McKeeva Bush, the head of government business for the Cayman Islands, to enable the Treasury to demand information from the tax haven. Other agreements will be signed shortly, possibly in Berlin. Liechtenstein is thought to be likely to sign up, and Timms said the "big prize" would be Switzerland. The agreement with the Cayman Islands is one of 113 double-taxation agreements that the UK has in force. The new one allows for an exchange of information about tax between the Cayman Islands and the UK. Timms said it included "unprecedented" provisions for exchanging information. An upcoming code of practice for banks is expected to crack down on the use of tax havens by major banking groups. Timms said the code — originally slated for the budget — would be published "shortly."[72] (June 16, 2009, *The Guardian*)

The UK and the Netherlands have been told to open talks with their dependent territories to encourage them to crack down on income tax fraud. Territories including the Cayman Islands, Gibraltar, Aruba and the Dutch Antilles are all still on an OECD grey list. A revision to the EU's Savings Tax Directive is to extend its provisions and EU Taxation Commissioner László Kovács said the move, along with anti-fraud and administrative cooperation agreements, would send a strong signal to the international community that the EU is moving on the conclusions of the G20 meeting of 2 April.[73] (June 11, 2009, *Europolitics*)

Luxembourg signed a new tax cooperation agreement with France that reduces the scope of its banking secrecy, one of over a dozen such deals it intends to reach this year to

[71] *China Daily* (June 18, 2009), "Don't Blacklist Hong Kong, Says UK."
[72] *The Guardian* (June 16, 2009), "Britain backs moves to force multinationals to reveal how much tax they pay in each country: Cayman Islands signs deal to release information Liberal Democrats dismiss treaty as 'feeble.'"
[73] *Europolitics* (June 11, 2009), "Strong Signal on Tax Fraud."

avoid being branded a tax haven. Luxembourg must sign at least 12 such agreements to be removed from the OECD's grey list. Luxembourg signed agreements with the U.S., Bahrain and the Netherlands in May. "We welcome this signature with the enthusiasm that goes with implementing the G20's decisions," said French finance minister Christine Lagarde.[74] (June 3, 2009, *Reuters News*)

The standard for making the white list of tax havens is to have 12 signed TIEAs. Many countries are currently working toward this number, but have said that there is no clear deadline for when countries were supposed to have met them by.[75] (May 27, 2009, *Royal Gazette* [Bermuda])

Switzerland will attend a high-level meeting on tax havens in Berlin on June 23 after host Germany agreed to extend an invitation. Germany has been one of the main supporters of a global campaign against tax cheats and managed to gather support for the naming and shaming of Switzerland and other offshore financial centres at the G20 meeting in April. Swiss attendance in Berlin had been in doubt given tension between the two countries, but Swiss finance ministry representative Delphine Jaccard said that Switzerland had been invited and would send a representative. The Berlin meeting is a follow-up meeting to a Franco-German initiative in Paris in October at which the two countries, which suspect many citizens hide their money in Switzerland and other offshore centres, endorsed the idea of drafting a black list of tax havens. Switzerland, where private banks manage around $2 trillion of foreign wealth, needs to offer more tax cooperation to avoid G20 sanctions. It has vowed to adopt international standards for tax transparency and cooperation in 12 new treaties it needs to sign by year-end.[76] (May 25, 2009, *Reuters News*)

Luxembourg and Liechtenstein, criticized for failing to implement international tax standards, entered into talks on a bilateral treaty in an effort to show their willingness to cooperate. The double-taxation treaty would conform to standards set by the OECD. Luxembourg treasurer Luc Frieden said the agreement should be completed later this year. "I'm convinced that our goal to conclude 15 double-tax treaties in line with OECD standards by the end of the year is absolutely realistic."[77] (May 22, 2009, *Bloomberg News*)

In May Italy had still not decided whether to adopt a new amnesty encouraging people to declare funds held in foreign tax havens, Italian prime minister Silvio Berlusconi said. Bank sources estimate that Italians have about €600 billion ($795 billion) in foreign tax havens. Berlusconi said the tax haven amnesty idea originated in the G20 but has still not taken on any substance.[78] (May 13, 2009, *Reuters News*)

The move by the U.S. to crack down on the use of tax havens is likely to embolden other countries to take action; Britain has already announced changes as part of the G20

[74] *Reuters News* (June 3, 2009), "Luxembourg signs tax deal with France to improve image."
[75] *Royal Gazette* (Bermuda) (May 27, 2009), "Cox: There was no April 2 deadline for TIEAs."
[76] *Reuters News* (May 25, 2009), "Swiss to attend Berlin talks on tax havens."
[77] *Bloomberg News* (May 22, 2009), "Luxembourg, Liechtenstein Enter Talks on Tax Treaty."
[78] *Reuters News* (May 13, 2009), "Italy hasn't decided on tax haven amnesty — PM."

initiatives. Wealthy individuals who use bank accounts in tax havens to hide income will also be targeted through new laws requiring disclosure of such accounts. Under the G20 initiatives, jurisdictions that do not provide information about their banking systems will be sanctioned. There are also plans for withholding taxes on accounts at institutions that do not share information. "It's really hitting most Fortune 100 companies that depend to a great deal on growth in foreign markets for growing their total earnings," said Drew Lyn, a principal at PricewaterhouseCooper's Washington office.[79] (May 6, 2009, *The Sunday Morning Herald*)

Switzerland revealed that is was formally calling the OECD to explain why some of the G20 economies were not included on a list that formed the basis for an international crackdown on tax havens. In a letter to OECD secretary general Angel Gurria, president and finance minister Hans-Rudolf Merz reiterated Swiss complaints about the "non-transparent, arbitrary and exclusive" way the OECD drew up the list. He also called on the OECD to ensure that tax information exchange agreements countries sign, to fall into line with OECD standards, are effective. Merz asked Gurria to reveal what criteria was used in assessing all the countries and whether the OECD would "take into account the quality and timeliness of the exchanged information." "The key issue is how such cooperation is implemented and monitored," Merz said in the letter. "There must be a level playing field for all jurisdictions concerned." Copies of the letter were also sent to British finance minister Alistair Darling and FSB chair Mario Draghi.[80] (April 29, 2009, *Agence France Presse*)

While many countries have conceded to requests from the G20 and OECD to lighten up on bank secrecy; others, such as Panama, are refusing to do so. Panama is declaring itself as one of the few places where money can still be safely stowed away. At the G20 summit, the leaders threatened to take action against countries that would not cooperate. The OECD has been asked to investigate and report to the G20 finance ministers when they meet in Scotland in November.[81] (April 13, 2009, *The Times*)

British overseas tax havens have been put under renewed pressure by prime minister Gordon Brown to end their culture of secrecy within six months or face sanctions. The prime minister has written to all British crown dependencies and overseas territories giving them a September deadline to sign up to agreements to share tax information with the authorities. Seven British territories were named and shamed by the OECD when it published a list to coincide with the G20 summit of havens that had either not agreed to or not yet implemented its international tax standards. Anguilla, Bermuda, BVI, the Cayman Islands, Gibraltar, Montserrat and Turks and Caicos were all placed on the OECD's grey list for failing to deliver on promises to be more transparent, despite signing up to do so, in some cases several years ago. The prime minister has also written today to the British crown dependencies of Jersey, Guernsey and Isle of Man telling them he expects rapid further progress to end tax and banking secrecy. All three are on the OECD's white list of jurisdictions that have already implemented a number of bilateral

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[79] *The Sunday Morning Herald* (May 6, 2009), "Obama tax haven crackdown could affect Westfield."
[80] *Agence France Presse* (April 29, 2009), "Swiss ask OECD about G20 tax compliance list."
[81] *Times* (April 13, 2009), "Panama holds out against campaign to end era of banking secrecy."

agreements to share tax information with other authorities, but they are still used by companies engaged in tax avoidance. TIEAs can require tax inspectors to jump through a series of highly technical hoops in order to obtain information. Brown has told the dependencies that he expects them to move beyond meeting the OECD's minimum standards on co-operation to a spirit of full transparency. He also ratcheted up the pressure on tax havens in a special meeting earlier this week with Michael Foot, a former inspector of banks for the Central Bank of the Bahamas, who has been charged with a treasury review of offshore financial centres. Foot's preliminary report on regulation of tax havens is expected before the budget. Some countries on the OECD grey list such as Switzerland, Luxembourg, and Belgium, reacted angrily to their classification last week and accused the British and Americans of hypocrisy because so many offshore financial centres came under their control.[82] (April 10, 2009, *Guardian Unlimited*)

Switzerland has frozen a financial contribution to the OECD in protest at being included on the organization's tax havens list without being consulted. "Switzerland used its veto rights" to withhold $179,315 earmarked for cooperation between the OECD and the G20 countries. "The amount is relatively modest but its a symbolic and strong gesture, a protest." G20 leaders are using the OECD's listing of compliance with its international tax exchange standard as a basis for a crackdown on secretive offshore havens. Switzerland was classified on a 'grey' list of about 40 countries which have pledged to comply but have not yet substantially implemented the standard. The Swiss government eased banking secrecy on March 14 under international pressure. The Swiss were ready to unfreeze the contribution "if the OECD pledges to inform Switzerland beforehand when it gives documents to the G20."[83] (April 8, 2009, *Agence France Presse*)

The four countries named on the OECD's blacklist of non-cooperative tax havens (Malaysia, the Philippines, Uruguay and Costa Rica) have pledged to share the fiscal information demanded by the G20, the OECD said. "They have now officially informed the OECD that they commit to cooperate in the fight against tax abuse, that this year they will propose legislation to remove the impediments to the implementation of the standard and will incorporate the standard in their existing laws and treaties." EU Commissioner for Taxation and Custom Union Laszlo Kovacs said pledges by tax havens are only a start. "Commitments are the first step; we're more interested in the implementation." "We need a level playing field and are looking forward to quick implementation of the standard." The G20 has been applying pressure, with threats of sanctions, on tax havens to share information in the fight against fiscal crimes such as tax evasion and money laundering. The G20 asked the OECD to set up and maintain the blacklist. The OECD grey list includes an additional 38 territories as those that "have committed to the internationally agreed tax standard, but have not yet substantially implemented" the measures. Malaysia, the Philippines, Uruguay and Costa Rica now join that list. The graylist includes: Belgium, Brunei, Chile, the Dutch Antilles, Gibraltar, Liechtenstein, Luxembourg, Monaco, Singapore, Switzerland and Caribbean island nations including

[82] *Guardian Unlimited* (April 10, 2009), "Tax havens must end culture of secrecy in six months or face sanctions."
[83] *Agence France Presse* (April 8, 2009), "Swiss freeze money for OECD in tax haven spat."

the Bahamas, Bermuda and the Cayman Islands.[84] (April 8, 2009, *The Wall Street Journal Asia*)

Hedge Funds

Sweden, current president of the EU, said progress was being made on the contentious issue of European hedge fund regulation and they are optimistic that a deal might be reached in the coming months. "My view is that we are making progress," Swedish financial markets minister Mats Odell said. "I'm an optimist by nature though I've also learned that you need to be realistic. But I think there is scope for reaching an agreement during the Swedish EU presidency, though I can't be sure." The European Commission earlier this year unveiled a draft law to force managers of hedge funds, private equity groups and other alternative funds to register and disclose information, such as levels of leverage, to regulators. Britain has worked to tone down some aspects of the rules, which are opposed by the hedge fund industry. About 80% of hedge fund assets in the EU are managed out of London. But France and other nations have called for even tougher rules, setting the stage for a power struggle over the coming weeks which could spill over into the G20 summit next month, which aims to agree a common approach to financial regulation. The Commission's proposal needs approval from the European Parliament and a qualified majority of EU states to become law. Odell said EU talks on the issue were "very constructive." "Europe consists of member states, but we also realise that Europe must be competitive versus other large financial markets and I think this is a realisation that is setting the tone of these talks."[85] (August 28, 2009, *Reuters News*)

A global regulatory body backed compulsory registration of hedge fund managers to restore investor confidence, saying the $1.3 trillion sector did not cause the credit crunch but may have amplified its effects. The International Organisation of Securities Commissions (IOSCO) represents regulators from over 100 countries, including the U.S., Japan and the 27-nation EU. Its final principles flesh out a pledge from the G20 in April that all hedge fund managers should be registered and directly supervised. There are already signs that full convergence on global hedge fund rules may be difficult to achieve. The EU has put forward a draft law that goes much further than the final principles adopted by IOSCO. The U.S. is also planning mandatory registration of hedge funds but so far in a less extensive way than the EU. IOSCO's six principles include mandatory registration of hedge fund managers who should disclose a range of information to regulators and investors. Prime brokers who provide funding to hedge funds, typically banks, should also be subject to mandatory registration and supervision. IOSCO stopped short of saying there should be mandatory registration of all underlying hedge funds as well as their managers, a step some countries have called for. The Alternative Investment Management Association (IAMA), a global hedge fund lobby, said it backed registration and reporting of relevant information by large hedge funds to supervisors. "A few notes of caution, however. We would stress that it is hedge fund managers, rather than the funds themselves, that should be registered," AIMA said In a

[84] *The Wall Street Journal Asia* (April 8, 2009), "Leading the News: Blacklisted tax havens pledge to share data."
[85] *Reuters News* (August 28, 2009), "Sweden sees progress on EU hedge fund rules."

statement. It was also concerned that regulators may seek "quantity rather than quality of data." Regulatory oversight should be more focused on systemically important and higher risk hedge fund managers, IOSCO said. Some policymakers say direct supervision is needed because big hedge funds pose a risk to financial stability. The industry says it has been made a scapegoat because of activist hedge funds and no fund has needed bailing out with taxpayer cash. "We all recognise that there are vast numbers of hedge funds that might not pose a systemic risk at all," Ross said. The EU draft law lays down thresholds for "systemically" important funds and for applying capital requirements but IOSCO said more work was needed on both issues before taking a final position. "We obviously need to make sure we just don't focus on hedge funds in isolation … It's very clear we don't view the current crisis as a hedge fund crisis," Ross said. The Cayman Islands Monetary Authority (CIMA), which oversees most of the world's hedge funds, joined IOSCO this month. "That will create greater confidence across the globe that there are common standards being implemented as to the supervision of hedge funds and hedge fund managers," Ross said. CIMA said it was planning to reveal more information about hedge funds it supervises as offshore centres face pressure from the G20 to be more transparent. IOSCO said the sector provided liquidity, price efficiency and risk distribution but regulation was needed because there are questions over the effectiveness of industry codes.[86] (June 22, 2009, *Reuters News*)

Slashing the time it takes to settle a trade would largely curb short-selling, a top EU market regulator said, as supervisors turn up the heat on the $1.4 trillion hedge fund sector. Short selling has been blamed for accelerating slides in bank shares and the practice, a favourite strategy for many hedge funds, has already been curbed in some EU states. Share trades in the EU are typically settled within three days, but a top regulator said technology should allow near instantaneous settlement. "It would reduce the possibility to trade within the settlement cycle," said Eddy Wymeersch, chair of the Committee of European Securities Regulators. "I am amazed that with all the technology that we have today that we could not settle in [less than one day] and that would largely enable us to eliminate short selling," The U.S. considered a very short settlement time a few years ago but gave up as banks said it would be too costly.[87] (April 28, 2009, *Reuters News*)

Aspects of a planned European Commission directive to regulate hedge funds do not go far enough and must change to protect investors, French finance minister Christine Lagarde said. "The good side of the directive being prepared by the commission is that is establishes [a] surveillance [system] on hedge funds." But one unacceptable characteristic of the plan was that the commission also wanted to create a system based on "mutual recognition." She added, "It is with this kind of system, which is based on a set or agreements, that we open the door to the arrival in Europe of a fund from the Cayman islands which will never have been controlled directly by the European Union."[88] (April 27, 2009, *Reuters News*)

[86] *Reuters News* (June 22, 2009), "Global regulators back hedge fund registration."
[87] *Reuters News* (April 28, 2009), "Reuters Summit-Regulatory heat turned up on hedge funds."
[88] *Reuters News* (April 27, 2009), "French economy minister criticises EU hedge fund plan."

The G20 agreed to regulate and oversee "systemically important" hedge funds, leaving the industry guessing who would be considered systemically important. Funds with assets of $2 billion or more will likely draw government oversight, but it could go down to as low as $500 million. This could cause "unnecessary stress" on smaller managers, according to some.[89] (April 6, 2009, *Dow Jones News Service*)

Executive Compensation

EU commissioner José Manuel Barroso has thrown his weight behind France's push for bonus limits for bankers, stressing the need for "reinforced ethics." His commission has long been calling for the introduction of "some principles limiting bonus and salaries to executives," but up till now no one has paid attention. "I'm very happy that now some leaders are giving attention to it and of course we will work," he added during a press conference with EU parliament president Jerzy Buzek, while adding that he had not seen any "specific proposals." Barroso stressed that "we will work in the framework of the G20 to address all those issues that have to do with the reinforced ethics of the market economy."[90] (August 27, 2009, *Agence France Presse*)

German chancellor Angela Merkel supports French president Nicolas Sarkozy's call for tougher international curbs on bankers' bonuses ahead the G20 summit in Pittsburgh. "Bonuses will be a central issue [at the summit] because it is irritating that some banks are continuing almost exactly as in the past," Merkel said. Merkel and Sarkozy met in Berlin to talk about preparations for the summit. The French plans include deferring at least half of a year's bonus and paying it over the three subsequent years, subject to performance criteria. Germany has not spelt out how it is proposing to limit bonuses at the international level, but it has expressed interest in Sarkozy's proposals. There was "considerable sympathy and support" for the French model, finance minister Peer Steinbrueck said. France and Germany have identified the structure of banks' compensation packages as one of the factors that contributed to the financial crisis. It encouraged excessive risk-taking to maximize short-term profits at the expense of the banks' long-term solidity.[91] (August 26, 2009, *Financial Times*)

Bankers' pay has become one of the most divisive issues among G20 members as they prepare for September's summit. UK finance minister Alistair Darling pledged to put bankers' pay on the agenda of the finance ministers meeting in London on September 4-5, claiming an international approach was needed to crack down on excessive pay in the financial sector. But it would appear European leaders may not be on the same page, with some pressing for tougher reforms. Even before they made their deal with banks, the French government was saying the UK's code on remuneration published earlier didn't go far enough and wasn't appropriate as a global agreement. In particular, it objected to the UK's Financial Services Authority decision to use guidelines, rather than specific rules, to shape banks' pay practices. "The problem with guidelines is that you apply them when it suits you," a spokesman for France's finance minister said. He added that there

[89] *Dow Jones News Service* (April 6, 2009), "Hedge funds debate importance after G20 pact."
[90] *Agence France Presse* (August 27, 2009), "EU's Barroso backs call to limit bankers' bonuses."
[91] *Financial Times* (August 26, 2009), "Merkel supports bonus curbs."

were very strong lobbying movements in the U.S. and the UK that had the potential to derail reform on pay. "We want to make sure everyone is playing by the rules, because if not, there is no point in having the rules." For the most part Germany has agreed with France at G20 meetings, although German chancellor Merkel hasn't yet formed a clear position on pay rules for the Pittsburgh Summit. When asked if Germany could again unite with France at September's summit, a spokesman for the German government said: "Yes, I think so." G20 members seem to agree that pay should have extra limitation at companies that have received state aid. The U.S. had restrictions in place on the pay practices of banks that received money through the Troubled Asset Relief Program, though a number of banks, including J.P. Morgan Chase & Co. and Goldman Sachs Group Inc., have repaid the money and are no longer subject to them. In Russia, finance minister Alexey Kudrin has urged executives of banks and state-run companies to reduce bonus payments for the duration of the crisis. In Australia, a disagreement over pay caps meant that the government's proposed commercial-property bailout fund was voted down in the senate. In June, the AU$4 billion Australian (US$3.3 billion) fund was aborted after Australian prime minister Kevin Rudd's government refused demands to put a A$1 million cap on the salary of banking and property executives whose companies would have benefited from the project. "Executive remuneration is clearly an important issue in terms of financial sector reform and we look forward to ongoing constructive discussions on this matter," said a spokesman for Australian treasurer Wayne Swann. In Canada, a spokesman for the department of finance only said that the country "supports the statement from the G20 leaders' summit in London last April." The G20 countries agreed to pursue the compensation principles established by the FSB. Those principles called for more effective oversight of a financial institution's compensation practices by board of directors, a better alignment of compensation with risk, and clear disclosure of compensation practices to stakeholders, among other items. The Italian government has not yet outlined a position on the oversight of bank pay.[92] (August 26, 2009, *Wall Street Journal Europe*)

UK finance minister Alistair Darling has pledged to lead efforts to crack down on bankers' bonuses at next month's meeting of G20 finance ministers where he will try to forge a global consensus. Noting that any crackdown on pay would only work if part of an international effort, he said: "Banks need to responsible about pay and bonuses and one of the things that is concerning me is that when you tackle banks about this they say that if you do something here, the Americans, the Swiss, or the French … will poach our people … This is something that I think we do need to tackle overall and it will be discussed by the G20 finance ministers in September … What I am extremely concerned about is getting back into a situation where people in banks are incentivised through bonuses to take risks which could result in a bank being brought down … We've seen that in the past and we can't allow it to happen again."[93] (August 21, 2009, *The Daily Telegraph*)

As of January 1, 2010, all German banks will be obliged to implement new pay structures that outlaw short-term incentives. Bankers may have to repay bonus if they take

[92] *The Wall Street Journal Europe* (August 26, 2009), "Bonuses become a wedge issue in the G20."
[93] *The Daily Telegraph* (August 21, 2009), "Darling to push for global consensus on bonus reform."

unjustifiable risks. Outcry at bankers' bonuses is widespread in Germany, where the financial crisis confirmed a public suspicion of "Anglo-Saxon" financial engineering. The corporate sector is known for family-owned companies that take a long-term outlook, and Germans are uncomfortable with the bonus culture of banking. Compensation must instead be geared towards the long-term success of the whole bank so that the wellbeing of the employee and the wellbeing of the institution are connected. "Excessive pay and false incentives for excessive risks can no longer be allowed," finance minister Peer Steinbrueck said. "Banking supervisors have rightly put the spotlight on compensation rules." The new guidelines comprise Germany's response to the FSB's recommendations presented at the G20 London Summit. German chancellor Merkel will press leaders to go further at the G20 Pittsburgh Summit in September by implementing a global charter for sustainable economic development.[94] (August 15, 2009, *Financial Times Europe*)

G20 finance ministers are planning to set standards for bankers' pay when they meet in the UK on September 4 and 5. Bankers' pay will also be discussed at the London summit. "It's clear that there were incentives for excessive risk taking," said UK treasury secretary Stephen Timms. "That's one of the issues we will look at the G20. We need an international response to ensure that we don't return to the risky practices of the past."[95] (August 9, 2009, *Dow Jones International News*)

The french government is putting the country's banks under close scrutiny over their payment of bonuses to executives. "Banks must respect the commitments they made towards society and towards the state, which last autumn gave them the means to overcome the financial crisis," the french prime minister said. French president Nicolas Sarkozy has called for tighter regulation of bankers' bonuses and asked finance minister Christine Lagarde to alert the central bank to the issue. Lagarde, who will attend the G20 summit in Pittsburgh with Sarkozy, also has urged the French central bank's governor Christian Noyer to "exercise extreme vigilance and ensure the effective imposition of defined rules."[96] (August 6, 2009, *Xinhua News Agency*)

French bankers and politicians are increasingly fretting over what they feel is a return to bad old banking practices on the other side of the Atlantic. The return of big bonuses for investment bankers and traders is the most obvious source of concern. "We will simply have to follow the US lead if we want to retain our best people in Paris or London. They will inevitably be tempted to take the first plane to New York if we do not match what the Americans are offering," one banker argued. The Europeans feel that the Americans — apart from trying to lure talent by showing little restraint on pay — are now enjoying a further competitive advantage by not implementing the Basle 2 capital ratio requirements, which French banks have been doing for the past three years. Yes, the U.S. banks have agreed to apply Basle 2, but they also appear to have been only too happy to drag their feet, the French complain. European bankers and policymakers also continue to be troubled by the general confusion over accounting standards. Although standard-setters

[94] *Financial Times Europe* (August 15, 2009), "Germany tells bankers to follow rules or repay bonuses."
[95] *Dow Jones International News* (August 9, 2009), "G20 Fin Mins Will Discuss Bankers' Pay – UK Tsy Min Timms."
[96] *Xinhua News Agency* (August 6, 2009), "French government warns banks over bonuses."

on both sides of the Atlantic have agreed to make the "marking-to-market" rules more flexible, the latest proposals — at least for the French — still do not go far enough. Indeed, some bankers claim that even with the latest proposed changes, the idea of full fair-value accounting is not only unfair but risks provoking another crisis one day. It is not fair-value accounting as such that is in question. Nor is the ultimate aim to make things any less transparent. Quite the opposite, the French insist. But if the general "marking-to-market" principle is well suited to investment banking and trading activities, it is not the case for traditional retail banking and asset management. The current systems on each side of the Atlantic need to be fine-tuned to allow a clearer distinction between trading assets and those held over the longer term. The G20 leaders will have much work to do at Pittsburgh.[97] (July 23, 2009, *Financial Times*)

Banks that have started to pay their staff guaranteed bonuses again are an "absolute disgrace" and should be reined in by governments at the G20 summit in September, according to France's finance minister. In what she described as a "cri de Coeur" against the return of "the old ways," Christine Lagarde urged other G20 governments to stop "procrastinating" and introduce curbs on pay practices deemed to encourage too much risk-taking. "I think it is an absolute disgrace that guaranteed bonuses of several years could still be paid, or that some people are thinking of reinstating the old ways of compensating with insufficient relationship between compensation and lasting performance and risk management." Some global banks, including Citigroup, Deutsche Bank and Nomura, have offered multi-year guarantees to recruit and retain key personnel, although they insist that the practice has been limited to top talent. French banks have agreed to forego such payments, to link bonuses to the profitability of the bank and include claw-back provisions. If they do not they face the possibility of higher capital requirements. The UK's Financial Services Authority this week warned that banks that have agreed to guarantee executive bonuses for more than a year risked heavy penalties. Lagarde said that all leading economies should quickly adopt similar principles to those laid out by the Financial Stability Board, an international forum of central bankers, treasury officials and supervisors. "We have the rules now. It is not a question of reinventing the wheel, or procrastinating about them. It is a question of applying a set of rules that have now been agreed by the Financial Stability Board. The utmost priority should be given to their implementation," she said. Lagarde acknowledged that it was "tough" imposing higher standards on French banks, in terms of pay, that could put them at a competitive disadvantage in recruitment. "It is not fair that some players are playing by the rules and that some players — especially when they are highly subsidised — are simply ignoring the rules." But she said Paris, as a financial centre, stood to benefit from the enhanced reputation of its universal bank business model — combining investment banking with retail operations, — and of its regulatory system, and from London's tarnished image. "I don't think we have been guilty of the same excess, not to say that we have been paragons of virtue." Lagarde has made the promotion of Paris as a financial centre one of her priorities since becoming finance minister two years ago.[98] (July 21, 2009, *Financial Times*)

[97] *Financial Times* (July 23, 2009), "France sharpens weapons for Pittsburgh bank battle."
[98] *Financial Times* (July 21, 2009), "Lagarde hits out at bankers' bonuses."

