

**CENTER FOR
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PRESIDENT OBAMA'S TRIP TO RUSSIA, THE G-8 AND GHANA

WELCOME AND MODERATOR:

H. ANDREW SCHWARTZ,
VICE PRESIDENT FOR EXTERNAL RELATIONS,
CSIS

SPEAKERS:

ANDREW KUCHINS,
DIRECTOR, RUSSIA AND EURASIA PROGRAM, CSIS

SARAH MENDELSON,
SENIOR FELLOW, RUSSIA AND EURASIA PROGRAM, CSIS

REUBEN JEFFERY,
SENIOR ADVISER, CSIS

HEATHER CONLEY,
DIRECTOR, EUROPE PROGRAM, CSIS

JENNIFER COOKE,
DIRECTOR, AFRICA PROGRAM, CSIS

STEVEN SCHRAGE,
SCHOLL CHAIR IN INTERNATIONAL BUSINESS, CSIS

STEPHEN MORRISON,
DIRECTOR, GLOBAL HEALTH POLICY CENTER, CSIS

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H. ANDREW SCHWARTZ: Good morning, and welcome to the Center for Strategic and International Studies, my name is Andrew Schwartz; I'm vice president of external relations here. Today we're going to do this a little bit differently because we've got a big trip with a lot of issues and so we're going to do it in waves. We're going to start out with the Moscow summit and I have here our two senior Russia scholars: Dr. Sarah Mendelson and Dr. Andrew Kuchins. You have their bios in front of you, but I will tell you they're the best in the business. And with that I'll let it go to Sarah or Andy.

ANDREW KUCHINS: Good morning. Well, I think as long as we keep our expectations low about this summit meeting then we're less likely to be disappointed about what's about to transpire. I have to say that while I've been a very enthusiastic advocate of the so-called reset button and attempts to try to improve to the U.S.-Russia relationship, I think to some extent there is a little bit of a flaw in our logic and it's in resetting.

Part of it is that, you know, we have a new leader who is President Obama who is ready to adjust some policies from the previous administration. In Moscow, we don't have a new leader. We essentially have the same leadership that we had before, and I think it's very dubious as to what extent there is interest in the Russian side in resetting the relationship.

And to take that a little bit further, I don't think that we should have any illusions about where ultimate decision authority lies in Russia today. I think the tandem is a fiction, or in Russian words it is Potemkin Village. Mr. Obama has to operate under the assumption that on any issue of importance to him, from nuclear reductions negotiations to Afghanistan to Iran, the ultimate arbiter of Russian policy is Vladimir Putin.

Now, that doesn't mean that Mr. Medvedev is a waste of time but I think that Mr. Obama is going to have to assume that there is virtually no space between Mr. Medvedev and Mr. Putin, that any position taken by Medvedev is essentially been blessed by his mentor, master, you choose the word.

I also think – and Sarah and I may disagree about this – that President Obama probably should harbor no illusions that the United States or he in particular can take measures in Moscow to empower Mr. Medvedev or any supposed more liberal or West-leaning officials in the Russian government.

Now, if this, what I'm suggesting, is true I think it creates several problems. The first, and I think frankly less important challenge is presented by the de facto unconstitutional decision making arrangement in Moscow. It has to do with the optics of the meeting. We can probably manage this I think by having Medvedev and Obama preside over the likely summit deliverables which hopefully will be the framework agreement on the START I replacement treaty, deepen cooperation in Afghanistan, resumption of military-to-military ties.

But, look, the most important part about his trip to Moscow is going to be his discussions with Vladimir Putin, in my view, for the simple reason that Mr. Putin is by far and away the most important and powerful figure in Russia. It's a pretty simple logic.

And I see that he has on his schedule, for right now, I think a one-hour meeting over at Putin's dacha followed by that he's leaving then to go meet with Mr. Gorbachev. In all honesty, I would blow off the meeting with Mr. Gorbachev, I don't see if there's a whole lot of value added there, and I would spend more time with Mr. Putin.

I know that doesn't really look good, in some ways it's not so diplomatic but we have to face reality I think as to what the reality is in Moscow and how to deal with it. Now, the core problem Mr. Obama is going to have in dealing with Mr. Putin is that I think that he has developed a sense that he can do virtually whatever he wants to do with nearly absolute impunity.

There is a long list of events from the Yukos affair to the Georgia War that have consistently bolstered this sense over the years. I think it is also clear that Mr. Putin has a chip on his shoulder about the size of the Rock of Gibraltar about the humiliations that Russia supposedly has been inflicted upon it by the West.

And finally Mr. Putin believes that for now Russia has the upper hand vis-à-vis the United States and that Washington needs to make all of the fundamental concessions, or in other words do all of the resetting. I think this combination of feeling all powerful, aggrieved and overconfident is not going to make for a very easy interlocutor in Moscow.

There are three things I think I would start with and what I think Mr. Obama needs to convey to Mr. Putin in very clear terms. I'd start with Georgia. Once again, we hear rumors of the possibility of Russian preparations for war to finish the unfinished business. This absolutely cannot happen; last year's conflict was a massive blow to the credibility of U.S. security commitments not only in the region but the world.

And Obama must on the one hand assure Putin that the Georgian President, Saakashvili, has been told there is no justification for responding to any Russian provocations with military force and also to be clear about what are the consequences in the event that Russia were to invade Georgia again.

