

Background Conference Call on the President's Trip to Sweden and Russia

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SENIOR ADMINISTRATION OFFICIAL: Thank you so much. Hi, everyone. Thanks for joining us this afternoon. This conference call is to talk to you about the President's upcoming trip to Sweden and to Russia for the G20. We've already done a conference call on Syria today, so we'll stick to the substance of the trip.

The call is on background, attributable to senior administration officials. And there's no embargo on this call.

So I'll go ahead and turn it over to our first senior administration official to start the trip in Sweden.

SENIOR ADMINISTRATION OFFICIAL: As you know, Sweden is a close friend and partner of the United States. And the President's visit to Sweden is an opportunity to consult with the Swedes and the other Nordic countries on a number of the items on our shared agenda, including climate change, international military operations, support for democracy and civil society in Europe and the Middle East, and global development.

He will meet with the Swedish Prime Minister, Prime Minister Reinfeldt. They will participate in a joint press conference. Agenda topics will include climate change, defense and security cooperation, global development as well as trade and investment, including the Transatlantic Trade and Investment Partnership. Of course, they will also have an opportunity to discuss important global issues, including Syria and Egypt.

The President will then celebrate Raoul Wallenberg at the Great Synagogue. The President will participate in that celebration of Wallenberg's life. And, as you will remember, he is the famed Swedish diplomat who rescued tens of thousands of Jews from Nazi-occupied Hungary. That event will take place at the Great Synagogue of Stockholm, the heart of Sweden's Jewish community. September 4th, the day we will be there, is the first day of Rosh Hashanah, the Jewish New Year.

The President will then move on to the Royal Institute of Technology, Sweden's leading technical university. That institute exemplifies the cutting-edge research being done in Sweden to achieve the country's goal of becoming the world's first fossil fuel-free economy by 2050. The President will tour three clean-energy exhibits on display at the campus library with researchers and project managers of these innovations serving as guides.

The President will then participate in a dinner with Nordic leaders. The Swedish Prime Minister will host that dinner for the President. And he has invited the President of Finland and the prime ministers of Denmark, Iceland and Norway to that dinner. The Nordics are small countries that make outsized contributions to protecting the environment, aiding the developing world, and promoting global peace and security. The leaders will discuss ways we can take our cooperation on these issues to the next level.

Finally, the next day, on September 5, the President will meet with King Carl Gustav and Queen Silvia. And that will conclude the visit to Stockholm.

SENIOR ADMINISTRATION OFFICIAL: From there, on to St. Petersburg. So we'll go to our next senior official who can talk about the G20.

SENIOR ADMINISTRATION OFFICIAL: So as you know, the G20 is the group of leaders from around the world, emerging and advanced economy countries that together account for about 80 percent of global GDP. And as the need for effective international economic coordination is as powerful as ever, this is the premier forum for global discussions amongst leaders on these topics.

St. Petersburg will be the seventh G20 summit that President Obama attends. My colleague will talk later about how far we believe the global economy has come from Pittsburgh in 2009 to St. Petersburg in 2013, five years after the financial crisis. The United States has helped to lead important consensus and discussions right from the beginnings in 2008-2009 to today.

The economic context for this discussion is very different from last year in Los Cabos. And indeed, it will be the first one since November 2010 that will not be dominated by urgent measures to resolve the financial crisis, initially in the United States and then in Europe. We have a much better economy now. Tensions in financial markets in Europe have eased substantially, although weak growth continues to be a concern. There are some signs of improving fundamentals.

Here in the United States, the economy is recovering. We of course have more work to do, especially to bring down unemployment. But the President will want to talk about our experience here and his plans to make college more affordable, to strengthen the housing market, to help responsible homeowners to refinance, and to create a better bargain for the middle class by reforming the tax code and making smart, pro-growth investments.

I think in St. Petersburg you will see a united focus around the importance of growth and job creation as the overriding priority for all the leaders when it comes to the global economy. And that is something that we've worked towards that I believe will be evident this year.

Turning to a few other initiatives this year, one is work in this forum to prevent tax evasion -- illegal tax evasion and legal tax avoidance, which is when companies use legal loopholes to reduce or avoid taxes.

These issues have been a core element of President Obama's agenda since he first ran for President in 2008. And on tax evasion, we have been the leader in passing and now beginning to implement legislation called FACTA that increases disclosure requirements to individuals and financial institutions to crack down on illegal tax evasion. We hope in the G20 that we'll make further progress towards having a FACTA-like standard as a single global standard.

