

THE BROOKINGS INSTITUTION

PRIORITIES FOR THE ITALIAN G8 SUMMIT

Washington, D.C.

Friday, February 27, 2009

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**Welcome:**

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**Introduction:**

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**Featured Speaker:**

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## P R O C E E D I N G S

MR. BENJAMIN: Well, good afternoon. I'm Daniel Benjamin, and I'm the Director of the Center on the United States and Europe here at Brookings. And I'm delighted to welcome you for this address by Italian Foreign Minister Franco Frattini, who will speak about his nation's priorities for its upcoming G8 Summit.

I'm particularly pleased that Mr. Frattini is here again with us for the second time in six months. He spoke here last September. And in the interim, we at Brookings have been fortunate to have worked closely with him and the Italian Foreign Ministry on a number of projects related to the G8.

Last November, we joined with the Ministry and the Embassy here in town -- and I'm delighted to welcome the Ambassador, who's in back -- in a conference on the challenges posed by civilian nuclear power and proliferation. Today, we just finished a seminar on South Asia with the Minister, and we've done a number of other events, as well. And this has been a very fruitful collaboration.

To be sure, we are grateful, here at Brookings, to be able to contribute to the thinking going into this summit at this pivotal moment. I'd like to think that, in part, this is because of our thriving Italy program, represented by our Visiting Fellow Federiga Bindi, and which has benefitted enormously from the support of the Council on the United States and Italy. And I'm delighted to have Cesare Merlini here, and

Michael Calingaert. But I also have to acknowledge that it says a great deal about Minister Frattini and his team that they are seeking to gather the best thoughts of others as they prepare for a summit, and not just rely on in-house counsel.

When Minister Frattini was here in September, he underscored the urgency of this moment -- and this was back before the full force of the financial crisis hit -- when he said, "none of the known concepts that we're dealing with could provide an effective guidance for dealing with the plurality of today's challenges posed by globalization and international complexity. We need to devise a new paradigm, a broader one."

I know both Brookings and the Washington policy community are pleased that he is working out these new ideas to fit this moment here in Washington -- at least in part.

To introduce the Minister more formally, I want to call on my colleague, E.J. Dionne. As everyone in Washington and around the country knows, E.J. is one of America's wisest and most trenchant observers of our American political and social life. What many people don't recall is that before he settled into Brookings and the full-time dissection of international experiment in democracy, E.J. was already an expert on Italy's experiment with democracy. And when I first learned this, after hearing E.J. expound on a small but hilarious point of Italian point of Italian political history at one of his Friday lunches, with former Italian

President D'Amato, it reminded me just how much smarter E.J. is than I am. Because we share a background in journalism, and though my foreign reporting was largely focused on some rather dreary towns in Eastern Germany, and places like Mecklenburg-Vorpommern and Turrindia, E.J. had the excellent sense to do his reporting in Paris and, as the *New York Times* bureau chief, in Rome. So he had a big leg up on me.

As one of our greatest poets, T.S. Elliot, said in his dedication of his greatest poem, to another poet, Ezra Pound, E.J., you are "il migglio fabbro," "the better craftsman."

So I turn it over to you.

MR. DIONNE: Thank you. That was very sweet. I thought when he started that sentence, he was going to say, "E.J. is smarter than he looks." Thank you for ending it that way.

I'm here today, first, I think, because I've been around Brookings for a long time, and it was a way for us to say how grateful we are that the Foreign Minister is here. Even more than that, because I love Federiga. And more than that, still, is because I think most people know of my deep affection for Italy. I was, indeed, the bureau chief for the *New York Times* from 1984 to 1986. And I put up a sign in the Rome Bureau of the *New York Times*, and it was a quotation from Luigi Bartini. And Bartini wrote that in Moscow, one knows nothing, and understands everything, and in Rome, one knows everything and understands nothing. And I

found that was a consistently good guide to understanding -- or trying to understand -- Italian politics.

And so I am very, very grateful when a leading figure in Italian politics tries to make its positions, and what's going on over there, and its positions in the world, more transparent to the rest of us. So I want to welcome Minister Frattini.

If Barack Obama achieved great things at a very young age, he really should spend a lot of time with Mr. Frattini, because they have a lot in common.

He graduated at age 22 with highest honors in law. The biographies have mixed information. He became a magistrate, some say at age 24, others at 27. I don't know which of those is right, but they're both very young.

He was a Counselor of State at age 29 -- which is something that most people don't achieve until they are 50. He was also, at age 29, he was the juridical advisor at the Ministry of the Treasury.

He is the youngest person ever to be the Italian Foreign Minister. Somebody said he looks even younger than you do, and I said, "Oh, these days lots and lots of people look younger than I am." But he was the youngest Foreign Minister.

Already he's made news in our country, and we are grateful. He has said that Italy was willing to expand its duties in Afghanistan. He

has said that Italy would consider taking some of the Guantanamo detainees.

Minister Frattini, back in the days when he was on the European Commission, even became involved in exactly what role God should play in the Italian Constitution -- though we know -- at least as far as I know -- he claims no direct line to the Almighty, and I don't believe he will be expounding on theological questions today, although I learned that anything having to do with the European Union inevitably gets to theological questions.