Iran – I think Mr. Obama needs to be very clear in briefing Putin specifically on the plan to engage Iran and the measures the United States is prepared to take in the likely event that Tehran proves intransigent on its nuclear weapons program.

The come-to-Jesus moment, so to speak, is likely to be upon us some time in the next year and I think the most likely scenario is going to have us coming back to the U.N. Security Council members to impose very harsh economic sanctions – and this is going to be the decision point where Moscow would have to abandon its typical strategy of playing both sides against the middle and decide whether they are in fact with us or against us.

Finally, Afghanistan: obviously a very, very high priority for the Obama administration. Now, while the Russians have been cooperative in opening the northern transit quarter where the northern distribution network as the military refers to it and there is likely to be an agreement announced in Moscow on the transfer of lethal materials through Russian territory.

They're – the Russian position – on our use of the Manas Military Base in Kyrgyzstan raises serious questions about how Moscow sees its interests. Officially the Kremlin approved last week of the Kyrgyz decision to allow us access to get into Manas, but their behavior going back to the beginning of the year suggests that really they don't want to see us there.

And I think that Moscow may very well prefer to maintain their hegemonic position in Central Asia rather than see our success in Afghanistan. I mean Afghanistan is a vital national security interest where lives of U.S. soldiers are at stake and Obama's got to make it clear that any ambiguity about Moscow's support on this is not going to be taken lightly.

I think, finally, there are a lot of questions about Moscow's reliability, predictability, as a partner, not only for the United States but anybody. I was in St. Petersburg a few weeks ago for the economic forum, and two days later Putin's apparently blithe decision to blow off Russia's negotiations for a cession to the WTO I think raises these questions in very high relief for all parties, including his own government – which in my view was caught completely off guard by this decision to enter in the customs union arrangement with Kazakhstan and Belarus and pursue with the WTO that way. All right, thanks very much.

SARAH MENDELSON: Thank you. Well, in the fine tradition of a think tank, I may indeed disagree with my colleague a little bit. I want to focus in my comments on the second day, maybe after the hour that President Obama meets with Prime Minister Putin. I've been for the last several weeks involved in organizing what is a parallel civil society summit that's going to happen on the second day – it will begin on the first day but we're hoping that we get senior representatives of both governments coming to us on the second day.

This is a different kind of meeting – we have about 75 American and Russian experts coming together. These are Americans primarily who've worked on the U.S. coming together with Russians who've worked on Russia. So we have colleagues from the affordable housing field, from the human rights field who've worked with me on helping to – or trying to close – Guantanamo and end torture and indefinite detention in this country.

We have a non-infectious disease specialist; we have working journalists coming together with Russian working journalists to talk about new media. And it's a different model because typically over the last 20 years the United States, civil society, with support from the U.S. government has really approached Russia as almost a problem to be fixed. So you've had – we started with humanitarian assistance and then we went to economic assistance and we've had democracy assistance.

And over time this assistance has been increasing ineffective, unwelcome, and frankly it hasn't created the kind of space that we hope our colleagues would enjoy and it hasn't increased

their capacity, whether that's working journalists or in the human rights field or an environmental field. So this is a different kind of model.

Now, why are we doing this? We're doing it in part because we didn't want to see the summit be only about arms control – this relationship is more than just arms control, and I think that in some of the statements that you've seen coming from the Obama administration before they travel that they are very aware of this and that is their hope as well. On the second day we're expecting President Obama is going to meet with a series of different parts of civil society, we hope that that includes our civil society summit.

But it's also in response to some small incremental changes that we've seen in Russia over the last several weeks. What are these? President Medvedev did his first interview with Novaya Gazeta – this is a newspaper where four of their journalists have been killed over the last couple of years, including Anna Politkovskaya. The interview itself is not remarkable, but the fact of the interview was.

President Medvedev reconstituted his presidential council on human rights which is populated by genuine human rights activists and they've met and convened a couple times. This is extremely welcome from the human rights community.

Engaging colleagues in Moscow and the regions, people who experience tremendous amount of pressure from the authorities over the last couple of years, their view is to act as if there is in fact some change; that if there isn't change we're going to find out soon enough, and so they're extremely glad to have American colleagues coming to meet with them in the civil society summit.

I think everybody really hopes that President Obama and President Medvedev show up. The idea is to move essentially from assistance to a more peer to peer kind of engagement. And we're going to see if that's possible.

Rhetoric in Russia matters in the sense that if you think back 10 years ago, 10 years ago this month, Prime Minister Putin was then the head of the FSB. He gave an interview to a newspaper in which he talked about the problem with foreign assistance is that it – going to environmental movement NGOs – is that it means that they are in the employ of foreign intelligence.

And after that statement, a whole series of environmental organizations were investigated. And senior Kremlin officials have made similar statements over the years that have resulted in lights going on all over Russia and investigations occurring. So a change in rhetoric matters in the Russian context – it's not everything, but we will be looking to see if there's action that follows and we'll see what this big experiment brings. So I think with that we'll open it up.

MR. SCHWARTZ: We're going to take questions on the Moscow summit now, and then as I said before we're going to bring in our other colleagues to talk about the G-8 and about Africa. I also want to mention there's some materials that have been passed out to you including a book about what's going to happen with policy following the Bush years in Africa.

