

NWX-WOODROW WILSON CENTER

**Moderator: Drew Sample
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Coordinator: This is the Conference Coordinator. We would like to inform all parties that today's call is being recorded. If you should have any objection, you may disconnect. Thank you, sir, and you may begin.

Drew Sample: All right. Well, thank you very much. This is Drew Sample, again, from the Wilson Center. I just wanted to thank everybody for joining us today for this media briefing on the - or previewing the G20 meetings in Moscow next week.

A lot here to talk about aside from the normal issues at a G20 meeting, of course. And there's also the looming issue of Syria and U.S. - Russia relations. I'm going to go ahead and kick off to our experts here who will do quick introductions of themselves so we sort of have an idea of who everyone is and what the expertise is.

So, we'll start with you if that's all right.

Michael Geary: Okay, great. Michael Geary, Global Europe Fellow here at the Woodrow Wilson Center. My area is modern European Union and trans-Atlantic relations.

Haleh Esfandiari: Haleh Esfandiari. I run the Middle East Program at the Wilson Center.

William Pomeranz: I'm the director here of the Kennan Institute, a part of the Woodrow Wilson Center.

Matthew Rojansky: And Matt Rojansky, Director of Kennan.

Drew Sample: With that, you know, I think, we're most interested in your guy's questions. So if you want to feel free to jump in here and ask away.

Jill Dougherty: This is Jill Dougherty. Since we are like at this very moment doing live shots on Syria, I'd be very interested in your opinion of how Syria is going to, perhaps, overshadow what is going at the G20. Prospects of, you know, uncomfortable moments when the two leaders might - Putin and Obama might pass in the night.

But, basically, how is it going to affect what's going on, because Putin obviously wants an economic message out there?

Haleh Esfandiari: I'll give you my take and my colleague from the Kennan Institute will give you their take from Russia.

(Man): Who's speaking?

Haleh Esfandiari: This is Haleh. I run the Middle East Program at the Wilson Center.

(Man): Okay. Thank you, go ahead.

Haleh Esfandiari: Okay. I think that the - it seems that the strike is going to be postponed for a few days, and that is probably something that Putin must have wished to meet the European leader and Obama after the strike would have been quite awkward.

But now, at least the strike is going to take place after the summit. Therefore, I mean, they would be - they will have a chance to discuss Syria in detail and why they think it's necessary to bomb Syria and Putin also taking a stand on why he thinks it's not - they should not do it.

So I - my sense is that it is not going to take place within the next few days, given the announcement that we got from Britain - I mean Cameron, saying that the decision will be taken next week and the legal base is going to be (Unintelligible) bases.

And it is also this attitude - I mean, the pressure that is coming from the region now more vocal that Arab League basically wants to condemn it, but then does not want that intervention. The Iranian are making also some threatening noises.

Personally, once it happens, I don't think Iran will react at all, but we can discuss that later.

William Pomeranz: You go ahead first.

Matthew Rojansky: Okay. This is Matt Rojansky. My sense is maybe a little different from Haleh's, but that's probably because I'm looking at it from a Kremlin perspective. I think it's far better for Putin if whatever this reaction that we've

been building to - and I can't say whether it would be one kind of strike or another kind.

If it's a fete de complete by the time the summit goes down, it's much, much, much more to his advantage. The reason being - he's in a position where the obvious analogy is (Mobidiv's) handling of the intervention in Libya in 2011.

He, himself, put himself up for domestic Russian scrutiny and international scrutiny, calling it a crusade. Saying, you know, this is a line in the sand. And basically hanging (Mobidiv) out to dry as having been an incompetent leader.

The problem that he's got is with the second most important election in Russia, that's the Moscow Mayoral election on Sunday, September 8, just two days after the G20 summit. With Russia hosting the Olympics, and then Russia hosting the G8 in 2014, he cannot monkey around with the G20 summit.