Currencies and Exchange Rates

France wants the G20 to debate how to rebalance the world economy and how to avoid excessive moves between leading currencies during the transition, president Nicolas Sarkozy said. At the end of August Sarkozy outlined his agenda for the Pittsburgh Summit and said it was important not to lose the will for reforms that was built up during the financial crisis. "We must not lose the momentum we had and we must not wait for tomorrow, we need to act now." He said the crisis had signaled the end of an era unsustainable imbalances of the United States and China. The U.S. savings rate was likely to increase but China would continue to rely on exports as a key motor for economic growth for some time. "The question, how to manage the inevitable tensions of this period of transition? … How to avoid the developments in the levels of key exchange rates which could lead to very serious tensions?" He said it was clear that the world could not longer depend on a single currency for financial stability but that "excessive and deeply destabilising moves" should be avoided. "But France will not accept, I say it clearly, that the euro bears on its own the weight of adjustments, as it has done in the past," he said. "It's too serious for jobs in France."[99] (August 26, 2009, *Reuters News*)

There are no plans for a separate discussion of the possible creation of a new international currency at the G20 finance ministers in September. "There are no special discussions planned on this issue [at the G20]," Dmitry Pankin said, adding that regulation of world oil prices also does not feature as a special item on the agenda. Pankin said the September 4-5 meeting would more likely focus on progress that had been made on the decisions of the previous summit, rather than on any new proposals.[100] (August 25, 2009, *Reuters News*)

U.S. treasury secretary Timothy Geithner sought to assure Gulf countries about their treasury bill holding when he told Saudi business leaders that the U.S. has a "special responsibility" in defending the value of the dollar. He also said that the U.S. is committed to maintaining the openness of its economy to foreign investment and expanding trade. "The force of the global recession is receding," Geithner said. "The process of repair and recovery is going to take considerably more time. It seems realistic to expect a gradual recovery, with more than the usual ups and down and temporary reversals." "The [Saudi] government is very worried about the deteriorating value of the dollar and the mounting debts of the U.S. in the medium and long term," a Saudi economist said. "The Saudis, like the Chinese, are waiting for the right timing to move their currency away from the US dollar … The government is interested in seeing strong supervisory and regulatory restructure of the G20, voting rights and making the rating agencies more efficient before they commit to anything."[101] (July 14, 2009, *Financial Times*)

French president Nicolas Sarkozy said the G20 would have to address the issue of how currency exchange rates weigh on global economic competition. He said: "Given the

[99] *Reuters News* (August 26, 2009), "France outlines G20 hopes, wants currency discussion."
[100] *Reuters News* (August 25, 2009), "No plans for new currency discussion at G20-Russia."
[101] *Financial Times* (July 14, 2009), "Geithner promises to defend dollar."

distortions in global competition, currencies today are what are playing the most important role. In the future, the G20 will just have to address that issue."[102] (June 15, 2009, *Reuters News*)

Russia's proposal to create a new supranational currency may lay the foundation for a new future financial system and reduce global vulnerability to movements in the dollar, president Dmitry Medvedev said. "We need some kind of universal means of payment, which could create the basis of a future international financial system … It's our idea, and our Chinese colleagues support it." A new world currency may also be on the agenda when the BRIC (Brazil, Russia, India and China) countries meet for their June 16 summit in Russia. "I do not rule out they will discuss the idea voiced by the president to create a supranational currency and the rouble as a reserve currency," a spokesperson for Medvedev said.[103] (June 6, 2009, *New Brunswick Business Journal*)

China's demand, raised at the London Summit, that the dollar be replaced as the world's leading currency with a basket of other currencies, has caught the attention of Brazil. Brazil has joined China in declaring using their respective currencies in all international trade transactions, discarding the U.S. dollar. It is not a currency swap that is being discussed. "What we are talking about now is Brazil paying for its imports from China in its currency called real and China paying for Brazilian goods in renminbi. The governors of the central banks of the two countries will meet shortly to work out the details," a Brazilian official said.[104] (May 20, 2009, *The Financial Express*)

China and Russia have called for a sweeping overhaul of the global monetary system that would enhance the use of the SDR, an international reserve asset created by the IMF in 1969 that has the potential to act as a super-sovereign reserve currency. The proposals by the emerging economic powers reflect concern with the primacy of the U.S. dollar as the main reserve currency. While the IMF has said the dollar's status as the dominant reserve unit is not under threat, it was understandable that China and others have raised the issue. Russia has said that a new international reserve currency, which dislodges the dollar, could curb the volatility of foreign exchange markets.[105] (April 9, 2009, *Reuters News*)

Economic Charter and the Lecce Framework

At the G8 L'Aquila Summit on July 8-10, 2009, the G8 and G5 largely supported the decisions made by the G20 leaders in London in April. In several areas, however, they led the G20, giving guidance to its summit in Pittsburgh on September 24-25. One area was on developing a set of common principles and standards to strengthen ethical behaviour in international business and finance, and bring the Lecce Framework to Pittsburgh for leaders to adjust and approve. (See Statement of the G8 Finance Ministers, June 13, 2009 <www.g8.utoronto.ca/finance/fm090613.htm#framework>.)

[102] *Reuters News* (June 15, 2009), "Sarkozy says G20 must address issue of currencies."
[103] *New Brunswick Business Journal* (June 6, 2009), "Russia Currency plan may spur financial system."
[104] *The Financial Express* (May 20, 2009), "China's demand for replacing dollar draws wide attention."
[105] *Reuters News* (April 9, 2009), "IMF considers options on G20 SDR plan-spokeswoman."

IFI Resources and Development

Brazil plans to sign a $10 billion credit line agreement with the IMF in September. The deal was first announced in June. According to Brazilian finance minister Guido Mantega, the signing will take place at the G20 Pittsburgh Summit. Brazil will provide the loan by purchasing bonds to be issued by the IMF. The monies will go to an IMF fund aimed at fighting the global financial crisis. China, India and Russia have announced similar plans.[106] (September 8, 2009, *AE Brazil Newswire — Financial and Corporate News Service*)

The IMF will borrow about $15.8 billion from France. "This agreement contributes toward an increase in Fund resources that was requested in April 2009 by G20 leaders and the International Monetary and Financial Committee in order to provide timely and effective balance of payments assistance to its members in the current crisis," the IMF said. The French financing came as G20 finance ministers and central bank governors began their two-day meeting in London to discuss the next steps in combating the global economic downturn amid growing confidence that the worst is over. It is in addition to borrowing agreements signed with Japan, Norway, Canada and Britain. The latest batch is part of a commitment from the EU to contribute up to €75 billion to support the IMF's lending capacity.[107] (September 4, 2009, *Kyodo News*)

The IMF welcomed India's commitment to buy $10 billion worth of IMF bonds. "I welcome the announcement by India of its intention to support the Fund's lending capacity through the purchase of up to 10 billion dollars worth of IMF notes," IMF managing director Domiique Strauss-Kahn said. Indian finance minister Pranab Mukherjee announced the purchase at the G20 finance meeting in London at the beginning of September. The Indian pledge comes after China said it would buy $50 billion worth. "This investment will help underpin the international financial system by ensuring the Fund has adequate resources to meet the financing needs of its membership," said Strauss-Kahn. Brazil and Russia have also expressed an interest in the new asset, which has been embraced by top emerging markets as they seek to increase their emphasis on the world-stage. The Indian government said it expected more IMF votes and eased access to financing. "We fully expect that the next general quota review, which is now agreed to be concluded by January 2011, will result in the long overdue substantial re-balancing of quota and voting power in favor of emerging market economies and developing countries."[108] (September 5, 2009, *Agence France Presse*)

Germany and France want the EU to increase its contribution to the IMF by two thirds to €125 billion ($175 billion). G20 leaders agreed in April to increase the IMF's New Arrangements to Borrow (NAB) by up to $500 billion. So far, countries have agreed to contribute $411.5 billion, leaving a shortfall of $88.5 billion. Other countries such as Saudi Arabia and India and other emerging economies are expected to promise funds. "However, we believe that Europe should not wait for these pledges and should announce

[106] *AE Brazil Newswire – Financial and Corporate News Service* (September 8, 2009), "Brazil To Sign $10BN Credit Deal W/ IMF At G20 Summit-Fin Min."
[107] *Kyodo News* (September 4, 2009), "IMF to borrow $15.8 billion from France amid global downturn."
[108] *Agence France Presse* (September 5, 2009), "India promises 10 billion dollar bond purchase: IMF."

rapidly the amount of their own contributions," Germany's Peer Steinbrueck and France's Christine Lagarde said. "France and Germany are ready to increase their contributions by two thirds to €18.45 billion and €25.03 billion respectively … and we call on our EU partners to join us." Steinbrueck and Lagarde said they hoped to discuss the matter at an informal meeting of EU finance ministers. Comments from Britain's Alistair Darling suggest that London is already in agreement. Darling also said that the EU's contribution should rise to $175 billion, and that Britain was ready to increase its contribution by $11 billion to over $26 billion.[109] (August 31, 2009, *Agence France Presse*)

The allocation of the IMF equivalent to $250 billion of SDRs to boost the world economy came into effect on August 28. The allocation will be followed by an additional allocation of $33 billion on September 9. With the two allocations, the outstanding stock of SDRs will increase nearly ten-fold to total about $316 billion. Some countries have already volunteered to set up trading arrangements that will facilitate the buying and selling of SDRs. The allocation is based on a long-term global need to supplement IMF members' existing reserve assets and it provides liquidity to the global economic system. "The general SDR allocation is a key part of our response to the global crisis, demonstrating the value of a cooperative multilateral approach," IMF external relations director Caroline Atkinson said.[110] (August 28, 2009, *Xinhua News Agency*)

Mexico will receive $4 billion in SDRs from the IMF to bolster its reserves and liquidity. The funds are part of the $250 billion in payments approved for IMF member countries at the April Summit to inject more liquidity into the global financial system. Mexico will receive the $4 billion sum in two installments, the larger of the two will be issued first. The SDRs are not related to the $47 billion line of credit that Mexico received from the IMF in April.[111] (August 28, 2009, *EFE News Service*)

Brazil's central bank announced that it will receive $3.9 billion from the IMF. This does not mean that Brazil is in need of foreign help. In fact this latest money means that Brazil will be able to lend part of its dollar reserves to other members of the fund. The IMF money has also gone to other countries, proportionate to each country's quota in the institution. Prior to the measure Brazil had around $500 million in SDRs. Now the figure will rise to $4.5 billion, which will allow Brazil to lend $9 billion.[112] (August 26, 2009, *AE Brazil Newswire — Financial and Corporate News Service*)

Russia plans to invest around $10 billion of its gold and currency reserves in IMF bonds. Konstantin Vyshkovsky, director of the finance ministry's department for international financial relations, state debt, and state financial assets, says this will happen in August or September 2009. Analysts say that as well as being in line with Russia's declaration to participate in helping developing nations, this is a good opportunity for Russia to boost its credibility in the global financial market and reduce the proportion of U.S. currency in

[109] *Agence France Presse* (August 31, 2009), "Germany, France urge bigger EU contribution to IMF."
[110] *Xinhua News Agency* (August 28, 2009), "IMF injects 250 bln USD in SDRs into global economy."
[111] *EFE News Service* (August 28, 2009), "Mexico to receive $4 bn from IMF to bolster reserves."
[112] *AE Brazil Newswire – Financial and Corporate News Service* (August 26, 2009), "Brazil to Get $3.9 BN From IMF for Foreign Reserves – Ctrl Bank."

its reserves. IMF bonds, intended to become a new investment instrument in the global financial marketplace, are likely to be issued in SDRs.[113] (August 17, 2009, *The Russian Business Monitor*)

On August 7 the IMF's Board of Governors approved a general allocation of SDRs equivalent to $250 billion to provide liquidity to the global economic system by supplementing member countries' foreign exchange reserves. The executive board backed the general allocation on July 17, 2009, following the commitment made by G20 at their April summit. The equivalent of nearly $100 billion of the general allocation will go to emerging markets and developing countries, of which low-income countries will receive more than $18 billion. The general SDR allocation will be made on August 28 to IMF members participating in the SDRs Department (currently all 186 members) in proportion to their existing quotas in the IMF, which are based broadly on their relative size in the global economy. The allocation will provide each participating country with SDRs in amounts equivalent to approximately 74% of its quota, and could increase total allocations to an amount equivalent to about $283 billion, from about $33 billion (SDR 21.4 billion). Separately, the fourth amendment to the IMF Articles of Agreement providing for a special one-time SDR allocation has now entered into force. The special allocation will be made on September 9, 30 days after the effective date of the Fourth Amendment, and will raise the ratios of members' cumulative SDR allocations to quota using a common benchmark ratio as described in the amendment. The total of SDRs created under the special allocation would amount to SDR 21.5 billion (about $33 billion). The special allocation will make the allocation of SDRs more equitable and correct for the fact that countries that joined the IMF after 1981 (more than one fifth of the current IMF membership) had never received an SDR allocation. The fourth amendment, which was proposed in September 1997, required approval by 3/5ths of the IMF membership with 85% of the total voting power. This threshold has been reached following the recent approval by the U.S. Members' holdings of newly allocated SDRs, will count, as of the date of each of the general and special allocations, toward their reserve assets. Some members may choose to sell part or all of their allocations to other members in exchange for hard currency-for example, to meet balance of payments needs-while other members may choose to buy more SDRs as a means of reallocating their reserves. The special and general allocations will bring Fund members' cumulative total of SDR allocation to SDR 204 billion (about $316 billion).[114] (August 14, 2009, *US Fed News*)

The executive board of the IMF has approved unprecedented measures that will sharply increase the resources available to low-income countries in this time of global crisis. The resources — including from the sale of IMF gold — are expected to boost the IMF's concessional lending by up to $17 billion through 2014, including up to $8 billion over the next two years. In addition, the IMF announced zero interest payments on outstanding concessional loans through to the end of 2011 for all low-income members. A new set of lending instruments will underpin this increased support. "This is an unprecedented

[113] *The Russian Business Monitor* (August 17, 2009), "Russia plans to invest around $10 billion of its gold and currency reserves in … "
[114] *US Fed News* (August 14, 2009), "IMF Governors Formally Approve $250 Billion General SDR Allocation."

scaling up of IMF support for the poorest countries, in sub-Saharan Africa and all over the world," said IMF managing director Dominique Strauss-Kahn. "The G20 asked the Fund to help respond to the global economic crisis, which has hit the low-income nations so hard, and we are responding with a historic set of actions in terms of support for the world's poor. The new resources and new means of delivering them should help prevent millions of people from falling into poverty." As part of its response to the global economic crisis, the IMF has more than doubled its financial assistance to low-income countries. The new measures represent a significant additional effort in the coming years.[115] (July 31, 2009, *US Fed News*)

Russia could sign an agreement with the IMF on acquiring bonds worth $10 billion in August or September, a finance ministry official said. Andrei Bokarev, deputy director of the ministry's Department for International Financial Relations, said the IMF approved the process for issuing the bonds. Russia earlier announced plans to spend $10 billion from its international reserves to buy IMF bonds to support countries hit hardest by the global economic crisis. The G20 summit in April decided to increase the funds available to international financial institutions, saying a total of $1.1 trillion was needed for these purposes, including $500 billion for the IMF. "Some EU countries and other economies have expressed their support for the enlargement of the IMF's financial resources. In turn, the IMF has offered a number of financial instruments that would be advantageous and suitable for countries that would be prepared for the time being to provide financial resources in the form of loans or borrowings to the IMF, to support needy countries," said Russian finance minister Alexei Kudrin in May. He said Russia had opted for IMF bonds after consultations with financial institutions, adding that these financial instruments were as reliable as gold and foreign currency reserves.[116] (July 9, 2009, *RIA Novosti*)

French finance minister Christine Lagarde said the economic crisis threatens long-standing development efforts and called for the quick implementation of a funding increase by the IMF. She insisted that rich countries must feel it is their duty to keep on providing support to the poorest countries. Lagarde said the economic downturn showed that the emerging and the wealthiest countries are "interdependent." She added that the September G20 summit would provide the opportunity to monitor the progress made in implementing measures decided at the London Summit, especially regarding funding support to developing countries and a tripling of the IMF's resources. "If we don't swiftly implement measures to triple the resources of certain multilateral institutions, we risk leaving poor countries without support which could undermine long-standing development efforts," Lagarde said. The finance minister said the Senate has recently approved France's €15 billion contribution to the increase of IMF resources. Lagarde also said developed countries have to provide access to credit to emerging markets to make up for the drying up of private capital flows to these countries. But she added that this has to be done carefully to prevent potential new crises linked to excessive debt levels in developing and poor countries.[117] (June 25, 2009, *Dow Jones International News*)

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[115] *US Fed News* (July 31, 2009), "IMF Announces Unprecedented Increase in Financial Support to Low-Income Countries."
[116] *RIA Novosti* (July 9, 2009), "Russia, IMF could sign $10 bln bond deal in August-September."
[117] *Dow Jones International News* (June 25, 2009), "French Fin Min Wants Quick Implementation Of G20 Steps."

Dominique Strauss-Kahn, IMF managing director, welcomed Brazil's intention to invest up to $10 billion in notes to be the IMF. "I welcome President Luiz Inacio Lula da Silva's decision, and the announcement by Finance Minister Guido Mantega, that Brazil will contribute to the Fund's resources to help member countries weather the current global economic crisis by investing in IMF notes. With this announcement, Brazil is joining other countries in fulfilling the commitment of the G20 leaders in April … The Brazilian authorities have shown great leadership and engagement in the whole process of IMF reform and expansion of our funding, and I am pleased that Brazil is clearly showing its strong support to the international economic and financial system. Brazil once more reaffirms its strong role as a leading emerging market economy … IMF staff will present the necessary documentation to the Fund's Executive Board to allow the issuance of notes as early as possible."[118] (June 10, 2009, *Presswire*)

A White House bid to push a $108 billion contribution to the IMF through Congress is in danger of unravelling because of an unlikely coalition of Republicans, liberal Democrats and anti-globalization activists. The U.S. pressed hard at the April G20 summit to boost the IMF's lending coffers by about $500 billion. If the U.S. is unable to deliver on its share, that is bound to slow pledges from other nations. Winning Congressional support for IMF funding is difficult because of a long-standing distrust of international institutions and a lack of powerful corporate sponsors. Anti-bailout sentiment among lawmakers is making the task harder.[119] (June 10, 2009, *The Wall Street Journal*)

The State Administration of Foreign Exchange said that China, which holds the world's largest foreign exchange reserves, is considering purchasing up to $50 billion in bonds issued by the IMF. The decision to invest will be based on China's evaluation of the investment in terms of safety and reasonable returns, said the administration, adding that China is ready to play an active role in IMF's endeavour to raise funds through market methods to provide timely and efficient support to its member countries. The figure was larger than the $40 billion announced by British prime minister Gordon Brown at a news conference at the close of G20 London Summit.[120] (June 9, 2009, *China Knowledge Press*)

To overcome the global economic crisis, it is necessary to work out new standards of regulating the financial markets and institutions, and to put into effect the resolutions adopted by the G20 on the reforming of international financial institutions, Russian president Medvedev said. "These are the main directions, on which we think it is necessary to make progress in the coming months."[121] (June 5, 2009, *ITAR-TASS World Service*)

[118] *Presswire* (June 10, 2009), "IMF Managing Director Dominique Strauss-Kahn Welcomes Brazil's Intention to Invest Up To $10 Billion in Notes Issued by the IMF."
[119] *The Wall Street Journal* (June 10, 2009), "World News: Major IMF Contribution Faces Resistance in U.S. Congress."
[120] *China Knowledge Press* (June 9, 2009), "China mulls buying up to $50 bln in IMF bonds."
[121] *ITAR-TASS World Service* (June 5, 2009), "Medvedev calls for reforming int financial institutions."

The IMF expects to present a proposal for the allocation of $250 billion in SDRs to member countries in June. The G20 agree to allocate these funds to member countries to bolster global liquidity.[122] (June 4, 2009, *Reuters News*)

Dmitry Medvedev and Alexey Kudrin, Russia's finance minister, discussed concerns over agreements reached at the G20 summit in London at the end of May. For its part, Russia is ready to place a considerable amount of funds in IMF bonds. The amount is approximately $10 billion.[123] (May 27, 2009, *BBC Monitoring Former Soviet Union*)

Australian treasurer Wayne Swan has defended his government's commitment to lend $10 billion to the IMF when it is borrowing $188 billion to fund its own budget. "Our proportion of the new arrangement to borrow that we have always contributed to under the previous government and this government is going to increase … What we have done as part of the new agreement to borrow is that we have agreed that there will be increased resources, loans which are repaid with interest … should they be required."[124] (May 14, 2009, *Australian Associated Press Financial News Wire*)

Efforts to triple the IMF's resources to $750 billion are slowly coming together, with major developing countries coalescing around a plan to buy the IMF's first bond issue. U.S. treasury secretary Timothy Geithner continued to push for the money to go into an existing lending facility called the New Arrangements to Borrow (NAB), which could be expanded by up to $500 billion from just $50 billion. "Significant progress toward the goal of NAB expansion by $500 billion must be an important outcome of the [G7, G20 and IMF meetings]" Geithner said. However, Brazil, Russia, India and China have joined in seeking to contribute through a bond offer as a temporary measure to help the IMF as they push for a stronger voice at the institution. Brazilian finance minister Guido Mantega said buying a bond would provide funds quickly, while enabling the countries to retain some bargaining power in the broader reform process. Contributions to the NAB are considered permanent. "We are interested in putting resources in the fund … we don't want to do it in a conventional way."[125] (April 27, 2009, *Dow Jones Chinese Financial Wire*)

Strauss-Kahn, IMF managing director, noted positively broad agreement on supplying the IMF with additional funds so that it can help poorer countries struggling in the crisis. "A key achievement of today's meeting is ensuring the doubling of the Fund's loanable resources," the IMF steering committee said in a statement. In a first stage, $250 billion dollars will be available through a special facility to help "member countries with external financing needs," followed by another $250 billion, as agreed at the G20 summit on April 2. The possibility that the IMF would raise extra funds by selling bonds to member states was also raised.[126] (April 26, 2009, *Agence France Presse*)

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[122] *Reuters News* (June 4, 2009), "IMF to consider $250 bln SDR plan in June."
[123] *BBC Monitoring Former Soviet Union* (May 27, 2009), "Russia considers placing 10bn dollars in IMF bonds to meet its G20 commitments."
[124] *Australian Associated Press Financial News Wire* (May 14, 2009), "Swan defends funding for IMF loans."
[125] *Dow Jones Chinese Financial Wire* (April 27, 2009), "DJ IMF Awaits G20 Funding as Interest in Bond Issue Grows."
[126] *Agence France Presse* (April 26, 2009), "IMF says time to talk crisis exit plans."