If you're in front of a microphone and you could identify yourself for the question, it would be helpful. Back, Francine.

Q: Hi, Francine Kiefer from the Christian Science Monitor. So Obama's going to be giving his speech at this economics university and I wanted to ask you what you thought, how much of it would be allowed to broadcast. I don't have a sense of what is actually going to reach Russians. And what do you think it can do in terms of changing Russian public opinion, which is pretty negative itself about the United States right now?

MS. MENDELSON: They've asked that it be televised. I haven't heard whether or not that request has been – is it?

MR. KUCHINS: Well, it's – what I've heard is that it's going to be televised on RTV1, which is a cable network with a quite limited distribution. It's not going to be televised on the major national Russian TV networks. So it's a very modest concession and is sort of reminiscent of the way Chinese were treating speeches by Bill Clinton back in the '90s.

MS. MENDELSON: I think this is a very important speech and he's got to do a lot of different things. At the same time he's – you're right, the opinion of the U.S. is quite negative, but I'll tell you that in surveys that we've done there has been a difference between how people view Americans and how they view Bush administration policies.

And I think the kind of message that President Obama delivered to the United States as well as to international audiences where – it's not only been a reset with Russia – but he's been in the business of repairing the damage that's been done over the last eight years and how people view the United States. That this is a government and an administration that's going to be much more interested in engaging in talking to critics as well as friends and allies, and that they're working specifically on a series of changing policies that the Bush administration adopted.

But the trick is that the kind of message that is very appealing in Europe, I just don't know how it's going to play in Russia. When you are admitting – if the president does this – and I don't know whether or not – my sense is the speech is being written now, it's not finished.

If you're speaking about who we are and our journey, we're not perfect. And the last couple years haven't been very good. Generally the tendency for Russians is not to admit any kind of weakness, so I don't know whether or not that's going to be seen as welcome or not. I think he's got to do it and I think he'll be able to deliver that message.

I don't think – there's some disagreement among colleagues – but I don't think Russians know very much about him, to be honest. And I think even just talking about his personal journey is going to be important because it challenges a lot of the stereotypes that Russians have about who we are and our history.

MR. KUCHINS: Just to add a couple of words, first, I think it's great that he's giving the speech, particularly at the New Economic School. I personally have ties to it; I had given a

grants to it while I was working at the MacArthur Foundation back in the 1990s and we're working very closely with their rector Sergei Guriev on the next phase of the Russia balance-sheet project here at CSIS.

But, you know, you guys have seen the polling numbers out of the University of Maryland study recently, and unfortunately it appears that according to these numbers that the Russians are the least receptive and most skeptical about positive change coming out of the Obama administration. So I think he's going to be facing a pretty difficult challenge and considerably more difficult than what he faced in Cairo.

MR. SCHWARTZ: Jonathan.

Q: Hi, I'm Jonathan Weisman with the Wall Street Journal. I just wanted to ask about the issue of the missile defense installations in Eastern Europe and NATO enlargement. I was somewhat surprised by the tone that Michael McFaul took yesterday on his conference call in which he said, we are not going to be offering any kind of reassurance – we're not going to be using the word "reassurance," we're not in the business of negotiating away anything.

And we had been hearing that actually that the Obama administration might be willing to offer some kind of quiet back-room reassurance on both issues, at least to try to punt them down the road. So I was curious what you thought of the tone that McFaul took and what the Russians might be expecting on those two issues?

MR. KUCHINS: Let me take a crack at that one first. The Russians are plenty aware that the Obama administration is less enthusiastic about missile defense in general. Democratic administrations are less enthusiastic about missile defense in general going back 25, 30 years to the Reagan administration. And they've clearly understood the tone that was on the campaign trail and subsequently –

So they are bargaining hard and it's still not – it's still a possibility that the agreement to agree on a start one framework agreement could be torpedoed by a failure of us to give absolute reassurances that we've changed our policy on the East Central European deployments, although I don't think that's the case.

I think where the problem is going to come is down the road in December when there actually needs to be a signing of an agreement. There's not going to be any signed agreement about the START I replacement treaty next week in Moscow. And if the Russians, I think, don't see, they will hold out signing that agreement later on in the year if they don't see some satisfaction on the missile defense issue.

I think the administration finds itself kind of painted a little bit into a corner on missile defense as it's simply not very politik right now to be viewed as making any concessions to the Russians who don't seem to be particularly interested in making concession themselves.

MS. MENDELSON: I saw his comments, and I'm looking at right now, slightly differently. I think that a lot of people thought because the summit was going to focus on arms

control on the first day that oh, okay, so that means that it's basically – it's a reset but it's a reset back to the days when we mainly talked about arms control.

And for any of you who know Mike McFaul, the idea that civil society and democracy and human rights wouldn't be on the agenda is crazy. So the point is that the Obama administration is trying to set a policy that can walk and talk at the same time. You can do arms control, but you can also address these other issues.

It's not going to be done in the kind of tradeoff – we're not going to agree to this in order to be able to do that. This isn't about needing, and I think that that was the point he was trying to make.