And when I was going through his biography -- I have two screws in my knee, thanks to a skiing accident. I always say that if someone says I have a screw loose, I will assume they are talking about my knee. I raise this because I wish I had met Minister Frattini a long, long time ago. Among his many achievements, he was for many years the president of the Italian ski instructors association. And so I'm, as I say, it's too late for me now, but others in the room might profit from that.

As you know, he was appointed Minister of Foreign Affairs on May 8, 2008, following four years as the European Commission Vice President, and Commissioner for -- this is a wonderful title -- Justice, Freedom and Security. I have a friend who works for the Catholic Church who is in charge of Peace and Justice Issues, and a lady once went up to him in an elevator and said, "What do you work on?" And he said, "I work

on peace and justice.” And the lady said, “You’re not doing a very good job.”

(Laughter.)

But we know that Minister Frattini did an excellent job on Justice, Freedom and Security.

I have listed all of his other achievements.

We are just so grateful to have him with us here in the United States, and especially here at the Brookings Institution.

I give you Minister Frattini.

(Applause.)

MINISTER FRATTINI: Ladies and gentlemen, thank you very much. Good afternoon. And thank you for this very kind introduction. Thanks to Brookings for inviting me for the second time after six months, here in Washington.

And I think today I’ll have the opportunity to present to you some of our priorities, given the Italian G8 presidency. And it’s very difficult here in 2009.

Well, you know, last time I’ve been here, I’ve been talking about a new perspective that was due to the imminent crisis we were in September last year. And before that, we have had a situation totally different at the Summit of G8 in Hokkaido, Japan, July 2008. Now the global economic scenario has dramatically changed.

And so as President of G8 now, Italy has inherited a very difficult and, I would say, demanding challenge. We are faced with an extremely delicate phase of globalization. And we are working to enable this model, this formula of G8, to prove capable of providing prompt, concrete and reassuring answers to the concerns of international public opinion.

All in all, the basic message Italy wishes to share with its own citizens and those of G8 partners, and those of the international community is very simple.

The international community has, possesses, technical, human and, especially, moral resources that are needed to overcome the current crisis. So, the message of confidence.

In order to succeed, however, the international community must exercise its leadership. Globalization must be governed.

The dimension of the problems confronting us lies behind our proposal of an innovative approach, both in terms of how to proceed, and of the substance of our proposals to face effectively the challenges ahead of us. We must, in other words, have innovative ideas on both the “how’s” and the “what’s.”

The “how’s” reflect the urgent need for new and effective world governance. While it is evident that leadership from the G8 is still needed, none of the current global challenges can be successfully tackled without close and stable cooperation with the major emerging economies,



in a spirit of shared responsibility. In today's multi-polar and complex world, we need to build up a broader axis of responsibility. This is also one of the -- if not the -- precondition to make multilateralism work.

As the Italian presidency, we view July's Sardinia Summit as the right occasion to propose a new global governance framework. The idea is to define the format that goes well beyond the dialogue that began at the Heiligendamm, under the German G8 presidency.

We intend, first of all, to place Brazil, China, India, Mexico and South Africa in a more coordinated and structured and stable association with the countries of G8. And also, Italy is of the view that a moderate Arab, Muslim and African country like Egypt, would also be a useful addition to this exercise. So we decided to invite Egypt to join this G5 group, so we will have a structured cooperation between G8 countries and G6 new emerging economies and powers.

In our view, this new partnership would represent the core group of this new global governance, which will address crucial issues like climate change, together with other major emitters in the world, and the fight against poverty, together with African countries.

In the third day of our G8 meeting, we intend to make it possible that the G8, plus the other six, meet together for the entire day, the African countries, in order to avoid the situation that happened in the past that was blamed, denounced, and people are blaming sometimes, G8

countries, to invite them just to have a coffee together. This will be not the case this year.

We intend to get African countries, for example, closely involved in addressing together substantial issues, not just procedural proposals and something like this.

We have also to consider the London Summit, which will be held in April in another format, which is the G20-plus. Why plus? Because from G20 we are already moving towards 23, 24, because other states that feel out are asking to be included -- the Netherlands, Spain, there is again Egypt, and other countries. So we are transforming the G20 to a G23, G24, or 20-x.

This will address the financial and economic crisis, dealing in particular with the gaps of financial regulation. We are in very close talks with the British government. Very recently, an important bilateral meeting took place in Rome between my Prime Minister, Berlusconi, and Prime Minister of the U.K., Mr. Gordon Brown, to guarantee full cooperation between G20 and G8. And so, at our Summit in July, in Sardinia, we can build on the London Summit and consolidate its achievements.

The reform of governance also concerns regional organizations. Italy is in favor of a more active and dynamic role for them. What I feel -- for example, I've been recently in Africa. I visited four important countries in Western Africa. I felt at every meeting a sense of frustration and isolation from people belonging to international regional

organization. Think about NEPAT. Think about ECOWAS. Think about, for example, Southern African Organization -- not to say about Latin America or Asian associations and regional organizations.

