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SOUNDINGS SERIES NO. 7:

LOS CABOS G20 SUMMIT

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OVERVIEW: VIEWS OF THE LOS CABOS G20 SUMMIT FROM THE CAPITALS

Colin Bradford

The national media in the 12 G20 capitals in this NPGL "sounding" reflected a mixed but clear picture of outcomes from the Mexico G20 summit held in Los Cabos on June 18-19, 2012. The euro crisis did not overwhelm the G20 summit in 8 of the 12 capitals, although portrayals in Australia, South Africa, Indonesia and the United States led to the opposite conclusion. The Financial Stability Board (FSB) report to the G20 on financial regulatory reform received virtually no attention in any of the capitals, except for a forthcoming statement by Canadian Mark Carney, the head of the FSB, that appeared in Canada's *The Globe and Mail*. While green growth received no or very little attention in 8 of the 12 capitals, with news outlets in Mexico, Germany, Indonesia and China giving the issue some attention, it did receive significant attention at the Business 20 (B20) summit. Other issues surfacing for public attention in these G20 capitals were resources for, and reform of, the International Monetary Fund (IMF), food security and trade.

The implication of these results seems to be that financial regulatory reform has fallen from the public interest "radar screen," despite the fact that key elements of the reform agenda remain incomplete. Green growth seems to be a work in progress both in the G20 and the B20 and in the wake of the Rio+20 UN conference, providing opportunities for a more focused definition and a stronger agenda for implementation. This overview speculates whether the domestic public pressure for political reform in Russia, the need for further strengthening of global governance reforms in the G20 and the IMF, the need for attention in crucial areas such as energy, global growth and rebalancing, and the push for financial regulatory reform might not dovetail during the Russian G20 presidency in 2013 to create a complementary force field for Russian leadership on both domestic and international reform next year.

Euro Zone Crisis

A useful starting point is to read the commentary on Mexico by Andrés Rozental, who gives a view of how this G20 summit looked to the public of Mexico, the host country. Mexican President Felipe Calderón "made a special effort to portray the summit in media interviews as focusing on the G20 agenda rather than on the crisis in Europe," Ambassador Rozental reports. Further, the informal, leaders-only dinner apparently revealed that "most of the non-European leaders insist[ed] that the crisis needed to be addressed within Europe and not be the central focus of the G20."

This view carried the day in the national media of 8 of the 12 capitals surveyed here, with the exceptions of Australia, where "'[t]he European crisis has once again eclipsed the broader agenda for the annual gathering of world leaders'" (Thirwell), South Africa, where "the euro zone crisis was presented as having completely overshadowed all other summit agenda items" (Draper and Dube), Indonesia, where "leaders were in 'crisis mode' with their eyes transfixed on the EU crisis. Clearly, they were overwhelmed" (Wihardja) and the United States, in which for "the leading news outlets, the single issue discussed at the G20 summit in Los Cabos, Mexico was the European financial crisis" (Griesgraber).

However, the view that only the Europeans can and should "get their act together," articulated most forcefully by UK Prime Minister David Cameron and Canadian Prime Minister Stephen Harper, ran into a backlash, with the *Financial Times* reporting "'weary frustration in Berlin'" with Cameron (Albrow and Corry). A Canadian journalist generated a vituperative response from José Manuel Barosso, president of the European Commission, when he asked Barroso if he could explain why North Americans should "'risk their assets to help Europe'" (Cooper). As Thomas Fues reported from Germany, "resentment seems to be building up in public opinion over the relentless lecturing at Germany and Europe on how to best solve the crisis on the continent."

Barosso's response seemed to reveal less irritation with Harper's enjoinders than it did the pressure that was being applied on European leaders by the other G20 leaders to deal more aggressively with their financial crisis. The Greek election the weekend before Los Cabos "helped defuse the issue" (Rozental). The parliamentary elections in France confirmed newly elected French President François Hollande's mantra of growth over austerity, which appeared to be shifting the ground of the European discourse in his direction both at Los Cabos and at the European mini-summit in Rome immediately thereafter between German Chancellor Angela Merkel, Italian Prime Minister Mario Monti and Hollande. Some of the concern about the waning influence of G20 summits since 2009 can be tempered by seeing the G20

and European summits as stepping stones, rather than as alternative forums for dealing with European and other issues.

Financial Regulatory Reform

In a sense, financial sector issues were front and centre at Los Cabos, as the Europeans were just turning the corner on a banking union with region-wide deposit insurance as a key measure. Nonetheless, the FSB report to the G20 on financial regulatory reform received no attention whatsoever in 11 of the 12 capitals in this survey. The sole exception was that Mark Carney, the governor of the FSB, was quoted in Canada's *The Globe and Mail* expressing his "determination to stay the course in terms of capital rules for the world's largest banks" as well as indicating that "[c]redit growth has resumed in those countries where financial institutions have decisively strengthened their balance sheets" and that "banks that have raised capital are reaping the benefits of greater access to and lower costs of market funding" (Cooper).

This lack of visibility of financial regulatory reform both at the national level in G20 countries and globally, through efforts of the FSB to harmonize national practices and strengthen cross-border oversight and rules, could impair efforts to make substantive progress on key elements of the reform agenda that remain incomplete.

The London G20 Summit in April of 2009 is viewed by some as the acme of G20 summitry, in part because it made a major new effort to strengthen financial oversight, supervision and regulation both at the national level and globally by reconstituting the transatlantic-centric Financial Stability Forum (FSF) into the new FSB, with all G20 countries becoming members of the FSB, giving it greater weight and credibility than the FSF. Despite the fact that these issues are "too esoteric for both the media and the public" (Rozental), the truth is that inadequate financial oversight, supervision and regulation can cause greater damage to the broad public interest than any other G20 issue, as is evidenced by the financial crisis itself, both in its first phase in 2007–2010 and in its current concentration in Europe since 2011.

As complex as these issues may be, they are intensely political and of great importance in parliaments. They require greater visibility, attention and priority in public debates, so that the public can be assured that enough action has been taken to protect the public interest in future financial stability and that rules, regulations and procedures have not become so overwhelming that they stifle growth.

There would seem to be opportunities for think tanks, advocacy organizations and journalists to mediate between financial experts and the public on this crucial issue. Developing a public discourse that is sound, sensible and pragmatic, and not ideological, would seem to be a highly significant contribution that is well-warranted by the scope and seriousness of financial regulatory reform for the public interest. Faith in the self-regulatory behaviour of financial markets and institutions has been proven a false belief. The continuation of hands-off, laissez-faire financial capitalism could be dangerous.

The assertion of public responsibility over financial markets seems to be a minimum requirement to restore confidence in markets, faith in institutions and trust in leaders. The G20 summit process has set in motion important work on this issue by parliaments, central banks, finance ministries, regulatory agencies and the newly created FSB. What appears to be lacking is a public discourse to connect the "esoteric" work on financial regulatory reform with the vital public interest in it to assure that parliaments act and that reforms are implemented to prevent another global financial crisis.

Green Growth

Despite a valiant effort by Mexico to raise the priority and profile of green growth (Rozental), and significant interest on the part of Korea, the European Union, the European Commission, the OECD and a few others, a combination of circumstances and constraints led to a less than robust outcome in terms of communiqué language at Los Cabos. No mention was made of green growth in the national media in 8 of the 12 capitals reporting here. In addition to Mexico, Germany reported "minimal coverage" (Fues) and China and South Africa reported interest in green growth as an economic and development issue. China stood out as the most positive: "Green growth, or sustainable development, has been portrayed as one of the most important issues at this year's summit" (Zhang and Xue). But Indonesia actually "shied away from" green growth as not being relevant to the G20, noting that "the definition of green growth was not made clear," and that President Susilo Bambang Yuhoyono favoured fossil fuel subsidies because they "help the very poor and we must give them" (Wihardja).

To a very large extent, the constraint on G20 action on green growth was driven by the fact that the Rio+20 UN conference occurred immediately after the Los Cabos G20 Summit. There was considerable tension between Mexico and Brazil due to the fact that green growth was on the agenda of both summits. In the end, Mexico yielded to Brazil's insistence that, since green growth was one of only two main agenda themes to be dealt with in Rio, the Mexico G20 summit should restrain its ambitions on green growth so as not to pre-empt the Rio+20 summit. This conjuncture and conflict meant that

green growth was seen in the national media in capitals as more a Rio+20 priority than a G20 priority (except in Mexico).[1]

Nonetheless, green growth was taken up by a B20 task force and received considerable focus at a separate B20 session on green growth that both Andrés Rozental and I attended on Sunday, June 17. Chaired by Nicholas Stern, with the participation of Mexican President Felipe Calderón, and with several hundred business executives, government officials and experts in the room, this B20 session endorsed the creation of a Green Growth Action Alliance (dubbed the G2A2) as a focal point for mobilizing attention, resources and priority for green growth over the next three years, with annual commitments to report back to future B20 and G20 summits. President Calderón was offered the chairmanship of the G2A2, which he graciously accepted on the spot, subject to his official duties over the next five months.