After the G7 and G20 finance ministers met at the end of April, the IMF garnered widespread support to rebuild its functions to meet the needs of countries badly shaken by the economic downturn. The IMF's primary policy-guiding body agreed to take additional steps to restore global financial stability and to realize an early economic recovery. "We underline the central role of the IMF and commit ourselves to further strengthening the fund's ability to assist in meeting members' external needs," the IMFC said. To help boost global liquidity, the G20 leaders agreed to triple the resources available to the IMF to $750 billion and allocate an additional $250 billion worth of SDRs. "While we are ensuring that the IMF has adequate resources, we urge the IMF to make sure the resources are accessible to members and are targeted to the most pressing problems," U.S. treasury secretary Geithner said. As for additional resources, countries including Japan, the EU, Canada and Switzerland have pledged they would be ready to provide money." U.S. president Barack Obama proposed to provide a loan of $100 billion to the IMF in a letter to Congress. The IMF is hoping to settle the rest of the $500 billion as early as May, but there were no clear pledges from other countries at the policy committee.[127] (April 25, 2009, *Kyodo News*)

The G20 London Summit promised massive new resources for the IMF and the World Bank. France signed a commitment to provide the IMF with an additional $16 billion to help fight the global financial crisis. French finance minister Christine Lagarde signed the accord in Washington.[128] (April 23, 2009, *Agence France Presse*)

Russia has no plans at this stage for making contributions to the NAB. The IMF said a working meeting of initial signatories of the arrangement and the group of "other countries" — Argentina, Brazil, India, China, Mexico, Russia, Turkey and South Africa — was held at the IMF headquarters. Takeiko Nakao, the chair of the NAB mechanism, indicated that some of the "other countries" had voiced readiness to consider participation in it.[129] (April 25, 2009, *ITAR-TASS World Service*)

Brazil will increase its intended financing to the IMF, becoming a creditor for the first time in decades, finance minister Guido Mantega said. Brazil will make up to $4.5 billion available to the IMF, on top of the $10 billion it already pledged at a G20 meeting in London at the beginning of April, Mantega said. It is unlikely the IMF will draw on the entire amount. Mantega said Brazil had been selected as a member of the IMF's financial transaction plan, or the mechanism through which the fund finances its loan operations. "I'm accepting the invitation from the fund," Mantega said, adding the move shows the finances of Brazil are strong. Several years of robust growth and austere fiscal discipline allowed Brazil to pay off its debt to the IMF in 2005 and become a net foreign creditor in recent years. President Luiz Inacio Lula da Silva has boasted in recent months that despite the financial crisis, Brazil did not require loans from the IMF and was instead in a position to lend it money. Brazil's inclusion in the IMF's financial transaction plan is likely to be made official by the end of the month. The move would not affect Brazil's

[127] *Kyodo News* (April 25, 2009), "IMF wins strong support to revamp capacity in time of crisis."
[128] *Agence France Presse* (April 23, 2009), "G7, G20 meet Friday to 'follow-up' on London summit."
[129] *ITAR-TASS World Service* (April 25, 2009), "Russia has no plans for contributing to IMF's new borrowing scheme now."

international reserves but only its make-up, since the country would use part of its reserves to acquire the IMF's SDRs.[130] (April 9, 2009, *Reuters News*)

The IMF is considering various options on how to issue the $250 billion in SDRs to member countries as agreed to by the G20 in an effort to boost global liquidity. It is unlikely that a vote by the fund's membership on the SDR allocation will be ready by the IMF spring meetings, the first gathering of IMF members since the G20 summit in London. A proposal will require 85% majority approval by the IMF's board of governors. "We are working intensively on getting papers ready … to look at options for how to do the SDR allocation and when to do it," an IMF spokesperson said. "I can't give you a date for when we expect it to be completed but we're hopeful that it won't be too long." "I suspect that these things will take a little longer than two weeks to put together … but there is clearly a lot of momentum to move quickly."[131] (April 9, 2009, *Reuters News*)

India may contribute between $10 billion and $11 billion to the IMF, as part of the $500 billion that the institution is raising from the G20 for lending to crisis-stricken countries. A decision may be taken in a few days, department of economic affairs secretary Ashok Chawla said. The G20 decided that they would provide fresh funds to IMF, so that it can triple its $250 billion available for lending to needy countries. Japan and the EU have already committed $100 billion each while China has committed $40 billion, as the IMF seeks to inject cash into the world economy and help it tide over its sharpest decline in decades. "We are willing to contribute to the pool of funds in proportion to our quota. Should IMF require, we can lend it around $10-11 billion for which interest would be paid. A decision on this will be formally communicated to IMF at its spring meeting later this month," Chawla said. India, however, has no plans to borrow from IMF at the moment. The IMF will also get another $250 billion in SDRs, an overdraft facility for its 185 members. India has no requirement for assistance. To enhance the voice of emerging markets and developing countries in IMF, the G20 also urged accelerated review of IMF's quotas.[132] (April 9, 2009, *The Economic Times*)

Trade

Trade tensions are rising between the U.S. and China. China has launched an antidumping probe into imports of American vehicles and chicken products, at the same time lashing out against the Obama administration for protectionism. The Chinese actions follow on a move by the U.S. to raise tariffs on Chinese-made tires. The moves come less than a month before the G20 Pittsburgh Summit.[133] (September 14, 2009, *Globe and Mail*)

Trade ministers met in New Delhi for talks that WTO chief Pascal Lamy said could lay the groundwork for a final push to reach a new global free trade pact by 2010. "The WTO

[130] *Reuters News* (April 9, 2009), "Brazil beefs up pledges to IMF-finmin."
[131] *Reuters News* (April 9, 2009), "IMF considers options on G20 SDR plan-spokeswoman."
[132] *The Economic Times* (April 9, 2009), "India may contribute $11 bn to International Monetary Fund crisis kitty."
[133] *Globe and Mail* (September 14, 2009), "U.S.-China trade row stirs recovery fears."

ministers will have the opportunity to map out how they intend to bring the Doha round to a close in 2010," Lamy said. "The meeting can be the real beginning of the endgame of the round." The two days of informal ministerial-level talks are also seen as preparation for further progress at the G20 Pittsburgh Summit. "We are in the end game of Doha negotiations," Australia's trade minister Simon Crean said. India's differences with the U.S. over subsidy protection for poor farmers contributed to the collapse in July 2008 of the long-running Doha round. Now India has grabbed the initiative to "re-energize" the stalled negotiations and take the opportunity to shed its reputation as a "spoiler" of the round. At the 2009 G8 summit in Italy, countries agreed to conclude a deal by the end of 2010. Meanwhile, Indian officials have played down the chances of any breakthrough, saying talks would focus on crafting a game plan for negotiators to reach a deal. In order for a final deal to be reached, all 153 WTO members must agree to a pact that would radically reduce subsidies given to North American and European farmers while lowering other trade barriers.[134] (September 4, 2009, *BusinessWorld*)

Heading into the G20 finance ministers meeting at the beginning of September, Indian finance minister Pranab Mukherjee warned that "creeping protectionism" on the pretext of fiscal reforms threatened economic recovery. "In the name of reforms, protectionism should not be allowed to creep in," he said. In a joint BRIC communiqué the countries said that protectionism remained a "real threat to the global economy" and should be avoided "both in direct and indirect forms." It also said: "Ongoing regulatory reforms in the financial sector should not impede cross-border capital flow and investments. Failure to do so would risk compromising the expected recovery of the world economy." Reviewing the general world economic situation, the BRIC finance ministers said that while the crisis had started to ease it was "too early" to declare that it was over. "The global economy still faces great uncertainty and significant risks remain to economic and financial stability. A sustainable recovery required a more solid basis," they said.[135] (September 5, 2009, *BBC Monitoring South Asia*)

Ahead of the G8 L'Aquila Summit in July 2009, WTO director general Pascal Lamy warned that free trade faced its severest test, with protectionist pressures poised to rise. "I am convinced the worst is yet to come … The real stress test is for the future when the shrinking of economies translates into unemployment and social hardship and that translates into a political reaction that could influence trade policy. The toolbox for protection is a wide one." Lamy said governments had to "keep pushing back" against populist protectionist pressures. "We know it is a terrible disease at the end of the day." The WTO had already sounded an alarm about a rise in trade barriers in spite of a pledge by governments around the world at April's G20 meeting to resist protectionism. Although there had yet been "no major" protectionist breaches, he warned that the only way to revive global trade was "to keep trade open." The WTO forecasts a 10% fall in global trade volumes this year. He said governments needed to commit themselves to completing the Doha round of trade talks, already eight years in the making. New administrations in India and the U.S. —which have clashed over the special safeguard

[134] *BusinessWorld* (September 4, 2009), "Trade ministers meet to put 2010 Doha deal in sight."
[135] *BBC Monitoring South Asia* (September 5, 2009), "Indian finance minister urges world to avoid 'protectionism.'"

mechanism to protect poor farmers — had given a difficult process new impetus, he said. "Getting the final agreement may be complex but in both cases they have given the feeling that they are back at the negotiating table." An agreement could be reached within the next year, he said.[136] (July 6, 2009, *Financial Times Asia*)

Developing countries' trade, already hurt by the global economic slowdown, has been further hurt by the reduced availability of trade finance, a problem that the World Bank Group, supported by the G20, is acting to address. The International Finance Corporation (IFC), part of the World Bank group, has launched the Global Trade Liquidity Programme, which will work through commercial banks to make trade finance more available in developing countries. "We've just had an extraordinary drying up of liquidity in the marketplace, and this is a way to try to mobilize some public sector resources so that we could get some private sector money moving again to help with trade finance," said E. Whitney Debevoise, the U.S. executive director at the World Bank. World trade, which grew at double-digit rates in most major economies for much of 2008, began to decline sharply in all regions starting around September 2008. World trade dropped by 12% in the last three months of 2008, according to the WTO, which forecasts a 9.0% decline in trade for 2009, the largest annual contraction since World War II. When financial markets start to freeze up, trade finance is the first type of financing to disappear, said German Vegarra, IFC senior manager for global financial markets. Many banks have reduced or suspended their trade finance business, he said, which hurts developing countries the most since they often depend more exporting commodities and assembled products than developed economies do. The trade finance shortage ranges from $100 billion to $300 billion, Vegarra said, citing a WTO estimate. With the new program, the IFC will provide commercial banks with liquidity that will enable them to provide trade finance to their clients in developing countries. "The banks are basically our partners where we are coming together with liquidity and we are using their existing channels to help several emerging markets at once," Vegarra said. In the trade liquidity program, commercial banks put up 60% of the funding and the IFC provides 40%. The risk sharing on the part of the private banks and the IFC is one of the major innovations of the program, Debevoise said. World Bank president Robert Zoellick reached agreements on April 2 with the first two commercial banks to participate in the program, with Standard Chartered Bank, a global British bank, to receive $500 million initially and Standard Bank of South Africa to start with $400 million. The program's assistance will increase these banks' liquidity and their ability to support more trade finance transactions. There have been talks with other private banks, Vegarra said, including Rabobank of the Netherlands and Citibank. The Global Trade Liquidity Programme will be a three-year initiative, drawing on the experience with the financial crises in Asia in the late 1990s and in Argentina. The need for liquidity is appears immediately but also disappears very quickly. As markets recover and more private banks become comfortable in taking risks and putting liquidity in the market, the program no longer will be needed. The G20 members and IFIs will provide $5 billion, which will be leveraged to make available $50 billion in assistance. The contributions so far are as follows: the IFC, $1.0 billion; China, $1.5 billion; Britain, approximately $447 million; Canada, $200 million; and the Netherlands, $50 million. The April G20 communiqué called on members to

[136] *Financial Times* (July 6, 2009), "Lamy warns over bank bail-outs."

"assure availability of at least $250 billion over the next two years to support trade finance" through the member countries' export credit and investment agencies and the multilateral development banks. The IFC program accounts for $50 billion of that total. The IFC and two regional developments banks already have trade finance assistance programs, mostly providing guarantees that cover the risk of nonpayment for individual transactions. The IFC has a $3 billion program that provides these kinds of guarantees. The Asian Development Bank and the Inter-American Development Bank also have guarantee programs. Both recently increased funding for their programs to $1.0 billion.[137] (July 6, 2009, *The Financial Express*)

Trade ministers want to point to concrete progress in the Doha round in time for September's G20 Pittsburgh Summit. Australian trade minister Simon Crean said completing the trade negotiations would help pull the world out of the economic crisis because trade itself was an economic stimulus. Crean said there was a new willingness to work together on a deal, spurred by the recession that was hitting developing countries hardest. "I think the big dynamic that's changed is that leaders have said we want Doha concluded and we stand ready to assist in bringing it to that conclusion," Crean said. WTO director general Pascal Lamy said the challenge now was to convert the improved atmospherics into a concrete deal. "The mood music is now more congenial and it's playing at a faster pace. We now must shift from mood music to dance music." U.S. trade representative Ron Kirk also called for a new approach involving direct negotiations with key trading partners as the traditional multilateral format was not working. From the current incomplete package of deals it was clear what the U.S. would give up, but it was hard to see exactly what it would gain, he said, given the many exceptions to an overall agreement for various countries, making the deal opaque. "We think getting more clarity around that may be the key to helping us find a solution to a way forward." Kirk has also called on big emerging countries to open their markets further to foreign goods to help secure a Doha deal, but the trade ministers from India, Brazil and South Africa rejected that call.[138] (June 25, *Reuters News*)

U.S. president Barack Obama said that he agreed with South Korea on the need to fight trade protectionism as major economies collaborate in their efforts to aid the battered world economy. "Earlier this year in London we agreed upon bold and sustained actions to jump-start growth and prevent a crisis like this from ever happening again," Obama said. "Today we reaffirmed this effort, as well as our commitment to resist protectionism, and continue our close collaboration in the run-up to the next meeting of the G20 in Pittsburg."[139] (June 16, 2009, *Reuters News*)

India's trade minister Anand Sharma said that "the impasse has been broken" over the WTO's long-running Doha round. While Sharma did not give a timeline for the talks to conclude, he said both the U.S. and India had emerged ready to reach an agreement. "India is keen that the WTO negotiations resume. It is important in the present economic climate that efforts are made to take the Doha process to its successful conclusion …

[137] *The Financial Express* (July 6, 2009), "World Bank, G20 get trade finance flowing in developing countries."
[138] *Reuters News* (June 25, 2009), "Trade ministers seek Doha progress for Pittsburgh G20."
[139] *Reuters News* (June 16, 2009), "Obama says committed to fight trade protectionism."

There is much happening now. The impasse has been broken." Trade ministers came close in July 2008 to a deal on the Doha round of talks, but the talks collapsed over a dispute between Washington and emerging economies spearheaded by India over proposals to help farmers in poor nations. The Cairns Group, 19 nations accounting for more than 25% of the world's agricultural exports, said last week that trade officials from the U.S., Europe and India had shown fresh resolve to conclude the Doha talks launched in 2001. "Well, we have declared our commitment. Why should India not want it? But a solution which is taking care of the legitimate aspirations of the developing countries … This assumption that it was India which was an obstacle that may not be true at all because there are other issues on which convergence did not take place … But that is behind us. What is more important is the positive engagement and the initiative of India at Cairns which has broken the logjam." Sharma said India's offer to host a G20 summit would help define a roadmap to draw the WTO talks to a conclusion.[140] (June 15, 2009, *Reuters News*)

So far, nations are keeping tolerably to the undertakings given at the G20 summit to avoid protectionism. There have been piecemeal measures, ranging from the "buy American" requirements in the U.S. stimulus package, to the recent exchange of subsidies to the dairy industries of the U.S. and Europe. Many argue that the support given to motor industries around the world is tantamount to protection. The effect on trade volumes of such measures, however, is tiny compared with the devastation caused by the global financial crisis.[141] (June 15, 2009, *The Australian*)

Britain launched the Global Trade Alert website that will give live updates on global protectionism to foster free trade and help the world economy recover. British business secretary Peter Mandelson said the site would act as a watchdog to deter governments from protectionist measures that he warned would only make the recession "longer and more painful." He added, "there is a lot to be said for peer pressure … [The] trading system faces a huge crisis of demand and of credit, but the real long-term risk to its health lies in protectionism." The website, run by a London-based economic think tank, will gather evidence of new tariffs, as well as non-tariff barriers and emergency steps taken in response to the downturn. Mandelson also reiterated calls for ministers to revive the Doha round of talks to help poor countries prosper through trade.[142] (June 8, 2009, *Reuters News*)

Japan and China pledged to promote recovery in the slumping world economy and called for an early conclusion to global trade liberalization negotiations, Japanese foreign minister Hirofumi Nakasone and Chinese vice premier Wang Qishan said after a one-day meeting in Tokyo. "In the current context of the grim challenges posed by the ever spreading international financial crisis, it is necessary for China and Japan to vigorously follow through the consensus of the G20 summit in Washington and London, and adopt more effective measures so as to ensure financial market stability while helping our respective national [economies] and the global economy to resume growth," Wang said.

[140] *Reuters News* (June 15, 2009), "India says Doha trade 'impasse' broken."
[141] *The Australian* (June 15, 2009), "Plunging world trade casts doubts on early recovery."
[142] *Reuters News* (June 8, 2009), "Britain launches anti-protectionism trade website."

Asia's two economic giants agreed to establish for the first time a working group to consider creating a legal framework and enforcing crackdowns to curb violations of intellectual property rights, according to a memorandum signed earlier in the day by the two trade ministers.[143] (June 7, 2009, *Kyodo News*)

The new chief trade negotiators for India and the U.S. will renew attempts to narrow their differences on the Doha round. Commerce and industry minister Anand Sharma met new U.S. trade representative Ron Kirk at Bali in Indonesia on June 6-7, on the sidelines of the meeting of the Cairns Group of farm product–exporting countries. Sharma said they would discuss issues of common economic interest, including areas of differences between developed and developing countries that have stalled the conclusion of the Doha round. He said it is important that India remains committed to completing the Doha negotiations. The two countries have serious differences on the level of protection that can be given to farmers as and when the global market for farm products is opened up. India has argued all along that it cannot compromise on food security and livelihood concerns. India and Brazil have been spearheading the cause of developing countries in the WTO talks under the G20. Sharma said the drafts put out by the negotiating groups on agriculture and industrial goods can be starting points for discussions.[144] (June 3, 2009, *Rediff News*)

Conditions are deteriorating for the world's developing countries just as economic indicators in richer countries indicate the worst of the global recession is over. The financial crisis is unfolding differently in poorer parts of the world. In the U.S. and Europe, the recession started in the banking sector and spread to the real economy. In developing countries, the collapse of global trade is crushing growth prospects, which is hurting their banks because clients are defaulting on loans. The World Bank's trade finance fund is still short of the G20's goals by about $US 1.5 billion, according to World Bank president Robert Zoellick. He would like to raise pledges of about $5 billion to finance trade worth $50 billion over the next three years.[145] (June 8, 2009, *Globe and Mail*)

U.S. government plans to reintroduce dairy export subsidies are a "serious backward step" towards protectionism and could lead to other countries following suit. Some feel that the move to reinstate dairy export subsidies goes against the G20 leaders' pledge not to impose protectionist measures. [146] (May 23, 2009, *Australian Associated Press General*)

The EU and China called for an early and successful conclusion of the Doha round, and pledged their commitment to closer cooperation to keep trade and investment flowing.[147] (May 18, 2009, *Main Report*)

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[143] *Kyodo News* (June 7, 2009), "Japan, China vow to promote world economic recovery."
[144] *Rediff News* (June 3, 2009), "WTO: India. US to narrow differences."
[145] *Globe and Mail* (June 8, 2009), "Poor nations desperate for cash: World Bank."
[146] *Australian Associated Press General* (May 23, 2009), "Fed: US dairy export subsidy 'backwards step', govt says."

[147] *The Main Report* (May 18, 2009), "EU and China call for Doha deal."

India has filed 42 anti-dumping complaints at the WTO, the most by any country. Of these, 17 were against China. While India imposed the most import barriers, other G20 members that did so were Argentina, Australia, Brazil, Canada, the EU and its member-states, South Korea, Turkey and the U.S. China's exporters are the dominant target for these newly imposed import restrictions, facing new barriers in more than 70% of the cases.[148] (May 17, 2009, *The Statesman*)

At the ASEAN economic ministers meeting in Cambodia, ministers called for a system on how to evaluate how well countries are fulfilling their trade commitments. The group also stated concerns over tightening credit supply for exporters, with some members volunteering to make representations at the G20 to hasten the release of the promised fund for trade finance.[149] (May 7, 2009, *Business World Publishing Corporation*)

World Bank president Robert Zoellick expressed concern that the G20 continue to restrict trade flows despite vowing to resist protectionist polices. Since the April 2 G20 summit, nine of the countries have already either taken or considered 23 restrictive measures, he said. "As the recession depends, leaders will be under pressure to protect home markets," Zoellick said. "Such retreats behind barriers will only make the economic crisis worse."[150] (April 23, 2009, *Dow Jones News Service*)

The G20 reiterated their anti-protectionism pledge at the London summit, but whether they keep this promise remains to be seen.[151] (April 5, 2009, *Associated Press Newswire*)

Climate Change and Energy

Differences between rich and developing countries prevented the G20 finance ministers from agreeing to measures to curb global warming. Ministers said in their concluding statement that they would work towards a successful outcome at the UNFCCC meeting in Copenhagen in December. British finance minister Alistair Darling said there had been "very substantial" discussion on the topic but no specific measures were agreed. "I am also a little disappointed by the lack of positive commitment today," EU economic and monetary affairs commissioner Joaquin Almunia said. Swedish finance minister Anders Borg, representing the EU, agreed the outcome was "not satisfactory … We would have been very happy to move further than we were able to at this meeting." In July, U.S. president Obama said that finance ministers should report on climate finance at the September 24-25 G20 leaders' summit. Russian finance minister Alexei Kudrin said there was disagreement on whether the G20 was the right forum to debate the matter. "Some participants thought we should make a strong statement on this issue, including possibly increasing the resources allocated to it. The other contingent thought this discussion, and these decisions should take place in Copenhagen." G20 sources said China and India had

[148] *The Statesman* (May 17, 2009), "The Statesman (India): India faces Chinese dumping threat."
[149] *Business World Publishing Corporation* (May 7, 2009), "ASEAN to monitor members' commitments."
[150] *Dow Jones News Service* (April 23, 2009), "World Bank Pres: G20 Nations Continuing Trade Restrictions."
[151] *Associated Press Newswire* (April 5, 2009), "Britain urges G20 to adhere to summit pledges."

been among those objecting to detailed talks on climate change. A BRIC statement said the UNFCCC should be the main forum for negotiations on climate change. "Many developing countries are concerned that the global issue of climate change will constrain their ability to industrialise without creating additional costs," said Indonesian finance minister Sri Mulyani Indrawati. Developing nations are especially skeptical of proposals for private sector funding of the fight against climate change. They are keen for developed countries' governments to put up the cash needed.[152] (September 5, 2009, *Reuters News*)

The U.S. plans call on the G20 to eliminate fossil fuel subsidies in five years and increase oil market transparency at the Pittsburgh Summit. The world's biggest energy user intends to argue fuel subsidies distort oil and product markets and artificially raise fuel demand, leading to higher greenhouse gas emissions, said the source, who asked not to be named. The plan argues non-members should end subsidies by 2020. It also says members should provide more timely and accurate information on the notoriously murky oil market, including on inventory levels and positions held in the futures markets. Transparency and speculative activity have become an issue in commodity markets following the six-year record run that sent oil to all-time highs near $150 a barrel last year, battering the economies of import-reliant countries. In addition, food prices rose sharply last year as investors bought contracts in wheat, corn and soybean futures. The U.S. proposal also calls for tighter monitoring of over-the-counter markets in G20 members, similar to steps taken in the United States. The U.S. has already taken steps to improve its domestic data collection quality and increase the information provided by speculators in weekly trader commitment reports released by the Commodity Futures Trading Commission. The commission and the UK Financial Services Authority have also agreed they would work together to audit more closely and allow mutual on-site visits of exchange operators, to gain a better view of trading in U.S. oil futures trading on London's Intercontinental Exchange. But it and the London Metal Exchange, both FSA-regulated, have said they have no plans to change the way they regulate large positions.[153] (September 4, 2009, *Reuters News*)

China is seeking to step up cooperation with other developing countries to address climate change while maintaining economic growth, the Chinese ambassador to Mexico said. "China wishes to protect the environment and develop its economy at the same time," Yin Hengmin said. "There is a clear understanding that developing nations have a responsibility, although developed nations have more responsibilities since they started their industrial development earlier." Yin said that China hopes to tackle the issue with Mexico and others at the upcoming G20 summit in Pittsburgh. "We have a clear position," he said, "It is a commitment to responsibilities made in the U.N. framework, in the Kyoto Protocol and the Bali roadmap."[154] (August 27, 2009, *Xinhua News Agency*)

Sarkozy hopes to discuss oil prices in Pittsburgh. "The question of energy prices, and notably of oil, which is nothing less than the other time bomb which weighs on

[152] *Reuters News* (September 5, 2009), "Climate change funding talks stall at G20."
[153] *Reuters News* (September 4, 2009), "U.S. wants G20 to axe fuel subsidies-source."
[154] *Xinhua News Agency* (August 27, 2009), "China cooperates with other develop ing nations to address climate change, bilateral trade: ambassador."

tomorrow's growth … It should not be a taboo subject."[155] (August 26, 2009, *Reuters News*)

India, China, South Africa and Brazil are opposed to a new financing proposal to contain greenhouse gas emissions that was presented to the G20 at a UN conference on climate change held in Bonn. The UK presented three papers that proposed that each of the G20 nations funds its own efforts to control climate change. The new proposal goes against the stated stands of emerging economies such as India and China that developed countries need to fund efforts to mitigate the effects of greenhouse gases. China and India have both estimated that the developed world needs to set aside 1% of its GDP for developing nations, if it wants them to undertake any emission cuts that includes incurring major costs to substitute older technologies with newer ones. The new G20 proposal suggests that all national plans, such as the Five-Year Plans for India, would be open to international scrutiny, which it has opposed vehemently. The G20 has sought responses on its papers and will prepare a paper for the finance ministers meeting in September in London and subsequently for the G20 summit in Pittsburgh.[156] (August 18, 2009, *Mint*)

Australian prime minister Kevin Rudd is trying to put climate change on the agenda of the G20 in Pittsburgh. As "green shoots" appear, suggesting the U.S. economy may be recovering and China's global demand is increasing, Rudd is keen to pursue the faltering climate change agenda from the G8 L'Aquila Summit. He is keen to increase the momentum on global climate change negotiations, which faltered in Italy and which he expect will fail at the climate change conference in Copenhagen in December. Government sources have confirmed that Rudd wants to pursue a similar agenda at the Pittsburgh meeting and at the UN.[157] (July 25, 2009, *The Australian*)

About $400 billion — 15% of the entire G20's stimulus package — will be used to cut global greenhouse gas emissions. Some countries are allocating up to 80% of their stimulus spending on green economic initiatives. China is the biggest spender on a per-capita basis, investing $200 billion. In the U.S., Barack Obama wants to establish a cap-and-trade system.[158] (June 2, 2009, *National Post*)

The amount allocated of the multi-trillion dollar economic stimulus to renewable energy falls far short of the investment needed to meet carbon emissions targets, said Nobuo Tanak, executive director of the International Energy Agency (IEA). The IEA estimates that only about $20 billion out of a total of $2.6 trillion in economic aid announced in the economic crisis by the G20 countries will go to renewable power, with only $100 billion or 5% for the wider goal of cleaner and more efficient energy use. "The current stimulus packages are an important step," said Tanaka. "But they are insufficient to get us over the line to a cleaner more sustainable energy future … The IEA is therefore calling for governments worldwide to truly embrace a new clean energy deal and coal has a place within that deal." Tanaka said that renewable power generation, including large

[155] *Reuters News* (August 26, 2009), "France outlines G20 hopes, wants currency discussion."
[156] *Mint* (August 18, 2009), "India opposes financing proposal to contain greenhouse emissions."
[157] *The Australian* (July 25, 2009), "PM pushes for climate talks at G20 meeting."
[158] *National Post* (June 2, 2009), "Keeping ahead of the green curve."

hydropower plants, had to more than double its share in total electricity supply to 40% by 2030 to help keep carbon dioxide levels in the atmosphere below 450 parts per million (ppm) by 2030, a level generally considered low enough to keep global warming to a manageable 2 degrees Celsius. "This renewable energy increase is huge because to achieve this level we have to build about 18,000 wind turbines every year from now to 2030, or 50 hydro plants every year, or 300 solar concentrating power plants every year … To achieve the necessary level of the 450 ppm scenario this is not enough, we have to increase by six times this amount." Tanaka said a four-fold increase in investment to $400 billion would be needed in the wider drive to limit emissions through energy efficiency improvements and cleaner energy — including carbon capture and storage to bury climate warming gases produced when burning coal, gas or oil. But with the IEA estimating renewable energy investment will drop by about 38% in 2009 compared to 2008 because of the economic crisis, government stimulus plans are crucial to ensuring the success of the global warming fight. "The current economic and financial crisis is really having a significant impact on these low carbon technologies and investment." He said almost 60% of the carbon cuts in non-OECD countries should come from energy efficiency improvements, while OECD countries should aim to get 54% of their 2030 target cuts by using energy more efficiently.[159] (June 1, 2009, *Reuters News*)

Unemployment

The IMF does not expect unemployment to start declining in wealthy countries until "well into next year" — depending on governments making significant progress in cleaning up bank balance sheets. The recent rise in bond market interest rates is a positive sign for the global economy, and governments must begin planning to reduce the justifiably large budget deficits that will be created by their recession-fighting efforts. "Economic data may indicate that GDP has stopped contracting and started increasing," said the IMF's John Lipsky, but confidence will not be restored until people "can stop worrying about losing their jobs." The IMF expects the global recession to end next year, but unemployment tends to rise for some time after because it takes time for employers to resume hiring. Lipsky does not believe the rise in U.S. government bond yields indicates a worrisome rise in inflation. Some analysts fear inflation could prompt a rise in interest rates large enough to choke off a recovery. In April, the IMF forecasted a weak recovery next year of 1.9% globally and zero growth in wealthy countries. It plans to update its forecasts in early July, but Lipsky said that the broad assessment has not changed substantially. The tepid recovery should keep inflation in check. Earlier this year, the IMF pushed the G20 to lift fiscal spending by 2% of GDP in 2009 and 2010. The G20 is now on line to hit the target for 2009, although not for 2010. The IMF is now arguing that the 2% additional stimulus may not be necessary for 2010 because spending that kicks in when an economy contracts is likely to be greater than anticipated.[160] (June 1, 2009, *The Wall Street Journal*)

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[159] *Reuters News* (June 1, 2009), "G20 renewable energy aid not enough-IEA."
[160] *The Wall Street Journal* (June 1, 2009), "IMF Expects Jobs to Trail GDP Growth."