I think it's very counterproductive to keep them out of the game. On the contrary, we want to follow a more inclusive approach. And that's why for the first time we will convene a summit of all the regional organization, bringing together those who represent more or less integrated regions in the world, in order to consult, in order to share points of view, in order to try to disseminate proposals and, I would say, get suggestions.

And now, the substance of our agenda. In terms of the substance, our G8 presidency will be, I would say, developing five priorities.

The first will be, of course, the financial and economic crisis. Second, climate change and energy security. Third, nonproliferation and terrorism. Fourth, development in Africa. And, finally -- last, but not least - regional crisis, with particular reference to the Af-Pak region, the region including Afghanistan and Pakistan.

On the first priority, I think it is the most serious crisis since the time of Great Depression, that requires a global response. We need better rules, we need increased international coordination to increase growth prospects of the world's economy.

I think we ought to set more solid foundations for the future. And that's why, as I said, G8 and G20 should work together to contribute, first, to the reform of international financial institutions -- think about the Monetary Fund, think about the World Bank -- and the creation of a system of more effective rules, paying attention to the transparency and accountability of the international financial system.

It is precisely in this spirit that the last meeting of G7 economy ministers in Rome, exactly in this meeting, the members of G8 endorsed our proposal to work on an agreed set of common principles and standards -- we call them "Global Rules on Financial and Economic Institutions" -- to improve the quality of, I would say, integrity and transparency of international and financial activities.

Our aim is to give better rules to global markets in order to make them fair and, in the same time, more efficient. In this respect, I think what is very important is that Europe will go to the G20 Summit in London with a coordinated position, with a single voice.

It is simply unacceptable, the idea that we have a splitting among European member states about how and what to do at the summit in London. That's why this Sunday, in three days, a special meeting of heads of state and governments will take place in Brussels, exactly aiming at coordinating positions of member states. We are 27, it's not so easy always to coordinate our positions. But it is absolutely necessary.

It's also very important to bolster greater openness in trade and investments. Our proposal will be to boost the negotiations towards a new agreement, in the context of WTO. And I think this would bring -- if it is a balanced agreement -- very important benefits for economic growth.

We must avoid, also, protectionist responses by individual countries. There are, in Italy, naturally, some tendencies toward protectionism. We have to react. This would only worsen the international economic picture. The risks of protectionism will be also under discussion at the Summit of Heads of State and Governments next Sunday in Brussels.

Let me stress, one second, this point. We are very concerned about the protectionist temptations in some countries. We look at European countries, particularly. Protectionism risks to unravel the European Union, because one of the main European achievements over the past few decades was the creation and the consolidation of European internal market.

I think these so-called "Four Freedoms" of European single market cannot be called into question. On the contrary, Europe should give the international community the good example, Europe should lead in the fight against global neo-protectionism. We expect the United States to do the same.

And the second priority is climate change. The United Nations Copenhagen conference, which is scheduled for next December,

is only a few months away. We have to ensure that a new regime for global emissions is in place for when the provisions of the Kyoto Protocol will expire in 2012. And 2009 will be a key moment for starting negotiation aiming at getting an agreement -- a global agreement -- on climate change and environment protection.

And that's why, as G8 presidency, we intend to contribute to achieving a global agreement within the U.N. framework. And so we do want to make, of the European example -- you know that last December we agreed on a comprehensive agreement on protecting environment while promoting a new energy strategy. This important agreement should be considered as the contribution effort by Europe through G8 states, in this case, through Italy, which is at the same time G8 president, and European states, as the good example to have a basis of discussion -- not as a take-it-or-leave-it proposal, but as a contribution for the discussion. I think the proposal made and accepted by the 27 leaders last December can be considered as a model towards the U.N. negotiations.

But there is a problem. This model can be not only accepted, but also effective and really successful, if non-EU states that are the main emitters of CO<sub>2</sub> in the world will decide to join such an exercise.

I tell you very frankly, without having on board at least the United States, China and India, it's simply not possible to believe that our small Europe, representing about 20 percent of CO<sub>2</sub> emissions in the

atmosphere, will be ready to succeed and will be successful, while the other three represent 60 percent of the global emissions in the atmosphere. This is why the G8 can be the right place, again, where to start discussing about how to protect environment, and to face climate change at the international level.

But the topic of environment -- and you know perfectly -- is closely connected with energy security, which will be also a topic in our G8 agenda. On this front, we intend to strengthen the dialogue between the principal fuel producer and consumer countries.

Our aim is to try to stabilize the dynamics of energy supply and demand, and also increasing market transparency and also, of course, as a consequence, encouraging investment in new energy infrastructures. This is the idea to promote a better and continuous dialogue between producers and consumers to stabilize demand, offer and, finally, prices. This is the idea which will lead to convening a special international conference about this.

The third main topic on our agenda, as I said, is nonproliferation and terrorism. We need, I would say, a bit more aggressive approach to nonproliferation.