This reveals an interesting aspect of G20 summitry. Despite the constraints on action on this issue, green growth will have life after Los Cabos because the B20 proved itself to be a useful mechanism to mobilize some of the world's best experts on the subject (Nicholas Stern, Andrew Steer and Richard Samans, among others), along with business leaders, to forge forward motion on an issue of consequence in official channels but under momentary constraints at the time of the Los Cabos G20 Summit. The fact that Vienna's Institute for the Advancement of Applied Science issued a Global Energy Assessment prioritizing the energy dimensions of green growth on June 19 in Rio, with the support of top scientists and engineers and a follow-up process in place, assures that green growth will also remain in the spotlight of the scientific community.

Other Issues

The issue that surfaced most in the public media in these 12 countries, other than the three focused on here thus far, was resources for the IMF. It was noted that Japan was the largest contributor to this round of additional IMF resources (Hayashi). Significant attention was given in Mexico's national media for its US$10 billion contribution, equivalent to most BRICS (Rozental). China made a US$43 billion contribution (Zhang and Xue). South Africa's US$2 billion received wide attention in the national press and in the political debate (Draper and Dube). Several countries raised food security issues (Mexico and Indonesia, as well as a joint press conference by Harper, Gilliard, Cameron and World Bank President Robert Zoellick [Cooper]). Trade issues had a low profile, but Brazil tried to raise them (Landau), and others were interested parties but not a force. The Trans-Pacific Partnership received attention in Japan (Hayashi) and Canada (Cooper), as Canada was invited during the G20 summit to become a member of the partnership, a surprise development.

What took greatest public prominence were non-G20 issues, for example, the Obama-Putin discussion of Syria (Griesgraber; Albrow and Corry); the Cameron-Kirchner standoff on the Falklands/Las Malvinas (Deciancio and Tussie; Albrow and Corry); and the Barosso response to pressure from Harper (Cooper). As Deciancio and Tussie commented, the G20 "seems to provide opportunities for useful bilateral encounters and for raising special issues in a high-profile forum."

What seems not to have surfaced either in the public media or in the leaders' meetings themselves at Los Cabos is the longer-term focus on global macroeconomic rebalancing launched at the Pittsburgh G20 Summit in September 2009 as the "Framework for Strong, Sustainable and Balanced Growth." There is an ongoing process among G20 countries called the "mutual assessment process" (MAP), supported by the IMF. But at Los Cabos, the longer-term issue of global rebalancing did not seem to receive priority attention.

Conclusion

Given the "stepping stone" nature of summitry today and the unfinished G20 agenda on major issues, one wonders whether the domestic circumstances in Russia and the need for further strengthening of global governance reforms in the G20, the IMF and elsewhere, and developments in crucial issues such as energy, global growth and rebalancing, and financial regulatory reform might not dovetail during the Russian G20 presidency in 2013 to create a complementary force field for Russian leadership on both domestic and international reform next year.

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1 See country reports by Landau, Fues and Draper-Dube.

ARGENTINA

Melisa Deciancio and Diana Tussie

Euro Crisis

Argentine President Cristina Fernández used the opportunity to draw lessons from Argentina's financial meltdown. Her speech to the G20 leaders addressed the importance of assisting the most affected European countries and not leaving them to face the crisis on their own. She pointed out the major differences between most developed European countries and the less developed ones, and the differences in credit access and interest rates in each of the cases. She called attention to the plight of indebted European economies, and called for them not to be left on their own, as occurred with Argentina in 2001. In coordination with Brazilian President Dilma Rousseff, Fernández sustained strong opposition to the economic adjustment imposed on Greece and Spain; the two leaders upheld their commitment to focus on employment as one of the ways out of the crisis.

Financial Regulatory Reform

The FSB report has not received much attention in Argentina. President Fernández made no pronouncements on it, but — as she did in previous G20 summits — called for the regulation of tax havens and credit rating agencies, pointing out that capital flight to tax havens had risen from US$5,000 to $US50 billion in the last year.

Green Growth

The green growth agenda has not received much attention in Argentina, but what attention it did garner was posited as sustainable development. In fact, the Los Cabos meeting was preceded by the announcement of hefty investments by two Canadian companies. However, as national debates around mining and natural resources are vigorous at the moment, some Argentinean companies remarked on the fact that the Green Growth Task Force called for more regulation and incentives for green investments and the importance of leading negotiations on a free trade agreement on sustainable energy. International coordination on the rise of carbon prices; eliminating subsidies to fossil fuels and other inefficient ways of supporting the exploration, production and consumption of fossil fuels; and investing in sustainable technologies were seen as key issues.

Other Issues

Expectations about Argentina's participation in Los Cabos were especially focused on issues such as the nationalization of the oil company Yacimientos Petrolíferos Fiscales (YPF), and trade conflicts with the European Union and other partners as a result of Argentina's increasingly interventionist policies. However, as Diana Tussie pointed out in the national media, the G20 did not work as a sanctions mechanism. Argentina was not sanctioned or even questioned during the summit. Bilateral meetings with Russian President Vladimir Putin and Chinese President Hu Jintao were especially well received by local public opinion, considering the possibility of an alliance between YPF and Russian energy company Gazprom and trade agreements with China.

The other high-profile issue has been the President Fernández's sustained demand to open a dialogue over the Malvinas Islands (Falkland Islands) to British Prime Minister David Cameron. The president was well prepared when Cameron approached her bilaterally to ask her for the recognition of the referendum to be held in Malvinas next year. She, in return, insisted on compliance with more than 40 United Nations resolutions. This face-to-face encounter put the Los Cabos meeting at the centre of most national and international media, even though both parties are far from agreement.

All told, although the G20 is perceived to have declining returns as a global rescue mechanism, it seems to provide opportunities for useful bilateral encounters and for raising special issues in a high-profile forum.

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AUSTRALIA

Mark Thirlwell

Overview

Much as was the case with the leaders' meeting at Cannes last year, Australian press commentary leading up to and during this year's G20 meeting at Los Cabos was again dominated by fears about the global economy in general, and about the euro zone crisis in particular. Since the general consensus was that any sustainable solution to the latter rested with the Europeans themselves, expectations for the summit (at least in the narrow sense of delivering any kind of long-term resolution to the problems posed by pervasive global economic uncertainty) were relatively muted.

Euro Zone Crisis

The proximity of the meeting at Los Cabos to the Greek elections and the associated intensification of the euro zone crisis meant that media expectations regarding the G20 meeting were dominated by events in Europe. Thus, in the run-up to the summit, Australia's main financial daily, *The Australian Financial Review*, in a story entitled "G20 Leaders Seek Euro Solution," noted a "sombre mood" and an "air of uncertainty" caused by the Greek elections and reported that "[i]n a letter to G20 leaders, [Australian Prime Minister Julia] Gillard and Treasurer Wayne Swan say the euro zone public debt and financial crisis is 'clearly the major immediate risk to the global recovery.'" A similar piece on the eve of the summit in *The Australian* newspaper ("G20 to Push for Growth as Risks Rise") noted that "[l]eaders of the world's largest advanced and emerging economies gathering today will find themselves largely where they left off last November in France, facing risks from Europe that threaten to cripple the global economy…The European crisis has once again eclipsed the broader agenda for the annual gathering of world leaders." A degree of frustration on the part of non-European leaders with this state of affairs was also reported, with the *The Australian Financial Review* running a story ("Slow Progress towards World Stability") that suggested that "[d]eveloping countries have put on a show of being frustrated at travelling all the way to an isolated part of Mexico for the Group of 20 summit, just to be dragged into the euro mess."

Although those Greek elections turned out to deliver something resembling the "right" result for short-term financial stability, the general sense among those Australians observing the summit was that since the fundamental challenges facing the euro zone were still in place, the election results meant that there had been no significant, sustained diminution in risk. This pessimism was often combined with assessments of the Australian government's efforts to push for an improvement in the euro zone's policy mix and of the reaction to this approach.

So, for example, a piece in *The Age* ("Europe Leaders Baulk on Eurozone Fireproofing") noted that "Prime Minister Julia Gillard was among leaders demanding that Europe address its economic imbalances — in particular by mixing jobs growth with austerity measures, by recapitalising banks, and by insuring bank deposits in a eurozone-wide system of regulation."

Similarly, an *Australian Financial Review* editorial with the title "Europe Must not Fudge the Issue," after pointing out that any optimism provided by the Greek election results had been short-lived and that financial market turmoil had returned swiftly, went on to argue that "[w]hile euro zone nations urgently need to get their finances in order and accelerate growth-friendly structural reforms, they are becoming increasingly annoyed by the sort of unsolicited advice that Prime Minister Julia Gillard and other G20 members handed out to all and sundry in Los Cabos." Likewise, in *The Sydney Morning Herald* ("After Worries Over Greece, Focus Turns to Spain"), a reporter noted that "[r]epeated calls from the Prime Minister, Julia Gillard, for greater action to address Europe's economic woes have been coolly received by her European counterparts at the G20 summit in Los Cabos this week."