MR. SCHWARTZ: Any other questions on Russia? Okay. We're going to pull in our other scholars, we're going to do the switch-a-roo now thanks to Sarah and Andy. And if you do have questions on Russia coming up, please contact me and we will put you in touch with these two. Thanks.

STEVEN SCHRAGE: Good morning, I'm Steven Schrage; I'm the Scholl Chair in International Business here at CSIS and we're joined by a very esteemed panel here today to discuss the G-8 and the trip to Africa by President Obama.

On my left I have Heather Conley, who's our new director of CSIS's Europe program. On my right Jennifer Cooke, the director of our Africa Program. And on the far right, Reuben Jeffery, who's our new senior advisor and covers a range of different issues. We're also hopefully going to be joined shortly by Steve Morrison who's our senior vice president and director of global health – there's Steve right there. So welcome Steve.

I want to turn quickly to the panel, so I just want to raise three quick broad points before doing so. And first, to many of the press here and the public, this really probably seems like *déjà vu*. Wasn't it just a couple weeks ago in April that we were talking about President Obama going to a major summit in Europe to discuss the global economy at the G-20?

I think this shows the challenges to the G-8 in general and the great flux to the world's system where there's not even agreement that there will be another G-20 summit in 2010. So the appropriate title for next week might be something more along the lines of G-question mark or G-“fill-in-the-blank”. It's going to start with the traditional G-8, but then rapidly accelerate into a kind of a crescendo of different nations going up to 39 nations that will span much of the globe.

And this has raised questions about whether the G-8 is suffering from an identity crisis. But I think as today we look at the world, we may need some institutions that seem to have a bit of multiple personality disorder in a sense that the world is not only multi-polar but on different issues it is multi-tiered and multi dimensional with different groups potentially needed different indispensable nations like Russia on nonproliferation or China on climate change.

The Europeans refer to this as variable geometry, and I think the Italians deserve credit for tackling this head on, though I know from G-8 crime and terrorism negotiations back when

those were a priority, it can be essential to add other nations but it also makes it more difficult to get concrete action.

Which kind of raises the 2nd point which, whether it's a G-2, G-8, G-20, G-39, is it going to result in real, concrete action? And I think even the most generous commentators on the G-8 have often noted there's not much follow up in areas like development or aid. Many of the agenda items are targeting the far distance future for action long after the current leaders will have been long in retirement.

And this raises questions on current issues like the financial crisis, whether it will move beyond broad statements toward consensus on things like stimulus trade where we've had statements saying no new protectionism, constantly saying we need to revise the Doha Round. But we saw 17 of the 20 enact new protectionist measures before the London meeting.

We've seen buy Chinese actions, and these efforts to kind of shake and pump new life into the Doha round haven't yet produced real, new signs of life or vital signs. Obama's statements may provide more hope on that.

Afghanistan, we have a new strategy, but will there be funding to match the billions in opium revenue and new troops going forward. But before we get too pessimistic, a lot of the times these summits are very useful particularly in addressing emerging and rapidly forming consensus. I think the example in this summit is probably Iran where you look at – weeks ago they were talking about it being an invited guest and starting a new dialogue, and now that invitation has been rescinded in somewhat a 180, and now sanctions are on the table.

So it helps coordinate it in a rapidly changing world. And then finally, I think this turmoil in the G-8, G-20 is indicative of a larger systemic issue as we look at President Obama and others looking to old 20th century institutions, some built in the '40s, to address 21st century problems. Kind of like using an old Microsoft DOS operating system and trying to operate on the Internet today.

And while people thought the financial crisis may kind of reboot some of these institutions, we're seeing attentions turn more inward. I think a recent U.S. poll had the top priority of Americans: foreign policy, defense, terrorism, were all 1 percent. Iraq I think was 2 percent. Environment was less than 1 percent, economy was 38 percent, when you add jobs it's up to 57 percent.

So I think it raises the question of whether these broad statements on these actions by leaders are going to be backed by real, concrete efforts once cuts into the economy are calls for sacrifices. So with that I'd like to turn to Heather and our other esteemed colleagues for their specific comments.

HEATHER CONLEY: Thank you, Steven. I guess I'm going to provide the color commentary of the panel, and as I looked at the next week's G-8 summit, my frame of reference is I go back to the last year's family photo to see who's standing and who's still there and who's

in potential trouble. And I think looking at our European leaders, we have a real interesting sort of set of agendas and priorities and under certain elements of political duress.

I think beginning with Prime Minister Gordon Brown, he has had a couple of very difficult weeks which were obviously brought on by the scandal of the misuse of government funds and were really solidified after the European parliament elections where he really took a drumming. His popularity right now stands at 25 percent, and that's certainly the lowest of the European leaders who will converge to the G-8 summit.

The question now is sort of when will he depart from the scene, how will it happen and the timing of that. So I think certainly Prime Minister Brown comes to this in a much-weakened state.

French President Sarkozy also has had a two-year, mid-course correction. He has reshuffled his cabinet – I think again you are seeing European leaders are making political and domestic adjustments to the global economic crisis. He remains popular – 43 percent – but he has suffered obviously some setbacks on his agenda.

The conversation after President Obama's visit there in June was that the president didn't spend sufficient quality time with President Sarkozy. I think you're also hearing that refrain a little bit after President Obama's visit to Dresden that, again, you're starting to see a lot of conversation about the personal dynamics between President Obama and some of these select European leaders, and that's starting to dominate sort of the conversation over the substance.