Developing Countries

Bangladeshi finance minister Abul Maal Abdul Muhith called on the least developed countries (LDCs) to jointly claim access to the $1.1 billion committed by the G20 at the London Summit in April. "The developed nations are responsible for today's widespread economic crunch experienced globally," he said. Delegates from 17 countries including Bangladesh, China, Cambodia, India, Malaysia, Pakistan and representatives from a number of local and international organizations took part in a workshop on working out policy suggestions required for the region in the context of global recession. Muhith demanded a proper distribution of the $1.1 trillion. Reserves could be used for trade financing such as imports of fuel, fertilizers and food, he suggested, adding affordable access to trade financing is crucial to ensure international trade to absorb the shocks of the ongoing global economic slump.[161] (July 27, 2009, *Xinhua News Agency*)

The World Bank is running out of funds to lend to poor countries. "If the demand for our lending stays at the pace it looks like it is going to be at, it is more likely than not that we will need some sort of increase," World Bank president Robert Zoellick said. In April, Canada, Germany, the United States and others gave Zoellick the green light to max out the bank's reserves in order to make loans of up to $100 billion over the next three years. Stephanie Rubec, a spokesperson for the Canadian finance department said the G20 "will continue to review the needs of the institutions in the coming months."[162] (June 8, 2009, *Globe and Mail*)

Barack Obama's initiative to shore up the developing world through a global fund, the cornerstone of an international economy recovery effort begun last month, is meeting with resistance in Congress.[163] (May 23, 2009, *Los Angeles Times*)

World Bank president Robert Zoellick said there would be a sharp slowdown in economic growth in the developing world this year, putting more poor people at risk, and the G20 must not shrink from combining ideas and actions to restore confidence in the world economy. Zoellick said many of the immediate challenges of the crisis could be addressed if the G20 reformed and empowered existing international institutions to help resist protectionism, evaluate the effectiveness of stimulus packages, and monitor banking reforms. "This is not a moment for complacency. It is not a day for expressing false confidence that all has been done that can be done. It is not a time for narrow nationalist or even regional responses. The one certitude we can draw from events over the past year is our inability to predict what is to come, and how it may trigger other unexpected events," Zoellick said in his speech ahead of the G20 summit in London. Zoellick said new data from the World Bank showed that economic growth in developing countries would slow sharply to 2.1% in 2009, more than a 3 percentage point decline from the previous year. Growth would actually decline in Central and Eastern Europe, Central Asia, and Latin America and the Caribbean. An estimated 53 million more people would be trapped in poverty this year, subsisting on less than $1.25/day, because of the

[161] *Xinhua News Agency* (July 27, 2009), "Bangladesh urges LDCs to jointly claim G20 bailout fund."
[162] *Globe and Mail* (June 8, 2009), "Poor nations desperate for cash: World Bank."
[163] *Los Angeles Times* (May 23, 2009), "Obama's IMF pledge meets congressional resistance."

crisis. The world economy would contract by 1.7% this year compared to growth of 1.9% in 2008 — the first global decline since World War II. Global trade in goods and services would fall 6% this year, the largest decline in 80 years. Poor people in developing countries had far less of a cushion to protect them against the effects of the crisis. "In London, Washington, and Paris people talk of bonuses or no bonuses. In parts of Africa, South Asia, and Latin America, the struggle is for food or no food," Zoellick said. Citing World Bank initiatives in microfinance, infrastructure and bank capitalizations, Zoellick said it was important for governments, international institutions, civil society, and the private sector to mobilize resources and constantly innovate. As an example of the World Bank's latest innovation, Zoellick said he hoped the G20 would endorse a new $50 billion Global Trade Liquidity Program. The program combines a $1 billion investment from the World Bank with financing from governments and regional development banks. These public funds can be leveraged by a risk-sharing arrangement with major private sector partners. "G20 backing will help us gain more momentum, thereby increasing support," Zoellick said. "Isn't it time to institutionalize support for the most vulnerable during crises, especially those not of their own making?" said Zoellick, who has proposed that developed countries allocate 0.7% of their stimulus packages to a Vulnerability Fund for developing countries. "A commitment to put in place structures to support and fund safety nets for those most at risk would go a long way to show that this G-group will not endorse a two tier world — with summits for financial systems, and silence for the poor." "We have seen over the last six decades how markets can lift hundreds of millions of people out of poverty while expanding freedom. But we have also seen how unfettered greed and recklessness can squander those very gains." "For the 21st Century, we need market economies with a human face. Human market economies must recognize their responsibility to the individual and society."[164] (April 9, 2009, *US Fed News*)

IFI Reform

Saudi Arabia has backed plans to increase the voice of emerging economies in the IMF, but does not want to reduce its own voting rights. The U.S. is pressing for the G20 to agree on the issue of giving emerging market countries greater voting power in the IMF. The matter was raised at the G20 finance ministerial on September 4-5 and will be followed up at the Pittsburgh SUmmit. There are wide differences among the IMF's 186 members over how much more voting power emerging economies ought to receive and at which countries' expense. Some have said the U.S. is suggesting a 5% shift in IMF quotas. European sources say they would prefer to see the shift come from overrepresented countries to all underrepresented countries, no matter whether the member is a developed or a developing country. The sources gave examples, including Spain, which they said was underrepresented, and Saudi Arabia, which they said was overrepresented. "There are proposals from several countries. One of the proposals is to recalculate the quotas of the countries to reflect the changes in the world economy by giving countries whose participation in the international economy has grown, a larger quota at the expense of countries whose quota will be reduced," Saudi finance minister

[164] *US Fed News* (April 9, 2009), "Crisis Hurting Developing World, G20 Must Restore Confidence-Zoellick."

Ibrahim Abdulaziz al-Assaf said. "This should not be at the expense of other emerging and developing countries. It should come from the share of developed countries that are overrepresented. This is the position of the Kingdom of Saudi Arabia, and … the position of many members of the IMF … With regard to the Saudi position specifically, it is that this does not affect the quota or capital of the kingdom in the IMF." Al-Assaf said Saudi Arabia's position as a major player in international oil markets means it should retain its weight in the IMF. "The reason is that the kingdom is an important player in the world economy, given the impact of developments in the oil market on the world economy at large … For these reasons, we see and affirm that the kingdom's quota should not be affected in any of these changes."[165] (September 4, 2009, *Reuters News*)

China and the U.S. are working together to make international financial institutions more responsive to developing countries. "Both countries agree to work together to reform international financial institutions in order to ensure they are responsive to the needs of developing countries, and strengthen their capacity to prevent and respond to future crises," according to a fact sheet released by the U.S.-China Strategic and Economic Dialogue Economic Track. China and the United States held their first strategic and economic dialogue in Washington from July 27 to 28. The strategic track was chaired by Chinese state councillor Dai Bingguo and U.S. secretary of state Hillary Clinton, while its economic track was chaired by vice premier Wang Qishan and treasury secretary Timothy Geithner, as special representatives of their respective presidents. To strengthen the effectiveness and legitimacy of the international financial institutions, both countries agreed on enhancing their governance and ensuring it fully reflects changes in the world economy. "In this regard, emerging and developing economies, including China, should have greater voice and representation," said the fact sheet. On reforming international financial institutions, both countries agreed on improving their governance structure, enhancing their financial capacity and strengthening policy surveillance in the IMF's areas of core competency. Both countries said they were committed to working together constructively and cooperatively, in this economic dialogue and the G20 as well as other multilateral institutions and forums. Both vowed they would take steps to fully implement the consensus reached in the previous two G20 summits and work together to ensure the upcoming Pittsburgh Summit will deliver concrete, positive results. The U.S. and China said they shared an interest in the IMF undertaking strong, even-handed and independent multilateral and bilateral surveillance. Both nations agreed that the multilateral development banks (MDBs) should have the right tools in place to help their members, especially the poorest, successfully promote sustainable poverty reduction and economic growth. Both countries maintained that MDB support should be based on a country-driven approach and include both financial and technical assistance to help build capacity for the attainment of Millennium Development Goals (MDGs).[166] (August 6, 2009, *Xinhua News Agency*)

Chinese foreign minister Yang Jiechi said Beijing believed giving developing countries more weight in global financial bodies would be a key element of the G20 summit in

[165] *Reuters News* (September 4, 2009), "Saudi says IMF reforms should not be at its expense."
[166] *Xinhua News Agency* (August 6, 2009), "China, US agree on reforming international financial bodies – statement."

Pittsburgh in September. "We believe the focus of this meeting to come is to further revamp the international financial institutions so developing countries have a bigger say and better representation at international financial organisations … More help especially in trade finance should be given to developing countries so that they will be able to combat the bad impact of the financial crisis."[167] (July 22, 2009, *Reuters News*)

Iran

Germany and France reinforced a call for Iran to respond to concerns about its nuclear program in September or face tougher sanctions, and said they wanted wide international agreement on those measures. German chancellor Angela Merkel pointed to the G8's agreement in July to reevaluate their position on Iran at the G20 summit in late September. "Initiatives must be taken during the month of September which take account of Iran's will or otherwise to cooperate," French president Nicolas Sarkozy said after meeting Merkel. If it does not, he said, "Germany and France will be united in calling for a strengthening of sanctions." "Iran should know that we mean this very seriously," Merkel said. Tehran "must not again let the deadline elapse at will." "I don't want to say anything about details now because that makes no sense — we must try to set these sanctions on the widest possible basis," she said. Sarkozy said that "there are many ideas" for further sanctions — "on just one condition, that it be the whole of the international community that is convinced of the necessity of sanctions." He said, "That is where the problem is. It is on that front that Ms. Merkel and I are going to work a lot." Merkel's government said earlier that officials from the six countries trying to address concerns about Iran's nuclear program (the U.S., France, Britain, Russia, China and Germany) would meet near Frankfurt at the beginning of September. It said the meeting would involve political directors — foreign ministry officials below ministerial level. Sarkozy said he backs U.S. president Barack Obama's efforts to reach out to Iran. However, "this hand cannot remain outstretched indefinitely to leaders who do not respond," he said.[168] (August 31, 2009, *Associated Press Newswires*)

The G20 Pittsburgh Summit will give leaders a chance to return to detailed examination of the Iranian problem, said Claude Guéant, secretary general of the French presidential administration. "It's very difficult to understand now what is going on in Iran in real fact. We don't know whether we witness deep-rooted changes, or whether this is some sort of struggle between various groupings for power. Or whether there is, indeed, a powerful popular movement in Iran," admitted the French president's closest aide. "Nevertheless, we should not forget that these inside problems conceal the main one: Iran's relations with the outside world as well as the problem of the country's military nuclear programme and the problem of Iran's support for movements, interfering with establishment of peace in the region." Guéant did not deny there is a chance that Nicolas Sarkozy would make important statements on Iran at the UN General Assembly in September and at the Pittsburgh G20 Summit. Guéant noted in this connection that

[167] *Reuters News* (July 22, 2009), "China:Next G20 meet eyes revamp of intl financial bodies."
[168] *Associated Press Newswires* (August 31, 2009), "Germany, France reinforce demand that Iran cooperate on nuclear issue or face more sanctions."

France constantly demands that Iran should observe human rights.[169] (July 19, 2009, *ITAR-TASS World Service*)

3. Participants

Singapore's finance minister, Tharman Shanmugaratnam, attended the G20 finance ministers meeting on September 4-5. Singapore was invited to participate as it holds the chair of the Asia Pacific Economic Cooperation (APEC) for 2009.[170] (September 3, 2009, *Channel NewsAsia*)

Thai prime minister Abhisit Vejjajiva will participate in the Pittsburgh G20 Summit. Vejjajiva will travel to the U.S. on 21 September. He will participate in the UN General Assembly (UNGA) as the chair of the Association of South East Asian Nations (ASEAN) to report on the region's internal issues, attend the G20 summit and arrange a show to publicize Thailand in New York.[171] (August 26, 2009, *Thai News Service*)

The Netherlands will participate in the G20 Pittsburgh Summit. Prime minister Jan Peter Balkenende accepted the invitation during his visit to U.S. president Barrack Obama. The Pittsburgh Summit will be the third G20 gathering in which the Netherlands will take part. Obama explained his invitation to the Netherlands by saying that it "is one of the world's largest economies and most active internationally." He added that Balkenende's international expertise and experience can contribute to a successful outcome in Pittsburgh.[172] (July 16, 2009, *States News Service*)

The United States has invited Spain and the Netherlands to take part in the G20 Pittsburgh September in September.[173] (July 16, 2009, *Agence France Presse*)

Saudi Arabian finance minister Ibrahim al-Assaf said his country hopes to gain more influence in the global financial system as it builds oil output capacity despite the global recession and amid possible revisions of IMF quotas. With its cash cushion and as oil prices recover to above $60 a barrel, Saudi Arabia is positioned to take a bigger role in the global financial scene as industrialised economies suffer from the worst economic crisis since the 1930s. The IMF is negotiating a quota increase under which big emerging market economies are expected to have greater voting power to reflect their rising clout in the global economy. "The quota will be reviewed," said Assaf. "We do not know what the outcome will be. There are so many demands in this. Each country thinks it has more legitimate right to increase its quota." Countries are expected to tie new financial contributions with demands for greater say in the decision-making process at the IMF board. Saudi Arabia now contributes 3.21% of total IMF capital through its quota and has 3.16% of the total votes, according to the IMF website. "We have been active in the

[169] *ITAR-TASS World Service* (July 19, 2009), "G20 summit in US to give chance to West to return to Iran problem."
[170] *Channel NewsAsia* (September 3, 2009), "Finance Minister Tharman to attend G20 meeting in London."
[171] *Thai News Service* (August 26, 2009), "Thailand: Thai PM to visit USA on 21-27 September."
[172] *States News Service* (July 16, 2009), "Balkenende Accepts Obama's Invitation to G20 Summit."
[173] *Agence France Presse* (July 16, 2009), "US invites Spain to G20."

international financial institutions but we will be even more active. We will be more dominant … We have been proactive. With more resources behind us we will be even more influential in the global financial structure." Saudi Arabia is continuing to invest in upstream and downstream oil projects despite its large excess capacity at present, the minister added. "Not many countries or for that matter multinational companies are having any meaningful investments at this moment … Come the time when the world economy picks up, we will be ready for that and we will be one of the few countries that can provide the world with the needed supply of oil."[174] (June 1, 2009, *Manila Standard*)

Finnish prime minister Matti Vanhanen said that the Nordic countries "should have a place" in the G20. Vanhanen put forward the initiative at a meeting of the governments of Finland and Sweden. "Depending on how it is calculated, we would figure among the 15 biggest players." The Nordic G20 alliance would include Finland, Sweden, Denmark, Norway and Iceland.[175] (May 16, 2009, *BBC News*)

Spain should be part of the G20 group as it is one of the world's 20 biggest economies, French president Nicolas Sarkozy said. He "considers it totally unfair" that Spain is not a full member of the G20. Spanish prime minister José Luis Zapatero repeatedly has called for Spain to become a member of the G20. Spain has been to both G20 summits, but so far has not been invited to the third.[176] (April 28, 2009, *Dow Jones Newswire*)

Official List of Participants from the London Summit, April 1-2, 2009

- Argentine Republic: Cristina Fernandez de Kirchner, president
- Australia: Kevin Rudd, prime minister
- Federative Republic of Brazil: Luiz Inácio Lula da Silva, president
- Canada: Stephen Harper, prime minister
- People's Republic of China: Hu Jintao, president
- European Commission: José Manuel Barroso, president
- European Council: Mirek Topolànek, president (and prime minister of the Czech Republic)
- French Republic: Nicolas Sarkozy, president
- Federal Republic of Germany: Angela Merkel, chancellor
- Republic of India: Manmohan Singh, prime minister
- Republic of Indonesia: H. Susilo Bambang Yudhoyono, president
- Republic of Italy: Silvio Berlusconi, prime minister
- Japan: Taro Aso, prime minister
- Republic of Korea: Lee Myung-bak, president
- United Mexican States: Felipe Calderón Hinojosa, president
- Kingdom of the Netherlands: Jan Peter Balkenende, prime minister
- Russian Federation: Dmitry A. Medvedev, president
- Kingdom of Saudi Arabia: King Abdullah bin Abdul Aziz Al Saud
- Republic of South Africa: Kgalema Motlanthe, president

[174] *Manila Standard* (June 1, 2009), "Arroyo confident on economic growth."
[175] *BBC News* (May 16, 2009), "Finish government calls for Nordic membership in G20."
[176] *Dow Jones Newswire* (April 28, 2009), "Sarkozy: Spain Should Be Part of G20 Group."

- Kingdom of Spain: José Luis Rodríguez Zapatero, prime minister
- Republic of Turkey: Recep Tayyip Erdogan, prime minister
- United Kingdom: Gordon Brown, prime minister
- United States of America: Barack Obama, president
- Association of Southeast Asian Nations (ASEAN): Abhisit Vejjajiva, chair (and prime minister of Thailand)
- Financial Stability Forum: Mario Draghi, chair (and governor of the Bank of Italy)
- International Monetary Fund: Dominique Strauss-Kahn, managing director
- New Partnership for Africa's Development (NEPAD): Meles Zenawi, chair (and prime minister of Ethiopia)
- United Nations: Ban Ki-moon, secretary general
- World Bank: Robert Zoellick, president
- World Trade Organization: Pascal Lamy, director general[177] (March 30, 2009, *London Summit 2009 website*)

4. Implementation and Preparations

Implementation

At the London G20 summit in April, leaders pledged that total fiscal expansion would amount to $5 trillion by the end of 2010, raising output by 4%. The IMF estimates that the countries will meet this commitment. The G20 also agreed to reform international financial institutions to better reflect the current world order. Some changes have taken place, with the FSF being transformed into the now FSB. However, in terms of IMF and World Bank reform, leaders continue to work on the issue. The U.S. has proposed a 5% shift in voting power of underrepresented emerging markets. The G20 leaders in April repeated their pledge from November to refrain from raising new barriers to trade, imposing new export restrictions or taking measures to stimulate exports inconsistent with international trade rules. WTO director-general Pascal Lamy said in July there had been no outbreak of "high-intensity protectionism" but countries had not dismantled economic barriers raised in the downturn, which was far from over, and there was a risk of a rash of trade disputes as a result. Some argue that new cases show the global trade system is working well to handle disputes despite the crisis. The WTO recently laid out the sanctions Brazil can impose over U.S. cotton subsidies, cleared the way for Japanese sanctions against the United States over anti-dumping measures and ruled against China's regime for importing and distributing audiovisual material. The April summit also promised to aim for a deal in the Doha round, but did not set a deadline. The G8 summit in L'Aquila in July called for a Doha deal in 2010. Trade ministers at the August OECD meeting in Paris said they wanted to make concrete progress on Doha before September's G20 in Pittsburgh. G20 leaders pledged in April to boost IMF resources by another $500 billion and sell IMF gold to raise money for the poorest countries. Most of the money has been raised, with Russia, China and Brazil agreeing to contribute through IMF note

[177] *London Summit 2009 website* (March 30, 2009), "Media Handbook." Accessed 30 March 2009. <www.londonsummit.gov.uk/resources/en/PDF/media-handbook-260309>

purchases. EU member countries said they had agreed to increase the bloc's contribution to IMF funds to €125 billion (from €75 billion pledged in March). The U.S. Congress has endorsed the gold sale, allowing the IMF to move ahead with plans to sell it within a new European Central Bank gold agreement struck in August. The G20 agreed in April to provide $250 billion worth of IMF special drawing rights (SDRs) to all 186 member countries to boost global liquidity. The allocation became effective on August 28. Emerging and developing countries received almost $100 billion in SDRs, of which close to $18 billion went to poor countries. U.S. The Major Economies Forum agreed finance ministers should report back on climate finance at the Pittsburgh Summit. Several developing countries have questioned whether the G20 is the right forum for such a discussion, and so it remains to be seen what will emerge on this front.[178] (September 3, 2009, *Reuters News*)

As promised at the London Summit in April, the G20 has implemented fiscal measures to boost demand rapidly. The IMF has said that discretionary fiscal stimulus in the G20 amounts to around the desired 2.0% of GDP in 2009 and 1.5% in 2010. The G20 has taken monetary policy steps where appropriate. Major central banks have slashed interest rates, some of them to close to zero. The U.S. Federal Reserve and the Bank of England used quantitative easing to inject money into the economy, such as buying debt. The European Central Bank (ECB) has announced €60 billion worth of a different form of such easing in its plan to buy covered bonds. Central banks have cooperated in setting up swap lines to help each other's banks and those in emerging market economies get the foreign currency they need to avert crises. Many, however, are failing to resist protectionism and promote trade. A report by the WTO said governments are unfairly blocking trade in response to the global downturn, pinching auto and steel exports, and hurting wealthy economies most. In the report, WTO director general Pascal Lamy described the global economy as "fragile" and said that rich countries would see exports slide 14% this year due to the slump. The U.S. is still under scrutiny by its trading partners about elements of its widely criticized "Buy American' clause as a condition for some of the government's support packages despite Barack Obama forcing Congress to water it down. China has also come under attack for a similar "Buy China" policy, which forms part of its stimulus package. The EU and U.S. also launched a WTO case last month against Beijing over Chinese export restrictions on key industrial raw materials. Washington was singled out in a recent EU protectionism report over aid given to its auto sector which Brussels says may distort trade. The outbreak of H1N1 influenza was used by many countries as a reason to block imports of pork from affected countries such as the U.S., although health officials said there was no danger of catching the disease from meat. On the plus side, the U.S. and EU settled a long-standing row over hormone-treated beef, and said they would try to resolve other trade disputes amicably. Trade ministers at last month's OECD meeting said they wanted to make concrete progress on Doha before the September Pittsburgh Summit. The G20 in April also promised at least $250 billion over the next two years to support trade finance, but so far there are no reports of that money being mobilized. There are now individual jurisdictions drafting rules to put G20 regulatory pledges from April into action and the EU is adopting a draft law to regulate

[178] *Reuters News* (September 3, 2009), "SCORECARD-How is G20 doing on pledges from London summit?"

hedge funds over a certain size. The EU has started to look into implementing a greater standardization of OTC credit derivatives and central clearing of contracts. The U.S. plans to push more trading onto an exchange. The IASB is fast tracking revision of its fair value rule, with key parts in force by deadline. The countries want consideration of banks being asked to retain some of the securitized products they sell by 2010. The EU has adopted a law mandating retention of 5%, with the U.S. is considering a similar move. The G20 also called for supervision of systemic risk at local and international levels. EU leaders have agreed to set up a European Systemic Risk Board, with European Central Bank playing a key role. The Federal Reserve is earmarked to play similar core role in new U.S. set up. A college of supervisors has been set up. So far, it looks like there is little that has been or will be done in the way of "green stimulus" as well.[179] (July 2, 2009, *Reuters News*)

The FSB had its first meeting in Basel on 26-27 June. It was the first meeting since the Financial Stability Forum (FSF) was re-established as the FSB with an expanded membership and a broader mandate to promote financial stability. The FSB's mandate is to assess vulnerabilities affecting the financial system; identify and oversee action needed to address them; promote coordination and information exchange among authorities responsible for financial stability; monitor and advise on market developments and their implications for regulatory policy; advise on and monitor best practice in meeting regulatory standards; undertake joint strategic reviews of the policy development work of the international standards setting bodies; set guidelines for and support the establishment of supervisory colleges; manage contingency planning for cross-border crisis management; and collaborate with the IMF to conduct early warning exercises. The FSB set up the internal structures needed to fulfill this mandate. It also discussed risks and challenges facing financial systems and progress in implementing prior FSF/FSB and G20 recommendations. The new structures of the FSB include, in addition to the FSB Plenary, a steering committee and three standing committees — for vulnerabilities assessment, supervisory and regulatory cooperation, and standards implementation. The steering committee will be chaired by the FSB chair and will provide operational guidance between plenary meetings to carry forward the directions of the FSB. The Standing Committee for Vulnerabilities Assessment will monitor vulnerabilities in the financial system and propose to the FSB actions needed to saddress them. Its findings will be the basis for the FSB's vulnerabilities deliberations, and will provide input for the early warning exercises. It will be chaired by Jaime Caruana, BIS general manager. The Standing Committee for Supervisory and Regulatory Cooperation will address coordination issues that arise among supervisors and regulators, and will raise any need for relevant policy development. It will set guidelines for and oversee the establishment and effective functioning of supervisory colleges, and will advise on best practice in meeting regulatory standards with a view to ensure consistency, cooperation and a level playing field across jurisdictions. It will maintain a link with work on contingency planning for cross-border crisis management at major financial institutions and advise on crisis management issues more broadly. Adair Turner, chair of the UK financial services authority, will chair the committee. The Standing Committee for Standards Implementation will prepare the FSB's planned peer reviews of its members, which are