The euro zone's response to all of these calls for action at Los Cabos tended to leave most commentators unimpressed. In a story with the title "Pleas for Urgent Reform Fall on Deaf Ears at G20," *The Sydney Morning Herald* noted that "European leaders were made to sit through a litany of complaint — their actions were too little, too late; they needed to get ahead of the crisis; and to understand that 'incremental' does not work amidst a crisis." But the story then went on to point out that "[d]espite pleas for urgency from global colleagues, European leaders attending the G20 summit are refusing to commit on the timing of a package of reforms intended to fireproof the eurozone against further economic crisis." Similarly, *The Australian* ran a story with the title "Crisis Decisions on Hold as Leaders Depart," and another piece ("Hard Calls on Hold for Euro Crisis"), suggested that "[w]orld leaders papered over their differences after clashing over the eurozone debt turmoil, deferring concrete decisions to other meetings amid worries about another global crisis." The same paper went on to note that, although the "Group of 20 advanced and developing economies pushed European nations to integrate banking systems quickly to calm the financial turbulence hitting Spain and threatening to ricochet around the world…the gathering, which ended yesterday, produced no acceleration in the timeline for financial integration, such as guaranteeing bank deposits across the 17-nation currency union. European leaders meet next week to discuss their road map, which could take years to implement."

Financial Regulatory Reform

With commentary dominated by the euro zone crisis, media coverage of the FSB report to the G20 on financial regulatory reform was notable mainly by its absence.

Green Growth

Mexico's green growth agenda received little attention. Part of the explanation here was the way that most analysis ended up allocating discussion of macroeconomic issues and the euro zone to coverage of the G20 meeting, and

analysis of environmental issues to coverage of Rio+20 in Brazil crowded out Mexico on the environmental front.

Other Issues

The issue of resources for the IMF received a fair amount of attention, with the media highlighting, in particular, the important role played by emerging economies and by Asian economies. For example, *The Australian* (in a piece called "Emerging Economies Do Their Bit for Euro") reported that, "[i]n a clear statement of their new force in the world economy, rising economic powers brought some $US95.5bn in new money to the table for the IMF during the G20 summit in Mexico, pushing it beyond its $US430bn target…But the money also came with a warning that things had to change at the IMF, long dominated by the now troubled economic powers of Europe and the US, which itself has not contributed to the firewall." The same newspaper also ran a comment piece called "Shifting Power Balance Sees China, Japan Dig Deep to Save the West," which argued that "[t]he arrival of the Asian century has been underscored with news that China will kick in $US43 billion ($42.4bn) to the International Monetary Fund's global firewall…the latest commitments to the new $US430bn fund, which were announced during the G20 summit in Mexico, highlight the anomaly of the US and Europe controlling key global institutions such as the IMF and the World Bank, when the centre of economic power is tilting east."

Another issue picked up by the press was global trade, with *The Australian Financial Review* proclaiming "Australia Wins Support on Doha Talks" and reporting that "Australia has won important backing from G20 political leaders for attempts to finalise negotiations at the World Trade Organisation on removing barriers to trade…Prime Minister Julia Gillard won support for a strong statement by the G20 summit on the need to finalise an agreement this year to liberalise regulations that restrict trade flows…Trade Minister Craig Emerson said the G20 endorsement for Australia's 'new pathways' approach to reviving the Doha trade round was a 'reward for Australia's leadership.'" Another piece in *The Australian*, "Gillard Joins Free-trade 'Troika,'" noted that "[a]t the G20 summit in Mexico, some business leaders were so impressed with the Australian Prime Minister's tough talk on trade, they asked the host of next year's summit, Mr Erdogan, to work with Ms Gillard and Mr Putin to pursue an aggressive agenda of free trade."

Finally, the press spent a fair bit of time analyzing the way that Australia's prime minister and treasurer had tried to draw on Australia's relatively successful economic performance to provide policy advice to other leaders: "Learn from Australia, Gillard Tells the World" reported *The Age*. According to a story in *The Sydney Morning Herald* ("Gillard's News Was Good, But Delivered to Tough Audience"), "Finger wagging, Gillard swept into this luxury resort on Mexico's slinky Baja California peninsula to lecture the G20 global leaders — Barack Obama, Hu Jintao, Vladimir Putin, Angela Merkel and David Cameron among them. The Prime Minister had come up from down under to tell them about 'the Australian way'…Gillard had a good story to tell. But was anyone listening? Certainly not the world's media. If the Factiva news database is a guide, a letter she wrote on the weekend to G20 leaders was not reported outside Australia."

Some commentators viewed all this through the prism of domestic politics. For example, a hostile comment piece in *The Australian* argued that "Hectoring the EU over Fiscal Policy Achieves Little Gain" and suggested that "[i]n a series of co-ordinated moves, Gillard and Swan have sought to highlight Australia's economic success while rubbing the collective European nose in the sovereign debt mess…The object is to create public pride in Australia, build confidence about the strength of our economy and lecture foreign leaders about the need for courage in the face of unpopular reform."

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BRAZIL

Georges Landau

The national Brazilian press devoted a lot of attention to the G20 summit at Los Cabos, which was attended by special correspondents from the leading newspapers. The event was somewhat overshadowed, in the Brazilian perspective, by the Rio+20 UN Conference on Sustainable Development, going on in Rio at the same time. Nevertheless, attention was focused on the following issues.

Euro Crisis

The G20's efforts to address the euro crisis were highlighted. The near-omission of the United States was noted.

Financial Regulatory Reform

The Financial Stability Board (FSB) report did not receive much press attention.

Green Growth

The efforts of the Mexican presidency to highlight the green economy were mentioned in passing, but deserved little attention in view of competing claims by the Rio+20 conference.

Other Issues

The last-minute effort of the summiteers to refrain from erecting new protectionist barriers were highlighted, but Brazilian President Dilma Rousseff's failed attempt to rekindle interest in reviving the Doha Round was recorded without any enthusiasm.

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CANADA

Andrew F. Cooper

Canada was not a key player at the G20 in Los Cabos. Even in a secondary role, however, Canada became embroiled in the major issues at the core of the summit proceedings: the euro zone crisis and the International Monetary Fund (IMF) "second line of defence." Indeed, the Canadian media became part of the story, with the question from a *Sun* journalist leading to one of the pivotal moments at Los Cabos in the form of a sharp rejoinder from EU Commission President José Manuel Barroso. At the same time, Canada had its own priority at the G20 summit in Los Cabos: getting agreement that Canada could be brought into the negotiations with respect to the Trans-Pacific Partnership (TTP).

The Role of Prime Minister Stephen Harper

Prime Minister Stephen Harper played a low-key but firm role in the G20 summitry process. Just before the summit, the main focal point in the Canadian media was the prime minister's shared relief in the result of the Greek election, with a particularistic view that European leaders should use the breathing room created by the vote to move forward with major steps to protect the European Union's financial stability. In a similar vein to the United States, Harper stuck to the position that Europeans should not be looking outside the continent for financial help to deal with the ongoing banking crisis: "What European countries need to do — and what we will be looking to see — are clear commitments that they are prepared to take all of the necessary actions that are within their capacity to deal with these problems" (Whittington, 2012a).

Although there were signs of considerable enthusiasm for this approach in Canada (McParland, 2012), Harper's style attracted some critical public attention among European participants. Triggered — as noted — by a question from a Canadian journalist (the national bureau chief of Sun Media, David Akin, who asked why North Americans should "risk their assets to help Europe") in a Monday, June 18 joint press conference by EU Commission President José Manuel Barroso and EU Council President Herman van Rompuy (Akin, 2012), Canada/North America became a focal point of a counterattack by Barosso amid accusations that Europe was being lectured to, with Barosso saying that "we are certainly not coming here to receive lessons," especially when "the crisis originated in North America." Barosso added that in terms of comparative actions, Europe stood as a model as the biggest contributor to the IMF for its programs — "bigger than the United States, certainly much, much, much bigger than Canada" (*National Post*, 2012).

This episode quickly became a full-fledged controversy, with even media on the left of the political spectrum expressing bewilderment at Barroso's outburst, as witnessed by *The Guardian*'s assistant editor, Michael White, who questioned: "how hard must it have also been to choose a Canadian to pick on for your 'I've completely lost it' outburst?" (White, 2012).

Harper was not drawn into any reply to these charges in his own (brief) comments to the media on Tuesday, June 19 (Whittington, 2012b). However, unlike President Obama, Harper did not meet individually or collectively with EU leaders on the sidelines of the G20. Instead, the Canadian prime minister met with Korean President Lee Myung-bak, and announced money for a new agriculture initiative with British Prime Minister David Cameron and Australian Prime Minister Julia Gillard.