In order to strengthen the multilateral regime, this is the message that our presidency intends to send. We cannot continue to deal with the challenge of proliferation on a case-by-case basis. We need a systemic and sustainable approach to nonproliferation. The point of

departure is that today it has become much easier to proliferate -- unfortunately. We face a potential cascade of proliferation, particularly in the greater Middle East. True, Iran is the most urgent challenge, but unless we adopt a system approach, we will face multiple challenges in the future -- even if we succeed to solve the Iranian issue.

Proliferation concerns both state and non-state actors. Nuclear terrorism is no longer an abstract threat. The implications of this development are clear. We need to tighten our norms based on the NPT regime, and the procedures for the enforcement. Application, implementation, is again the key to succeed.

The NPT conference review will start in 2010. This could provide an opportunity to make some important breakthrough to this regard. For that to happen, we need a shared common commitment, first of all, from the United States and Russia. I think we have to particularly welcome the very positive signals that the new American Administration is sending on this, on how and when to restore a positive atmosphere of cooperation with the Russian Federation on nonproliferation.

We shouldn't forget the linkage that Article VI of NPT treaty established between nonproliferation and disarmament. Any effort to strengthen the nonproliferation regime will therefore greatly benefit from the existing nuclear powers' commitment to reduce and gradually dismantle their nuclear weapons.



On the subject of terrorism, Italy supports the line of an ad hoc declaration by the G8, the G8 Heads of State and Government, and within this framework we will focus primarily, this year, on measures to combat radicalization and recruitment, which is the source of all the problems we have when we discuss about diffusion and dissemination of terrorist threats.

And also we will be focusing on the need to reconcile effective instruments to combat international terrorism with the need to respect, I would say, promote and protect human rights and international law. In this respect, the decision to close Guantanamo is very highly appreciated.

Priority number one is development -- what to do with Africa. The need to address poverty, hunger, access to water, and global health issues must not become less of a priority because of the economic crisis. Please don't forget Africa because there is a crisis. That would be a tremendous mistake.

That's why we intend to keep the dialogue on these issues with the African countries as the centerpiece of our G8 agenda. Africa, in my view, is not, first of all, a problem to be solved, but it is an opportunity to be seized. This is the main message I passed to my interlocutors, my counterparts, during my visit in four countries in Africa recently.

We want the African countries to be considered as equal partners, and therefore our strategies towards them should be based on a

bottom-up rather than a top-down approach as has been mostly the case, unfortunately, so far. African countries keep their dignity. They cannot, they don't want to, accept a pre-cooked solution put on the table, "Please, take or leave it." That is simply not acceptable, and we have to understand.

It think the stable and sustainable growth of international economy cannot be achieved without taking into account needs of developing countries and Africa. After all, it is mostly in the African continent that live the last billion of people that are marginalized from the global economy.

Another point I want to stress on Africa. We need to complete the transition from a traditional approach based on fighting against poverty, to a more, I would say, sophisticated approach based on sustainable development. According with the Accra Agenda and the Doha Conference -- well, you know, perhaps their conclusions -- we intend to promote an innovative approach to development based on the involvement first of all, of all the relevant actors and resources -- not only official development assistance, but also investments, public-private partnership, innovate financing mechanism, private foundation and active involvement of civil society.

This whole-of-country approach does not imply a fallback from our ODA, official development assistance, commitment. Instead, it recognizes that public aid, per se, is not enough to fight poverty. It also

implies that industrialized and emerging countries cooperate on, I would say, on buffering the impact of the economic crisis on developing countries. Such approach will inspire our presidency in the course of a Ministerial Summit that I will be chairing personally in Pescara next May.

And the final -- as I said, last but not least -- the final priority, regional crisis.

Well, we intend to bring to the attention of our G8 partners some regional crises in the world, but particularly the situation in the Afghani-Pakistani region.

At a meeting of foreign ministers which will take place in June in Trieste, I intend to organize an international conference dedicated to that region. But, for the first time, should be considered in its regional context, we need a political, comprehensive approach, not just limited to the military commitment, as it happened mainly so far -- and not limited to Afghanistan, but broadening the scope of our exercise to Pakistan, which is quite fragile, as we can see that there are institutions that should be strengthened and consolidated, and it is affected by really dramatic crisis during this period of time.

That means, first of all, to pay special attention to all the neighbors that can play a role in the region. That's why I'm planning to invite other countries like -- apart Pakistan and Afghanistan -- India, Saudi Arabia, The Arab Emirates, Turkey and Egypt.

This special initiative -- and I'm convinced, after consultations with many, many international partners, that we should also find the right way to get Iran involved in the stabilization of the region. Because, frankly speaking, considering the Italian troops sharing in the province of Herat, 700 kilometers of border with Iran -- frankly speaking, we have to take into account the role Iran is willing to play, whether it will be a positive role, on cross-border issues like drug trafficking, how to deal with the local tribes, how to deal with the civilian reconstruction, what to do with all kind of illegal trafficking across the borders. We are exploring the concrete possibility to have, for the first time, Iran invited to take part of the international strategy to stabilize the region.