[179] *Reuters News* (July 2, 2009), "SCORECARD-How is G20 doing on pledge from London summit?"

an obligation of membership, and will report on members' commitments and progress in implementing international financial standards and other initiatives. The committee will also propose a framework and discuss progress in strengthening adherence to prudential regulatory and supervisory standards by relevant jurisdictions. Tiff Macklem, associate deputy minister of Canada's Department of Finance, will chair. To take forward earlier FSF work on cross-border crisis management, the FSB also established a Cross-Border Crisis Management Working Group under the Standing Committee for Supervisory and Regulatory Cooperation. The working group, chaired by Paul Tucker, deputy governor of the Bank of England, will work to provide a framework to implement the FSF Principles for Cross-Border Cooperation on Crisis Management. The FSB noted signs of improvement in the global macroeconomic outlook and in some financial markets, especially funding markets. Banks have raised capital from the private sector, but the process of restructuring and strengthening bank balance sheets is not yet completed. Corporate bond markets continue to see strong primary issuance, but other credit channels, including bank lending and securitization, must be strengthened in order to support a sustained recovery. It will thus be important for authorities to follow through in implementing policies to resolve problems in financial systems and strengthen systemic resilience, so that the recent positive signs can be translated into sustainable growth. The FSB agreed on the need to develop and consult with each other on plans for exit strategies from the financial system policies put in place in response to the crisis, although these should only be implemented once conditions are suitable. FSB members shared experiences with regulatory stress tests performed recently or planned for their financial sectors. While the formats and objectives of these tests have necessarily varied in response to local conditions and challenges, they are proving to be effective tools for assessing resilience of institutions and the financial system. Members agreed to continue exchanging information on the assumptions and methodologies used in formulating and implementing the tests. The FSB took stock of progress in implementing FSF/FSB and G20 recommendations. These include work on strengthening international accounting standards; developing a macro-prudential approach to financial supervision and regulation; reviewing the scope of financial regulation, including oversight for hedge funds and credit rating agencies (CRAs); enhancing adherence to international supervisory and regulatory standards; supervisory colleges; cross-border crisis management; and sound compensation practices. The FSB welcomed the significant progress made since April and encouraged continued efforts to meet the objectives of strengthening financial systems. It has reviewed progress in developing tools to adopt a macro-prudential approach to regulation and supervision. In particular, the BCBS will make an integrated proposal to strengthen the capital and liquidity regime by the end of 2009, which will include requirements to address procyclicality and systemic risk. They welcomed the publication by the International Organization of Securities Commissions (IOSCO) of Principles for Hedge Funds Regulation, and work by the Joint Forum on hedge funds oversight from a prudential and financial stability perspective. The FSB stressed the need for coherent national implementation. The FSB welcomed the IOSCO work to develop recommendations on regulatory approaches to securitization and credit default swap markets. It looked forward to publication of the final IOSCO report in September 2009. National and regional initiatives are ongoing to strengthen oversight of CRAs. The FSB will continue to work to ensure a globally consistent approach to oversight and regulation of CRAs, together with its members. The FSB looked forward to the outcome later this year of work by the joint forum to analyze regulatory gaps and propose solutions, in order to ensure that the nature and scope of regulation across banking, insurance and securities markets are appropriate and consistent. The FSB discussed a mechanism to promote a race to the top in implementation of international supervisory and regulatory standards. It will develop the details in the design of this program ahead of the Pittsburgh Summit. The FSB welcomed the Core Principles for Effective Deposit Insurance Systems recently issued by the International Association of Deposit Insurers (IADI) and the BCBS. Work is underway between IADI and the IMF and World Bank to develop an assessment methodology for these principles. They welcomed national initiatives and work by the BCBS and IOSCO to incorporate the FSF Principles for Sound Compensation Practices in their supervisory and disclosure guidance, and stressed the need for consistent implementation across jurisdictions. The FSB will continue to monitor progress in implementing the G20 London Summit recommendations and provide a report to the G20 finance ministers and central bank governors meeting in November 2009. It will also report on progress to the G20 ministers and governors and to the Pittsburgh Summit in September 2009.[180] (June 30, 2009, *Daily The Pak Banker*)

The FSB held its inaugural meeting on June 26-27 and reviewed progress on regulatory pledges made in April by the G20. The FSB was set up by the G20 to oversee stability of the financial system and ensure that regulatory principles agreed globally are applied consistently in each country. FSB chair Mario Draghi said significant progress has been made since April and many initiatives will be in place by year end. Progress so far on key G20 pledges has included: simplifying accounting rules by the end of 2009; strengthening bank capital and liquidity rules; the registration and supervision of hedge funds and credit rating agencies; regulatory approaches to supervising securitization and credit default swaps; devising a mechanism to ensure a "race to the top" in international supervisory and regulatory standards; and setting up a college of supervisors.[181] (June 27, 2009, *Reuters News*)

French president Nicolas Sarkozy said a renewed financial system should reward entrepreneurs and that it was up to the G20 to follow up on the decisions they took in Washington and London in recent months. "Everything has to be reviewed," he insisted, including "prudential oversight of banks, regulation of hedge funds, accounting rules and remuneration methods" — all steps advocated by the G20. Sarkozy's comments were echoed by Brazilian president Luiz Inacio Lula da Silva as well.[182] (June 15, 2009, *MSN News*)

At the beginning of June, U.S. president Barack Obama and UK prime minister Gordon Brown spoke over the phone about change to financial institutions and the upcoming G8 and G20 summits.[183] (June 5, 2009, *Associated Press Newswires*)

[180] *Daily The Pak Banker* (June 30, 2009), "Financial Stability Board holds inaugural meeting in Basel."
[181] *Reuters News* (June 27, 2009), "FSB reviews G20 market regulation pledges."
[182] *MSN News* (June 15, 2009), "French president demands stronger role for UN labour agency."
[183] *Associated Press Newswires* (June 5, 2009), "Obama, Brown speak by telephone, plan to meet Saturday at D-Day event."

With regard to implementing commitments made at the April London Summit, the results have been called "middle of the road." In some areas, members have taken steps forward, but in others they have been less successful. The IMF has said that almost all G20 countries have implemented the appropriate 2.0% of GDP for stimulus. Most central banks have slashed their interest rates, with some very near zero. However, many of the G20 countries continue to fail to meet their anti-protectionist pledges. The Doha round remains at a standstill. And so far there are no reports of the $250 billion for trade finance being mobilized. On the plus side, individual jurisdictions are drafting rules to put G20 regulatory pledges into action. The EU is adopting a draft law on the regulation of hedge funds. The United States and the EU have both taken steps to standardize over-the-counter credit derivatives and central clearing of contracts and colleges of supervisors are to be all to be in place by the end of June.[184] (June 5, 2009, *Reuters News*)

The EU and China reiterated their desire to adhere to the conclusions of the G20 London Summit, particularly highlighting the message that economic openness is vital to recover from the financial and economic crisis.[185] (May 18, 2009, *Main Report*)

The Basel Committee of Banking Supervision will come up with a revision for the Basel II standards within the year. "As the G20 called for revising the Basel II standards, the discussion for modifying the standard is going on at the committee," said William Coen, deputy secretary general. During the April summit, participants called for revision of the new accord, so that it allows banks to capitalize about 8% standard BIS ratio during good times in preparation for hard times to come. "We are working on developing indicators to decide when a good time or bad time is, including GDP and banks loan assets."[186] (May 15, 2009, *Korea Herald*)

The BIS, ECB and IMF jointly released the first part of the *Handbook on Securities Statistics,* which covers debt securities issues. The handbook is the first publication of its kind dealing exclusively with the conceptual framework for the compilation and presentation of securities statistics. As such, it directly addresses a recommendation of one of the G20 working groups concerning the need to fill data gaps and strengthen data collection.[187] (May 15, 2009, *The Asian Banker Interactive*)

"For economic reasons, and confidence-building reasons, we need all these countries — including Canada — to fulfil their commitments," Canadian finance minister Jim Flaherty said. "We need it to happen rapidly because we're in a time where there are some hopeful indicators but we want to keep those indicators improving and multiplying. This has been a good part of the conversation here this weekend — the need for rapid implementation of what has been decided already. A number of G7 and G20 members continued to "reaffirm their intentions" to move forward with their stimulus initiatives,

[184] *Reuters News* (June 5, 2009), "SCORECARD-How is G20 doing on pledges from London summit."

[185] *The Main Report* (May 18, 2009), "EU and China call for Doha deal."
[186] *The Korea Herald* (May 15, 2009), "Revised Basel II to come out this year."
[187] *The Asian Banker Interactive* (May 15, 2009), "BIS, ECB, IMF public Handbook on Securities Statistics."

but the need for fast action was repeatedly stressed during the April 24 meetings.[188] (April 26, 2009, Ottawa Citizen)

U.S. treasury secretary Geithner noted that at the G20 summit in London, the countries agreed to "taking whatever action is necessary to restore trend growth and deliver the scale of sustained effort necessary to do so." The U.S. is now asking the "IMF to provide a comprehensive report to its membership and the G20 in June, assessing the progress being made and whether further pressures are needed."[189] (April 25, 2009, *Agence France Presse*)

The heads of the major French banks have pledged to implement the initiatives undertaken by the G20 in London and to introduce new measures for further economic growth.[190] (April 13, 2009, *Global Banking News*)

Preparatory Meetings

- October 11, 2008: G20 Finance Ministers and Central Bank Governors Meeting (Washington, DC)
- November 8-9, 2008: G20 Finance Ministers and Central Bank Governors Meeting (Sao Paulo, Brazil)
- November 14-15, 2008: G20 Leaders Summit (Washington, DC)
- April 24, 2009: G20 Finance Ministers and Central Bank Governors Meeting (Washington)
- June 12-13, 2009: G8 Finance Ministers and Central Bank Governors Meeting (Lecce, Italy)
- September 4-5, 2009: G20 Finance Ministers and Central Bank Governors Meeting
- September 24-25, 2009: G20 Leaders Summit (Pittsburgh, Pennsylvania)
- November 7-8, 2009: G20 Finance Ministers and Central Bank Governors Meeting (Scotland)

Preparations

German chancellor Angela Merkel was planning to meet with British prime minister Gordon Brown in Berlin to discuss preparations for the G20 Pittsburgh Summit. The two will likely discuss moves to overhaul the global financial system.[191] (September 6, 2009, *Xinhua News Agency*)

EU leaders will hold a special summit to prepare for the G20 Pittsburgh Summit. "It is my intention to call an extraordinary summit on the evening of September 17" in Brussels, said Swedish prime minister Fredrik Reinfeldt, whose country currently holds the EU's rotating presidency. "I hope the Pittsburgh Summit will inject political energy

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188 *Ottawa Citizen* (April 26, 2009), "'Rapid implementation' of stimulus needed for recovery: Flaherty: Finance minister issues warning at key G7, G20 meetings."
189 *Agence France Presse* (April 25, 2009), "IMF needs money mow to help countries in crisis: US."
190 *Global Banking News* (April 13, 2009), "French Banks pledge to abide by G20 accords."
191 *Xinhua News Agency* (September 6, 2009), "Merkel to meet Brown on preparation for G20 summit."

into the international climate negotiations … Overall, the G20 summit will give us an important opportunity to discuss and coordinate among G20 continued responses to the economic and financial crisis — and to the important issue of climate financing … All these questions and proposals needs to be discussed among EU's heads of state and government before Pittsburgh, so that the EU can have a common and strong position at the G20 summit and speak with one voice." France and Germany had already said that they want the EU to agree on a common position ahead of the G20 summit.[192] (September 4, 2009, *Agence France Presse*)

The EU is set to hold an extraordinary summit in Brussels in September to coordinate its position ahead of the G20 summit in Pittsburgh. It will confirm whether or not the summit will take place at the beginning of September.[193] (August 27, 2009, *Europolitics*)

The September G20 finance ministers meeting will likely focus on progress that had been made on the decisions of the previous summit, rather than on any new proposals. It is also likely that Brazil, Russia, India and China will once again issue a separate communiqué after their representatives meet during the meeting. The BRIC countries issued their first ever communiqué at the March G20 finance ministers' meeting in Horsham, England. Then they called on international financial agencies to step up lending to compensate for the flight of private capital.[194] (August 25, 2009, *Reuters News*)

The Bank of Korea has announced that it has established a "G20 work team."' The bank has expanded its G20-related team in preparation for potential summit Korea could chair in April 2010 and the G20 finance ministers and central bank governors meeting that it will chair. A newly formed team is also aimed at preparing for the third G20 summit in Pittsburgh. A bank official stated, "As the central bank of the next chair, we have set up a new team to successfully host a meeting in cooperation with a 'G20 planning team' at the Ministry of Strategy and Finance, and to sufficiently reflect South Korea's stances in an international decision-making."[195] (August 25, 2009, *Maeil Business Newspaper*)

Sarath Amunugama, minister of public administration, home affairs and deputy finance minister for Sri Lanka will be present at a high-ranking meeting in London on the global economic crisis. The conference has been organized by the British government, with selected developing countries participating. At this meeting the role of the IMF and its assistance to developing nations is to be discussed. This meeting is taking place before the G20 finance ministers meet in London in September.[196] (August 17, 2009, *Sri Lankan Government News*)

Mexican president Felipe Calderon visited President Lula in Brazil on August 15-17. The two leaders discussed a large number of initiatives, including the upcoming G20. In

[192] *Agence France Presse* (September 4, 2009), "EU summit on Sept 17 to prepare for next G20 meet: Swedish PM."
[193] *Europolitics* (August 27, 2009), "Financial Crisis: EU May Hold Pre-G20 Summit Ahead of Rift Over Bankers' Pay."
[194] *Reuters News* (August 25, 2009), "No plans for new currency discussion at G20-Russia."
[195] *Maeil Business Newspaper* (August 25, 2009), "S. Korean Central Bank Sets up G20 Work Team."
[196] *Sri Lankan Government News* (August 17, 2009), "Sri Lanka's Deputy Finance Minister Amunugama to Attend Top Level London Meeting."

particular, they stressed their shared aim of deepening their collaboration with the G20 to ensure a global response to the economic crisis that will stress the priorities of fair, sustainable development and protect the most vulnerable, as well as a fair, inclusive reform of international financial institutions.[197] (August 17, 2009, *States News Service*)

Finance ministers from across Africa gathered in Sierra Leone to discuss the global economic crisis and hold talks with a team from the G20. According to Sierra Leone finance minister Samura Kamara, 37 finance ministers and 40 central bank governors were expected.[198] (August 11, 2009, *Agence France Presse*)

U.S. president Barack Obama is planning to host Canadian prime minister Harper on September 16. "The President looks forward to discussing a broad range of bilateral, hemispheric, and global issues, including cooperation on economic recovery and trade, the upcoming G20 Summit," the White House said.[199] (August 7, 2009, *Agence France Presse*)

Bank of Canada governor Mark Carney and China's central bank chief Zhou Xiaochuan discussed the Pittsburgh G20 meeting at the beginning of August. The two governors also assessed their countries' respective fiscal and monetary stimulus policies and assess the state of the global economy and China's contribution to the recovery. Carney will be joined Canadian finance minister Jim Flaherty in Beijing and Shanghai from August 10 to 14, in which Flaherty will seek to open up new business opportunities for Canadian banks and insurance companies. Flaherty was also scheduled to meet with representatives of China's banking and insurance regulators.[200] (August 6, 2009, *Reuters News*)

On July 30-31, 2009, Chinese vice foreign minister He Yafei attended the first meeting of coordinators for G20 Pittsburgh Summit. The participating countries held in-depth discussions on such topics as the current world economic and financial situation and the future economic growth model, agreeing that they should strengthen the coordination and cooperation to help the summit achieve positive and pragmatic outcomes. He emphasized that the Pittsburgh Summit should continue to push all sides to strengthen the coordination of their macro economic policies and to boost the world economic recovery. He also urged the upcoming summit to implement actively the outcomes of the G20 London Summit, to speed up IFI reforms and to expand the representations of the emerging markets and developing countries. China hopes the Pittsburgh Summit will pay more attention to development issues and to boost the world economy to achieve long-term and sustained growth by promoting common development, said He.[201] (August 1, 2009, *States News Service*)

G20 finance ministers will hold a meeting in London on September 4-5, British Treasury officials said. Agenda items at the finance ministers' meeting may include global

[197] *States News Service* (August 17, 2009), "State Visit to Brazil By Mexican President Felipe Calderon."
[198] *Agence France Presse* (August 11, 2009), "African finance chiefs to meet on economic crisis."
[199] *Agence France Presse* (August 7, 2009), "Obama to host Canadian PM in September: White House."
[200] *Reuters News* (August 6, 2009), "Canada's Carney to meet China's Zhou ahead of G20."
[201] *States News Service* (August 1, 2009), "Vice Foreign Minister He Yafei Attends Meeting of Coordinators for G20 Pittsburgh Summit."

economic conditions and financial market developments, and how to finance measures to protect the environment ahead of a key UN climate change meeting in Copenhagen in December.[202] (July 13, 2009, *Jiji Press English News Service*)

The EU's Swedish presidency is planning a special summit of EU leaders in September ahead of the G20 summit in the United States. "It is likely that the summit will take place a few days before the G20," one diplomat said, with the aim being to prepare a common EU position for the economy talks. Another diplomat confirmed that Sweden was preparing a summit but wanted to be sure that "something substantial" would come out of it before making any announcement. The two previous G20 meetings, in November 2008 and April this year, were also preceded by extraordinary talks between EU leaders. Sweden has already penciled in a meeting of the G20 finance ministers for September 2 to prepare for the U.S. meeting.[203] (July 6, 2009, *Agence France Presse*)

Cooperation in the response to the global financial crisis and the reform of international financial institutions was among top items on the agenda of the BRIC (Brazil, Russia, India and China) summit in Yekaterinburg, Russia. "The Yekaterinburg summit will discuss the interaction of BRIC member countries in the response to the global financial and economic crisis, in particular at the G20, the prospective reform of international financial institutions, global energy and food security, prevention of climate change and assistance to international development ahead of the G8 Italian summit of July 8-10," Russian presidential aide Sergei Prikhodko said.[204] (June 14, 2009, *ITAR-TASS World Service*)

The June 12-13 G8 finance ministers' meeting in Lecce will focus on the degree to which commitments made by the G20 are actually being fulfilled. "If we can confirm that things are on track for the G20, that would be an achievement for this meeting," an official said. Frictions may arise over how G8 members should plot their eventual "exit strategy" from fiscal and monetary stimulus. Foreign exchange rates and monetary policy are not expected to be discussed. And divisions are apparently appearing between members in implementing the regulatory pledges made back in April. The G20 agreed to centrally clear credit default swaps, but the U.S. wants to go further and push trading in over-the-counter derivatives onto platforms, a step that Europe has yet to take and which threatens to fragment the global market.[205] (June 5, 2009, *Reuters News*)

There may be many reasons why China is strengthening its relationship with Brazil, but one clear objective is a desire to enhance its voice in the G20.[206] (May 21, 2009, *Nikkei Report*)

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[202] *Jiji Press English News Service* (July 13, 2009), "G20 Finance Chiefs to Meet in London Sept. 4-5."
[203] *Agence France Presse* (July 6, 2009), "EU summit planned before G20 meet: diplomats."
[204] *ITAR-TASS World Service* (June 14, 2009), "BRIC summit to focus on global crisis, reform of int'l financial institutinos."
[205] *Reuters News* (June 5, 2009), "PREVIEW-G8 crisis consensus may fade as economy recovers."
[206] *Nikkei Report* (May 21, 2009), "China Seeks Stronger Voice Among G20 in Forging Closer Ties With Brazil."

British chancellor of the exchequer Alistair Darling pledged to further strengthen ties between London and Beijing at a Britain-China summit taking place in May. He said the two countries had to do more to push forward an agreement reached at the London Summit. "We must do more to seize the shared opportunities to learn, trade and invest." The two countries' first goal had to be to agree on actions to support economic growth, adding that is was "imperative that we take forward the agreement reach at last month's London summit … Our joint determination to respond to the downturn must go hand in hand with efforts to expand the many links between our economies. So we must make progress in financial markets … Future prosperity must be environmentally sustainable," he added, saying Britain could provide some expertise on green energy technology to Beijing. "Finally, we must do more to enhance trade links … The potential for both nations is enormous. We must seize the opportunities."[207] (May 10, 2009, *Agence France Presse*)

G20 finance ministers came together on April 24 and declared they may have turned a corner in the fight against the economic crisis. The G20 discussed how their countries were progressing on their London commitments. The debate between U.S. and European officials over whether more fiscal stimulus is needed has lessened since the April 2 G20 summit, though the U.S. continue to say that other countries need to do their part to support a global recovery. The G20 still needs to come up with a post-crisis exit strategy to deal with the increasing debt being built up. And the IMF has received commitments totaling $325 billion, all from advanced countries that plan to contribute to the existing facility.[208] (April 26, 2009, *Dow Jones Capital Markets Report*)

Planning commission deputy chairman Montek Singh Ahluwalia will represent India at the G20 meeting of finance ministers and central bank governors in Washington on April 24, to follow-up on the decisions taken at the London summit.[209] (April 17, 2009, *The Press Trust of India Limited*)

U.S treasury secretary Timothy Geithner will host a G20 finance ministers meeting in Washington on April 24. The ministers will discuss how to use the new IMF resources, allocated by their leaders at the G20 summit in London on April 1-2, most effectively.[210] (April 13, 2009, *Reuters News*)

5. Site

Funding is coming together for security for the G20 summit. The White House has agreed to put $10 million up front, and the state of Pennsylvania will provide $6.3 million, including a $1.8 million in-kind contribution of state police officers. The total

207 *Agence France Presse* (May 10, 2009), "British finance minister pledges stronger economic ties with China."
208 *Dow Jones Capital Markets Report* (April 26, 2009), "Finance Leaders Hopeful On Econ; Little Progress On G20 Agenda."
209 *The Press Trust of India Limited* (April 17, 2009), "Montek to represent India at G20 Washington meet."
210 *Reuters News* (April 13, 2009), "US's Geithner to host G7, G20 meetings April 24."

cost to secure the economic summit is estimated at about $19 million. Valerie Jarrett, a senior advisor to President Obama, said that the administration had identified $10 million in the Department of Justice budget that can be used for the G20. The remaining $2.7 million is still going to rest on Pittsburgh and Allegheny County, but the federal government could help out there as well. "We'll have additional conversations about exactly how to do that, but those are certainly costs that we'll seek reimbursement for," Kevin Evanto of the G20 Partnership said. "I think there was agreement on the call that we would do that."[211] (August 15, 2009, *Pittsburgh Post-Gazette*)

When the G20 leaders arrive in Pittsburgh in September, they and their spouses will get a taste of its "green" buildings and arts venues. Barack Obama will host an event at the Phipps Conservatory and Botanical Gardens for the leaders, their spouses and representatives of the European Union. The event will be in a "green" building. Michelle Obama will host the spouses at Rosemont Farm, the suburban Pittsburgh home of Teresa Heinz, the wife of Senator John Kerry. They will also visit the Creative and Performing Arts School and the Andy Warhol Museum.[212] (August 3, 2009, *Associated Press Newswires*)

Pittsburgh will spend between $10 million and $20 million to clean up the city and provide security for the G20 summit in September. Mayor Luke Ravenstahl says he believes much of the cost will be reimbursed by the state and federal governments. He says the city is spending money already in its budget, just shifting the priorities to downtown. Officials plan to install economic recovery and "green"-themed art decals to cover about 30 vacant storefronts.[213] (July 23, 2009, *Associated Press Newswires*)

Law enforcement and security officials plan to form subcommittees to address specific security concerns for the G20 Pittsburgh Summit. Led by the Secret Service, which is in charge of security for the event, public safety officials from about 30 agencies gathered at the David L. Lawrence Convention Center, where the summit will be held. Pittsburgh police chief Nate Harper believes about 4,000 officers are needed for the event. The city has fewer than 900 police. The subcommittees will focus on specific concerns, such as threats that could be mounted from the city's three rivers. That group will likely be led by Coast Guard officials, for example.[214] (July 8, 2000, *Associated Press Newswires*)

Direct Energy Business has announced it plans to green the electricity usage of the city of Pittsburgh for both days of the G20 Summit by securing Green-e Energy certified Renewable Energy Credits (RECs), generated from renewable energy sources located in Pennsylvania and Texas.[215] (July 1, 2009, *Market Wire*)

U.S. police chief Nate Harper says he hopes to have more than 4,000 officers on hand for the September 24-25 G20 meeting. Since the city currently has 877 police officers,

[211] *Pittsburgh Post-Gazette* (August 15, 2009), "Funds Fall Into Place For Summit White House Kicks In $10 Million, State Will Provide $6.3 Million."
[212] *Associated Press Newswires* (August 3, 2009), "G20 leaders, spouses to get taste of Pittsburgh."
[213] *Associated Press Newswires* (July 23, 2009), "Pittsburgh to spend $10M to $20M for G20 summit."
[214] *Associated Press Newswires* (July 8, 2009), "Security officials meet about Pittsburgh G20."
[215] *Market Wire* (July 1, 2009), "Direct Energy Business: Pittsburgh To Be Green for G20 Summit."

security planners must draw from other law enforcement agencies. The Secret Service is coordinating the overall security, and Harper says help will be needed from dozens of cities in Pennsylvania and around the country. Pittsburgh officials also plan to seek help from state police in Maryland, New York and West Virginia, and state police currently plan to send about 400 troopers to the city. About 10,000 officers worked April's G20 summit in London.[216] (June 28, 2009, *Associated Press Newswires*)

Pittsburgh has launched a new website addressing G20 issues ahead of the September summit. The city's new website <www.pittsburghg20.org> provides information about the summit itself, such as what countries participate, and phone numbers for city staff involved in planning. Obama has said Pittsburgh was chosen to host the summit because the city has a story of economic recovery to tell at a time when the global economy is fighting through a harsh recession. The White House has also said Pittsburgh is using the new "green" economy to prosper and create jobs.[217] (June 16, 2009, *Associated Press Newswire*)

"At the conclusion of the meeting in London the [G20] had to make a decision about where the next summit would be," White House press secretary Robert Gibbs said. "Because a lot of people will be in our country for the U.N. General Assembly meeting, the President offered to host the next meeting; the group agreed with that, and we identified Pittsburgh as a good place to do that." "I think it's an area that has seen its share of economic woes in the past but because of foresight and investment is now renewed — giving birth to renewed industries that are creating the jobs of the future." "And I think the President believes it would be a good place to highlight some of that."[218] (June 4, 2009, *Charleston Gazette*)

The G20 will meet September 24-25, 2009 at the David L. Lawrence Convention Center in downtown Pittsburgh. The summit will assess how well their policies worked and what else must be done. Obama chose to host the summit in Pittsburgh because of the region's recovery since the steel industry's collapse, his press secretary said. "It's an area that has seen its share of economic woes in the past but, because of foresight and investment, is now giving birth to renewed industries that are creating the jobs of the future."[219] (June 1, 2009, *Daily Monitor*)

Unprecedented security preparations likely will transform the streets of downtown Pittsburgh during the G20. Mayor Luke Ravenstahl said he knows the G20 poses some security problems likely to be felt by Pittsburghers. "It will be an inconvenience in some ways," he said. "But it's an opportunity for the residents of this city to experience something they've never seen before." The federal government may designate the event as a "National Special Security Event," so the Secret Service would take the lead for planning security. "Our job is to be as unobtrusive as possible for people who live and work in Pittsburgh," said Special Agent Jim Mackin, an agency representative in

[216] *Associated Press Newswire* (June 28, 2009), "G20 meeting in PA. may require 4,000 officers."
[217] *Associated Press Newswire* (June 16, 2009), "Pittsburgh launches G20 Web site before hosting 19 world leaders for the September summit."
[218] *Charleston Gazette* (June 4, 2009), "Pittsburgh will be in world spotlight for G20 Summit."
[219] *Daily Monitor* (June 1, 2009), "World leaders come to Pittsburgh to assess global economic situation."