Although the bulk of the media commentary on Canada's finance minister reinforced Prime Minister Harper's views (that the EU create a "genuine" financial union) (Kennedy, 2012), Jim Flaherty went into some of the technical details of this approach in a speech prior to the summit with support for the proposal for a fund to guarantee bank deposits in the euro zone. Again reference was made to US analogies, with Flaherty saying that European leaders should be guided by the United States' big moves in 2008 in order to "overwhelm" a financial crisis: "You're not going to have economic growth unless there's market confidence. You're not going to have market confidence unless you have a solid fiscal plan that's credible and believable by the markets. And that's where we have been encouraging our European colleagues to go," he said (Curry, 2012a).

Canada's Central Bank Governor and head of the Financial Stability Board, Mark Carney, also showed a determination to stay the course in terms of capital rules for the world's biggest banks. At the conclusion of the G20 in Los Cabos, Carney was adamant that such new rules would help, not hinder, global recovery: "Credit growth has resumed in those countries where financial institutions have decisively strengthened their balance sheets. Banks that have raised capital are reaping the benefits of greater access to and lower costs of market funding" (Curry and Robertson, 2012).

Other Issues for Canada at the G20 Summit in Los Cabos

While it did not receive very much, if any, media attention, the other issue that Canada advanced beyond the crisis committee work at Los Cabos was the joint initiative (announced at a joint press conference attended by Prime Ministers Stephen Harper, Julia Gillard and David Cameron, and World Bank President Robert Zoellick) with regard to a new food security mechanism — AgResults. Consistent with the approach taken at other recent G8/G20 summits, this initiative promoted innovation in the private sector and the Bill and Melinda Gates Foundation. If expressing general support, several NGOs, including World Vision and ONE, criticized the initiative for being overly modest in scale and timing (Ruthrauff, 2012).

By way of contrast, the push by Canada to secure its position in the negotiating process of the TPP garnered a large amount of media attention. The overall tone of the commentary was that the announcement at Los Cabos that Canada would join the negotiations signalled a victory for Canadian diplomatic lobbying — and an appreciation by the Obama administration that Canada would prove a valuable ally on many issues (Duggal, 2012). But alongside this sense of satisfaction, concerns were also expressed about potential risks and complications in entering the TPP, notably on the sensitive political/policy issue of agricultural marketing boards and protectionism of farmers in the dairy/poultry/egg sectors (Curry, 2012b).

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CHINA

Yanbing Zhang and Lan Xue

Generally speaking, there were not very many reports on the Los Cabos G20 Summit in the Chinese media. It seems the Chinese media's enthusiasm for G20 summits is gradually in decline, which could be for two reasons. First, China had quite high expectations for G20 summits when they were started in 2008-2009, but it is now realized that, for various reasons, it is very difficult for

the G20 to produce tangible outcomes on major global issues. Second, people's attention in China is dominated by domestic issues and not as many people are paying enough attention to China's role in global governance. The Los Cabos G20 Summit has, however, been largely portrayed as a success by the Chinese media, since it produced a lot of positive results.

Euro Crisis

It was reported that dealing with the euro crisis was an important issue for the Los Cabos G20 Summit, but it was certainly not the only issue. From Chinese President Hu Jintao's speech and Chinese Foreign Minister Yang Jiechi's interview with the media, we can clearly see that China certainly tries to offer help to European countries that have debt problems, but China has several other concerns. These include how to stimulate global economic recovery, how to reform the international financial system, how to protect a global free trade system, how to deal with development issues and how to promote global green development.

It has also been reported that China has made a significant contribution to IMF reform by pledging US$43 billion to the Fund in order to increase its capacity to deal with financial crises.

Financial Regulatory Reform

The FSB report on the progress of financial regulatory reform did not really receive any attention. In his speech at the summit, President Hu Jintao did not mention this report and, as far as financial issues were concerned, mainly talked about how to reform the IMF and international monetary system.

Green Growth

Green growth did receive attention and visibility in China. Green growth, or sustainable development, has been portrayed as one of the most important issues at this year's summit. It has been mainly understood as an economic development issue here.

Other Issues

The Chinese media's reports on the Mexico G20 summit were mainly around President Hu Jintao's activities there. From these reports, it was quite clear that G20 summits have become an important platform for China to develop its diplomatic relationships with other G20 countries. Besides the report on the summit, there were also detailed reports about President Hu's meeting with BRICS countries' leaders and his meetings with leaders of the United States, Germany, Mexico and other countries. These reports seemed to indicate that G20 summits should not be simply viewed as an institution of global governance. They could also play other unintended functions, which the original designers had not imagined. For example, these summits have facilitated the rise of BRICS as a new multilateral group in the post-global financial crisis era.

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GERMANY

Thomas Fues

Euro Crisis

To an overwhelming extent, German media coverage of Los Cabos focused on Chancellor Angela Merkel's defence of her current efforts to solve the euro crisis. Commentators across the political spectrum portrayed her as an unbending, principled advocate of austerity and structural reforms against all calls for debt-financed stimulus programs and collective bailouts. According to German press accounts before the summit, Berlin failed to direct international attention to other critical imbalances in the global economy, like the US budget deficit or China's exchange rate policy (*Spiegel Online*, June 16).

It was generally noted with relief that, despite all well-known internal divisions, European delegations publicly demonstrated a united front at the summit in the face of massive criticism from the rest of the group (*Die Welt*, June 21). Chancellor Merkel and the other European leaders were seen as having successfully fought off demands for new crisis measures, such as euro bonds, which were suggested by Brazil and other governments (*Financial Times Deutschland*, June 20). European delegations succeeded in not letting the G20 get involved with the details of future policy options, insisting that the next steps within the existing frameworks would be decided upon at their own summits.

The German media understood that, despite all the rhetorical support from fellow Europeans, Chancellor Merkel was pretty much fighting on her own (*Welt Online*, June 19). Final assessments of the summit reflect the general view in Germany that she did a good job in communicating recent progress on the euro crisis and was seen as having prevailed with her effective style of unexcited determination. German media extensively reported on the appreciation or

even admiration for Chancellor Merkel expressed by summit participants (*Handelsblatt*, June 20). Following the apparent stage direction for summit harmony, as noted by German commentators, the chancellor reciprocated by emphasizing the spirit of partnership and mutual interdependence (*Die Welt*, June 20). Still, resentment seems to be building up in public opinion over the relentless lecturing at Germany and Europe on how to best solve the crisis on the continent (*Spiegel Online*, June 19). As a side note, German media noted with satisfaction that China did not participate in euro bashing (*Welt Online*, June 19).

Financial Regulatory Reform

In their reports from Los Cabos, German media outlets did not address the issue of financial regulatory reform, other than those aspects linked to the euro crisis. They rated the commitment of euro zone members to something like a banking union (without explicitly using the term) as an important outcome of the summit (*Die Welt*, June 20). This was partly interpreted as a softening of the principled German position against debt relief without fundamental policy changes for sovereign debtors (*Frankfurter Allgemeine Zeitung*, June 19). However, members of the German delegation were quick to point out that all implications would need to be considered in detail before practical steps could be undertaken.

In light of last year's unsuccessful initiative for a financial transaction tax, European member states refrained from raising the issue again at Los Cabos, even though the topic is high on the agenda in Germany and elsewhere on the continent. Shortly after the G20 summit, an issue-specific alliance of European states, including Germany, France, Spain and Italy, decided to move forward in introducing a common financial transaction tax, notwithstanding the fact that the United Kingdom will not support the effort.

Green Growth

There was only minimal summit coverage on green growth, including a minor mention of public transport in mega cities. Basically, German commentators with an interest in sustainability and green topics were by then focused on the Rio+20 conference, which attracted a lot of advance media attention. A substantial part of this overlapped with reports from Mexico. A substantive link was made between Rio and Los Cabos in reference to the G20's (rhetorical) commitment to the reduction of fossil fuel subsidies, while lamenting the lack of an effective remedy from leading powers (*Frankfurter Rundschau*, June 19). Several German commentators critically addressed the point that Chancellor Merkel chose to participate in the G20 summit while declining to attend the subsequent global event in Brazil, Rio+20 (*Der Tagesspiegel*, June 18). The lack of attendance at Rio by major European leaders led to some speculation that Germany and other European nations may have lost faith in UN-inspired processes, since their concept of cooperative multilateralism no longer meets with sufficient support from other world regions. This development was interpreted as yet another sign of Europe's declining weight in global affairs, partly due to the current crisis and, in a more fundamental sense, related to the global power shift (*Frankfurter Rundschau*, June 22).

Other Issues

Apart from the core issues of global imbalances and financial stability, food security was the one issue that drew the most attention in German summit accounts. The media took note of massive criticism from non-governmental organizations over the lack of decisive action by the G20 in this area (*Handelsblatt*, June 20). Some German commentators criticized the Europe-centric focus of the summit and saw this as an indication of the fact that the G20 had lost its development focus (*Sueddeutsche Zeitung*, June 20).