Chancellor Angela Merkel was just here on Friday, had a very long and substantive meeting with President Obama. She's facing national elections on September the 27th, but yet remains very popular, 60 percent. In fact she's the second most popular global figure after President Obama. So she actually comes into this interesting three months away from elections but she remains very popular in Germany.

Her visit here in Washington, I think you'll hear a lot of the similar refrains around the table at the G-8. It is climate change, all day, all the time. And she's wanting to push as vigorously as possible for some very strong public commitments by President Obama and I'll touch on that in just a moment.

In that family photo from Japan last year, you had the European Commission Jose Manuel Barroso. He's still looking to do his job interview; he's not sure when he's going to do it and with whom, and this is again in part due to the uncertainties over the evolving European Institutional structures pre-Lisbon and then Lisbon Treaty and then post Lisbon Treaty. So he will be there on the margins.

And then finally I saved the best for last, Prime Minister Berlusconi. It just makes you smile; you don't have to say anything else. (Laughter.) He has been in the news of late, I found it very interesting that the Italian President Napolitano recently called for a truce amongst Italian press because they want the summit to go smoothly, and they don't want the world's call girls flittering into the headlines. (Laughter.)

I think the prime minister would welcome a slow news cycle coming out of the G-8. Again, they are trying to put to rest – if you'll recall in 2001 when they last hosted the G-8 summit, there were violent protests – a protester was shot and killed. There were a lot of internal dynamics following that death and I think they want to see obviously a very smooth performance here and again looking at popularity, Prime Minister Berlusconi has fallen; he's now at 49 percent.

I think Italian politics and domestic – they have an absorptive capacity for scandal that perhaps other countries don't, but now I think you are starting to see where it is affecting his popularity and his maneuverability.

Finally, on Italy, again just picking up on a comment that Steven said, the Italians as hosts have to be mindful that they are sort of a poster child if you will for unfulfilled G-8 commitments. And that's particularly true on development aid. And I think you will see certainly some public criticism, particularly from the humanitarian assistance community. They just have not, you know talk is pretty cheap, and they haven't fulfilled their commitments.

Again, very briefly, the two things that I would look for, what European leaders are going to be looking for: climate change. And the big comment now is whether President Obama will make a public commitment to this so-called 2-degree goal. And that is ensuring that we will limit the rise of global temperatures by two degrees Celsius.

Again, I think European leaders – and this is reflective of the Merkel visit on Friday, I think you will see they will publicly praise the Obama administration for great leadership, and obviously a very robust approach after eight years of inaction on climate change, and they want to seize this moment, and they want to ensure that President Obama makes some really firm commitments.

But they are also aware of the legislative and domestic agenda we have here and Merkel's visit coincided with the passing of the Waxman-Markey bill; they know this is delicate and I don't think they'll push too much on the public side but I think they will privately push President Obama to make really strong commitments.

And finally, look to the G-8 statement on Iran. You're starting to see some real shaking dynamics on how to address Iran. You have the British being extremely forward leaning, obviously shaken when nine of their embassy staff in Tehran were taken. Eight have been returned, one is still in question, one is still held, and you start hearing sanctions, you start hearing where a temporary recall of EU ambassadors – but then on the other hand you are hearing German and Italians issuing caution and we want to see if there will be a strong unified position coming out of the G-8 from the Europeans on how to proceed vis-à-vis Iran.

So with that, I will hand it over to – is it going to Reuben? Reuben? Or you want the microphone. Great.

REUBEN JEFFERY: Insofar as the G-8 meetings are concerned, there will obviously be a lot of discussion about the global financial crisis and international world economic conditions. While not the only theme, the only topic of discussion is going to be climate change, there is going to be major discussions on food security, the environment, et cetera. The elephant in the room remains very much the state of the world economy.

Think of this G-8 meeting and the attendant participants – the G-5 and the other countries and international organizations who are going to be part of this series of meetings that will take place at the end of next week. Think of it as a bridge when it comes to the global financial crisis between London's G-20 meeting and the upcoming Pittsburgh G-20 meeting.

Accordingly the challenge for Prime Minister Berlusconi as host and all the major participants of the G-8 and the other countries is to make that bridge meaningful. To endorse the work that has been done to date to support it, to give it new momentum, and where appropriate to encourage new initiatives and continued focus on important ongoing work streams.

In particular, I think one should watch for, sort of, the following four things. What the leaders say about the state, the current state of world financial markets and the global economy. I think one can expect some guarded assurances as to the current state of affairs, i.e. some degree of stability returning, has returned, to global financial markets. And there is certainly data out there that would suggest that the economic crisis – at least in the developed world has bottomed out and there may be some signs of restored albeit modest economic growth.

But there are going to be no victory laps. Secondly, one can expect renewed and redoubled commitment to take the measures necessary to assure that the world economy stays on a path of positive economic growth which is to say commitments to do additional fiscal stimulative measures if necessary if there is a turn for the worst in the global economy and also to continue to work at the ongoing problem of stabilizing the banking system and addressing the challenges of legacy assets and some of the major banking institutions around the world.

