




# France's G20 Presidency in a Chinese Perspective


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- **The G20 is the short name of the Group of Twenty Finance Ministers and Central Bank Governors.**
  - **The first meeting of the G20 was held in Berlin in December 1999.**

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- **The first G20 Summit in Washington DC in Nov. 2008 was proposed by French President Sarkozy and the EU Commission President Barroso.**
  - **President Sarkozy said at the UN General Assembly in September 2008:**

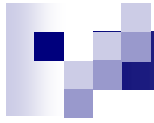
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- **“It is the duty of heads of State and government of the countries most directly concerned to meet before the end of the year to examine together the lessons of the most serious financial crisis the world has experienced since that of the 1930s.”**

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- France also assumes the presidency of the G8 in 2011.
  - France assumed the presidency of the G20 for one year from November 2010, taking over from South Korea.
  - France will host the G20 Summit in Cannes from 3 to 4 November 2011.




# Sarkozy's praise for the G20


- Sarkozy said at the G20 Finance Ministers and Central Bank Governors' Meeting, Elysée Palace, 18 February 2011:




- **“The G20 has proven its effectiveness during the crisis.”**
- **“We have helped the world recover from the worst crisis in 60 years.”**

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- **Within the framework of its presidency of the G20, France wishes to increase collaboration between the G20 and the G192 (United Nations).**
  - **The French Presidency decided to invite the following 5 countries to the 2011 Cannes Summit:**




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- *Ethiopia*, Chair of the New Partnership for Africa's Development (NEPAD);
  - *Singapore*, representing the "3G group" (Global Governance Group, with 27 member countries);
  - *Spain*, participated in all G20 summits;


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- *United Arab Emirates*, Chair of the Cooperation Council for the Arab States of the Gulf (GCC);
  - *Equatorial Guinea*, Chair of the African Union.



## What is France going to do?

- Sarkozy: “Our first priority in our presidency of the G20 will be to implement the decisions already made.”
- France’s wish-list includes:

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- **Setting indicators to monitor imbalance**
  - **Reforming the international monetary system**
  - **Strengthening financial regulation**
  - **Combating commodity price volatility**

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- Supporting employment and strengthening the social dimension of globalization
  - Improving global governance
  - Acting for development
  - *Rome was not built in one day.*




## China's red line

- Sarkozy: France as the Presidency “*cannot ignore each country's red lines.*”
- What is China's red line?
- **China wouldn't support the use of real exchange rates and reserves as indicators.**




## The Paris meeting in February 2011

- “The G20 Finance Ministers and Central Bank Governors meeting in Paris agreed on a set of indicators that will allow us to focus, through an integrated two-step process, on those persistently large imbalances which require policy actions. ”
- The indicators include:

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- public debt;
  - fiscal deficits;
  - private savings rate;
  - private debt;
  - the external imbalance composed of the trade balance and net investment income flows and transfers.




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- *The G20 will take due consideration of exchange rate, fiscal, monetary and other policies.*
  - The G20 Finance Ministers and Central Bank Governors meeting in Washington in April agreed on *indicative guidelines* against which each of these indicators will be assessed.




# Name and shame?

- It is reported that the G20 has named 7 countries with greater imbalance: the U.S., France, U.K., Japan, Germany, China and India.

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- The western media said, due to China's opposition, exchange rates and currency reserves were not included in the indicators.”
  - China was not “hijacking the G20”.
  - It’s not “19 vs.1” in the G20.


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- **Finance Minister Xie Xuren and Central Bank Governor Zhou Xiaochuan were speaking on behalf of nearly one-fifth of the world's population.**

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- How China and France/the EU cooperate?
  - Strengthen coordination and consultation;
  - Respect each other's red line.
  - *The Nanjing meeting might be seen as a good example of cooperation.*



## The Nanjing meeting (2011-3-31)

- Four agreements were officially reached:
- The need to kick-off the process of reforming the international monetary system.

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- **The need to allow the RMB to have a bigger role in global finance, i.e., including the RMB in the basket of currencies that sets the value of the SDRs.**
  - **The basket now includes the dollar, Japanese yen, euro and British pound.**

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- **The need to keep the role of the U.S. dollar as it is now. (The dollar will not be replaced by SDRs in the foreseeable future.)**
  - **The need to reform the IMF to make it more diverse and representative so as to offer the emerging market economies a big say in it.**





# Is the G7 dead?

- No!
- When the Japanese currency reached to 1\$ / 76.25 ¥ on March 16, 2010, after the quake and the tsunami, the G7 initiated a coordinated intervention not seen for over a decade.
- So the G7 is going to co-exist with the G20.



**Thank you very much.**