German media noted with satisfaction that emerging powers from the South, particularly the prominent BRICS group, agreed to provide further liquidity to the IMF. The fact that previous G20 decisions on corruption and protectionism were reaffirmed at Los Cabos was welcomed as an expression of some minimalist consensus remaining within the group.

In their overall assessments, several German commentators articulated strong dissatisfaction with what they felt was an insufficient summit outcome, for example, by calling it a "purely political show," "summit madness," a "club of impotence" and the "weakest summit of all times" (*Spiegel Online*, June 19; *Sueddeutsche Zeitung*, June 20). Also, some criticism of the Mexican presidency was voiced with regard to it having organized the summit in June, just before Mexico's national elections, rather than following the usual time schedule of having the summit set for the fall. The argument made was that the practical implementation of global governance should not promote narrow domestic concerns, but rather, be driven by the desire to achieve optimal results in the provision of global public goods.

INDONESIA

Maria Monica Wihardja[2]

Euro Crisis

There have been both positive and negative portrayals of how the G20 at Los Cabos addressed the euro crisis.

The summit was held at a very fragile moment: Europe was on the brink of a systemic collapse; it was less than 24 hours before the Greek election, which could have led to a "Grexit"; and Spain's bond yield had reached a historically sky-high record. Against this backdrop, with economic impacts spilling over to other countries around the world, it is not surprising that the messages delivered before the summit by non-European leaders, including Indonesian President Susilo Bambang Yudhoyono and Minister of Trade Gita Wirjawan, pressured European countries to immediately resolve their crisis. Indonesian leaders spoke uniformly of the need for European countries to act together to resolve the crisis, which, as Indonesia relies on the EU market, had created extensive pressure on its commodities export demand (Curran, 2012). Indonesia's trade balance recorded a deficit in April for the first time in two years, partly because of declining commodity prices. Leaders were in "crisis mode," with their eyes transfixed on the EU crisis (Haswidi and Suryodiningrat, 2012). Clearly, they were overwhelmed.

Meanwhile, European leaders reported that they "have heard enough about their troubles, particularly from Americans. Memories linger of the 2008 financial crash that was born in the United States and destroyed jobs and wealth" (Gearan and Feller, 2012). And they wanted more time and space.[3]

A series of quotes by the Indonesian president, the chairman of the Indonesian Employers' Association and newspapers editors indicated a sense of pessimism looming ahead of the summit: "The mood is tinged with pessimism," "the crisis is unavoidable" and "it is not 'if' but 'when' and 'how bad'" (Haswidi and Suryodiningrat, 2012). Moreover, "European recalcitrance and a lack of transparency" had created fissures between developed and developing countries, and the Indonesian president was quoted as saying "If things are not open, then it would be tough to face a sudden economic tsunami… with such a short lead time, Asia and Indonesia can be caught unprepared" (Suryodiningrat, 2012a). He also warned that "there is no time for non-cooperative behaviors and distrusts" ("Europe Is Being Pressured to Resolve Crisis," 2012).

Moreover, showing concern that the G20 summit agenda had recently been hijacked by the European crisis, several local media reports called on the country's leaders to ensure the development agenda not be left behind, regardless of what might come up on the economic front. They were hopeful that the president would make this message clear ("Calling on the G20," 2012).

An editorial review from the end of the summit reported that "Most analysts have from the outset not put too much importance on the G20. After its widely recognized success as a firefighter at the time of the financial crisis about three years ago, many observers have criticized the G20 forum mostly as a talking shop to let policy makers understand what their counterparts elsewhere are up to and why" ("The Week in Review: Summits, Pledges and Reality," 2012).

Despite these pessimistic views, there were also some optimistic perspectives, especially regarding the agreements coming out of the summit. Five main agreements were achieved during the summit: the US$456 billion increase in IMF resources as the second line of defence from an additional 12 countries including the BRICS, Australia, New Zealand, Turkey, Colombia, Mexico, the Philippines and Malaysia;[4] the avoidance of "expansionary contraction" to focus on the balance between austerity and growth/job creation;[5] the EU commitment to increase financial integration, including common supervision and a common deposit guarantee system; Saudi Arabia's commitment to maintain a sufficient oil supply to stabilize the oil price; and China's commitment to avoid an artificially low exchange rate.[6] These commitments added confidence to the market, especially after the €100 billion loan to Spain. Moreover, a media outlet reported that US President Barack Obama was "encouraged" about progress in dealing with Europe's debt crisis following a meeting with German Chancellor Angela Merkel.[7]

2 The author would like to acknowledge the assistance of Matthew Bock in collecting media reports.

3 See Dave Clark (2012). "G20 Success Depends on What Europe Does Next." *The Jakarta Globe*. June 20.

4 See Andi Haswidi (2012). "Indonesia Shuns Campaign to Bolster's IMF Fighting Power." *The Jakarta Post*. June 20.

5 See E. Eduardo Castillo (2012). "Draft: G20 Will Produce Plan for Global Growth" *The Jakarta Post*. June 19.

6 See "Europe Is Ready to Contain Crisis." (2012). *Kompas*. June 20.

7 See Associated Press (2012). "Obama 'Encouraged' About Europe's Progress." The Jakarta Post. June 19.

There were some interesting notes highlighting Indonesia's participation during the summit. Indonesia shunned the request to contribute to IMF resources.[8] There could be different reasons behind this. The Indonesian G20 Sherpa was quoted as saying that Indonesia still wanted to focus on improving the capacity of developing countries, rather than helping "rich" European countries.[9] This may reflect two things: Indonesia's weariness with the G20 agenda being hijacked by European issues, which Indonesia played no part in, and the lingering trauma from the way it was treated during the Asian Financial Crisis of 1997-1998, when the IMF imposed severe austerity on Indonesia while no other country, including European countries, stood up to assist. Political sensitivities at home could also have contributed to the president's unwillingness to contribute to IMF resources.

The Indonesian president's experience of muddling through the 2008 crisis using fiscal reform vis-à-vis policy support on maintaining domestic demand was "heard" and was accepted into the final communiqué, which rejected pure austerity and cutbacks.[10]

There was some acceptance of Indonesia's proposal for the global financing of infrastructure facilities and the development of a pipeline of bankable projects to boost infrastructural development in developing and emerging countries, although, sadly, no local media reported it. Indonesia's determined effort to include its view in the final communiqué was accepted, to an extent, as part of the G20 finance ministers' and central bank governors' agenda, and was well-received by other emerging and developing countries, including India. The G20 Leaders' Declaration stated: "We ask Finance Ministers and Central Bank Governors to consider ways in which the G20 can foster investment in infrastructure and ensure the availability of sufficient funding for infrastructure projects, including by the Multilateral Development Banks' (MDBs) financing and technical support." R. Gopalan, secretary in the Department of Economics Affairs of the Indian government, was quoted as saying "it is significant that infrastructure requirements of developing countries were brought to the fore at the Los Cabos summit, regardless of whether the investment is through finance or development channels. It was for the first time that this issue came up in a big way at the G20" ("G20 Agrees to Invest in Infrastructure in Developing Countries," 2012).

Others were more skeptical about Indonesia's contribution. An analyst said "Indonesia's role in the G20 was as a cheerleader" (Al Azhari, 2012).

Financial Regulatory Reform

The one issue that the president reportedly did not want to intervene in was financial regulatory reform. Maybe because of this, there was no attention to or visibility of the progress on financial reform in the media.

There was, however, a lot of coverage on Indonesia joining the G20 Financial Inclusion Peer Learning Program with Chile and Mexico. The program will "facilitate the exchange of experiences and best practices in many countries and promote the coordination and policies on financial inclusion" and "is expected to introduce a set of financial inclusion indicators to assess countries in tracking progress on access to financial services globally" (Haswidi, 2012). The president believed the importance of supporting micro, small and medium enterprises (MSMEs), because Indonesia survived the 1997-1998 Asian Financial Crisis on the strength of its MSMEs. Moreover, he boasted that "since the launch of the financial inclusion initiative in 2007, as of April 2012, Indonesia has disbursed US$8 billion worth of government-backed micro credit to six million MSMEs. This value was expected to reach US$10 billion by the end of 2013" (Haswidi, 2012). The president was also quoted as saying that the Indonesian banking sector's model for making loans widely accessible to those in need of them was "extraordinary" ("Look to US for Policies on Fair Lending, SBY Tells G-20," 2012).

It is worth noting, however, that although Indonesia's participation in the Financial Inclusion Peer Learning Program with Chile and Mexico was praiseworthy, Indonesia's National Strategy on Financial Inclusion was still "fresh from the oven," and is yet to be tested. Currently, only 49 percent of the population has access to the formal banking sector; 17 percent of the population is excluded from the financial system altogether (formal and informal, banking and non-banking financial sector); and nearly 40 percent of the poor alone are not covered by the financial system.