Parallel to that series of discussions will also be some reference to – there certainly was in the Lecce communiqué that the finance ministers issued two weeks ago about the need for some forward looking thinking on exit strategies from some of the many extraordinary measures that have been taken to date with which all of you are well familiar.

Third, there will be strong endorsement – one would hope and expect – of the ongoing work commissioned by the G-20 largely but undertaken by various bodies including the OECD, the IMF, the financial stability board in the areas of financial market architecture, regulatory reform, the treatment of tax havens, efforts by FATF and other bodies to address the challenges of money laundering and terrorist finance.

Fourth, and probably the signature piece, at least in this area of financial market development and world economic growth will be publication of the so called Lecce Framework Agreement; it's a document that was mooted at the finance ministers' meeting. And it essentially a document of rumored to be some 60 pages but that provides an intellectual, a philosophical, a conceptual chapeaux, if you will, to a lot of the work that is being taken in more

specific micro areas of financial sector reform, corporate governance, transparency of national accounts and macroeconomic policy, tax havens, et cetera.

The theory here, or the case, is to step back and establish some common principles of behavior related to proprietary – propriety, integrity, and transparency in business and commercial and governmental conduct with a view that, assuming that people adhere to such standards and such principles, it will be a lot less difficult to regulate and guide financial market participant behavior going forward in ways that precludes or prevents a return to the kind of excesses that we've all seen and experienced and are living through over the past several years and currently.

But the idea of that conceptual document is to provide guidance – specific guidance – for the various work streams in corporate governance, market integrity, financial regulation, tax compliance and data provision by various national governments. Again to facilitate greater fluidity, greater transparency and overarching theme to rebuild confidence of all of you and us and other market participants in the financial markets in their integrity, structure, and method of operation.

This framework then would go to – and the work of the G-20 – to help guide the ongoing work of the various subsidiary bodies of the G-20 and I think set the stage for an even higher level of discussion on principles but also specific implementation issues in Pittsburgh come September.

JENNIFER COOKE: I'm going to talk a bit about the President's trip to Ghana, which will be his first to Africa as president immediately following the G-8. This trip I think is an opportunity for the president to lay out the broad parameters of his Africa policy, which to date he has not yet done I think aside from the immediate crises in Sudan, Zimbabwe, Somalia and so forth on which he has spoken.

The central emphasis of this trip is going to be on governance, democracy, the need for strong, capable, accountable institutions and I think very importantly civic responsibility, civic engagement by civil society, youth engagement and so forth.

And he will likely speak to his own campaign and his own history in community organizing and so forth. There's a strong concern by this administration that the rollback in democracy that we've seen over the last decade – countries that we thought were on a fairly good, democratic trajectory, Kenya, Madagascar, Mauritania and others have seen serious setbacks in the last couple of years, and that's very concerning.

And then obviously, the continued, the cases of continued egregious governance – Zimbabwe, Nigeria, Sudan and Somalia. But I think there may be a focus in this administration on those countries that are making progress, but like Kenya, like Madagascar, even you might argue like Ghana, are still fragile and need attention and support.

At the G-8, all the founding countries with the new economic partnership for African development will be present as well as the leadership of the African Union. NEPAD, this new

economic partnership founded in the 2000s, early 2000s, was a move by African leaders to take responsibility for governance, peer review and so forth and I think he'll use that opportunity to try to reinvigorate African leadership on the questions of governance which have been neglected over the last eight years or so.

He'll have a strong emphasis on food security – I think Steve Morrison is going to talk about that. A major initiative that will probably be a large focus within the G-8 and a refocus on agriculture despite the expansion of U.S. engagement in Africa over the last eight years, agriculture and sustainable food security has been missing from U.S. policy really from the late 1970s when we did do much more in that front.

The food crisis last year woke a lot of people up to this issue, and I think we're going to see a shift in food security from kind of emergency measures to hopefully longer term sustained engagement in building African capacities in agricultural growth.

Surely there will be a strong emphasis on health, education and social services generally building on the strong focus on HIV within the Bush administration; this administration has agreed to 63 million (dollars) now – which is more than a doubling of the commitments under the Bush administration to health and broadening the scope in that to malaria, TB and importantly maternal child health and family planning services – again, areas which in the expansion under the Bush years got kind of pushed aside and shunted aside. So I think a broader conceptualization of health issues and challenges and how do you build health capacity overall to lift all boats in health not simply the HIV aspect.

Finally, I think a strong emphasis on partnership with African countries and strong, stable, capable African countries on the security challenges whether in the many conflicts in Africa, the counterterrorism issues in the Sahel and in the Horn – and then kind of the looming and the new emerging challenges.

West Africa has become a major focus in the narcotics transfer route, and that's front and center in Assistant Secretary Johnny Carson's mind. A climate change, obviously Africa is one of the smallest contributors to global warming but will be among the most vulnerable there.

Why Ghana on this trip? I think this is an opportunity to highlight a country that has made significant and fairly steady progress along the democratic track. It's a country that in the '80s and early '90s and '70s suffered a whole slew of coups and instability and was just kind of your typical West African state but has kind of really pulled out of that, and had now five successive elections that have been deemed free and fair.