Washington DC. Much of the organizing will take place in the agency's Pittsburgh office, headed by Special Agent in Charge Jim Gehr. According to Michael Huss, Pittsburgh's public safety director, "the security for this event is similar to others. The basic principles are the same. It's just a lot more high profile and international. We will have a plan to deal with it." The city will have to make new purchases, including sizeable quantities of tear gas. Federal money will cover some of the costs of equipment and overtime pay for many officers. "Obviously our emergency operations center, county police and sheriff will all work with the federal government," said county spokesman Kevin Evanto. The task force has already worked on other major events, such as the 2006 baseball All-Star game. Local police have tested their crowd control skills after the recent Super Bowl. Authorities are also studying the G20 London Summit, when thousands of demonstrators clashed with some of the estimated 10,000 police assigned to the meeting. British police received heavy criticism for their handling of the protests, including the practice of "kettling," or keeping large groups of people confined in one area for hours at a time.[220] (May 31, 2009, *Pittsburgh Post-Gazette*)

The G20 leaders were originally planning to meet in New York in September 2009, but a gathering at the UN around the same time apparently made it imperative to find an alternative location. The meeting will take place on September 24-25. "The President and the White House have really been impressed with Pittsburgh in a couple of respects. One is the economic transformation of Pittsburgh — how we measure up in a global economy," said Yarone Zober, chief of staff for the mayor. "When we showed [the U.S. federal government] the convention center, they were very impressed with it." Zober says big blocks of rooms have already been reserved at all the major hotels to accommodate the thousands who will be part of the summit and the international media covering the event.[221] (May 28, 2009, *KDKA News*)

British tax payers will have to pay £500,000 bill for the G20 summit. A series of dinners added up to more than £66,000, with wine worth £6,000. It cost another £435,000 for officials, staff, security workers and interpreters.[222] (May 8, 2009, *Daily Star*)

Next Summit

The port city of Incheon on the west coast of South Korea is seeking to host the next G20 summit meeting. It will request the Korean government's cooperation to hold the meeting if the country is chosen as the next host country. A city official said that the Songdo region is an optimal venue with its cutting-edge convention facilities and proximity to Incheon International Airport.[223] (August 15, 2009, *KBS World News — English Edition*)

The next G20 summit will likely take place in Seoul in early 2010. A high government official said that "the international community has practically agreed to host the G20

[220] *Pittsburgh Post-Gazette* (May 31, 2009), "
[221] *KDKA News* (May 28, 2009), "Pittsburg To Host Next G20 Summit."G20 is Often a Magnet for Protests."
[222] *Daily Star* (May 8, 2009), "You Pay £500,000 for G20's Booze and Food."
[223] *KBS World News – English Edition* (August 15, 2009), "Incheon Seeks to Host G20 Summit."

summit next year in Seoul," adding "no other candidates have been raised except for Korea." Although no principles have yet been set for selecting a host city, diversifying the location is considered to be an important part of the decision-making process. A final decision on the next host city is expected to be confirmed in Pittsburgh this upcoming September. The Korean government is considering concrete plans to the status of the G20 summit when Seoul is confirmed as the next host city. "The G8, a small group of leading countries, has its limit in taking initiative roles to solve international problems. The G20 summit and the G8 must position themselves upgrade as a balanced partner in the international community," a government official explained.[224] (July 15, 2009, *Maeil Business Newspaper*)

6. Civil Society and Other G20 Related Activities

The G20 finance ministers will face concerted pressure to introduce a tax on financial transactions as a coalition of anti-poverty campaigners aim to force the issue onto the agenda. An unprecedented coalition of health charities and development campaigners will pressure the G20 in the wake of comments made by Financial Services Authority chairman, Adair Turner supporting a Tobin-style tax on foreign exchange transactions. Philippe Douste-Blazy, the former French foreign minister now the UN secretary general's special advisor on innovative financing for development, said: "I hope one head of state will propose this tax. I don't know who it will be. I think it's a good idea for two reasons. Firstly, this economic crisis is going to have serious consequences on developing countries. The price of commodities will fall because investment from western countries will decrease and aid commitments will not come through. And second, this is a crisis of ethics, a problem of cynicism with the system. We can't continue like this. We have to redefine the system." His intervention is crucial because he was the architect of a groundbreaking tax in France that skims a tiny sum from airline ticket sales to buy cheap medicines for those suffering from AIDS, malaria or tuberculosis. The scheme now extends to 30 countries with more set to follow. In two years it has raised $1 billion. Next week's G20 finance meeting will be followed by a coordinated push by campaigners to persuade leaders of the world's 20 most powerful countries meeting at Pittsburgh in four weeks to adopt a currency transaction levy. It comes as evidence of increasing international support for a currency transaction tax to help poor countries affected by the global economic crisis grows. In May, french foreign minister, Bernard Kouchner, announced the formation of an international working party, that includes Brazil, to study how to implement currency transaction levies for development and health. It was the first time such a high level public endorsement of the proposal was made by a country. "This is an unprecedented coming together of health organisations critically aware that G8 commitments, such as universal access to HIV/Aids treatment by 2010, won't be achieved and in fact are going into reverse. If you stop the supply of life-prolonging drugs to someone, you are effectively killing them. So this is a matter of life and death.

[224] *Maeil Business Newspaper* (July 15, 2009), "Seoul Most Likely to Host Next G20 Summit."

That's why such a strong coalition is rapidly building around this idea."[225] (August 28, 2009, *Guardian*)

The People's Summit, a program of informed dialogue about the economic, social and political problems facing the world is scheduled to take place in Pittsburgh on September 19-22.[226] (August 2009, *The People's Summit*)

In a letter, the IFAC has called for broad action by the G20 leaders at their September meeting to encourage adoption and implementation of global accounting, auditing and auditor independence standards to improve the ability of capital markets to work globally. In addition, IFAC has called for the worldwide adoption and implementation of International Public Sector Accounting Standards as a means to greatly improve government transparency and accountability in light of the "unprecedented takeovers, lending, guarantees, and bailouts of major market institutions, banks, and companies." It also urges that further steps be taken to enhance the governance of the IASB in order to ensure its legitimacy and its ability to act independently, and without inappropriate political interference, in its standard-setting role. "The G20 leaders must act quickly to build a reformed international financial system," said Ian Ball, IFAC CEO. "While some nations appear to be moving toward recovery from the financial crisis, underlying problems of accountability and transparency remain. We believe that the adoption of international standards can help to address these issues and play an essential role in resolving the current crisis … The G20 should acknowledge that small- and medium-sized enterprises are the engine of the global economy and address their unique needs," emphasizes Robert Bunting, IFAC president. "IFAC's letter emphasizes this and points out that those establishing regulations must take into account any related costs and complexities that will impose burdens on, and threaten the sustainability of, the small business sector." IFAC's letter to the G20 also includes recommendations on enhancing corporate governance, supporting the long-term strengthening of the accountancy profession in developing countries, and developing new tools and metrics to achieve global sustainability. The submission also asks the G20 to facilitate debate to resolve issues between financial reporting — designed to communicate business performance to investors — and prudential reporting — used to monitor and maintain financial stability. IFAC's recommendations reflect the views of the 60 leaders of accountancy organizations who attended the IFAC G20 Accountancy Summit, which took place in London on July 23-24. They build on IFAC's previous submission to the G20, which was issued prior to their April 2009 meeting.[227] (July 31, 2009, *Business Wire*)

Protest groups targeting the G20 Pittsburgh Summit in September are mobilizing, holding meetings and workshops ahead of the event and posting information on topics from using handcuffs for mass demonstrations to how to work with the media. Police expect some 3,000 protesters when world leaders convene. One group, the Pittsburgh G20 Resistance

[225] *Guardian* (August 28, 2009), "G20 pressed to impose tax on financial deals to fight global poverty and Aids."
[226] *The People's Summit* (August 2009), Accessed 28 August 2009. Available from: <http://www.peoplessummit.com/home>
[227] *Business Wire* (July 31, 2009), "IFAC Calls for G20 to Adopt Global Accounting, Auditing, and Independence Standards and to Enhance Government Transparency."

Project, has posters and flyers on its website calling for disruptions. One shows a masked figure wielding a slingshot, and another says, "A struggle for a better world will be had in the streets." The site says materials have been submitted for distribution, and points out the presence of the material do not necessarily imply an endorsement. The site encourages people to print and distribute the materials widely. The site also lists training on corporate research and using lockdown devices, which can include handcuffs and pipes used to lock protesters together. It is not clear if the group or its affiliates plan violence. Another group, the Thomas Merton Center, a Pittsburgh activist group citing peace and social justice as objectives, has applied for a permit to hold a march on September 25. Mel Packer, a Pittsburgh activist involved in social protests since the civil rights movement, said protesters have been going door to door to educate people about the G20. "It's a group of elite folks who are unchartered and undemocratic … How are they any different than the robber barons of old who would decide the financial policies of the future of the world?" Packer said. He does not expect the G20 officials to listen to the demonstrators' concerns. "I don't think the point is necessarily to get them to hear us, because I think a lot of them are beyond that point. I think the point is to try to bring about mass movements, mass organizations to bring about change … People need to understand that what they [the G20] do decides whether your street gets paved or whether your children have enough teachers in school. Other events are already planned ahead of the G20, including a three-day "anarchy summer camp" in West Virginia that will include talks on the summit. Also, on August 1, the fifth annual Anarchist Picnic will be held in a Pittsburgh park.[228] (July 15, 2009, *The Canadian Press*)

The United Steelworkers labour union has joined forces with other Pittsburgh organizations to try to make the G20 summit in September a success, even as it plans to protest its policies. Typically, the union is seeking an audience with the 19 heads of state and EU representatives and calling for the summit to create jobs and allow workers to join unions. In London in April Leo Gerard, the union's international president, gave a speech. But this September, Gerard will divert some of his efforts to selling Pittsburgh, home to his family and the steelworkers. "I want to make sure that they know that Pittsburgh's a great place," Gerard said. "But we will march and demonstrate and make our voices heard on the parts of the working people." The partnership created by the city and the county also includes some of Pittsburgh's largest companies, such as Alcoa and the University of Pittsburgh, each of which, along with 10 others, donated $35,000 to the effort. Businesses have donated more than $500,000 to be used for hospitality training and communications. The steelworkers will not donate money to the effort, Gerard said. Instead, the union will meet with business leaders or politicians to explain why Pittsburgh would be a good choice for company expansion. "I'm pleased that we're doing this in Pittsburgh."[229] (June 30, 2009, *Associated Press Newswires*)

Asia's power is likely to grow in the wake of the global financial crisis and the region has the chance to take a position of leadership in the world economy, business and economic leaders said. The comments came at the annual World Economic Forum on East Asia, a

[228] *The Canadian Press* (July 15, 2009), "Protesters planning for marches, demonstrations during upcoming G20 summit in Pittsburgh."
[229] *Associated Press Newswires* (June 30, 2009), "United Steelworkers a Pittsburgh G20 partner."

gathering of business and government leaders taking place this year in Seoul. “There is no doubt that the crisis has accelerated the shift in economic power from the West towards Asia,” Peter Sands, group CEO of Standard Chartered Bank, told a symposium. “And Asia in a sense needs to step up now and play the role that such power brings.” He said that entails taking a much more active role in international institutions such as the IMF and World Bank, a development he said is “in progress.” Asia’s role in the G20 major industrialized and developing economies was also a theme of discussion.[230] (June 18, 2009, *Associated Press Newswires*)

The Bail Out the People Movement is planning to hold mass protests at the G20 summit in Pittsburgh. “The purpose of these high-level meetings of governments and bankers is not to rescue the people of the world from depression level unemployment, evictions, homelessness, poverty, social and economic inequality and war. These summits are about fixing the economic and financial order that puts profits before people,” the group said.[231] (June 4, 2009, *Inter Press Service*)

“[The G20] stands for chaos and it stands for economic destruction,” said Leo Gerard, president of the United Steelworkers of America and a critic of what he sees as a widening economic imbalance growing out of the global policies put forward by many of the G20’s leaders. “The G20, and prior to that the G8, whatever the G was, bought into what was euphemistically called the Washington consensus of deregulation, laissez-faire economics and I think that was the foundation of the economic collapse.” Gerard participated in protests in the run-up to the London Summit. While his segment of the event was peaceful, other street demonstrations became violent. For Pittsburgh, it is uncertain which local groups might find cause to march; labour unions, anti-war and social justice groups such as the Thomas Merton Center and the Pittsburgh Organizing Committee have already signalled interest. Gerard would like to see representatives of organized labour invited inside the hall to address the G20. Locally, other groups are examining how to put their messages on the city’s sidewalks. “You need to do an incredible amount of public education in advance,” said Mel Packer, a member of the Merton Center. Mike Healey, an official with the left-leaning National Lawyers Guild, said he has been receiving e-mails from various groups seeking counsel on organizing demonstrations for the Pittsburgh Summit.[232] (May 31, 2009, *Pittsburgh Post-Gazette*)

Outside the World Bank and IMF headquarters in Washington DC, more than 100 demonstrators gathered for two days during the annual spring meeting. Protestors chanted: “IMF, tear it down! World Bank, tear it down!” They also held banners and signs that read “No Bailout. No Capitalism” and “Free People Not Trade.” They said that by pledging more money to the IMF, wealthy countries were propping up a failed system. They said the IMF had given bad policy advice during past economic crises and the poorest countries were feeling the pain of a global financial meltdown they did not create. Anti-poverty advocates said some World Bank initiatives to help poor countries come with too many strings attached. “At least the door has been left open in some key areas

[230] *Associated Press Newswires* (June 18, 2009), “Financial crisis seen increasing Asia’s global role, business leaders say.”
[231] *Inter Press Service* (June 4, 2009), “Politics: Developing Countries Fight for Say at UN Crisis Meeting.”
[232] *Pittsburgh Post-Gazette* (May 31, 2009), “

and there is a commitment to frontload bank funding to low-income countries," said Oliver Buston, European director of ONE, which fights poverty and disease, especially in Africa. "Urgent action is now needed from the World Bank to protect the billion poorest people on the planet who had no part in creating the economic crisis but who will be hit the hardest."[233] (April 26, 2009, *Associated Press Newswires*)

Marita Hutjes, senior advisor at Oxfam International, an anti-poverty nongovernmental organization, condemned the annual spring World Bank/IMF meeting as "a wasted opportunity for poorer countries." She said, "More should have been done. The poorest countries are still waiting for the bailout they've been promised to survive this crisis." Protesters, estimated between 100 and 300 shouted and carried signs reading "Capitalism Is Crisis." According to police, seven people were arrested as they tried to stop the meetings from taking place inside — six for vandalism and one for assaulting a police officer."[234] (April 26, 2009, *Agence France Presse*)

The IMF is facing pressure from a coalition led by Bob Geldof to set aside more of the proceeds of a planned sale of its gold reserves to help Africa. Speaking at a press conference at the IMF spring meeting, Geldof said Africa had been left out of the G20 agreement at the London Summit and urged the IMF to find ways of devoting more resources to protect the poor from the credit crunch. "All those arguments the activists and the politicians had for many years about aid, or debt cancellation, we can lay them to rest, because we're all begging for aid," he said. "We just call it fiscal stimulus — and we're all begging for debt relief; we just call it disposing of toxic assets." At the G20 summit, leaders promised to set aside $1 billion from gold sales to help fund cheap loans for the poorest countries, but Geldof, together with Oxfam and U.S. charities, is calling on the IMF to set aside at least $5 billion. "This is a win-win," Hetty Kovach of Oxfam said. "The fund will get what is needed, but it should not be greedy, and ask for more," Finance ministers from the IMF's member countries will discuss the gold sales proposals this weekend.[235] (April 24, 2009, *The Guardian*)

A woman filmed being hit by a baton during protests at the G20 summit in London said the officer who attacked her used unnecessary violence and aggression. In a series of television interviews the woman said the policeman pushed her, struck her across the face and then hit her on the legs with a baton. A police officer from London's Metropolitan police was suspended after footage of the incident was made public on the website YouTube.[236] (April 18, 2009, *Reuters News*)

The police officer caught on film attacking a man during the G20 protests could face manslaughter charges after a second postmortem concluded that the man died from

[233] *Associated Press Newswires* (April 26, 2009), "World Bank: Nations should speed aid to poor."
[234] *Agence France Presse* (April 26, 2009), "IMF says time to talk crisis exit plans."
[235] *The Guardian* (April 24,2009), "Geldof seeks $5bn gold windfall for Africa: IMF urged to set aside cash from sale of reserves Credit crunch is leading to crisis in developing world."
[236] *Reuters News* (April 18, 2009), "Protester accuses G20 policeman of violence."

internal bleeding and not a heart attack. The victim's family said they had been "badly misled" by the police.[237] (April 18, 2009, *The Guardian*)

British police have suspended an officer who was filmed hitting a woman at a G20 protest. This is the second police officer to be suspended following the G20 demonstrations. About 4,000 people were present for the demonstrations.[238] (April 14, 2009, *Agence France Presse*)

The police said they would initiate an independent criminal investigation into the death of a man during the G20 summit protests, after an outcry over video footage showing an officer violently shoving him to the ground. The Independent Police Complaints Commission (IPCC) removed the City of London police from its role gathering evidence in the case, after the film showed its personnel were present when Ian Tomlinson was pushed over by an officer in Metropolitan police riot gear. The IPCC planned to perform a second post mortem examination on Tomlinson, who collapsed minutes after the footage was taken and later died, apparently of a heart attack. The video does not suggest Tomlinson was being aggressive, nor that there were any protesters near him behaving violently. He was on his way home from his job as a newspaper vendor and was not involved in the demonstrations, which triggered criticism of the police after the event for alleged heavy-handedness.[239] (April 8, 2009, *Financial Times*)

7. Appendices

List of Meetings

Leaders

- November 14-15, 2008: Summit on Financial Markets and the World Economy, Washington, DC
- April 1-2, 2009: The London Summit, London, UK
- September 24-25, 2009: The Pittsburgh Summit, Pittsburgh, USA

Ministerials

- December 15-16, 1999: Meeting of G20 Finance Ministers and Central Bank Governors, Berlin, Germany
- October 25, 2000: Meeting of G20 Finance Ministers and Central Bank Governors, Montreal, Canada

[237] *The Guardian* (April 18, 2009), "Front: G20 death: now officer may face manslaughter charge: Ian Tomlinson 'died from internal bleeding': We were badly misled by police, say family."
[238] *Agence France Presse* (April 14, 2009), "British police in new row over G20 protests."
[239] *Financial Times* (April 8, 2009), "Watchdog agrees to G20 death inquiry."

- November 16-17, 2001: Meeting of G20 Finance Ministers and Central Bank Governors, Ottawa, Canada
- November 23, 2002: Meeting of G20 Finance Ministers and Central Bank Governors, New Delhi, India
- October 26-27, 2003: Meeting of G20 Finance Ministers and Central Bank Governors, Morelia, Mexico
- November 20-21, 2004: Meeting of G20 Finance Ministers and Central Bank Governors, Berlin, Germany
- October 15-16, 2005: Meeting of G20 Finance Ministers and Central Bank Governors, Xianghe, Hebei, China
- November 18-19, 2006: Meeting of G20 Finance Ministers and Central Bank Governors, Melbourne, Australia
- November 17-18, 2007: Meeting of G20 Finance Ministers and Central Bank Governors, Kleinmond, Cape Town, South Africa
- October 11, 2008: Meeting of G20 Finance Ministers and Central Bank Governors, Washington, DC
- November 8-9, 2008: Meeting of G20 Finance Ministers and Central Bank Governors, Sao Paulo, Brazil
- March 14-15, 2009: Meeting of G20 Finance Ministers and Central Bank Governors, Horsham, UK
- April 14, 2009: Meeting of G20 Finance Ministers and Central Bank Governors, Washington, DC
- November 7-8, 2009: Meeting of G20 Finance Ministers and Central Bank Governors, Scotland, UK

Working Groups

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.[240] (February 9, 2009, *G20 Official Website*)

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

[240] *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from: <www.g20.org/about_working_groups.aspx>

financial system from illicit activities and non-cooperative jurisdictions, strengthens collaboration between international bodies and monitors expansion of their membership.[241] (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 it 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 reform of the governance structure in order to reflect changing economic weights in the world economy.[242] (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.[243] (February 9, 2009, *G20 Official Website*)

G20 Leaders' Experience

(as of September 1, 2009)

Country	**Leader**	**Most Recent Election**	**Next Election**	**# of G8 summits attended**	**# of G20 summit attended**
Argentina	Cristina Fernández de Kirchner	28 Oct 2007	2011	0	2
Australia	Kevin Rudd	24 Nov 2007	By 16 April 2011	2	2
Brazil	Luiz Inácio Lula da Silva	29 Oct 2006	3 October 2010	6	2
Canada	Stephen Harper	14 Oct 2008	By 15 October 2012	4	2

[241] *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from: <www.g20.org/about_working_groups.aspx>
[242] *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from: <www.g20.org/about_working_groups.aspx>
[243] *G20 Website* (Accessed February 9, 2009), "G20 Working Groups," Available from: <www.g20.org/about_working_groups.aspx>

China	Hu Jintao	15 Mar 2008	2013	6	2
France	Nicolas Sarkozy	22 Apr /6 May 2007	2012	3	2
Germany	Angela Merkel	18 Sep 2005	27 September 2009	4	2
India	Manmohan Singh	May 2009	By 2014	5	2
Indonesia	Susilo Bambang Yudhoyono	8 Jul 2009	2014	2	2
Italy	Silvio Berlusconi	13-14 Apr 2008	Variable	12	2
Japan	Yukio Hatoyama	30 Aug 2009	By 2014	0	0
Korea	Lee Myung-bak	19 Dec 2007	2012	2	2
Mexico	Felipe de Jesús Calderón Hinjosa	2 Jul 2006	2012	3	2
Russia	Dmitry Medvedev	2 Mar 2008	2012	2	2
Saudi Arabia	Adbullah bin Abdul Aziz Al Saud	NA	NA	0	2
South Africa	Jacob Zuma	22 Apr 2009	2014	1	0
Turkey	Tayyip Erdoğan	22 Jul 2007	Variable	1	2
UK	Gordon Brown	5 May 2005	By 3 June 2010	2	2
U.S.	Barack Obama	4 Nov 2008	November 2012	1	1
EU	José Manuel Barroso	4-7 June 2009	June 2014	5	2
Average				3.05	1.75

Members of G20, Gleneagles Dialogue and Major Economies Forum

G20 Leaders/Finance	Gleneagles Dialogue	Major Economies Forum
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 of Argentina on December 10, 2007 after winning the general election in October. 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 Beunos 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 on February 19, 1954, in La Plata, Buenos Aires, she studied law at the National University of La Plata. She and her husband were married in March 1975 and have two children.

Australia's Kevin Rudd became prime minister of Australia on December 3, 2007, replacing John Howard, who had held the position since 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 then 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 earned a bachelor's degree Asian studies at Australian National University in 1981, where he focused on Chinese language and history. He and his wife, Thérèse Rein, have three children.

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. Instead, he became more involved in the Workers' Party, where he continued to run for the office of the president. He was born in Caetés, Pernambuco, Brazil, on October 27, 1945. He received no formal education and began working in a copper pressing factory at the age of 14. He became heavily involved in the workers unions at a young age. He is married to Marisa Letícia and has five children.