Green Growth

Another issue that Indonesia shied away from was green growth. There was no media coverage presented on the topic in the context of the G20 and Indonesia. There might be a few reasons behind this. First, Indonesia did not see it as being relevant to the G20. Second, Indonesia

8 See Andi Haswidi (2012). "Indonesia Shuns Campaign to Bolster's IMF Fighting Power." *The Jakarta Post*. June 20.

9 Ibid.

10 See Andi Haswidi (2012). "G20 Listens to SBY's 'Middle Way.'" *The Jakarta Post*. June 20.

is not ready to implement green growth, let alone recognize it, because of the country's poor institutions, weak legal system and law enforcement mechanisms. Third, the definition of green growth was not made clear. Fourth, Indonesia failed to phase out fossil fuel subsidies on March 31, 2012, to achieve progress consistent with the targets regarding the 26 percent (or 41 percent with international aid) carbon dioxide emission commitment by 2020 and to "green" its Master Plan on the Expansion and Acceleration of Indonesia's Economic Development.

With regards to rationalizing and phasing out inefficient fossil fuel subsidies and the better targeting of fossil fuel subsidies for the poorest citizens, which was reaffirmed as the Leaders' Commitment in Los Cabos, the phasing out of fuel subsidies was rejected by the president himself back in December 2011, when he had the choice. The media quoted the president as stating: "I am responsible and I will tell our friends at the G20 that the subsidies help the very poor and we must give them...subsidies that do not meet targets must be reduced because they cut into our budget to build infrastructure, improve education and health care as well as other sectors" ("Indonesia Govt to Maintain Subsidy Policy: Yudhoyono," 2012) Ironically, according to a 2011 World Bank study, the top half of households by wealth consume 84 percent of subsidized gasoline, with the richest decile alone accounting for almost 40 percent, while the poorest decile accounted for less than one percent of subsidized gasoline use. It is a foregone conclusion that the fossil fuel subsidy missed its target. And yet, the president failed to increase the price of subsidized fuels.

Other Issues

As this is being written, the government had only issued one press release publicly, by the Ministry of Finance.[11] The issues mentioned in the press release include energy and commodity market volatility, youth employment and social issues concerning women. Indonesia is co-chairing the Energy and Commodity Market Working Group with the United Kingdom while, in the press release, it was stated that too much volatility in commodity prices could create market instability, which would affect economic conditions as a whole. It was important, therefore, for G20 countries to support efforts to increase transparency within global commodity markets and to increase supervision over commodity market players, including price reporting agencies.

Furthermore, there was a report on food security, which stated that food security is now firmly on the agenda of the G8, G20 and the UN Conference on Sustainable Development (Rio+20), and moreover, the Mexican G20 presidency had made food security one of its key priorities, with businesses invited to contribute.[12]

There were several reports on global governance and how (in)effective and legitimate the G20 had been. The G20 had been seen as not only a problem solver but also a forum to create confidence within the global order. "It is about common concerns, common issues and common solutions" ("Calling on the G20, 2012). Others were more skeptical: "Three years ago, they launched a framework for 'strong, sustainable and balanced growth.' They will meet in Mexico with little to show for these promises" (Suratin, 2012).

The Indonesian president was quoted several times as saying that it was time for Indonesia to contribute to the global community, rather than receive from it: "as a regional power with global outreach, the time has come for Indonesia to also ask what it can contribute to the global community" (Suryodiningrat, 2012b). "To him [the president] the G20 was not a bigwig rubbing together of shoulders, it was another punctuation of Indonesia's rising prominence" (Suryodiningrat, 2012b). Moreover, an analyst called for greater Indonesian cooperation with Latin America, rather than just with traditional economic partners, namely Europe and North America.

Other issues mentioned in the media were focused on G20 sideline events between prominent leaders regarding other matters of international significance, such as US-China and US-Russia discussions on Syria[13] and Iran's nuclear program,[14] and Argentina-United Kingdom tensions over the Falkland Islands.[15]

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12 See Paul Polman (2012). "Feeding a Growing and Hungry World." *The Jakarta Post*. June 23.

13 See Vladimir Isachenkov (2012). "Russia to Send Marines to Syria." *The Jakarta Post*. June 18; "Obama and Putin Get Close Encounter in Mexico" (2012). *The Jakarta Globe*. June 18.

14 See Ali Akbar Dareini (2012). "EU: Iran Nuke Meeting to Continue on Lower Level." *The Jakarta Post*. June 20.

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JAPAN

Ryozo Hayashi

General Observations

The Los Cabos G20 Summit attracted significant public interest and occupied headlines in some national newspapers in Japan. This is not only because it was held in the middle of the euro crisis and global economic turmoil, but also because, after a long absence, Japan sent a capable and visible prime minister who has knowledge of the global economy and economic policy and who can communicate with other heads of nations.

These two elements are not unrelated. The sovereign debt crisis, caused by the accumulation of government debt, is closely linked with the hottest economic policy dispute in the National Diet (the Japanese parliament): the increase of the consumption tax rate. Prime Minister Yoshihiko Noda was elected by Democratic Party of Japan (DPJ) members in the Diet, reflecting public concern over the lack of rational economic policy against serious long-standing economic policy issues, and he committed himself to the passage of a bill in order to avoid a sovereign crisis like that of Europe.

The voting was scheduled for June 26. While the bills were passed in the Diet, a sizeable number of DPJ Members of Parliament left the party. Because of the scheduled vote, Prime Minister Noda could only spend one day at the summit. It was reported, however, that he made several important points clear in the meeting, while making the largest contribution to IMF capacity. Prime Minister Noda emphasized that the European crisis presents risks to global financial stability, and that, based on the Japanese experience in the 1990s, the integration of bank surveillances and countermeasures is critical.

Euro Crisis and Global Economy

With regard to press reports, the express commitment by the G20 "to take all necessary policy measures to safeguard the integrity and stability of the area" and the agreement on the "coordinated Los Cabos Growth and Job Action Plan" were certainly welcomed, but there is no optimistic tone about the euro crisis. It was well understood that there is no quick solution. There was also an understanding of the importance and the difficulties of the unified bank supervision system, based on Japan's experiences in the 1990s, and of the economic policy of balancing growth, fiscal discipline and employment. Focus now shifts to the coming European summit.

All the press reports emphasized that no one country, or even several major countries, can bear the responsibility of rescuing the world. This is different from the Lehman Brothers crisis period, when the United States and China were identified as leading countries. The United States was characterized as a country that forced the European Union to come up with a unified bank regulatory system, while refusing to contribute to IMF capacity. Weak US economic recovery was reported in the following days through Federal Reserve Chairman Ben Bernanke's press conference, and the possibility of a third round of qualitative easing was implied. There was little coverage on China, other than welcoming the stepping away from interventionist currency policy. Korean President Lee Myung-bak's statement on Korea's experience after the Asian financial crisis was cited.

Other Issues

Another area of press interest was the exchange rate, reflecting the usual concern over yen appreciation. US President Barack Obama's press statement on the level of exchange rate was viewed as a negative implication against intervention by the Japanese government, despite the fact that the same communiqué language was used the previous year.

The scope of press interest included the Trans-Pacific Strategic Economic Partnership Agreement (TPP). Participation in the TPP is another important agenda for the Noda cabinet. Politically, it is also a very controversial issue. In the press coverage on bilateral meetings among heads of nations, the focus was on TPP, and Canada's decision to participate was reported as a surprise.

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MEXICO

Andrés Rozental

As host country for this year's G20 summit, there was a vast amount of media coverage of the event itself, as well as preparations for the event in the months leading up to mid-June. Much of the early coverage focused on the venue decision, building the necessary infrastructure, ministerial meetings to prepare for the summit and the enormous outreach that the Mexican presidency undertook with non-state actors such as the Think 20, Youth 20, Business 20 (B20) and Labour 20.

Euro Zone

During the meetings at Los Cabos, both the substantive agenda as well as the euro crisis were amply covered, but unlike at Cannes, the situations in Greece and Spain hijacked neither the summit itself nor the media coverage. Anecdotal events such as the Obama-Putin bilateral on Syria and the Kirchner-Cameron encounter also found their way prominently into both international and Mexican media. Mexican President Calderón made a special effort to portray the summit in media interviews as focusing on the G20 agenda rather than on the crisis in Europe. From the coverage, it did not appear that leaders at Los Cabos were overwhelmed by the euro crisis, although there were meetings of the euro zone countries on the margins of the summit and many of the press conferences held by European participants did dwell on the situation in Europe. The fact that the day before the summit opened the Greek elections resulted in a better-than-expected new government also helped defuse the issue in the eyes of those reporting from the summit. From my own information as to what went on inside the summit, it seems that the dinner hosted by Mexico to which only leaders were invited (no international organizations) was a more informal setting, which allowed for give-and-take on the European situation, with most of the non-European leaders insisting that the crisis needed to be addressed within Europe and not be the central focus of the G20.