We will also be working in St. Petersburg to get support globally for the kinds of measures that we have laid out for countries to close tax loopholes and avoid a race to the bottom where tax competition leads countries to lose revenue and companies to make inefficient decisions when they locate where they pay the lowest tax, rather than where it's most productive for them to produce.

In some other areas, Russia -- we hope that St. Petersburg will move the ball forward on development, where whilst G20 countries produce, as I said, 28 percent of global GDP, they're also home to more than half of the world's poor, so that's an important setting to have discussions about financial inclusion, food security, and so on.

We'll also look forward to making progress on the President's climate agenda and on work to reduce corruption internationally.

And finally, let me say that in addition to everything that happens in the formal sessions, the summits are important opportunities for leaders to engage with each other privately on important matters. So I'm now going to turn over to talk about the finance agenda.

SENIOR ADMINISTRATION OFFICIAL: As we approach St. Petersburg, the U.S. economy is in the strongest position of any time since the G20 began while also achieving considerable fiscal consolidation. The economy has now expanded for four years with private demand growth average 3 percent in recent years, and private employers have added more than 7 million jobs.

It is now clear our approach of putting jobs and growth at the center of macroeconomic policy has worked. The steps we took paved the way to a U.S. recovery that is now a source of strength in the global economy.

In terms of our priorities, first, while global growth is improving, it remains weak. G20 members need to boost domestic demand and create jobs. This is our top priority in St. Petersburg. We need to rededicate ourselves to promoting a lasting rebalancing of global demand. We welcome signs that Europe's long recession is ending and their critical steps to restore financial stability. But important challenges remain, including boosting demand and addressing record-high unemployment levels.

In Japan, while we welcome efforts to escape deflation, it's critical to see continued adherence to G7 commitments on orienting policy to domestic objectives and not hurting exchange rates. We look forward to seeing Japan's plan for structural reform, which will be key to unlocking domestic demand, as well as plans to calibrate fiscal adjustment to ensure an ongoing recovering demand.

The G20 must be attentive to global risks while recognizing these are diverse risks, including volatility in energy markets, weaker growth in China, and vulnerabilities built up in certain emerging markets. Investors are now more carefully weighing risks based on country-specific factors no less than global factors.

When macroeconomic policy returns to normal it will be because the U.S. economy is gathering strength, and thus is a net positive for the global economy.

In addition and very importantly, the arc from Pittsburgh to Petersburg has transformed the financial regulatory system. In Pittsburgh, finance ministers and central bank governors were asked by leaders to develop an agreement on an international framework of reform. Four years later, we've made substantial progress in implementing that internationally consistent framework of reforms in each of our financial systems. And of course, the U.S. has led the way.

The international coordination on the implementation of these reforms is unprecedented. In the months ahead, we will press the G20 to finish implementation so that we will be in a position to assess the impact on financial stability at the next G20 meeting following the lead of the U.S. on Dodd-Frank.

SENIOR ADMINISTRATION OFFICIAL: Okay, thanks. And quickly, we'll just give you a sense of the G20 schedule that the President is going to keep.

SENIOR ADMINISTRATION OFFICIAL: So the first working session that the leaders will have will deal with growth and the global economy. That will be framed around the near- and medium-term global economic outlook and, as described, the policies to promote growth and stability. Then leaders will have a working dinner to discuss growth with inclusive development.

The following day, there will be a working session, and all of the working sessions have leaders but finance ministers are also there. There will be a working session on investing in growth and job creation that will look at longer-term measures to raise growth and create jobs. And then, finally, there will be a working lunch discussing growth and trade.

There will be bilaterals, just to anticipate possible questions, but these have not yet been nailed down.

SENIOR ADMINISTRATION OFFICIAL: Yes, and we will provide more information as we confirm those meetings. With that, I think that's the opening from us, Operator. We're happy to take some questions.

Q Hi, guys. Thanks for doing the call. Appreciate it. I guess two questions. You say bilats are still to come. Is it fair to say we do not expect one with President Putin, as has been previously said? Or is that still an open question? And then, secondly, I know you say you don't want to talk about Syria, but my guess is Syria probably will come up at the meeting in St. Petersburg. How do you expect that to come up? Will there be any kind of formal discussion, or will it only be on the sidelines?

SENIOR ADMINISTRATION OFFICIAL: In terms of your second question on Syria, yes, of course it will come up in the margins. These leaders are going to continue to consult about that. There's, at this point, no formal session or event that would involve Syria, but we know that leaders will be talking about it.