Canada's Stephen Harper was first elected prime minister of Canada in January 2006, assuming office from Paul Martin in February and leading a minority government. He later ran for re-election in October 2008 and returned to the House of Commons with a stronger minority. Before running for politics he served as a policy advisor for the Reform Party. Harper first ran for a seat in the House of Commons in 1988, but was not successfully elected until 1993. He served as leader of the opposition for a number of years before becoming prime minister. He was born in Toronto, Ontario, on April 30, 1959. He did studied economics at the University of Toronto and the University of

Calgary, later returning to the University of Calgary to earn his master's degree in economics in 1991. He and his wife, Laureen Harper, have two children.

China's Hu Jintao has been president of the People's Republic of China since March 15, 2003. He replaced Jiang Zemin, who had held the position since 1989. Hu also serves as general secretary of the Communist Party of China's (CPC) Central Committee and chair of the Central Military Commission. Before entering into politics he worked as an engineer. He joined the CPC in April 1964, and began working with the party in 1968. In 1992, he was elected to the Standing Committee of the Political Bureau of the CPC Central Committee and re-elected in 1997. He became vice-president of China in March 1998 and vice-chair of the Central Military Commission in 1999. In November 2002, Hu was elected general secretary of the CPC Central Committee. He was born in Jiangyan, Jiangsu, on December 21, 1942. In 1965 he received his engineering degree from Tsinghua University. He is married to Lui Yongqing and they have two children.

France's Nicolas Sarkozy became president of France on May 16, 2007, taking over from Jacques Chirac, who had held the position since 1995. He worked as a lawyer while he pursued politics. From 1983 to 2002, he was mayor of Neuilly-sur-Seine. He has been president of the Union pour un Mouvement Populaire, France's major right-wing party, since 2004. During his time in parliament he has 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 law degree from the Université de Paris. He is married to Carla Bruni and has three children from his two previous marriages.

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

India's Manmohan Singh was re-elected prime minister of India in May 2009. He was first elected in 2004 when he replaced Atal Bihari Vajpayee. 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. Singh was first elected to the upper house of Indian parliament in 1995. He was re-elected in 2001 and 2007 and held cabinet positions including minister of finance and minister for external affairs. Singh also served as minister of finance from November 2008 to January 2009. 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. He also received an additional undergraduate degree from Cambridge University in 1957 and a PhD from Oxford University in 1962. He and his wife, Gursharan Kaur, have three children.

Indonesia's Susilo Bambang Yudhoyono re-elected president in July 2008. He first became president on October 20, 2004, after winning the election in September, replacing the incumbent Megawato Sukarnoputri. Before entering into politics, he served as a lecturer 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 co-ordinating minister for politics and security. He was born on September 9, 1949, in Pacitan, East Java. He received his doctorate in agricultural economics from the Bogor Institute of Agriculture in 2004. He and his wife, Kristiani Herawati, have two children.

Italy's Silvio Berlusconi became prime minister of Italy for the fourth time after winning the April 2008 election. Before entering politics, he started his career as a building contractor. In 1980, he established Canale 5, the first private national television network in Italy. He also became a leading Italian publisher with Mondadori. In 1994 he resigned from all his posts at Gruppo Fininvest in order to establish the political movement Forza Italia and, in the same year, he became president of the Council of Ministers for the first time. In June 2001 Berlusconi became premier again, an office he held until 2006. In 2009, for the third time, he chairs the presidency of the G8. Born in Milan on September 29, 1936, he received his law degree from the University of Milan. He is married to Veronica Lario and has five children.

Japan's Yukio Hatoyama was elected prime minister of Japan on August 30, 2009, replacing Taro Aso, who held the position since September 24, 2008. Before entering into politics, he worked as a professor. In 1998 he was instrumental in the merging of several parties to create the 'new' Democratic Party of Japan and led the party from 1999 to 2002 began again assuming the leadership in May 2009. Hatoyama was first elected to the House of Representatives in 1986 and has been re-elected seven times since then. He was born in Tokyo on February 11, 1947. He studied engineering at Tokyo University and went on to complete his PhD at Stanford University. He and his wife, Miyuki Hatoyama, have one son.

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

Russia's Dmitry Medvedev became president of Russia on May 7, 2008, after winning the presidential election in March, replacing Vladmir Putin, whose term in office had expired. Before entering politics, Medvedev worked as a legal expert and lawyer. He was officially endorsed as a presidential candidate on December 17, 2007, by Russia's largest political party, United Russia, as well as by Putin. Medvedev served as deputy prime minister 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 doctorate in private law in 1990 from Leningrad State University. He is married to Svetlana Medvedeva and they have one child.

Saudi Arabia's King Abdullah bin Adbul Aziz Al Saud has been in power since August 2005. He replaced Fahd bin Abdul Aziz Al Saud, who had reigned since June 1982. As crown prince since 1987, King Abdullah had previously acted as *de facto* regent and thus ruler since January 1, 1996, after Fahd had been 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. King 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 and has a number of wives and children.

South Africa's Jacob Zuma became president of South Africa on May 9, 2009, succeeding Petrus Kgalema Motlanthe, who had held the position since September 2008. Zuma joined the ANC in 1958 and started serving in the National Executive committee of the African National Congress (ANC) in 1977. In 1994, Zuma was elected National Chair of the ANC and chair of the ANC in KwaZulu-Natal. He was re-elected to the latter position in 1996 and selected as the deputy president of the ANC in December 1997. Zuma was appointed executive deputy president of South Africa in 1999. He held that position until 2005 and was elected ANC president at the end of 2007. He was born April 12, 1949, in Inkandla, KwaZulu-Natal Province. He has three wives and several children.

South Korea's Lee Myung-bak became president on February 25, 2008, replacing Roh Moo-hyun, who had occupied the position since 2003. Lee joined the Hyundai Construction company in 1965 and eventually became chief executive officer of the Hyundai Group before being elected to the Korean National Assembly in 1992. In 2002 he was elected mayor of Seoul, a position he held until 2006. He was born in Kirano, Osaka, Japan on December 19, 1941. He received a degree in business administration from Korea University in 1965. Lee and his wife, Kim Yun-ok, have four children.

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

The **United Kingdom's Gordon Brown** became prime minister of the United Kingdom of Great Britain and Northern Ireland on June 27, 2007, three days after becoming leader of the Labour Party. He was first elected to parliament in 1983 as representative for Dunfermline East. Since 2005 he has been the representative for Kikcaldy and Cowdenbeath, both in Scotland. Before entering politics he worked as a lecturer and journalist. He served as chancellor of the exchequer from 1997 to 2007. As the United Kingdom holds the chair of the G20 for 2009, Brown will host the London Summit on April 1–2, 2009. He was born in Govan, Glasgow, on February 20 1951. He studied history at the University of Edinburgh and completed his doctorate in 1982. He and his wife, Sarah, have two children.

The **United States' Barack Obama** became president-elect on November 4, 2008, and was inaugurated January 20, 2009, replacing George W. Bush. In 2005 Obama was elected to the Senate, having previously worked as a community organizer, a civil rights lawyer and a state legislator for Illinois. The first black president of the United States, 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 and they have two children.

The **European Union's Mirek Topolánek** has been prime minister of the Czech Republic since August 16, 2006. The Czech Republic assumed the six-month presidency of the European Council from France on January 1, 2009. Topolánek 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, Topolánek received his degree in mechanical engineering form the Brno University of Technology. He is separated from his wife, Pavla Toplánková, and has four children.

The **European Union's José Manuel Barroso** became president of the European Commission on November 23, 2004. Previously he was prime minister of Portugal from 2002 to 2004. Before entering politics Barroso was an academic. He studied law at the University of Lisbon, holds a master's degree in economics and social sciences from the University of Geneva and received his doctorate from Georgetown University in 1998. He is married to Maria Margarida Pinto Ribeiro de Sousa Uva and has three children.

Statistical Profiles

(as of April 2009)

Argentina

Polity

Political party:	Frente para la Victoria (FV)/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:	-1.5% (Q1 2009); 0.7% (2009)
Composition by sector:	9.2%-agriculture; 34.1%-industry; 56.7%-services (2008 est.)
Central Bank interest rate:	NA
Official reserve assets:	$46,509.03 million (Mar. 2009)
Foreign currency reserves:	$44,071.50 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$8,567.77 million (Mar. 2009)
IMF reserve position:	$0.29 million (Mar. 2009)
Special Drawing Rights:	$479.85 million (Mar. 2009)
Gold:	$1,622.02 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$204.81 million (Mar. 2009)
Loans to nonbank residents:	$128.41 million (Mar. 2009)
Other reserve assets:	$2.15 million (Mar. 2009)
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:	$7.6 billion (latest year, Q4 2008)
Budget:	$86.3 billion-revenues; $80.4 billion-expenditures (2008 est.)
Budget balance:	-0.8% of GDP (2009 forecast)
Public debt:	48.5% of GDP (Q4 2008) [cumulative debt of all government borrowing]
Exchange rates (per USD):	3.70 (6 May 2009); 3.18 (6 May 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% (Sep. 2008)
Labour force:	16.27 million (2008 est.) [urban areas only]

Markets

MERV index:	1,409,9 (7 May. 2009)
% change on 31 Dec. 2008:	+30.6 (local currency); +21.8 ($ terms)

Trade

Trade balance:	$13.6 billion (last 12 months, May. 2009)
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:	Australian 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:	-2.1% (Q1 2009); -0.7% (2009)
Composition by sector:	2.5%-agriculture; 26.4%-industry; 71.1%-services (2008 est.)
Central Bank interest rate:	3.00% (7 Apr. 2009)
Official reserve assets:	$32,529.26 million (Mar. 2009)
Foreign currency reserves:	$28,603.05 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$20,980.64 million (Mar. 2009)
IMF reserve position:	$628.38 million (Mar. 2009)
Special Drawing Rights:	$167.89 million (Mar. 2009)
Gold:	$2,352.93 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$-443.36 million (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$333.65 million (Mar. 2009)
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:	$-44.1 billion (latest year, Q4 2008)
Budget:	$343.6 billion-revenues; $340.7 billion-expenditures (2008 est.)
Budget balance:	-3.3% of GDP (2009)
Public debt:	15.4% of GDP (2008 est.) [gross debt]
Exchange rates (per USD):	1.34 (6 May. 2009); 1.06 (6 May. 2008)
Economic aid-donor:	$2.9899 billion (2006-2007 expected) [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:	3,840.1 (6 May. 2009)
% change on 31 Dec. 2008:	+4.9 (local currency); +11.2 ($ terms)

Trade

Trade balance:	$+5.2 billion (latest year, Mar. 2009)
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%); New Zealand (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:	-13.6% (Q1 2009); -1.5% (2009)
Composition by sector:	5.5%-agriculture; 28.5%-industry; 66.0%-services (2008 est.)
Central Bank interest rate:	10.25% (29 Apr. 2009)
Official reserve assets:	$190,387.84 million (Mar. 2009)
Foreign currency reserves:	$187,833.02 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$184,654.56 million (Mar. 2009)
IMF reserve position:	$0.38 million (Mar. 2009)
Special Drawing Rights:	$0.46 million (Mar.2009)
Gold:	$990.25 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.80 million (Mar. 2009)
Loans to nonbank residents:	$69.17 million (Mar. 2009)
Other reserve assets:	$1,493.77 million (Mar. 2009)
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:	$-23.0 billion (latest year, Mar. 2009)
Budget:	NA
Budget balance:	-2.0% of GDP (2009 est.)

Public debt:	40.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	2.12 (6 May 2009); 1.67 (6 May 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:	$1.377 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	56.7 (2005)
Unemployment rate:	8.5% (Feb. 2008)
Labour force:	100.9 million (2008 est.)

Markets

BVSP index:	51,499.0 (6 May 2009)
% change on 31 Dec. 2008:	+37.1 (local currency); +50.7 ($ terms)

Trade

Trade balance:	$27.0 billion (latest year, Apr. 2009)
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:	-0.7% (Q4 2008); -2.3% (2009)
Composition by sector:	2.0%-agriculture; 28.4%-industry; 69.6%-services (2008 est.)
Central Bank interest rate:	0.25% (21 April. 2009)
Official reserve assets:	$43,524.00 million (Mar. 2009)
Foreign currency reserves:	$40,910.00 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$40,176.00 million (Mar. 2009)
IMF reserve position:	$1,550.00 million (Mar. 2009)
Special Drawing Rights:	$964.00 million (Mar. 2009)
Gold:	$100.00 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)

Other reserve assets:	$0.00 (Mar. 2009)
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):	1.0 % (Jan. 2009 est.)
Investment (gross fixed):	22.6% of GDP (2008 est.)
Current account balance:	$11.3 billion (latest year, Q4 2008)
Budget:	$608.3 billion-revenues; $606.0 billion-expenditures (2008 est.)
Budget balance:	-2.5% of GDP (2009)
Public debt:	62.3% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	1.18 (6 May 2009); 1.02 (May 2008)
Economic aid-donor:	$ 4. 079 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:	8.0% (Mar. 2009)
Labour force:	18.18 million (2008 est.)

Markets

S&P TSX index:	10, 143.4 (May 2009)
% change on 31 Dec. 2008:	+12.9 (local currency); +18.5 ($ terms)

Trade

Trade balance:	$37.1 billion (latest year, Feb. 2009)
Trade to GDP ratio:	71.2 (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:	6.1% (Q1 2009); 6.5% (2009)

Composition by sector:	10.6%-agriculture; 49.2%-industry; 40.2%-services (2008 est.)
Central Bank interest rate:	5.31% (22 Dec. 2008)
Official reserve assets:	NA
Foreign currency reserves:	1, 953.7 billion (Mar. 2009)
Securities:	NA
IMF reserve position:	$1,286.78 million (Feb. 2009)
Special Drawing Rights:	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. 2008)
Stock of quasi money:	$4.331 trillion (31 Oct. 2008)
Stock of domestic credit:	$5.316 trillion (31 Oct. 2008)
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:	$400.7 billion (latest year, Q2 2008)
Budget:	$868.6 billion-revenues; $850.5 billion-expenditures (2008 est.)
Budget balance:	-3.5% of GDP (2009)
Public debt:	15.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	6.82 (May 2009); 6.99 (Mar. 2008)
Economic aid-recipient:	$1.331 billion (2007) [ODA]
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:	2,721.4 (6 May 2009)
% change on 31 Dec. 2008:	+42.3 (local currency); +42.4 ($ terms)
SSEB index ($ terms):	168.6 (6 May. 2009)
% change on 31 Dec. 2008:	+52.0 (local currency); +52.0 ($ terms)

Trade

Trade balance:	$316.9 billion (latest year, Mar. 2009)
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:	-1.0% (Q4 2008); -1.9% (2009)
Composition by sector:	2.2%-agriculture; 20.3%-industry; 77.4%-services (2008 est.)
Central Bank interest rate:	1.0% (May. 2009) [European Monetary Union]
Official reserve assets:	$97,596.88 million (Mar. 2009)
Foreign currency reserves:	$21,741.28 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$18,603.25million (Mar. 2009)
IMF reserve position:	$2,484.60million (Mar. 2009)
Special Drawing Rights:	$ 939.54 million (Mar.2009)
Gold:	$72,431.45 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$0.00 (Mar. 2009)
Commercial Bank prime lending rate:	6.6% (2008)
Stock of money:	NA
Stock of quasi money:	NA
Stock of domestic credit:	$5. 739 trillion (Apr. 2008)
Household income or consumption by % share:	3.0%-lowest 10%; 24.8%-highest 10% (2004)
Inflation rate (consumer prices):	1.0% (2008 est.)
Investment (gross fixed):	21 .0% of GDP (2008 est.)
Current account balance:	$-54.4 billion (latest year, Feb. 2009)
Budget:	$1.439 trillion-revenues; $1.525 trillion-expenditures (2008 est.)
Budget balance:	-6.6% of GDP (2009)
Public debt:	67.0% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.75 (6 May 2009); 0.65 (May 2008)
Economic aid-donor:	$9. 883 billion (2007) [ODA]
Debt-external:	$5.37 trillion (30 Sept. 2008)
Stock of direct foreign investment:	$1.234 trillion-at home; $1.889 trillion-abroad (2008 est.)
Market value of publicly traded shares:	$2.771 trillion (31 Dec. 2007)
Distribution of family income-Gini index:	32.7 (2008)
Unemployment rate:	8.8% (Nar. 2009)
Labour force:	28.5 million (2008 est.)

Markets

CAC 40 index:	3, 283.5 (Mar. 2009)
% change on 31 Dec. 2008:	+2.0 (local currency); -2.4 ($ terms)

Trade

Trade balance:	$-79.1 billion (latest year, Mar. 2009)
Trade to GDP ratio:	54.7 (2005-2007)
Exports:	$761.0 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:	$833.0 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:	-1.7% (Q4 2008); -5.2% (2009)
Composition by sector:	0.9%-agriculture; 30.1%-industry; 69.0%-services (2008 est.)
Central Bank interest rate:	1.0% (May 2009) [European Monetary Union]
Official reserve assets:	$143,472.22 million (Mar. 2009)
Foreign currency reserves:	$38,087.50 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$33,598.71 million (Mar. 2009)
IMF reserve position:	$2,473.96 million (Mar. 2009)
Special Drawing Rights:	$2,135.93 (Mar. 2009)
Gold:	$100,776.16 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$0.00 (Mar. 2009)
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:	$206.2 billion (latest year, Feb. 2009)
Budget:	$1.614 trillion-revenues; $1.579 trillion-expenditures (2008 est.)
Budget balance:	-4.4% of GDP (2009)

Public debt:	62.6% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.75 (May 2009); 0.65 (May. 2008)
Economic aid-donor:	$12. 290 billion (2007) [ODA]
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:	8.1% (Mar. 2009)
Labour force:	43.62 million (2008 est.)

Markets

DAX index:	4,880.7 (6 May 2009) [total return index]
% change on 31 Dec. 2008:	+1.5 (local currency); -2.9 ($ terms)

Trade

Trade balance:	$234.6 billion (latest year, Feb. 2009)
Trade to GDP ratio:	83.6 (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:	April-May 2009
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:	5.3% (Q4 2008); 5.0% (2009)
Composition by sector:	17.2%-agriculture; 29.1%-industry; 53.7%-services (2008 est.)
Central Bank interest rate:	4.75% (21 Apr. 2009)
Official reserve assets:	$251,985.00 million (Mar. 2009)
Foreign currency reserves:	$241,426.00 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$134,792.00 million (Mar. 2009)
IMF reserve position:	$981.00 million (Mar. 2009)
Gold:	$9,577.00 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$0.00 (Mar. 2009)

Commercial Bank prime lending rate:	8.5% (31 Jan. 2009)
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):	39% of GDP (2008 est.)
Current account balance:	$-37.5 billion (latest year, Q4 2008)
Budget:	$153.5 billion-revenues; $205.3 billion-expenditures (2008 est.)
Budget balance:	-7.7% of GDP (2009)
Public debt:	78.0% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	49.6 (7 May 2009); 41.4 (May. 2008)
Economic aid-recipient:	$903.19 million (2007)
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:	$650 billion (31 Dec. 2008)
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:	11,952.8 (6 May 2009)
% change on 31 Dec. 2008:	+23.9 (local currency); +21.7 ($ terms)

Trade

Trade balance:	$-109.0 billion (latest year, Mar. 2009)
Trade to GDP ratio:	44.9 (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:	9 Apr. 2009
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)
GDP (real):	$510.8 billion (2008 est.)
Predicted change:	5.2% (Q4 2008); -1.4% (2009)

Composition by sector:	13.5%-agriculture; 45.6%-industry; 40.8%-services (2008 est.)
Central Bank interest rate:	7.25% (May 2009)
Official reserve assets:	$54,840.18 million (Mar. 2009)
Foreign currency reserves:	$52,234.68 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$50,773.78 million (Mar. 2009)
IMF reserve position:	$216.80 (Mar. 2009)
Special Drawing Rights:	$32.08 million (Mar. 2009)
Gold:	$2,178.06 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009))
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$178.56 million (Mar. 2009)
Commercial Bank prime lending rate:	15.13% (31 Dec. 2007)
Stock of money:	$41.8 billion (31 Dec. 2007)
Stock of quasi money:	$120.0 billion (31 Dec. 2007)
Stock of domestic credit:	$134.8 billion (31 Dec. 2007)
Household income or consumption by % share:	3.6%-lowest 10%; 28.5%-highest 10% (2002)
Inflation rate (consumer prices):	11.1% (2008 est.)
Investment (gross fixed):	23.6% of GDP (2008 est.)
Current account balance:	$7.3 billion (latest year, Mar 2009)
Budget:	$101.1 billion-revenues; $101.6 billion-expenditures (2008 est.)
Budget balance:	-2.9% of GDP (2009)
Public debt:	30.1% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	10,410.0 (6 May 2009); 9,225.0 (May. 2008)
Economic aid-recipient:	$362.09 million (2007 est.) [ODA]
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:	$111.5 billion (31 Dec. 2007)
Distribution of family income-Gini index:	39.4 (2005)
Unemployment rate:	8.4% (Aug. 2008)
Labour force:	112.0 million (2008 est.)

Markets

JSX index:	1,798.3 (6 May 2009)
% change on 31 Dec. 2008:	+32.7 (local currency); +38.9 ($ terms)

Trade

Trade balance:	$7.3 billion (latest year, Mar. 2009)
Trade to GDP ratio:	60.4 (2005-2007)
Exports:	$136.8 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:	$128.8 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:	-2.9% (Q4 2008); -4.0% (2009)
Composition by sector:	2.0%-agriculture; 26.7%-industry; 71.3%-services (2008 est.)
Central Bank interest rate:	1.0% (May 2009) [European Monetary Union]
Official reserve assets:	$108,905.54 million (Mar. 2009)
Foreign currency reserves:	$33,757.35 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$30,615.08 million (Mar. 2009)
IMF reserve position:	$1,716.91 million (Mar. 2009)
Special Drawing Rights:	$278.15 million (Mar. 2009)
Gold:	$73,153.12 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$0.00 (Mar. 2009)
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:	$-72.9 billion (latest year, Feb. 2009)
Budget:	$1.139 trillion-revenues; $1.203 trillion-expenditures (2008 est.)
Budget balance:	-4.3% of GDP (2009)
Public debt:	103.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.75 (6 May 2009); 0.76 (May 2008)
Economic aid-donor:	$3. 970 billion (2007) [ODA]
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:	6.9% (Q4 2008)
Labour force:	25.09 million (2008 est.)

Markets

S&P/MIB index:	20,104.0 (6 May 2009)
% change on 31 Dec. 2008:	+3.3 (local currency); -1.2 ($ terms)

Trade

Trade balance:	$-15.7 billion (latest year, Feb. 2009)
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:	Democratic Party of Japan
Most recent election:	30 Aug 2009
Government:	Lower House — Majority; Upper House — Minority
Political system:	Parliamentary with Constitutional Monarchy
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:	-4.3% (Q4 2008); -6.4% (2009)
Composition by sector:	1.4%-agriculture; 26.4%-industry; 72.1%-services (2008 est.)
Central Bank interest rate:	0.1% (19 Dec. 2008)
Official reserve assets:	$1,018.549 billion (Mar. 2009)
Foreign currency reserves:	$989,730.00 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$905,526.00 million (Mar. 2009)
IMF reserve position:	$2,954.00 million (Mar. 2009)
Special Drawing Rights:	$2,951.00 million (Mar. 2009)
Gold:	$22,548.00 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$366.00 million (Mar. 2009)
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:	$131.8 billion (latest year, Feb. 2009)
Budget:	$1.672 trillion-revenues; $1.823 trillion-expenditures (2008 est.)
Budget balance:	-6.3% of GDP (2009)

Public debt:	170.4% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	98.7 (6 May 2009); 105 (May 2008)
Economic aid-donor:	$7. 678 billion (2007) [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:	4.8% (Mar. 2009)
Labour force:	66.15 million (2008 est.)

Markets

Nikkei 225 index:	8,977.4 (6 May 2009)
% change on 31 Dec. 2008:	+1.3 (local currency); -7.0 ($ terms)
Topix index:	846.9 (6 May 2009)
% change on 31 Dec. 2008:	-1.4 (local currency); -9.5 ($ terms)

Trade

Trade balance:	$21.0 billion (latest year, Feb. 2009)
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. 143 trillion (2008 est.)
Predicted change:	-1.6% (Q4 2008); -4.4% (2009)
Composition by sector:	3.7%-agriculture; 34.1%-industry; 62.2%-services (2008 est.)
Central Bank interest rate:	6.0% (Apr. 2009)
Official reserve assets:	NA
Foreign currency reserves:	$88,867 million (Mar. 2009)
Securities:	NA
IMF reserve position:	$433.86 million (Feb. 2009)
Special Drawing Rights:	$496 million (Mar. 2009)
Gold:	175 million (Mar. 2009)
Financial derivatives:	NA
Loans to nonbank	

residents:	NA
Other reserve assets:	637 Million (Mar 2009)
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:	$-17.2 billion (latest year, Mar. 2008)
Budget:	$256.7 billion-revenues; $256.8 billion-expenditures (2008 est.)
Budget balance:	-5.3% of GDP (2009)
Public debt:	20.3% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	14.2 (Mar. 2009); 10.7 (Mar. 2008)
Economic aid-recipient:	$78.95 million (2007)
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:	4.8% (Mar. 2009 est.)
Labour force:	45.5 million (2008 est.)

Markets

IPC index:	23,906.1 (6 May 2009)
% change on 31 Dec. 2008:	+6.8 (local currency); +11.7 ($ terms)

Trade

Trade balance:	$-16.0 billion (latest year, Feb. 2009)
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):	$1.757 trillion (2008 est.)

Predicted change:	1.2% (Q4 2008); -3.0% (2009)
Composition by sector:	4.1%-agriculture; 41.1%-industry; 54.8%-services (2008 est.)
Central Bank interest rate:	12.0% (May 2009)
Official reserve assets:	$383,888.65 million (May 2009)
Foreign currency reserves:	$333,558.27 million (May 2009) [in convertible foreign currencies]
Securities:	$296,965.63 million (May 2009)
IMF reserve position:	$1,187.08 million (May 2009)
Special Drawing Rights:	$2.08 million (May 2009)
Gold:	$15,743.21 million (May 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (May 2009)
Loans to nonbank residents:	$0.00 (May 2009)
Other reserve assets:	33,398.02 million (May 2009)
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:	$65.4 billion (latest year, Q1 2009)
Budget:	$383.5 billion-revenues; $273.5 billion-expenditures (2008 est.)
Budget balance:	-8.0% of GDP (2009)
Public debt:	6.8% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	32.8 (6 May 2009); 23.8 (May 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:	10.0% (Mar. 2009)
Labour force:	75.7 million (2008 est.)