Financial Regulatory Reform

The Mexican media paid little attention to the FSB or technical details of financial regulatory reform. These topics are far too esoteric for both the media and the public and, as a result, were not the focus of reporting. The one issue that did receive widespread attention was the decision to capitalize the IMF with over US$450 billion dollars and the fact that while Mexico offered US$10 billion (a similar amount to what most of the BRICS countries pledged), neither the United States nor Canada participated. President Calderón and Mexico's minister of finance made a big issue out of this decision, calling it one of the most important concrete results of the summit.

Green Growth

Because the Mexican presidency placed a great deal of importance on the green growth issue, there was substantial media coverage, but less so of the relevant paragraphs in the final communiqué. In fact, the lengthy document issued at the end of the summit received scant attention in the national media, with most of the reporting in newspapers and television addressing sidelines such as the enormous security operation to protect the leaders, the lack of any significant demonstrations that might have disrupted the event, and the comings and goings of the guests as they arrived and departed. I don't find this unusual, since much of the final communiqué was technical and difficult to absorb by journalists who are not financial experts. One exception to this was the issue of trade protectionism, because Mexico had just come out of a serious dispute with Brazil on automotive exports, and Argentina was threatening to abrogate the existing agreement that regulates Mexican trade with that country.

Green growth, as reported in the media, was accurately represented as both a developmental and environmental issue. This was mainly because of many pre-summit interviews given by the president, members of his cabinet and non-governmental experts to explain the issue and point out its relevance for Mexico, one of the few developing countries to have made binding commitments on greenhouse gas and CO_2 emissions for

the coming decades. The unique complexity of green growth, however, often led the media to emphasize the climate change and environmental aspects, rather than the infrastructure and development side.

Other Issues

Food security was another G20 issue that was widely covered by Mexican media, especially as it relates to the high prices that staple commodities command locally. This was also the focus of an impressive panel discussion during the B20 event, which, incidentally, was also very amply covered by the media, given the participation of high-profile CEOs from Europe, Asia and Latin America, as well as the presence of several leaders — including four visits by President Calderón — who came to receive the reports of the seven task forces that the B20 worked on in the months prior to the summit. In many ways, the B20 and parallel events often garnered much attention because the summit itself, except for the opening and closing plenaries and press conferences, was held behind closed doors.

As the summit wound down, the media in Mexico placed a huge emphasis on the success that it represented for outgoing President Calderón, the extremely generous and laudatory remarks made by Barack Obama on the organization and running of the summit's presidency and the fact that hosting the G20 had helped counteract much of the negative image that Mexico has garnered because of the reports of violence and drug trafficking that dominate so much media attention. Many of the leaders expressed satisfaction at the even-handed way in which Mexico ran the summit and how there was something in it for every one of the leaders. By and large, the impression from outside the summit was that it was a resounding success for Mexico, for Calderón and for the future of the G20 (although this was not the same take by some of the foreign media that continue to question the usefulness and legitimacy of the G20).

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SOUTH AFRICA

Peter Draper and Memory Dube

Euro Crisis

In the same fashion as the Cannes summit, the Los Cabos summit was portrayed in both the print and electronic media — before, during and after the summit — as being a crisis gathering, with the primary issue on the leaders' minds being the resolution of the euro zone crisis. Some media went as far as calling the summit a mini-EU summit (*Daily News*, Independent Online [IOL]). In the run-up to the summit, reporting was predominantly on the Greek election, the potential of a "Grexit" if the radical leftist Syriza party won and the potential ramifications of the election results for the euro zone crisis (*Times Live*, *Engineering News*, News24, Fin24, IOL, South African Broadcasting Corporation [SABC]). The euro zone crisis was presented as having completely overshadowed all other summit agenda items (*The Star,* IOL), with complete uncertainty, lack of unity and powerlessness among G20 leaders on how to deal with it (T*he New Age*, SABC, *Business Report*). The dominant view was that the summit was ill timed. Post-summit, it was reported that the G20 communiqué included a lengthy passage on Europe, including a European commitment to improve the functioning of their financial markets (*Mail & Guardian Online*). One report noted that European leaders presented only stop-gap measures and that the real decisions will be made at the EU summit on June 28-29 (Fin24). Other agenda items received cursory attention. There was a sense of fatigue in some reporting, with *Business Report* arguing that the G20 was unable to relive its past glory, particularly the way it handled the 2008-2009 crisis.

Financial Regulatory Reform

Unfortunately, the media was so focused on the euro zone crisis and the implications of the Greek election that it lost track of other important summit issues. South African President Jacob Zuma did not hold a pre-summit press conference and, after the summit, he spoke only to South African and African interests, which did not include the FSB report. In *The Star*, the FSB was mentioned, but only in relation to Mexico canvassing proposals to tighten international financial regulations to prevent future crises. No mention was made of the report. In the build-up to the summit though, the Basel III regulations governing financial liquidity received substantial coverage in the pages of *Business Day*. This was based on a report by the South African Banking Council, which argued that if these provisions are fully implemented by South African banks, approximately R1 trillion (US$125 billion) would have to be removed from the banking system in order to build the required liquidity buffers. Several senior government officials were quoted as expressing sympathy for this stance and indicating that it would be raised in Mexico.

Green Growth

The green growth agenda did not receive much visibility — and especially not as a stand-alone issue warranting attention. In some of the passing references to the

green growth agenda, it was referred to as part of the development agenda, specifically Africa's development agenda, in a story on President Zuma's synopsis of the summit, which was syndicated (*Times Live*, *The Citizen*, *Business Report*, *Mail & Guardian Online*, Fin24, IOL). The IOL ran a story on South Africa's interests, and one of the issues raised was South Africa's concerns that "green growth" would be used for trade protectionism — in that sense, the "green growth" agenda was portrayed as an economic issue.

Other Issues

The one issue that stood out in the public domain and received wide electronic and print media coverage was South Africa's US$2 billion contribution to the IMF's financial "firewall" fund. All the major newspapers, and the broadcast media, ran the story (*Independent Online*, SABC, *Mail & Guardian Online*, *Business Report*, *Business Day*, *City Press*, *The Sowetan*, *The Star*). Confusion regarding the exact implications of this pledge for South Africa was clearly evident in the reporting. Reports generally linked it to the euro zone crisis and presented it as bailout money for Europe; in some instances, it was referred to as a "gift" to the IMF. Some headlines were alarmist — so much so that anyone who did not actually read the accompanying articles would deduce from the headlines that South Africa had donated money to the EU and the IMF despite its own pressing domestic problems. "Fury at SA's R17bn gift" and "COSATU [Congress of South African Trade Unions] condemns SA's IMF donation" (IOL) are two examples. By contrast, one publication ran a more responsible article entitled "Economists welcome SA's IMF donation" (*Mail & Guardian Online*); and *Business Day* ran an editorial entitled "COSATU should do its homework." These headlines give insight into South Africa's current political dynamics and realities. The African National Congress (ANC) came out in defence of the loan, whereas the ANC Youth League and COSATU, which have both been at loggerheads with the ANC in recent months, criticized the move as being detrimental to the country's development needs.

Nonetheless, the content of the news articles afforded government officials a chance to explain to the nation what the pledge was all about. The issue of reform of the IMF governance structure was attached to the pledge, tied to the fact that all the BRICS countries made a contribution to this firewall fund to prevent future financial crises. This created the expectation that now is the time that governance reforms in the IMF will be put into action, with reports that BRICS countries had based their contributions on IMF governance reforms being implemented. *Engineering News* ran a story by Reuters on the BRICS countries setting up their own joint anti-crisis fund if they are not granted enough decision-making voice in the IMF after having made pledges to the value of US$75 billion. The story presents a "reasonable" BRICS grouping that simply wants what is due to it, with references to an understanding by the BRICS countries that the funds will be used to deal with the euro zone crisis, yet there was no aggressive criticism of the EU at the summit.

A lot of attention was also given to South Africa's "African" agenda: infrastructure development; IMF reform; and sustained growth prior to, during and after the summit (*Sunday Independent*, *Times Live*, *The Citizen*, *Business Report*, *Mail & Guardian Online*, Fin24, IOL). Nevertheless, some of the stories conceded the impossibility of getting any headway on these issues given the euro zone crisis.

The other issue that came up was that of trade protectionism, with G20 leaders committing, after apparently intense debate, to refrain from putting up any new trade barriers for one year (*Engineering News*). This was reported to be a hard-won deal, with some countries, in particular South Africa, Brazil and Argentina, not wanting to have the trade pledge extended, while others were quite keen to see it pushed back to 2015. This story is reminiscent of the 2008 economic crisis, where it was necessary to draw that kind of pledge from the G20 leaders in order to stem growing protectionism by G20 countries. In the IOL, the story on South Africa's interests in the Los Cabos summit also touched on trade as one of the issues that South Africa could potentially raise for consideration at the summit as a way of resolving the crisis. Both stories touched on the Doha round of negotiations but the idea of re-opening the negotiations did not win favour with the G20 membership.

