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I would like to discuss the priorities of the possible French presidency of the G20.

But I would first like to pay tribute to South Korea, which is doing an exceptional job preparing for the G20 summit in Seoul. And I would also like to spend a few minutes discussing the previous presentations. I read with great interest the speeches given by Ban Ki-moon and Jean-Claude Trichet.

I listened to the discussion yesterday evening and I would first like to underline two points. I think we can all agree with Ban Ki-moon's remarks about the great challenges we are facing. This raises the question, for him and all of the world's 192 countries: is the United Nations up to the challenges that the international community is facing? The answer is obviously "no". So there is much work to be done in this area.

My second comment relates to the presentation given by Jean-Claude Trichet. Here again, I believe we can all agree with him on emphasising the role that the G20 has played. The G20 was born out of crisis. But the G20 should have been created before the crisis. When Nicolas Sarkozy was elected, he immediately called for expanding the G8. Then the crisis hit and a week after the fall of Lehman Brothers, President Sarkozy presented his proposal for a summit to the United Nations on behalf of the European Union. There were two possible formats: the G8's cooperative structure with five emerging countries, which already existed in the background, or the G20 at the Finance Ministers' level.

We quickly understood that the G8+5 structure had no future for one single reason: the five emerging countries did not feel they were on equal footing with the G8 "club", which was a bit like "family". To put everyone on equal footing, the G20 quickly took the lead, realizing the need to bring into the "club" those with major responsibilities, namely the emerging countries. Inviting them did not just mean they had become absolutely essential; it also meant asking them to accept their share of responsibility.

I was fascinated by yesterday evening's discussion, when Mrs. Fu Ying, Vice Minister of the People's Republic of China, gave her country's perspective. She said something that struck me: at no time in history have China and Japan been strong at the same time. In truth, the same could be said about other nations; we have experienced that in Europe as well. And it has only been after two World Wars that we have finally learned, after 50 years, to work together.

I believe that one of the G20's greatest merits is the process that enables countries with completely different situations, histories and political systems to jointly assume their responsibilities and move beyond solely defending their national interests to consider the general interest as well. From this point of view, the financial and economic crisis served as a powerful catalyst because we simply had no choice. And it's true that the G20 performed very well. It took emergency measures that would have previously been unthinkable. I won't go over them now as we're all familiar with them and they'll be discussed and extended at the summit in Seoul.

At a time when we're beginning to formulate France's proposals, the question facing us today is simple: should we continue the reforms made necessary by the crisis, with appropriate regulations, etc.? Or should we adopt new measures? Because the economic crisis is waning, there is a strong temptation to continue the momentum generated [by the reforms], to finish the work without adding new initiatives.



President Sarkozy wants to recommend adding new measures to the current agenda. He is convinced that there are major issues on the back burner that pose very serious threats to world growth over the coming decades.

He has therefore come out for ambitious goals. And paradoxically, it is more difficult to be ambitious without the pressure of a crisis. So the President is suggesting an ambitious agenda to our partners that includes three issues.

The first issue is the reform of the international monetary system. This is a difficult and sensitive subject that has been on the drawing board since the 1970s because we have been living with a global monetary "non-system". It's a measure that would be absurd to address with a confrontation over exchange parities. Addressing it that way would immediately lead to an impasse. Instead, we're going to suggest other methods to our partners. Let me give you one example: over the past 10 years, emerging countries have suffered 42 massive flights of capital. And now some countries are facing the opposite crisis, that is, an overly rapid influx of capital and a rise in their currency's value, which is hard to control. Can we, as a group, come up with ways to handle this problem?

We want to address this issue of reforming the monetary system very carefully but without any taboos, beginning with a comprehensive review conducted by internationally recognised experts to set the stage, so to speak, before moving further ahead. And we're wondering whether China could be the host of this first seminar before we move on to the next stage somewhere else, with the involvement of ministers, governors and central banks.

The second issue we believe is important to address is the volatility of raw material prices. This is a difficult subject as well, but we believe it cannot be ignored. We need only recall the food security crises and hunger riots – just two years ago – in Haiti, Senegal and other parts of Africa. Food prices had exploded and hunger had spread to a shocking and scandalous extent because there had absolutely not been any shortages. We would like to address the problem of the excessive price volatility of farm products and, of course, energy products as well. These are two different issues, two very difficult issues, but we believe it is possible to make progress in both areas.