Markets

RTS index ($ terms):	897.1 (6 May 2009)
% change on 31 Dec. 2008:	+52.7 (local currency); +42.0 ($ terms)

Trade

Trade balance:	$151.6 billion (latest year, Mar. 2009)
Trade to GDP ratio:	54.1 (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):	$467.7 billion (2008 est.)
Predicted change:	4.2% (2008); -1.0% (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:	SDR 1,136.61 million (Feb. 2009)
Special Drawing Rights:	NA
Gold:	NA
Financial derivatives:	NA
Loans to nonbank residents:	NA
Other reserve assets:	NA
Commercial Bank prime lending rate:	NA
Stock of money:	$113.2 billion (31 Dec. 2008)
Stock of quasi money:	$134.3 billion (31 Dec. 2008)
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:	$124.0 billion (latest year, 2008)
Budget:	$293.0 billion-revenues; $136.0 billion-expenditures (2008 est.)
Budget balance:	-9.0% of GDP (2009)
Public debt:	13.5% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	3.75 (May 2009); 3.75 (May 2008)
Economic aid:	NA
Debt-external:	$63.2 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	NA
Market value of publicly traded shares:	$246.4 billion (31 December 2008)
Distribution of family income-Gini index:	NA
Unemployment rate:	8.8 (local bank estimate 2008; other estimates vary significantly)
Labour force:	6.74 million (2008 est.) [about 1/3 of the population aged 15-64 is non-national]

Markets

Tadawul index:	5,802.1 (6 May 2009)

% change on 31 Dec. 2008:	+20.8 (local currency); +20.9 ($ terms)

Trade

Trade balance:	$197.4 billion (latest year, 2008)
Trade to GDP ratio:	86.7 (2005-2007)
Exports:	$311.1 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:	$92.4 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:	22 April 2009
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:	1.0% (Q4 2008); -1.8% (2009)
Composition by sector:	3.4%-agriculture; 31.3%-industry; 65.3%-services (2008 est.)
Central Bank interest rate:	8.5% (30 Apr. 2009)
Official reserve assets:	$34,108.00 million (Mar. 2009)
Foreign currency reserves:	$30,071.00 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$1,492.00 million (Mar. 2009)
IMF reserve position:	$0.00 (Mar. 2009)
Special Drawing Rights:	$332.00 million (Mar. 2009)
Gold:	$3,705.00 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$0.00 (Mar. 2009)
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:	$-21.0 billion (latest year, Q4 2008)
Budget:	$83.85 billion-revenues; $83.3 billion-expenditures (2008 est.)
Budget balance:	-4.0% of GDP (2009)
Public debt:	29.9% of GDP (Jun. 2008) [cumulative debt of all government borrowing]

Exchange rates (per USD):	8.47 (May 2009); 7.52 (May 2008)
Economic aid-recipient:	$597.18 million (2007)
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:	23.5% (May 2008)
Labour force:	18.22 million (2008 est.) [economically active]

Markets

JSE AS index:	21,783.4 (6 May 2009)
% change on 31 Dec. 2008:	+1.3 (local currency); -10.6 ($ terms)

Trade

Trade balance:	$-7.4 billion (latest year, Mar. 2009)
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):	$857.5 billion (2008 est.)
Predicted change:	-4.3% (Q4 2009); -5.9% (2009)
Composition by sector:	3%-agriculture; 39.5%-industry; 57.6%-services (2008 est.)
Central Bank interest rate:	2.0% (Feb. 2009)
Official reserve assets:	$206,340.00 million (Mar. 2009)
Foreign currency reserves:	$206,427.00 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$183,891.00 million (Mar. 2009)
IMF reserve position:	$556.00 million (Mar. 2009)
Special Drawing Rights:	$84.00 million (Mar. 2009)
Gold:	$76.00 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2008)
Other reserve assets:	$-803.00 million (Mar. 2009)

Commercial Bank prime lending rate:	7.0% (31 Dec. 2007)
Stock of money:	$80.66 billion (31 Dec. 2008)
Stock of quasi money:	$478.0 billion (31 Dec. 2008)
Stock of domestic credit:	$937 billion (31 Dec. 2008)
Household income or consumption by % share:	2.7%-lowest 10%; 24.2%-highest 10% (2007 est.)
Inflation rate (consumer prices):	4.6% (2008 est.)
Investment (gross fixed):	27.1% of GDP (2008 est.)
Current account balance:	$+7.4 billion (latest year, Mar.. 2009)
Budget:	$222.9 billion-revenues; $221.8 billion-expenditures (2008 est.)
Budget balance:	-6.5% of GDP (2009)
Public debt:	32.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	1,277.0 (May 2009); 1,026 (May 2008)
Economic aid-donor:	$699.06 million (2007) [ODA]
Debt-external:	$250.4 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	$103.7 billion-at home (2008 est.); $74.6 billion-abroad (30 June 2008)
Market value of publicly traded shares:	$623 billion (31 Dec. 2008)
Distribution of family income-Gini index:	31.3 (2006)
Unemployment rate:	3.7% (Mar. 2009)
Labour force:	24.35 million (2008 est.)

Markets

KOSPI index:	1,393.5 (6 May 2009)
% change on 31 Dec. 2008:	+23.9 (local currency); +22.2 ($ terms)

Trade

Trade balance:	$+3.3 (latest year, Apr. 2009)
Trade to GDP ratio:	85.7 (2005-2007)
Exports:	$419.0 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:	$435.0 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:	-6.2.% (Q4 2008); -4.4% (2009)
Composition by sector:	8.5%-agriculture; 28.6%-industry; 62.9%-services (2008 est.)

Central Bank interest rate:	9.25% (15 May 2009)
Official reserve assets:	$70,587.52 million (Mar. 2009)
Foreign currency reserves:	$66,982.66 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$63,144.78 million (Mar. 2009)
IMF reserve position:	$168.00 million (Mar. 2009)
Special Drawing Rights:	$12.00 million (Mar. 2009)
Gold:	$3,424.86 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (Mar. 2009)
Loans to nonbank residents:	$0.00 (Mar. 2009)
Other reserve assets:	$0.00 (Mar. 2009)
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:	$-33.1 billion (latest year, Feb. 2009)
Budget:	$164.6 billion-revenues; $176.3 billion-expenditures (2008 est.)
Budget balance:	-4.4% of GDP (2009)
Public debt:	37.1% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	1.57 (6 May 2009); 1.25 (May 2008)
Economic aid-recipient:	$237.45 million (2007)
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:	33,716.9 (6 May 2009)
% change on 31 Dec. 2008:	+25.5 (local currency); +23.6 ($ terms)

Trade

Trade balance:	$-58.1 billion (latest year, Mar. 2009)
Trade to GDP ratio:	48.5 (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:	-4.1% (Q1 2009); -3.7% (2009)
Composition by sector:	0.9%-agriculture; 22.8%-industry; 76.2%-services (2008 est.)
Central Bank interest rate:	0.5% (5 Mar. 2009)
Official reserve assets:	$20,881.92 million (Apr. 2009)
Foreign currency reserves:	$6,762.09 million (Apr. 2009) [in convertible foreign currencies]
Securities:	$6,463.74 million (Apr. 2009)
IMF reserve position:	$0.00 million (Apr. 2009)
Special Drawing Rights:	$0.00 million (Apr. 2009)
Gold:	$0.00 million (Apr. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$-3,407.95 million (Apr. 2009)
Loans to nonbank residents:	$0.00 (Feb. 2009)
Other reserve assets:	$14,079.51 million (Apr. 2009)
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:	$-44.6 billion (latest year, Q4 2008)
Budget:	$1.107 trillion-revenues; $1.242 trillion-expenditures (2008 est.)
Budget balance:	-12.3% of GDP (2009)
Public debt:	47.2% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.66 (7 May 2009); 0.51 (May 2008)
Economic aid-donor:	$9. 848 billion (2007) [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:	6.7% (Feb. 2009)
Labour force:	31.2 million (2008 est.)

Markets

FTSE 100 index:	4396.5 (6 May 2009)

% change on 31 Dec. 2008:	-0.8 (local currency); +3.8 ($ terms)

Trade

Trade balance:	$-163.1 billion (latest year, Feb. 2009)
Trade to GDP ratio:	57.7 (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:	-2.6% (Q1 2009); -2.9% (2009)
Composition by sector:	1.2%-agriculture; 19.6%-industry; 79.2%-services (2008 est.)
Central Bank interest rate:	0.25% (16 Dec. 2008)
Official reserve assets:	$75,464.00 million (May. 2009)
Foreign currency reserves:	$39,306.00 million (May. 2009) [in convertible foreign currencies]
Securities:	$22,322.00 million (May. 2009)
IMF reserve position:	$8,217.00 million (May. 2009)
Special Drawing Rights:	$9,099.00 million (May. 2009)
Gold:	$11,041.00 million (May. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$0.00 (May. 2009)
Loans to nonbank residents:	$0.00 (May. 2009)
Other reserve assets:	$7,801.00 million (May. 2009)
Commercial Bank prime lending rate:	3.25% (31 Dec. 2007)
Stock of money:	$1.596 trillion (31 Dec. 2007)
Stock of quasi money:	$8.154 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:	$-761.0 billion (latest year, Q4 2008)
Budget:	$2.524 trillion-revenues; $2.979 trillion-expenditures (2008 est.)
Budget balance:	-13.1% of GDP (2009)
Public debt:	60.8% of GDP (2007 est.) [cumulative debt of all government borrowing]

Exchange rates (per USD):	NA
Economic aid-donor:	$21. 786.9 billion (2007)
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:	8.5% (Mar. 2009)
Labour force:	155.2 million (2008 est.) [includes unemployed]

Markets

DJIA index:	8,512.3 (6 May 2009)
% change on 31 Dec. 2008:	-3.0 (local currency); -3.0 ($ terms)
S&P 500 index:	919.5 (Mar. 2009)
% change on 31 Dec. 2008:	-+1.8 (local currency); +1.8 ($ terms)
NAScomp index:	1, 759.1 (Mar. 2009)
% change on 31 Dec. 2008:	+11.5 (local currency); +11.5 ($ terms)

Trade

Trade balance:	$-761.0 billion (latest year, Feb. 2009)
Trade to GDP ratio:	27.3 (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):	$18.85 trillion (2008 est.)
Predicted change:	-1.5% (Q4 2008); -3.7% (2009) [Euro Area]
Composition by sector:	2.0%-agriculture; 26.8%-industry; 71.1%-services (2008 est.)
Central Bank interest rate:	1.0% (May 2009) [European Monetary Union]
Official reserve assets:	$68,126.31 million (Mar. 2009) [European Central Bank]; $526,750.60 million (Mar. 2009) [Eurosystem]
Foreign currency reserves:	$51,698.92 million (Mar. 2009) [in convertible foreign currencies, European Central Bank], $188,936.34 million (Mar. 2009) [in convertible foreign currencies, Eurosystem]
Securities:	$50,179.14 million (Mar. 2009) [European Central Bank], $172,865.60

	million (Mar. 2009) [Eurosystem]
IMF reserve position:	$0.0 million (Mar. 2009) [European Central Bank], $11,129.48 million [Eurosystem]
Special Drawing Rights:	$439.16 million (Mar. 2009) [European Central Bank], $6,423.77 million (Mar. 2009) [Eurosystem]
Gold:	$15,821.88 billion (Mar. 2009) [including gold deposits and, if appropriate, gold swapped, European Central Bank], $319,912.34 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped, Eurosystem]
Financial derivatives:	$166.35 billion (Mar. 2009) [European Central Bank], $243.54 million (Mar. 2009) [Eurosystem]
Loans to nonbank residents:	$0.00 (Mar. 2009) [European Central Bank], $103.80 million (Mar. 2009) [Eurosystem]
Other reserve assets:	$0.00 (Mar. 2009) [European Central Bank], $1.33 million (Mar. 2009) [Eurosystem]
Commercial Bank prime lending rate:	8.03% (31 Dec. 2007)
Stock of money:	$5.679 trillion (31 Dec. 2008) [Euro Area]
Stock of quasi money:	$11.38 trillion (31 Dec. 2008) [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):	3.0% (2008 est.)
Investment (gross fixed):	21.0% of GDP (2008 est.)
Current account balance:	$-150.9 billion (latest year, Feb. 2009) [Euro Area]
Budget:	NA
Budget balance:	-5.7% of GDP (2009) [Euro Area]
Public debt:	NA
Exchange rates (per USD):	0.75 (6 May 2009); 0.65 (May 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:	31.0 (2005 est.)
Unemployment rate:	8.9% (Mar. 2009) [Euro Area]
Labour force:	224.8 million (2008 est.)

Markets

FTSE Euro 100 index:	753.8 (6 May 2009)
% change on 31 Dec. 2008:	+1.0 (local currency); -3.4 ($ terms)
DJ STOXX 50 index:	2, 437.3 (6 May 2009)
% change on 31 Dec. 2008:	-0.4 (local currency); -4.7 ($ terms)

Trade

Trade balance:	$-59.4 billion (latest year, May 2009) [Euro Area]
Trade to GDP ratio:	26.4 (2004-2006)
Exports:	$1.952 trillion f.o.b. (2007) [external exports, excluding intra-EU trade]
Top export partners:	NA
Imports:	$1.69 trillion f.o.b. (2007) [external imports, excluding intra-EU trade]
Top import partners:	NA

Egypt

Polity	
Political party:	National Democratic Party
Most recent election:	7 and 20 November, 1 December 2005; June 2007
Government:	Republic
Political system:	Presidential
Legislature:	Bicameral — People's Assembly/Majlis al-Sha'b (all but 10 elected by popular vote), Advisory Council (popular vote)
Capital:	Cairo
Official language:	Arabic
Economy	
Currency:	Egyptian Pound
GDP (real):	158.3 billion (2008 est.)
Predicted change:	NA (latest quarter), +3.6% (2009)
Composition by sector:	13.4%-Agriculture; 37.6%-Industry; 48.9%-Services (2008 est.)
Central Bank interest rate:	9.5 (17 May 2009)
Official reserve assets:	$34, 163 million (Dec. 2008)
Foreign currency reserves:	NA [in convertible foreign currencies]
Securities:	NA
IMF reserve position:	0.0 (Apr. 2009)
Special Drawing Rights:	$109 millions (Dec. 2008)
Gold:	[including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	NA
Loans to nonbank residents:	NA
Other reserve assets:	$108 millions (Dec. 2008)
Commercial Bank prime lending rate:	12.51% (31 Dec. 2007)
Stock of money:	$27.6 billion (31 Dec. 2007)
Stock of quasi money:	$102.6 billion (31 Dec. 2007)
Stock of domestic credit:	$113.9 billion (31 Dec. 2007)
Household income or consumption by % share:	3.7%-lowest 10%; 29.5%-highest 10% (2000)
Inflation rate (consumer prices):	18% (2008 est.)
Investment (gross fixed):	17% of GDP (2008 est.
Current account balance:	$-1.3 billion (latest year, Q4 2008)
Budget:	$40.46 billion-revenues; $51.38 billion-expenditures (2008 est.)
Budget balance:	-6.9% of GDP (2009)
Public debt:	84.7% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	5.63 (6 May 2009); 5.36 (May 2008)
Economic aid-recipient:	$787.04 million (2007)
Debt-external:	$28.84 billion (31 Dec. 2008 est.)
Stock of direct foreign investment:	$59.03 billion-at home; $2.28 billion-abroad (2008 est.)
Market value of publicly traded shares:	$139.3 billion (31 Dec. 2007)
Distribution of family income-Gini index:	34.4 (2001)
Unemployment rate:	9.4% (May 2009)

Labour force:	24.72 million (2008 est.)

Markets

Case 30 index:	5332.9 (6 May 2009)
% change on 31 Dec. 2008:	+16.0(local currency); +13.6 ($ terms)

Trade

Trade balance:	$-26.8 billion (latest year, Q4 2008)
Trade to GDP ratio:	72.6 (2005-2007)
Exports:	$33.36 billion f.o.b. (2008 est.)
Top export partners:	US (9.7%); Italy (9.5%); Spain (7.6%); Syria (5.5%); Saudi Arabia (4.9%); UK (4.2%) (2007)
Imports:	$56.43 billion f.o.b. (2008 est.)
Top import partners:	US (11.7%); China (9.7%); Italy (6.4%); Germany (6.3%); Saudi Arabia (4.7%); Russia (4.3%) (2007)

Sweden

Polity

Political party:	Center-right coalition of Moderate, Center, Liberal, and Christian Democrats parties
Most recent election:	17 September 2006
Government:	Single House-Majority
Political system:	Parliamentary with Constitutional Monarchy
Legislature:	Unicameral
Capital:	Stockholm
Official language:	Swedish

Economy

Currency:	Swedish Kronor
GDP (real):	$512.9 billion (2008 est.)
Predicted change:	-4.9% (Q4 2008); -4.1% (2009)
Composition by sector:	1.5%-Agriculture; 28.9%-industry; 69.6%-services (2008 est.)
Central Bank interest rate:	0.5% (22 Apr. 2009)
Official reserve assets:	$27,838.00 million (Mar. 2009)
Foreign currency reserves:	$22,942.00 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$22,306.00 million (Mar. 2009)
IMF reserve position:	$630.00 million (Mar. 2009)
Special Drawing Rights:	$298.00 million (Mar. 2009)
Gold:	$3,940.00 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	NA
Loans to nonbank residents:	NA
Other reserve assets:	$28.00 million (Mar. 2009)
Commercial Bank prime lending rate:	4% (2004)
Stock of money:	$217.1 billion (31 December 2007)
Stock of quasi money:	$48.49 billion (31 December 2007)
Stock of domestic credit:	$630.8 billion (31 December 2007)
Household income or consumption by % share:	3.6-lowest 10%; 22.2-highest 10% (2000)
Inflation rate (consumer prices):	1.6% (November 2008 est.)

Investment (gross fixed):	19.6 of GDP
Current account balance:	$+40.3 billion (latest year, Q4 2008)
Budget:	$270.5 billion-revenues; $258.6 billion-expenditures
Budget balance:	-4.7% of GDP
Public debt:	36.5% of GDP (2008 est.)[cumulative debt of all government borrowing]
Exchange rates (per USD):	7.88 (13 May 2009); 602.2 (May 2008)
Economic aid-donor:	$4. 338 billion (2007)
Debt-external:	$598.2 billion (30 June 2006)
Stock of direct foreign investment:	$225.9 billion-at home; 289.6 billion-abroad (2008 est.)
Market value of publicly traded shares:	$612.5 billion (31 December 2007)
Distribution of family income-Gini index:	23 (2005)
Unemployment rate:	8.3% (March 2009)
Labour force:	4.9 million (2008 est.)

Markets

OMXS30 index:	748.1 (13 May 2009)
% change on 31 Dec. 2008:	+12.9 (local currency); +13.4($ terms)

Trade

Trade balance:	+13.7 (latest year, Mar. 2009)
Trade to GDP ratio:	94.6 (2005-2007)
Exports:	$185.1 billion f.o.b. (2008 est.)
Top export partners:	Germany (10.4%); Norway (9.4%); US (7.6%); Denmark (7.4%); UK (7.1%); Finland (6.4%); Netherlands (5.1%); France (5%); Belgium (4.6%) (2007)
Imports:	166.6 billion f.o.b. (2008 est.)
Top import partners:	Germany (18.4%); Denmark (9.2%); Norway (8.3%); UK (6.8%); Finland (6.1%); Netherlands (5.8%); France (5%); China (4.3%); Belgium (4.1%) (2007)

Spain

Polity

Political party:	Spanish Socialist Workers' Party (PSOE)
Most recent election:	9 Mar. 2008
Government:	Lower House-minority; Upper House-minority
Political system:	parliamentary, constitutional monarchy
Legislature:	bicameral, elected Senate (56 seats of 264 appointed by regional legislatures), elected Chamber of Deputies
Capital:	Madrid
Official language:	Spanish

Economy

Currency:	Euro (EMU)
GDP (real):	$1.683 trillion (2008 est.)
Predicted change:	-2.9% (Q1 2009); -3.3% (2009)
Composition by sector:	3.6%-agriculture, 28.9%-industry, 67.5%-services (2008 est.)
Central Bank interest rate:	1.0% (May 07 2009) [European Monetary Union]
Official reserve assets:	$20,844.44 million (Mar. 2009)

Foreign currency reserves:	$11,565.69 million (Mar. 2009) [in convertible foreign currencies]
Securities:	$11,067.05 million (Mar. 2009)
IMF reserve position:	$740.52 million (Mar. 2009)
Special Drawing Rights:	$222.36 million (Mar. 2009)
Gold:	$8,315.87 million (Mar. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	NA
Loans to nonbank residents:	NA
Other reserve assets:	NA
Commercial Bank prime lending rate:	9.54% (31 December 2008)
Stock of money:	NA
Stock of quasi money:	NA
Stock of domestic credit:	$3.724 trillion (30 November 2008)
Household income or consumption by % share:	2.6%-lowest 10%; 26.6%-highest 10% (2000)
Inflation rate (consumer prices):	1.4% (2008 est.)
Investment (gross fixed):	of GDP
Current account balance:	-144.9 (latest year, Feb. 2009)
Budget:	$443.3 billion -revenues; $535.6 billion-expenditures (2008 est.)
Budget balance:	-9.6% of GDP (2009)
Public debt:	37.5% of GDP (2008) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.74 (13 May 2009); 0.65 (May 2008)
Economic aid-/donor:	5. 139 billion (2007)
Debt-external:	$2.478 trillion (30 September 2008 est.)
Stock of direct foreign investment:	$606.8 billion-at home; $738.5 billion-abroad (2008 est.)
Market value of publicly traded shares:	$1.132 trillion (31 December 2008)
Distribution of family income-Gini index:	32 (2005)
Unemployment rate:	17.4% (Mar. 2009)
Labour force:	23.1 million (2008 est.)

Markets

Madrid SE index:	932.7 (13 May 2009)
% change on 31 Dec. 2008:	-4.4 (local currency); -6.5 ($ terms)

Trade

Trade balance:	$-127.3 billion (latest year Feb. 2009)
Trade to GDP ratio:	59.1 (2005-2007)
Exports:	$292.8 billion f.o.b. (2008 est.)
Top export partners:	France (18.8%); Germany (10.8%); Portugal (8.6%); Italy (8.5%); UK (7.6%); US (4.2%) (2007)
Imports:	$444.9 billion f.o.b. (2008 est.)
Top import partners:	Germany (15.7%); France (12.7%); Italy (8.4%); China (5.8%); UK (4.8%); Netherlands (4.6%) (2007)

Netherlands

Polity

Political party:	
Most recent election:	29 May 2007 and 22 Nov. 2006 (for first and second chamber)

Government:	upper house-minority; lower house-minority
Political system:	Parliamentary, Constitutional Monarchy
Legislature:	Bicameral, First Chamber elected, Second chamber elected
Capital:	Amsterdam
Official language:	Dutch, Frisian

Economy

Currency:	Euro (European Monetary Union)
GDP (real):	$909.5 billion (2008 est.)
Predicted change:	-0.6% (Q4 2008); -3.1% (2009)
Composition by sector:	2%-agriculture, 24.4%-industry, 73.6%-services (2008 est.)
Central Bank interest rate:	NA (EMU)
Official reserve assets:	$29,031.00 millions (Apr. 2009)
Foreign currency reserves:	$8,649.00 millions (Apr. 2009) [in convertible foreign currencies]
Securities:	$7,953.00 millions (Apr. 2009)
IMF reserve position:	$1,245.00 millions (Apr. 2009)
Special Drawing Rights:	$1,021.00 millions (Apr. 2009)
Gold:	$18,041.00 millions (Apr. 2009) [including gold deposits and, if appropriate, gold swapped]
Financial derivatives:	$75.00 millions (Apr. 2009)
Loans to nonbank residents:	0.0 (Apr. 2009)
Other reserve assets:	0.0 (Apr. 2009)
Commercial Bank prime lending rate:	8.72% (31 December 2007)
Stock of money:	NA
Stock of quasi money:	NA
Stock of domestic credit:	$1.876 trillion (31 December 2007)
Household income or consumption by % share:	2.5%-lowest 10%; 22.9%-highest 10% (1999)
Inflation rate (consumer prices):	1.5% (2008 est.)
Investment (gross fixed):	20.3% of GDP (2008 est.)
Current account balance:	$+65.3 billion (latest year, Q4 2008)
Budget:	$408.5 billion-revenues; $398.8 billion-expenditures (2008 est.)
Budget balance:	%-3.1 of GDP (2009)
Public debt:	43% of GDP (2008 est.) [cumulative debt of all government borrowing]
Exchange rates (per USD):	0.74 (13 May 2009); 0.65 (May 2008)
Economic aid-donor:	6. 224 billion (2007)
Debt-external:	$2.277 trillion (30 June 2007)
Stock of direct foreign investment:	$726.9 billion-at home; $872.5 billion-abroad (2008 est.)
Market value of publicly traded shares:	$456.2 billion (31 December 2008)
Distribution of family income-Gini index:	30.9 (2007)
Unemployment rate:	4.1 (Mar. 2009)
Labour force:	7.75 million (2008 est.)

Markets

AEX index:	250.2 (13 May 2009)
% change on 31 Dec. 2008:	+1.7 (local currency); -0.4 ($ terms)

Trade

Trade balance:	$+50.2 billion (latest year, Feb 2009)
Trade to GDP ratio:	133.5 (2005-2007)

Exports:	$537.5 billion f.o.b. (2008 est.)
Top export partners:	Germany (24.4%); Belgium (13.6%); UK (9.1%); France (8.5%); Italy (5.1%); US (4.3%) (2007)
Imports:	$485.3 billion f.o.b. (2008 est.)
Top import partners:	Germany (17.7%); China (10.5%); Belgium (9.3%); US (7.3%); UK (5.8%); Russia (5.1%); France (4.4%) (2007)

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