SENIOR ADMINISTRATION OFFICIAL: On the first question, this is less a visit to Russia than a trip to the G20, which happens to be hosted by Russia. And at this time there is no bilateral meeting or pull-aside expected between the Presidents. Although, as my colleague explained, the President and President Putin are going to have many opportunities to engage during the course of the G20 session.

Q To follow on what Peter was talking about, I know we're not talking specifically about Syria on this call, but some of the leaders Obama is going to be encountering in St. Petersburg -- Cameron, Hollande, and Putin -- are the same leaders that he's tangling with as he's looking for international support for potential action. So could you talk a little bit about how you expect that those tensions will play into the President's interactions with some of his counterparts?

SENIOR ADMINISTRATION OFFICIAL: Well, I would just remind people that this call is actually not about Syria and that we're just -- the President is going to continue to consult with partners in the international community, and this is going to be part of the discussions. But I think there's a robust agenda of work to be done at the G20, and leaders are going to be focused on that.

How this plays out, I think, in part will depend on where we are several days from now. There is still quite a bit of time before then. So I don't have anything specific for you in terms of exactly how we're going to characterize those meetings. But the consultations are going to have to continue, and the President will do that on the margins and in his bilats. But I don't really have any more information for you.

Q Thank you for doing this call. My question is this: In light of the latest developments in Syria and around Syria, do you believe that you will be able to work constructively with Russia on such issues as Geneva II, arms control issues, Afghanistan, counterterrorism, regardless of what's going to happen in the next few days? Thank you.

SENIOR ADMINISTRATION OFFICIAL: Hi, yes, we do believe we can continue to work productively with Russia on a range of issues. As the President said in his August 9th press conference, even as we paused on holding the bilateral summit with Russia, we're absolutely prepared to cooperate pragmatically. And between Russia and the United

States, there are a set of policies that go to the very core of our strategic interests -- whether it's the Northern Distribution Network, whether it's cooperation on P5-plus-1 on Iran, and the six-party talks on North Korea.

So I think we're going to continue to be driven by our mutual strategic interest, and I don't see that cooperation should halt even as we have differences on tactics. Russia and the United States have had relations that are often marked by both cooperation and contested policies. So this is not new for us.

Q Thank you. I was wondering, are there any bilats scheduled with Japan or China or others?

SENIOR ADMINISTRATION OFFICIAL: Hi, Roger. As we said, the bilats are not yet nailed down. We do expect the President will hold bilateral meetings. And as soon as we have more information about those, we'll get them around to people. But just nothing confirmed yet.

Q Yes, hello. Given the fact that most of the news media focusing on the G20 has had to do with what's not going to happen, that is the scheduled meeting between Putin and President Obama, is there any significance or symbolism in the fact that he's talking to all the Scandinavian leaders, including on the issue of defense, as well as today meeting with the Baltic leaders who traditionally have been kind of most anti-Russia? Is there a symbolic message that he's sending with all these things?

SENIOR ADMINISTRATION OFFICIAL: Thanks for that question. The stop in Sweden is the result of a letter of invitation that came from the Swedish Prime Minister some time ago, so we've been thinking about making that trip. And the cancellation of the Moscow summit is what allowed us to move forward now. But beyond that scheduling consideration, you should read no larger linkage into the fact that now there's a stop in Sweden on the way to St. Petersburg.

And, again, the scheduling that today the President met with the three Baltic leaders, that had been actually agreed some time ago. So again, the timing ended up being what it is. But it actually allows us to lift up the theme of promoting Nordic-Baltic cooperation, which is important in so many areas from energy to development assistance.

SENIOR ADMINISTRATION OFFICIAL: I would just add one other dimension. Cooperation with Russia has not halted. On August 9th, we had the foreign and defense ministers meet here in Washington. Since then, our trade representative, Mike Froman, has met with his Russian Minister of Economy counterpart. We've held counterterrorism air exercises with the Russian military. We've held missile defense and strategic stability discussions at the undersecretary level.

We have a range of initiatives ongoing and conversations ongoing with Russia. And there should not be the perception that the relationship is at a standstill and that we're waiting for a conversation between the Presidents to start it up again. To the contrary -- there are a variety of conversations ongoing.

SENIOR ADMINISTRATION OFFICIAL: Thanks, very much. Again, a reminder that this call is on background. These are senior administration officials. And thanks very much.

END

5:27 P.M. EDT