I conclude my address, my remarks, by stressing that we do want to take the opportunity of our G8 presidency, first of all, to consult our partners, to listen to them, to feed into our debate all the suggestions and remarks we get from our partners. Our approach will be inclusive. Our approach will aim at implementation, first of all, not at multiplication of topics that are in our agenda.

Implementation and concrete results are the key to be credible. As we said this morning in my meeting with Secretary Clinton, the time has come to hold G8 members accountable and responsible for their concrete results, not just to discuss what kind of new initiatives to include in our agenda. A stock-taking exercise should represent the main achievement for the credibility of G8 itself.

Thank you very much.

(Applause.)

MS. BINDI: Thank you, Minister Frattini, for your speech, and thank you for coming for a second time at Brookings.

And now I think the most important part of your speech is actually your last phrase, when you said that the G8 must be accountable for what they do. Because if you look at what is happening today. We see that leaders are meeting everywhere, every time, in all sort of formats. And people just look at them and say, "Hey, you're meeting, but we're looking for solutions. And are they coming or not?"

So I think that this concrete approach, that is typical of Secretary of State Clinton's, but also typical of yours, it's very important. And I think that a new presidency can really do a difference, and have a concrete G8.

That being said, I know there are lots of questions, but as usual we take the honor of the first one.

You mentioned that you said you saw Secretary Clinton. You also saw Holbrooke, Jones, and you talked about the regional conference, you want to do on Afghanistan.

And I would like to ask you to elaborate a little bit and, more specifically, to explain to the American public here, what is the added-value of the Italian presidency. What is it that we can bring to the solution,

to a solution in Afghanistan, that other countries cannot. And why this is so important.

MINISTER FRATTINI: Well, thank you very much for this very important question, because it concerns the new philosophy of a common approach towards the region which should be considered as it wasn't in the past -- a region of interest for the security of the world. It is not a matter of interest for Western countries only, nor for Arab states only. It is our security which is affected if we don't deal with concrete results -- with the region with concrete results. It is our security which is at risk.

Because we know for sure, if we don't address the consolidation and rebuilding -- or better, building -- institutions in Afghanistan, as well as in Pakistan, a military solution will be not enough, as is demonstrated by the last seven years, without real substantial progress despite some results have been achieved.

The first point where I think this exercise will bring an added value is to consider Afghanistan and Pakistan not as two separate issues, but as two components of the same issues to be solved thanks to the involvement of the international community.

First, strategic and comprehensive approach. Secondly, the region cannot be divided in two. Thirdly, all the partners, all the neighbors, all the international players are concerned, and should be involved, and

should be, I would say, taken into consideration -- from the Gulf States, as I said, to Iran, to Arab states, to India, to China and so on and so on.

Fourth, we have to consider practical and concrete regional benchmarks. If we don't have practical objectives, timetable and road maps for getting results, it's simply not possible to be successful, because we risk falling in the situation where America is asking Europe for doing more in terms of troops, but what about the vision? To do what?

This is the idea. Drug trafficking, local tribes' involvement, illegal trafficking, the training of Afghani police, consolidation of judicial, in both Pakistan and Afghanistan -- the rule of law. You know what happened in a province of Pakistan? The government, to have 10 days of truce with the local extremist groups, accepted a permanent application of Shariah law in that province -- permanently. What did they get in return? Ten days, a promise, a truce. This isn't safe. It's a concerning phenomenon, which is a matter for us of serious concern, because it is an example for future proposals like this.

That's why benchmarks, final point, implementation and cooperation. "Implementation" means not just giving money and then forget them. Giving money, and then control, accountability, concrete implementation and, I would say, concrete results in terms of what you do with the monies that are given.

In the past what happened? Very often we tried to multiply financial efforts without having in mind the final goal, that we have

infrastructures and not yet completed. We have money given to people in broad projects, instead of concentrating on smaller areas with bigger visibility for the local population living there, and so we failed, also, to show our practical commitment.

And financial money given to Afghanistan is not enough. We have to focus, I would say, even more on Pakistan. If we leave Pakistan collapsing in the financial crisis situation, if we don't help Pakistan to consolidate institutions, while helping them on economic point of view, we run a very big risk. A failing situation in Pakistan will bring to the failure the whole region.

And the final word is cooperation -- cooperation between the United States, Europe and the other international partners is the key. Cooperation means, as I said, being together, responsible and consulted, not just one deciding and the others following. But that implies for Europe, for we Europeans, to become producers of security, not only consumers at the expense of the United States.

We like very much multilateralism. We like very much being consulted. But this is for us a new form of co-responsibility. This is the new approach that I like. And all this will be under discussion in June.

MS. BINDI: Thank you.

Franco, would you please explain, also -- the second part of my question -- why Italy can make the difference. What can we offer that other countries cannot offer? Sorry, I used the (inaudible).



MINISTER FRATTINI: Well, I make -- I'll give you two concrete examples.