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UNITED KINGDOM

Martin Albrow and Olaf Corry

Overall in the United Kingdom, the Los Cabos summit began with low public expectations and was dominated by the euro crisis. The United Kingdom seemed marginal to the action, with Prime Minister David Cameron's stand-off with Argentina's President Cristina Kirchner his most prominent appearance. The low level of interest in the G20 and Rio+20 alongside the "us-and-them" depiction of the crisis of the euro reflects the UK government's current generally disengaged attitude to multilateral matters.

Euro Crisis

In advance of the meeting, expectations were set very low. On June 15, in the most popular tabloid, *MailOnline*, Alex Brummer called it an "unhappy coincidence" that the world's leaders would meet in Los Cabos when the Greek election results would happen immediately beforehand and he expected the big push to come from President Obama wanting to move the global economy (Brummer, 2012). Brummer recalled the London G20 Summit of 2009, where then Prime Minister Gordon Brown claimed to have saved the world, a theme repeated later in the *Financial Times*, writing of "a rare and decisive moment of global solidarity" (*Financial Times*, June 18). Andrew Walker of the BBC World Service wrote of the "painfully clear line of division at this summit — the euro zone and the rest" and reported calls from India and China for resolute action and pressure on leaders, especially German Chancellor Angela Merkel (June 17). He also cited Brookings experts writing about the "enormous success" of the London G20 Summit of 2009. "Can we expect a similar performance?" at Los Cabos, he asked, adding "Probably not." Jeremy Warner in *The Telegraph* online wrote that "[f]ew G20 meetings are anything other than a waste of space, but this one more so than most, for the latest slowdown in the world economy is something that can only be convincingly dealt with by Europe."

It is highly unusual in the British political context to find unfavourable comparisons between Gordon Brown and David Cameron, but Cameron has been having a bad time recently, with his private social life and ties to the Murdoch media empire being hauled in front of the Leveson enquiry into media ethics. On the eve of the summit, Larry Elliot of *The Guardian* warned that there were "no good outcomes to the euro crisis" and pictured Cameron and Merkel in a confrontation in Berlin earlier in the month. It was recognized that David Cameron's speeches, addressed to European leaders in general, to get their act together were widely resented. *The Financial Times* spoke of "weary frustration in Berlin."

It was expected that the euro zone crisis would dominate the occasion, while there was widespread comment on the lack of resolution by euro zone leaders, coupled with the sense that the United Kingdom was between a rock and a hard place — outside the euro, looking in, both wanting it to find an early common ground, but not wanting it to make decisions that would affect London's place as a global financial sector.

In early coverage after the first day, Cameron's image hardly appeared and the meeting of US President Obama and Russian President Vladimir Putin, and that of the BRICS leaders occupied the screens. IMF Managing Director Christine Lagarde's announcement of US$456 billion funding gained screen space, but the European issue dominated. *The Guardian* gave more prominence to bond yields in Spain and Greek politics than to the summit itself, and most press coverage was devoted to a row sparked by President of the European Commission José Manuel Barroso blaming American capitalism for the world crisis, with the *Financial Times* writing of tensions between Europe and the rest of the world. Widespread cynicism about the summit was depicted by cartoonist Steve Bell in *The Guardian*, showing 20 towelled and sombreroed figures on sunbeds, with the caption "G20 draft communiqué" and the speech bubble "Eureka! I've just thought of a new Greek cliché."

Reporting the final day, the *Financial Times* focused exclusively on the euro zone crisis (apart from Cameron-Kirchner, see below) and sounded a note of cautious optimism after a supposedly "encouraging" meeting between Obama and Merkel, which suggested decisive action on her part would be forthcoming. *The Guardian* headlined "Merkel poised to agree rescue deal for Spain"; the publication's writer Larry Elliott called it a German surrender. A British official said it would not be the "big bazooka" demanded by Prime Minister Cameron. The *London Evening Standard* (June 20) presented the outcome of the G20 as Obama telling EU chiefs what to do, with its city commentator Anthony Hilton saying the European Union can't solve its own crisis, the G20 has no appetite for it, and the IMF should sort out the mess. By June 21, *The Guardian* was saying that Merkel was ambushed by Obama and other European leaders. But as some kind of retaliation, *The Telegraph* reported that the other countries at the summit warned the United States that it had to deal with its own US$15 trillion debt.

Financial Regulatory Reform

The UK press has virtually not picked up on the FSB report. Prime Minister Cameron's speech to business leaders on the first day spoke of "[t]he world gripped by five interrelated threats: the euro zone crisis, sovereign debt, the challenges of growth and low competitiveness, protectionism, and failure to regulate the banking system." He urged for more action on previous commitments to create a new global financial architecture.

Green Growth

The UK lack of interest in Rio+20, sending neither Cameron nor the relevant minister to it, was mirrored by the press ignoring environmental issues at the G20. Only a sponsored piece on *The Guardian*'s partnership space discussed the green growth plans at the G20 summit. Given that the final communiqué deals with the issue

in only two paragraphs (72 and 73) this is perhaps not surprising.

Other Issues

The *Financial Times* (June 15) predicted that Obama would seek to create a working relationship with Russian President Putin over Syria, and its Monday, June 18 editorial, before the first day of Los Cabos, said that although the G20 was not set up for this purpose, leaders should take the opportunity to urge a halt to violence. The Obama-Putin meeting certainly grabbed early headlines on television the next day, and the outcome was reported on June 21 as encouraging because it appeared Putin was not wedded to Assad staying in power.

Cameron appeared to invite a confrontation with Argentine President Kirchner, singling Argentina out as a protectionist country and then telling her that Britain was committed to self-determination for the population of the Falkland Islands (Malvinas), with a well-publicized refusal to accept a document she offered him, which the *Financial Times* reported as her ambush of him (June 20). *The Sun* reported the "PM in face-off with Argie president. Bust-up in G20 corridor over Falklands," but *The Telegraph* claimed that she had sought him out. *The Guardian* reported Cameron's denial that it was a media stunt. It became the main story on Cameron's participation in the G20 in the *Evening Standard*. He also made a barbed comment about French tax policy and said the United Kingdom would welcome French businesses in Britain.

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UNITED STATES

Jo Marie Griesgraber

According to *The Washington Post*, *The New York Times* and *The Wall Street Journal*, the leading news outlets for Washington elites, the single issue discussed at the G20 summit in Los Cabos, Mexico was the European financial crisis. While President Obama encouraged and cajoled, and sought to serve as negotiator-in-chief between Germany and the rest of Europe, it was to no avail. If Obama pushed too hard, he would be viewed as lecturing or bullying Europe and provoke the opposite effect; if he was too weak, he would be ignored. In the end, the G20 was not the right locus for decision making; that would be at a European summit the following week. The European financial crisis overwhelmed a second G20 summit — the first being the summit in Cannes in November 2011.

Apart from the euro zone debt problems, the Washington media described bilateral talks between Obama and select heads of state. With Russian President Vladimir Putin on Syria and trade, the frosty relations between the two did not melt, nor did they come to any common agreements. Allusions to conversations between President Obama and the Chinese delegation did not even refer to the content of the talks. The only positive conversation was with the president of Mexico, Felipe Calderón, thanking President Obama for his executive decision to halt deportation of minor children in the United States without legal documents.

The majority of items were pitched in the context of the US presidential campaign, with the G20 and foreign policy being a distraction for President Obama, a distraction his opponent, Governor Mitt Romney, did not have to contend with.

There was no reference to the Mexican government's lead agenda, green growth, or to any other developmental, environmental, economic or climate change issue. The FSB report on progress on financial regulatory reform and the IMF quota fights did not exist from the perspective of the leading Washington media.

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ABOUT NPGL

The National Perspectives on Global Leadership (NPGL) project is a collaborative effort between CIGI and the Brookings Institution Global Economy and Development Program. The purpose of NPGL's research and convening is to assess the degree to which a broader summit grouping — in the context of the global economic crisis — can restore the confidence and trust of people in the capacity of national leaders acting together to take public responsibility for the public interest in economic outcomes.

The NPGL project aims to generate a stimulating inquiry into various economic, political and international dimensions of national and global leadership as manifested in summitry.

NPGL will continue to develop ideas on global leadership and the leading issues on the G20 summit agenda, by additional Soundings at future G20 and G8 summits and by further interactions among experts in the NPGL network and with other colleagues in research institutions, universities and public institutions.

We invite you to contact us with your comments, queries, insights and analysis of the NPGL Soundings that appear in this publication by emailing us at: npgl@cigionline.org.

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Le CIGI a été fondé en 2001 par Jim Balsillie, qui était alors co-chef de la direction de Research In Motion. Il collabore avec de nombreux partenaires stratégiques et exprime sa reconnaissance du soutien reçu de ceux-ci, notamment de l'appui reçu du gouvernement du Canada et de celui du gouvernement de l'Ontario.

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