The most recent one was very closely contested, very tense in instances, came to a runoff between the two lead contenders and the opposition party eventually one – which is a major turning point I think. Came in at the same time as Obama did to office and so it's a chance, again, to try to highlight a success rather than the perpetual, understandable, but unfortunate focus on crises. I think the president, too, will highlight America's longstanding history with Ghana. Ghana obviously was a key hub in the slave trade. He'll make a visit to the coast castle,

which I think will be, you know, a very moving experience. Cape Coast Castle was a major hub in the British slave trade.

Ghana was the first country to declare its independence from the colonial powers, and President Nkrumah drew a lot of his inspiration from African-American civil rights activists, particularly Marcus Garvey. On the governance issue, again, and health issues, Ghana has demonstrated that it's investing in its people. It's one of the few countries in Africa that has met the pledge, which all African countries made, to invest 15 percent of its GDP into health.

And it is doing so, although there are still major challenges, particularly in maternal/child health and rural health access. Ghana is also a Millennium Challenge Corporation compact country. It's received a \$547 million compact, over a five-year period, and it's chosen to use that money and craft its compact focused on agriculture, rural development, infrastructure and training, all of which fit with the food security theme.

It has discovered oil and it is likely to begin producing oil – not on the scale of Nigeria or Angola, but significant for Ghana – in 2012. That's going to be a major challenge to its institutions and its mechanisms – it's oversight consultations with communities and so forth. So that will be something to highlight.

Finally, Ghana is being an important partner on the security front. It's been a regular contributor to peacekeeping operations in Africa. Under President Kufuor, the previous president, led a number of regional mediation efforts. He flew to Kenya during the crisis there. And in those kind of large, continental issues, Ghana has definitely punched above its weight.

The questions of Sudan and Somalia will surely come up. I think Sudan – there's been some confusion and I think there are conflicting messages coming out of the administration on what the administration's Sudan policy will be. I think there's still a debate going on within the administration on how best to move forward. You know, does Khartoum best respond to pressures and sticks, or do we try to craft a policy of engagement and incentives and so forth? I don't think that debate is resolved, and you've heard different elements of the administration kind of emphasizing different aspects there.

And then Somalia, likely, which is looking extremely bleak – the U.S. has just committed a not-significant – but committed to helping arm the very weak transitional federal government there. To what end, it's not entirely certain. That government is hanging by a thread right now, and I think is going to be a major impending challenge for the administration. I'll stop there and answer any questions.

MR. SCHWARTZ: I'm going to quickly turn to Steve Morrison before we open up for questions.

STEPHEN MORRISON: Thank you and good morning. I'm just going to offer some comments on the food security dimension of what's going to happen at the G-8 summit. This will be a very prominent piece of what the Obama administration will be pushing on the development side of the equation. There will be a considerable amount of discussion around the

Global Health Initiative, but the food security piece has been pushed quite hard within the G-8 in the preparatory steps leading up to the summit.

I'll say a bit more about what that means and the background on why this has surfaced as such an important issue. I see that you have the review that we – that Jennifer and I – completed with the aid of a number of other authors – the review of U.S. Africa policy in the Bush administration. You might look in there, because in the course of that year-long effort of viewing what had happened in the Bush years and what was likely to happen, looking forward, in the Obama administration, we flagged, at that time, the notion that there was an argument in favor of the U.S. renewing its commitments and making a priority of rural development and food security as a central feature of U.S. foreign policy engagement with Africa and beyond.

And in fact, that has turned out to be true. And there's several reasons for that. One is simply the logic that we disengaged in the early '80s, and donors, the U.S. and others, disengaged and walked out of this sector that it is now intensively re-engaging. The Obama administration announced at the G-20 summit the billion-dollar, 10-year initiative. Secretary Clinton is expected to roll out an implementing strategy around that, prior to or around the summit. It's going to be the central subject of discussion – food security, long-term reinvestment in agriculture as a solution for that – it's going to be the central dimension of the G-8 meeting with the African leadership, which will include Nigeria, Senegal, Egypt, South Africa, Libya.

So there's a sense that's driving the U.S. policy calculation that there was a disengagement, there's chronic hunger, we've seen all of this exposed very dramatically last spring as food and fuel prices spiked and you had food riots across the continent and elsewhere. And it was becoming clear that there needed to be a strategy both for changing the way we go about doing our emergency food relief towards more reliance on local purchase, but beyond that, to re-engage in terms of ag productivity, infrastructure, research and education, renewing university exchanges and public-private partnerships. Those are going to be the big themes that are put forward, along with trying to make sure that you can find worthy Africa country partners that are going to pick this issue up and push on it.

There's a sense that this is an area that's been neglected that's essential for stability, for getting us out of the food-relief-forever mentality that we've settled into. Today, we put about \$1.2 billion a year in emergency food relief into Africa. Until very recently, we were putting about \$60 million a year into long-term rural development investments. We're now moving to \$100 to \$200 million a year that will be going towards that – you'll hear more detail. As another factor of important background to this, the Obama administration's building off of a surge of interest that has been building over the last couple of years here in the United States.

You have Senators Lugar and Casey leading an effort on the Senate side, matched on the House side by Representatives McGovern and Emerson and others. You had a major effort undertaken by the Chicago Council of Global Affairs in partnership with the Bill and Melinda Gates Foundation – the Bill and Melinda Gates Foundation, on its long-term development side, this is a top priority; they're putting \$1 billion a year into development. This is one of their top priorities. The Chicago Council pushed this. Dan Glickman, Catherine Bertini chaired an elite, high-level effort. They delivered their report – the preliminary report – during the transition to

the Obama administration. They followed up with the full report shortly thereafter early this year.