If there is a country that can try to get Iran involved in this exercise, this country is Italy, because we have relations with Iran -- while sharing the point of view of international community on the nuclear problem of Iran, don't make a confusion between the need of involving Iran in Afghanistan and Pakistan stabilization and the fact that we agree on the proliferation of Iran. It is a totally different situation. But on this, on the concrete involvement, we have an embassy role, we have an Italian embassy in Tehran. We have practically warmer relations, while strongly criticizing some statements made against Israel, we are seen as the closest friend of Israel in Europe, so we don't run the risk to be seen as a danger.

We have probably among the best relations with moderate states. Italy is the only European country that enjoys the status of observer at the Arab League Council. No other states have a formal ambassador sent to the Arab League.

So in the same time, we can speak to Iran frankly. And, frankly speaking, I believe, if there is one area where for the first time Iran can get closer, and the United States can get closer to Iran, is how to stabilize Pakistan and Afghanistan. And it is also in the interest of the United States. That's why reactions here to my ideas were far from being negative, I would say.

And the second example is Russia. Probably very few, if no other, states in Europe are so close to the Russian Federation. What we need is to have full commitment of the Russian Federation towards stabilizing Afghanistan.

Why? On one hand, Russia has no interest in a failure of the international community in Afghanistan -- but, probably, they don't like to leave to United States the merit of solving the situation alone. They would like to be closely involved.

How to do so? First by restoring an atmosphere of cooperation between NATO and Russia and Afghanistan. And, frankly speaking, what we have been doing in the recent past to persuade -- that it was absolutely counterproductive to cut our relations between Russia and NATO, what we have been doing to explain that it is not in the interest of Europe nor the United States -- to have more relations with Russia, now it's proving correct. And, again, I very much appreciate the intention of the new American Administration to restore, starting from the next summit of Strasbourg, NATO Summit, relations between NATO and Russia.

These are two examples that show that Italy can make a difference in order to bring an added value, having special relations with countries that are, I would say, not particularly close friends of the all the others that are concerned.

MS. BINDI: Thank you very much.

I would like now to open the floor. As Ben would say, keep it short, and with a question mark, not a statement. And introduce yourself.

The gentleman over there with (inaudible), I think was the first one.

We'll take two or three together, and then —

MR. HUSSEIN: Hussein Abdul Hussein with Al Rai Newspaper.

Mr. Foreign Minister, you have been invited to visit Tehran, and now you're in Washington. Are you leading any mediation effort between the two capitals?

Thank you.

MS. BINDI: (Off mike. Inaudible.)

Yes, the lady in the red.

MS. SPANNAUS: I'd like to ask about -- I'm Nancy Spannaus, Executive Intelligence Review.

I'd like to ask about your economic and financial agenda, and ask you to comment on two things that I am aware of in Italy. We follow it closely. One is the very outspoken views of Giulio Tremonti on how we should not bail out toxic waste, but ban derivatives and move toward bankruptcy reorganization, in effect, for the financial system, in order to move ahead to help the part of the system that must be saved, which is that for the ordinary people.

Secondly, I understand there was a debate in the Italian senate on the 24<sup>th</sup>, where such a resolution, supported by Oskar Peterlini and my own organization, Lyndon LaRouche, pushed these same policies, and a resolution was passed -- five, actually -- which advised the government to take this approach of separating the speculative bubble from the real economy.

MS. BINDI: Thank you very much.

The gentleman with the red tie, and then we'll get the first ones' responses.

MR. CARDAMONE: Thank you. My name is Tom Cardamone, from Global Financial Integrity.

I listened with interest to your comments about adding transparency to the global financial system. I was wondering if you could comment a little bit more specifically about policies that the Italian government would put forth as concern tax havens and the use of secrecy jurisdictions around the globe.

MINISTER FRATTINI: Well, okay.

On the first question -- of course, I'm consulting all the international partners -- first of all, the partners in G8 group. I will discuss with the Arab colleagues at the margins of Sharm el-Sheikh conference next Monday, about the possibility to invite Tehran. If there will be, as I hope, a principled, positive response, a principled, positive opinion, about the possibility to invite Tehran to contribute to the stabilization of the

region, I will have to discuss with Tehran, of course. I will have to speak to Minister Mottaki in Tehran. Then, of course, I wouldn't exclude to go to Tehran.

But first I'm speaking to colleagues here. I've spoken to other colleagues in G8. I'm getting positive impressions about my suggestion.

I want to explain to other countries, particularly Arab moderate states that are afraid of Iran, that this is an opportunity. They shouldn't run a risk. On the contrary, they will meet a new opportunity.

That's why my discussion with Tehran will be on what to do in concrete, and on whether Tehran is ready to engage seriously.

At the end of the day, it will happen, I hope, Iran will be positive. I hope Iran will be ready to accept the invitation to contribute in a serious way by having benchmarks, by committing itself to respect and to fulfill. That is my mission.

And the second point -- well, I think my colleague Giulio Tremonti highlights very often the importance to -- he was the one -- that we should be honest, and we should acknowledge, he was the one that well before the explosion of the crisis, highlighted the very high risks of the trend that was negative at the time. He used to speak for the first time about these in July 2008, totally different situation in the world, and he said, I would say quite surprisingly at the time, "We are going towards a

difficult time -- probably the most difficult time of our memory." Very few though at that time Giulio was right, but he was.