He can't use it for leverage. He can't cancel meetings. He can't do the same kinds of stuff that, you know, a President of the United States, for example, could do at the summit, which means you've got to go through with it regardless.

If he goes through with it, and then the West, irrespective of his arguments which are well known to them at this point - irrespective of whatever Russia might be able to offer, which I think at this point we have good reason to believe is not a lot in terms of pressuring Assad to change course or somehow, you know, take accountability, come to the table.

Short of anything really dramatic, I think it's far better for him that he simply says, "Well, the West, once again, despite our urging to the contrary, despite

not having a clear after action game plan of the day after of how to prevent Syria from becoming a total mess - the West, once again, rode in, you know, crossed the line, violated sovereignty, et cetera."

It at least allows him to say, "I was against it. They moved precipitously, but I'm a pragmatic guy. What can we do to pick up the pieces and, by the way, the G20 is not about this. It's about economic growth. Let's focus on that agenda."

I think for him it's certainly is to his advantage, and so I'd be surprised if, you know, short of sort of a formalistic, hold your horses, this is a mistake, you know, repetition of the arguments that we've heard already, he's saying, you know, "Give me a chance to come up with an alternate scenario at this point."

William Pomeranz: And just to add one more point on that. An awkward moment is now going to be even more awkward...

(Man): Who is this?

William Pomeranz: This is Will Pomeranz of the Kennan Institute. I just want to kind of emphasize that an awkward moment is now going to be even more awkward when Mr. Putin and President Obama meet in St. Petersburg.

Obviously, President Obama cancelled the pre-G20 summit, so they won't be having an early discussion, and so I think the photo-op of Mr. Putin and President Obama will be even that much more interesting when they finally get together in St. Petersburg and with the backdrop of the Syria crisis.

Michael Geary: Michael Geary, Jill. Just to add one more point there on the Europe side. I mean, we can draw parallels to the G8 summit back in early summer where,

again, you know, David Cameron had a major economic agenda that he was trying to push, but again, Syria got in the way.

And that kind of overshadowed much of the work that was done. And Putin, again, has a huge agenda on the economic side. And the G20 is about economic growth and development for, you know, the 20 most important economies.

But again, we are facing a situation where Syria is dominating and the - as Haleh mentioned, David Cameron's embarrassment in Parliament where he can't really get the numbers to support any kind of intervention. And the European side, the EU side then, again, they will be pushing for growths and economic development and banking regulation and regulation of hedge funds - Anglo-America has been pushing this.

But again, what you will see is the European Union having to come to a position on Syria. They haven't been very successful on this. (Unintelligible) has talked about restarting Geneva II and the peace conference that John Kerry and Lavrov have initiated.

And I think the EU will be pushing for more UN intervention and more cooperation on the International Institution side. So again, I think we have another major opportunity to get the international economy on the main agenda, but unfortunately, there's another wasted opportunity because we're going to be discussing Syria for the next four or five days.

And jobs, growths, and investments won't feature prominently on the main international headlines. Again, you know...

Jill Dougherty: Thank you.

Roger Runningen: This Roger Runningen, Bloomberg News. I have a question for anybody.

What does the White House think it can get accomplished, what does it want to get accomplished, given the fact that Syria is going to just overwhelm the whole summit?

Matthew Rojansky: I mean, I'll just offer one thing on the Russia front, and this is something that...

(Man): Please give your name, please.

Matthew Rojansky: Matt Rojansky again from Kennan. The White House and the Russia handlers in the administration coming off the President's decision, which I think we now understand really was his decision to cancel the bilat with Putin, have all been saying contacts are going to continue, we're going to work the hard issues, which we know for sure includes Syria.

But at this point also includes trying to salvage the President's nuclear agenda, this kind of signature issue for him, all the other security issues. And then, you know, the pretty vast common ground that I think the U.S. and Russia have on economic issues, which I hope that Will can talk a little bit about. This is his area.

My concern here would be that there - once again, building up to an expectation that from a rational perspective - if you're just building a kind of textbook, foreign policy summit opportunity, it makes all the sense in the world.