It's been embraced; it's been taken up. There's been a large mobilization of nongovernmental and activist entities. The ONE Campaign, Bread for the World – there's been a lot of related efforts. This has gotten strong support from Josette Sheeran at the World Food Program and others. So we've had this unusual mobilization here, and it's been embraced and moved forward by the Obama administration as a priority, and we're going to see it front and center at the G-8. And it will be twinned – it will be a sort of side-by-side with the Global Health Initiative and the like.

It will also be used as an instrument for reinventing USAID. Within the Obama administration, there's an acknowledgement that the U.S. Agency for International Development has been hollowed out, has been neglected, needs to be reconstructed in a deliberate fashion, and this turn back towards rural development long-term investments is going to be one of the avenues for doing that. I'll just stop there. I'm happy to answer further questions.

MR. SCHWARTZ: Thank you, Stephen. I'd like to open up to questions right now. Right up front.

Q: George Condon with Congress Daily. I just wanted to follow up on two things. You mentioned the climate change thing; do the other G-8 leaders like what the president is doing and the Congress is doing on climate change, or do they just like it because it's more than Bush? And secondly, on protectionism and free trade, do the other leaders view President Obama as the protectionist he was in the campaign or the free trader he says he is now?

MS. CONLEY: Thank you. I think I'll address the climate change, and maybe, Stephen and Reuben, you want to talk about the protectionism? I think there's a complete recognition by European leaders that President Obama is quantitatively and qualitatively different on climate change, but they are concerned about, particularly, the Waxman-Markey bill, that it didn't go nearly as far enough. And not – I'm not technically capable, but just to go into a brief description, the Waxman-Markey bill has U.S. committed to reducing by 17 percent, as a carbon reduction target, at 2005 levels.

What the Europeans have asked is for a 20-2020, meaning it's a 20 percent commitment by 2020, but they're using 1990 base levels. So if you take what the commitment is in the Waxman-Markey bill and you take it to a 1990 level, it's only a 4 percent target. The Europeans would like to see a much more defined and robust target, and this is where, I think, you have to – the Europeans acknowledge they have to give President Obama some domestic space to work this process out here.

In a way, all of this is leading to the climax of the Copenhagen climate conference in December. And European leaders see the G-8 summit as a huge marker. They've got to see some stronger commitments. They're very fearful that they're just going to run straight into December and they're not going to see some hard and fast targets. So again, I think the message here – you're going to see European leaders publicly praise the president for his leadership, and

rightly so, but I think privately, they're really going to drive to see where they can go. They want to seize the moment, seize the momentum, and see these commitments.

Climate change – and this is where I think we just have a different prioritization – is just one of the number one priorities for Europe. And our agenda is very, very full. It is important, but this, for the Europeans, is just critical. Stephen, I think I'll turn to you for protectionism.

MR. SCHRAGE: Reuben, did you want to talk on the trade issue? Okay.

MR. JEFFERY: Just on climate change, remember that the discussions on climate change will take place in the major economies meeting format, which will be on the last day of this whole series of proceedings. And that involves not just the G-8; it involves all of the major economies, including, you know, India, China – everybody else.

So it's important, when one thinks about the U.S. position on all this, that one has to recognize that the European position, while amongst European countries is broadly consistent, it's very different from where other countries are, and therefore the U.S. plays an absolutely pivotal role in trying to bridge gaps and facilitate some kind of agreement, even if it's just principles, short of a commitment.

And I'm not sure, you know, based on commentary that various of you have published in past practice, that one will see a commitment. Maybe one will and maybe one won't. But what's very much on everybody's mind is that this is one of the last major groupings of the world leaders before the Copenhagen summit or the Copenhagen meetings at the end of the year.

MR. SCHRAGE: Just briefly on trade, I think there was a lot of trepidation going in, at the start of the Obama administration, about where he was going to go on trade. We've seen a lot of great talk about reviving trade, about moving FTAs. I think the question is going to be, is there really action, and have they missed this window, with trying to push the climate change legislation, health care – all these other items on the agenda.

They've made some recent statements going into the summit about reviving Doha and moving forward, but the real risk we run here – and we have to remember, it's not just the G-20; you know, the South Korean president is going to be there, where it's had an FTA with the U.S. in limbo for over two years – and the real risk – and the E.U. is getting ready to sign an FTA or are close to signing an FTA – the real risk is that while we can't get the Doha round going, our trade agreements are stalled and the rest of the world kind of moves forward.

You know, there's over 300 agreements out there that exclude the United States. And are we going to wake up and see, kind of, U.S. trade leadership gone? I think the Obama administration has indicated some good intentions, but the question is, what's the timeframe and how do you prioritize it?

Q: But is the trepidation gone?

MR. SCHRAGE: I think they have a better sense that he's more open towards trade than was indicated in the campaign. I guess it's hard to get a sense – and I think they would share this – about what priority it is in terms of his agenda.

MR. SCHWARTZ: Other questions? That's it. Well, thank you all for coming.

(END)