Now, he's stressing a point which is, to me, at the basis of the strategy Italy has decided to undertake -- protecting real economy and normal people, not banks, not those who, I would say, take advantage from speculative investments.

Our intention is to give three messages. The first message: no people will have his money frozen in a bank because of the failure or collapse of a bank. No banks will fail. No banks will go to bankrupt, because we guarantee, without limits, without financial limits, all the Italian banks.

Why? Because we know, on the substance, that no Italians are requesting for being nationalized or re-capitalized. Why? Even though the debt is very high, the debt is towards normal people, it is the debt to real economy. There is a circle that unites consumers and banks, small and medium enterprises to banks.

What we have to avoid is to break the circle, is to avoid banks cease to do banking, to help, in financial terms, the real economy.

And this is the third guarantee: no medium, small or big industry will be paralyzed because of the fickleness [sic] of the banking system.

These are the three guarantees. And, frankly speaking, I see in Italy a situation which is, I would say, better than in other states of

European Union, because we have a framework which is mainly made by manufacturers. We have small and medium enterprises. We have people that produce goods, that don't produce or sell pieces of paper, financial products. We make and we produce goods.

This is the reason why the three measures aim at protecting normal people. And that's why the extraordinary initiative undertaken recently to put at disposal a new credit line is not for banks, but can be used by banks to provide money to small and medium enterprises. It is an instrumental operation. We don't want to award those who failed, we want to protect normal people.

This is the idea that Tremonti has in mind. And to me, it's really, really right approach.

In the same time, it as another question, we do want to fight against all the speculative bubbles, including all those who hide illegal opportunities behind tax havens. There's another idea, which is strongly supported by Italy. It was one of the main topics under discussion at the last Council of Heads of State and Government which took place in Berlin a few days ago. It will be again one of the main topics in the agenda next Sunday's extraordinary Council.

So, on this, unfortunately we are in a situation where decisions like this, how to freeze tax havens, how to expel from the economic framework should be taken with unanimity. And we are 27.

Italy is in favor, anyway.

MS. BINDI: Thank you very much.

Okay, I will go this side (inaudible).

SPEAKER: First I have an institutional question, which is what do you see as the future of G8? And I have three things in mind -- in the context of three things.

One, as you mentioned, the broadening, at least to some extent, adding five countries to cooperate with. As you explained it, it sounds as though clearly this is a group of second order, now that you have the big eight and, in a sense, under their sufferance you are broadening it for some discussion with other countries.

Secondly, does it still make sense for the G8 to concern itself with the original idea, which was discussions on economic and financial issues, when you have the G20 or, as you put it, the "G20-plus." Is that not overlap?

Thirdly, is it simply not conceivable in political terms that four seats out of seven or eight going to individual countries of the EC will be transformed into a single EC-EUC?

MS. BINDI: The gentleman over there?

MR. CHEN: Chao Chen, freelance correspondent.

Foreign Minister, thank you for your coming and explaining a priority of the coming G8 meeting.

You have said that EU going to have a single voice in dealing with financial crisis in G20 meeting. President Obama has



ordered his people to get -- the way to deal with financial crisis, (inaudible) coming G20 meeting.

In your meeting with Secretary Clinton, have you two set up a process for EU and U.S. to consult? I think the two countries have a common ground, maybe have good process.

And finally, may I ask you what do you want to accomplish in this trip?

Thank you.

MINISTER FRATTINI: What?

MS. BINDI: What did you accomplish in this trip?

And the young lady over there? And then we'll have responses.

SPEAKER: Hi. Thank you for being with us today. I'm with Results Educational Fund in D.C.

MINISTER FRATTINI: A bit louder, please?

SPEAKER: Oh -- sorry. We do -- we work on domestic and global poverty and international development. We work on global health.

And you were discussing shared responsibility, multilateralism, transparency and accountability.

So my question is about the fourth priority -- Africa and development. And it's about the Global Fund to Fight AIDS, Tuberculosis and Malaria.

The Global Fund is known as a very innovative, multilateral, transparent, accountability funding mechanism that includes actors from civil society to national governments to infected and affected communities. But the Global Fund now estimates that there is a shortfall of \$5 billion in pledges from donor countries.

Will the G8 leaders be coming together to make new pledges to ensure that this promise from Africa and developing countries is kept?

MINISTER FRATTINI: Thank you.

Dan, you are silent. You don't want to ask any questions?

Okay.

MINISTER FRATTINI: I'll answer to these three first.

Well, on the institutional question -- well, I think G8 can continue to make sense if we will ally to characteristics that it has -- it had in the past and that remain, to me, still valid.

First of all, G8 aims at addressing mid-long term strategies, not urgent crisis or new regulations. It aims at addressing global issues in the perspective of long-term, like 10 to 15 years ahead.

When I talk about financial crisis, one thing is to give G20 a clear mandate, like the one given in Washington last September: you should think on how to review legislation on Monetary Fund, World Bank. It's not a mandate of G8. G8 has to discuss about how to address the global crisis and the main guidelines, not financial regulation, how to

change rules. It's a, I would say, it's a longer perspective than the one of G20.