There is a deal to be done. There are probably a number of deals to be done. What is clearly lacking is political will at this point from both sides. I think

you've got a President of the United States who has indicated, "I am not risking any more capital on this relationship. It is not producing for me."

And then from the Russian side, I think you have a leader who is looking at way more liability than he has opportunity to gain, in terms of doing deals with the United States in the coming year.

I mean, he's got what he wants in terms of opportunities to be in the spotlight, legitimacy. He only needs to stay the course on that, but he's got to defend his flank in Russian domestic politics. And that's why I say he has to look tough; he has to look effective.

That's why it's better for him not to be proven ineffective on Syria by having his audience with the West and then the West goes ahead anyway. And he's got this election coming up on Sunday, which will be a real test for the Russian political system.

So he's not interested in cutting deals right now that make it look like the West is somehow getting something out of him.

William Pomeranz: This is Will Pomeranz. Just to follow up on something that the White House wants to accomplish. And I think, again, because of Syria, it's going to kind of suck the oxygen out of the meeting. But there are certain underlying issues that were mentioned here before from the EU perspective and from the U.S. perspective and the Russia perspective that there is, kind of, general consensus on.

And I think one of the big issues that there is agreement on is this whole question about offshores, and the problem of offshores, and the development of stateless income versus - and the erosion of state income in both the EU,

the United States, and particularly Russia, which offers some disastrous capital flight.

So there are, kind of, various agreements on the table. Specifically, the OECD base erosion and profit sharing action plan, which basically say you got to tax - you got to pay your taxes where transactions occur. No more Apple, no more Starbucks, kind of using various arbitrage to pay no taxes at all.

This is something that there really is broad agreement on. The G20 leaders, as I understand, are going to approve this action plan coming out of St. Petersburg. And it won't grab a lot of headlines, and it's not going to be solved tomorrow, but there is this kind of - this is a type of issue where there is underlying agreement and real impetus to work together because they can't do it separately.

Michael Geary: Yes, Michael Geary here. I think that this is very, very important for the G20. It offers opportunity for, you know, these world leaders to discuss the two major trading pacts for being negotiated, TTIP and TPP.

So it is an opportunity for the EU leaders to, you know, have another opportunity to discuss this with the Americans on TTIP and then the Trans-Pacific Partnership, which of course, you know, is in an advanced stage of negotiation.

And it is in Obama's interest to get some more of these international agreements on tax avoidance and issues like this. Because, of course, you know, there - it is importance for the optics for the Obama administration to deal with issues like tax havens.

You know, the Senate has been very vocal on this. McCain has been very vocal on this. Granting countries like Ireland the tax haven, and there's been a lot of discussion about Apple's offshore activity.

So you will see a lot of development on this. Not, of course - it will not make the main headlines, but there are, you know, there are discussions ongoing. And you can see this on the agenda, and you can see this with the troika of G20 with Mexico, Australia - or Mexico, Russia, and Australia, where they are pushing these issues quite seriously.

You know, below the surface there is activity.

Haleh Esfandiari: I think what's going to make probably headline is when the European heads of state and Obama will huddle together, whether it is pre or post strike of Syria and discuss the situation in the region.

And I'm not sure whether Putin would be part of this discussion, and (Unintelligible) so that the European and the (Unintelligible) the United States would come down very severely on Putin, precisely because of the, you know, this position - Syria.

Again, whether it is pre or post, to me it looks more and more that it's going to be post. Especially given the report that came out by the National Intelligence Service this morning, which is also a bit iffy whether it was the Assad government that's (Unintelligible) it or what happened and so on.

And I think what the Syrian government is going to do is to drag this - the presence of the U.N. representatives there, and now they are supposed to leave on Saturday. They might drag it on to Sunday, Monday - so to postpone and put off this strike.

Drew Sample: Any other questions?