Let me cite one example. We successfully handled the problem of speculation in derivatives. Why would we successfully fight the lack of regulation of derivatives but not the issue of speculation in derivative markets for farm and energy products? Take wheat, for example, or other agricultural products: transactions on world markets represent 30 to 40 times the level of production.

The second concern that should be addressed: when prices suddenly rise, why can't we devise an insurance system to help importing countries in the developing world deal with this crisis, in cooperation with the World Bank or another institution?

The third key issue is global governance. We talked about it last year in this very same setting. Since then, we have made great progress. The World Bank has been reformed, while the reform of the International Monetary Fund is – painfully – underway. As I said straightaway, we believe it is also essential to reform the United Nations systems. The UN "family" is made up of 192 countries and is, without any doubt, the only unquestionably legitimate organisation since it is universal. But is the United Nations effective? And perhaps even more important, can an organisation be considered as legitimate over the long term if it turns out to be ineffective?

I'm asking this question because I experienced Copenhagen. Dealing with global warming is crucial for all of us because we all know that if we don't do so, we'll reach an irreversible level of warming. This is an urgent issue. In Copenhagen, we gathered for humanity's greatest summit in history. When the heads of State arrived, barely 24 hours remained to conclude the negotiations and the text comprised more than 90 brackets. It was absurd to think that the heads of State could solve these problems in just 24 hours. President Sarkozy suggested creating a mostly representative group of 28 countries. So we gathered around the table for a night of work. The result isn't that bad; in fact, it's almost a miracle.

But what really struck me during the negotiations was that we came to the table with completely different mindsets. The Europeans were very proud because they were very well-prepared. Under the French presidency, we had adopted a package in which we had imposed strict discipline on ourselves: a reduction of even 20% to 30%, etc. In view of our



efforts, the emerging and developing countries realised the need to step up to the plate, but were not absolutely ready to negotiate at the head of State and governmental level on very technical and weighty subjects.

And let me add that under the oversight of Mrs. Fu Ying, the decision-making process in Beijing is collective. Once a decision is taken, it is very difficult for China's representative to change it in one night. It's exactly the same situation amongst us Europeans; when the 27 member States agree after months of negotiations, concerning whether we should cross the red line that had been drawn as the final concession, all 27 have to meet again and resume negotiations. So the functioning of a 192-member organisation dealing with global matters is a very serious issue.

The second subject concerning global governance is the following: since the post-war period, the United Nations "family" has gradually expanded. Many organisations are responsible for one part of the world's economic management. I was previously talking about farm products: in Rome, three UN organisations handle different aspects of agriculture. Shouldn't they adapt to today's world? Shouldn't these organisations be able to handle the issue of raw material price volatility? Shouldn't the various specialised institutions learn to work together more effectively? I'm thinking not only of the United Nations in the strictest sense, but also of the World Bank, the International Monetary Fund, regional banks and so on.

We thus have a enormous job ahead of us and we believe progress would be impossible without reforming the Security Council, as Mr Ban Ki-moon also mentioned. It's clear that the council's composition no longer reflects the world of the 21st century.

I would like to conclude with a word about the French Presidency's method of operating. We plan to follow the example of our Korean friends, who again have achieved a remarkable feat. President Sarkozy makes sure that France listens to others; we make suggestions and we listen. Listening first means being attentive to our G20 partners. It's very important to gain a good understanding of their priorities and red lines; otherwise, how can we move forward?

Another idea important to President Sarkozy is continuing to work year long. A summit lasts 24 to 36 hours. Considering the subjects on the agenda, we think it is very important for the heads of State and government, as well as the ministers, to feel fully involved. On the issue of farm price volatility, for example, we believe it would be desirable for the agricultural ministers of the G20 countries to talk amongst themselves and take "ownership" of this topic. We consider it very important for certain countries to take responsibility for managing an issue. Russia, for example, is a major producer of energy and farm products. Couldn't Russia take the lead on one subject or another?

And we also need to listen to others. While the G20 represents 85% of world GDP, there are 172 countries that do not belong to the G20 and are asking to be heard. In this spirit, President Sarkozy will attend a summit of French-speaking countries next week and an African Union summit in late January. He makes an effort to listen to all countries so that the G20's legitimacy, which largely stems from its effectiveness and ability to settle problems, is also recognised for its ability to hear the messages coming from the rest of the world.

Thank you.