The second is the inclusiveness of G20. It shouldn't be seen as a paradox. I see the new flexible model of G8 more inclusive than the G20. I'll tell you why.

Think about G8. In G8, as I said, we want to include, in a structured way, other six countries that are emerging powers: Egypt, South Africa, two Latin American countries, China and India. We have, around the table, countries representing, in a quite balanced way, all the regions in the world.

Think about 20. Now it became G23 -- hmm? Spain, The Netherlands and Belgium are asking -- or Sweden, in alternative -- is asking to be represented. G23, plus European Commission and the presidency -- rotating presidency.

Out of 23, how many countries of Africa are around the table? One -- South Africa. Is Africa represented better in G8 or G20? This is the point.

Inclusiveness and representativeness are two keys. And it's much better to adopt, in a flexible way, a flexible G8 inviting all the leaders of Africa that have a say, have a word to say, around the table for an entire day to discuss together, rather than having 23 countries dictating rules and the other follow.

I say so because, again, Italy has special relationship with many countries in Africa, and we feel the sense of frustration and isolation of African countries. They feel not represented. They are ready -- they are ready -- to put forward a statement and to say that "What you are deciding about new financial institutions without consulting us, can you imagine we follow simply a pre-cooked solution decided in London or in Sardinia or in Paris?"

This is the point. Rather than discussing about the model, I would like to discuss about the objectives -- inclusiveness, representativeness. We can address these two issues better if we make a bit more flexible model of G8.

But G8, G20 shouldn't be in competition, absolutely. That's why we had a meeting on how to work together. What is absolutely sure, there is no overlapping. Because G8 will be not dealing with how to reform World Bank. And G20 will not deal with how to address poverty of Africa -- just to give two examples -- or how to address energy security on the international scene. This is the idea I have in mind.

In addition, as I said before, we want to invite all the regional organizations to take part somehow in the G8 activities. Think about Asian, think about Latin American association of countries. Think about African groups. If you don't get them involved, for sure, be it 23 or 24 or 28 or 30, many, many, many countries will feel frustrated. So it's not

possible to have 45 countries around the table, it's possible to make the model a bit more flexible.

This is our opinion, of course. So far -- so far -- we have got positive reaction.

Now the last one, the one of Secretary Clinton, that told me is very important -- and I fully agree, and this was the final statement of my presentation -- we should make it possible member states of G8 are held accountable. This is the key. Not multiply the number of the fora, accountability and implementation.

Second point, second question -- I strongly hope Europe will speak with a single voice. We have an opportunity first, next Sunday's meeting, and then we have another opportunity. You, United States Summit which is planned for the very beginning of April in -- very likely, in Prague.

I think at a summit between EU and America, economic financial crisis will be the topic number one in our agenda. That's obvious. That's why I said it is in our interest to present a single voice to speak with a unique voice at the summit with the United States. It is in our interest. I think we'll try to find the best way to get it.

What I accomplished in my trip here, I met for the first time the most relevant people, apart the President and the Vice President of the United States, in the new American Administration. I met Secretary Clinton, I met the Speaker of the House, important Congressmen,

Ambassador Holbrooke, General Jones. In my field of responsibility, these are the important interlocutors I have in the United States.

The first political result was to confirm once again the extremely close partnership between Italy and the United States, and noting the real same line on the main international issues, from Afghanistan to the Middle East, nonproliferation, Russia and so on and so on.

So I think it was a very important first but useful visit to Washington.

The third question -- look, how to address global poverty and Africa. I think, again, I said we cannot imagine to forget African poverty because there is the financial crisis. That would be a mistake.

Shortfalls in the funding or helping their economies can happen because of the crisis. We should prevent, and we should try to find other systems, other ways to help -- even though many states (inaudible) rich states are no longer apparently ready to confirm the quantity, the level of financial engagement.

This in itself is a problem. But if we want to keep the level of financial support, we have to elaborate a new global strategy involving private sectors, I would say, focusing on results and accountability again. You know, perhaps, that recently some reports put forward by European Union showed that out of 100 Euros given to developing countries, more than half are wasted -- or worse, simply disappear -- because of

bureaucracy, because of corruption in the (inaudible) states, because of big spending and wasting money in not necessary activities like fact-finding missions that involve huge delegations of a hundred people visiting a country just to take stock of nothing? More than half of the money spent is wasted.

So, more accountability, more involvement of all the actors, private actors and public actors concerned. And, first of all, more political good will. These are the three keys for succeeding.

And that's why I'm strongly in favor of involving civil society. We will have, during our G8 presidency, a social summit exactly on the involvement of civil society on Africa, poverty, developing countries and so on, to hear their voice, not just to decide from Rome or from Milan.

MS. BINDI: Thank you very much. I think we are ending now, on perfect time.

So thank you so much for coming. Thank you for your speech. And welcome back in the future.

MINISTER FRATTINI: Thank you very much. Bye-bye.

(Applause)

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