Lesley Clark: Yes, this is Lesley Clark with McClatchy. So it sounds like, essentially, there's not going to be, as they like to call them, many deliverables coming out of this. I mean, do you expect anything? And sort of, I guess, what's the point of going - of keeping the conversation going on the economy?

William Pomeranz: Well, again, I think the deliverables are not going to be the headline grabbers. And if you want to kind of look at certain long term trends, whether it be about the fight against tax havens, whether it be Russia trying to promote emerging markets and, you know, trying to maybe reignite (Unintelligible) and these types of things.

You know, these are not issues that are going to grab international media attention very quickly or on a very sustained level, especially in light that there's a genuine ongoing crisis going on.

And I think the crisis will dominate the news, and I think the subtext will be, kind of, the awkward exchanges invariably between the United States and Russia in light of, as Matt and I have discussed, in light of the decision not to have a pre-G20 summit.

One can just imagine the bad body language that was reported the previous time. I can't imagine that's going to look that much better this time around.

(Man): Was that Michael or William?

William Pomeranz: This is Will.

(Man): Okay. Thank you.

Michael Geary: Michael Geary here. I mean, you know, the G20 - I mean, the Russians have been - have tried to be a bit more original. They had a joint Labor and Finance Ministers meeting of the G20, which is an interesting concept, because for the first time, we've had ministers for Labor who are responsible for job creation and the Finance Ministers coming together to try and coordinate economic policies for job creation and boost job growth globally.

So there are interesting little tweaks that you see. They won't, of course, have instant impact in terms of policy output, but they are - they are nonetheless significant because then the Australians who will take over the G20 presidency next will follow up on this.

So there is, kind of, a passion in there that you can see there is some development. But, you know, the economic problems - the economic situation is a crisis. But when you compare it to the Syria imminent military intervention, of course, you know, the two are not all that comparable because we've had a crisis in the global economy for the last five years and the Syria crisis is now really hotting up.

Well, it's been two and a half years, but nevertheless it's reaching at the climax. So I think there will be - there are things going on with the G20. There have been things going on with the G8 - G20 over the last year or so.

But, you know, unfortunately this is another occasion where world leaders - the industrial nations will come together, but, you know, the main focus will be on what will happen over the weekend and the beginning of next week.

So there is development going on with the G20, but we just won't - you know, there won't be much for the reporters.

Matthew Rojansky: Well - this is Matt Rojansky from Kennan. The one thing I would add to that is that what's reported, of course, in the - in the western - and I shouldn't say reported. That's your job, not ours. But what becomes a part of the conversation in the western discourse is very different from how this event is going to be spun, for example, in the Russian discourse or, I would imagine, in the Chinese.

The idea that this is another very significant brick in the edifice that is, kind of, the rest going the West.

Even though the Syria crisis will distract attention from, sort of, the original agenda as imagined, the fact that there is going to be, you know, a big international gathering, which is now hosted by one of the bricks countries, something that the Russians, you know, Will has written a lot on this - that the Russians are far more in love with probably than anyone else, but that at the very least is a sort of - a signal of this second tier of countries taking up leadership.

The fact that, you know, this is going to be a decisive moment one way or another. Strike before, strike during, strike after, who knows. This will be spun as the system of global governance is now settling into a new pattern.

And I think that, again, given the Russians hosting next year - the hosting of G8 next year, you know, given the Olympics and just generally the dynamics that I think these countries are going to seek to present - that is a different narrative. That is a change from, say, five years ago.

Drew Sample: Do we have any further questions? Okay, great. Well thank you again everyone for joining us today. We'll have a recording of this and a full transcript that I can provide in about 24 hours as well to everybody and if you have any further questions, our sources are generally available.

Feel free to get in touch with me if you have any further questions or need some comments, and I hope to hear from you soon.

(Man): Thanks, Drew.

(Man): Enjoy the (Unintelligible) International Lounge.

(Woman): Thanks for doing the call.

Drew Sample: Of course. Thanks, everybody. Bye.

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