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Asia and Global Financial Governance

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Abstract

Currently, Asia's influence in global financial governance is not consistent with its weight in the world economy. This paper examines the role of Asia in the International Monetary Fund (IMF) and the Group of Twenty (G-20). It looks in particular at how the relationship between East Asian countries and the IMF has evolved since the Asian financial crisis of 1997–98 and outlines how Asian regional arrangements for crisis financing and economic surveillance could constructively interact with the IMF in the future. It also considers ways to enhance the effectiveness of Asian countries in the G-20 process.

JEL codes: F02, F55

Keywords: Asia, G-20, IMF, regional financial arrangements, global governance

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I. INTRODUCTION

Asia is in a strong position to assert itself in global financial governance. The remarkable growth of the economies in the region and their integration in global trade and finance bestow upon Asian states considerable potential clout in international forums and institutions. However, Asia's influence is not yet commensurate with its economic weight in either the International Monetary Fund (IMF) or the Group of Twenty (G-20), which are, respectively, the most important institution and decision-making forum in global finance. Governments and central banks within the region will want to consider how to close the gap between their weight and influence in the IMF and the G-20, to the benefit of their own economic development and financial stability. Their non-Asian partners in these institutions of global financial governance will want to have the most dynamic countries in the world economy play their full and rightful role in these institutions.

This paper provides an assessment of Asia's position in global financial governance and suggestions for improving Asia's standing in, and contribution to, international financial cooperation. The paper begins with an overview of Asia's relationship with the Fund in the aftermath of the 1997–98 Asian financial crisis. Second, it reviews the Asian countries' reaction to the 2008–09 global financial crisis and to the Fund's treatment of the European countries in the present sovereign debt crisis. Third, the paper reviews East Asia's progress in developing regional institutions for crisis financing and economic surveillance, which create opportunities for cooperation with the Fund and other global financial institutions. Finally, the paper concludes by outlining possible strategies for the Asian countries to gain greater influence in the Fund and in the G-20.

II. OVERVIEW OF ASIA'S RELATIONSHIP WITH THE FUND

Asia's relationship with the Fund prior to the Asian financial crisis of 1997–98 can be best characterized as cool, but not hostile. Basically, the interaction between Asia and the Fund was in the context of the annual Article IV Consultations and the Fund's advice on economic policies was considered broadly useful by Asian countries but there was no imperative to follow it. The Fund in turn was careful in how it treated the Asian countries and therefore was quite subtle and diplomatic at times in expressing its views.

The picture changed dramatically once the crisis hit in 1997 as the mode of interaction changed from annual consultations to programs with the Fund. Indeed, the new relationship had a rocky start and the Asians became quite antagonistic toward the Fund. This antagonism persisted for a number of years even though the crisis was resolved and Fund programs ended.

Essentially, the main reason for the breakdown in the relationship was Asian countries' unhappiness with the macroeconomic and structural conditionality associated with the programs that were negotiated with Thailand (August 1997), Indonesia (November 1997, August 1998), and Korea (December 1997). The conditionality contained in these programs was seen as overly harsh and intrusive and this soured the relationship. Asian countries were convinced that the Fund had misdiagnosed the problems the countries were facing and imposed excessively harsh and inappropriate conditions for the financing it was providing. Despite the fact that the Fund later on acknowledged the mistakes it has made during the Asian financial crisis, and changed its views, the damage had been done and the mistrust of the Fund by the Asian countries lingered.[1]

A second reason came to the fore in 2007 when the Fund attempted to strengthen its surveillance over exchange rates with the adoption of the 2007 Decision on Bilateral Surveillance. While exchange rate surveillance is obviously part of the Fund's mandate, several important Asian countries, such as China and Malaysia, felt that some aspects of the new Decision were directed exclusively at them. The arguments for and against application of the Decision created tensions between Asia and the Fund, and once again the Fund had to modify its views.

It remains to be seen whether the relationship is back on an even keel, although there are signs that it is improving. There was a positive change in the relationship in the context of the global financial crisis in 2008–09. While Asian countries made it perfectly clear that they would not engage in programs of any type with the Fund, they supported the Fund in its borrowing arrangements and in quota increases (which of course, Asian countries stood to benefit from the most).

The stigma of being associated with the Fund, however, has still to disappear, although with the Fund having changed considerably from the days of the financial crisis, Asian countries should reconsider their attitude toward the Fund. Indeed, they can engage more fully with the Fund, and therefore influence its policies and decisions, without sacrificing their regional interests.

Evolution of Asia's Relationship with the Fund

Conditionality

When Thailand devalued in July 1997, the Fund was quick to offer a program with substantial financial support. As the crisis spread across Asia, programs were also negotiated with Indonesia and Korea in rapid succession. By the end of 1997 all three countries had programs with the Fund. Malaysia, which was facing the same problems of large-scale outflows of portfolio capital and exchange rate pressures as the other three countries, decided not to have a Fund program and adopted a different strategy.[2]

1. For example, as recently as July 2010, the former Managing Director of the Fund, Dominique Strauss-Kahn (2010), stated "We have made mistakes. But we also learned from our experience during the Asian crisis."

2. One of the key and controversial features of the Malaysian strategy was the imposition of capital controls. There is still debate on whether these controls were effective in enabling Malaysia to recover from the crisis more rapidly than its neighbors that went down the program road. See, for example, Johnson et al. (2006).

It is fair to say that the Fund saw the Asian financial crisis basically as a currency crisis and the policies in the programs that were implemented were accordingly designed. In a standard currency crisis triggered by speculators believing that the currency is overvalued, the standard prescription is to tighten monetary and fiscal policies and let the exchange rate go. This is precisely what the Fund prescribed. The Fund realized soon after that countries were facing a banking crisis as well. In the banking crisis case, the appropriate remedy would be to pump liquidity into the system through easier monetary policy and maintain aggregate demand through fiscal stimulus—exactly the opposite of the policies the Fund had initially included in the programs.

Several factors were at work in causing a substantial drop in aggregate demand and growth; the collapse of exchange rates and stock markets, the bursting of real estate bubbles, and capital flight. In such circumstances, fiscal austerity compounded the problems and growth rates fell sharply. The initial fiscal tightening prescribed by the Fund was eased once it became evident that fiscal austerity was unlikely to generate sufficient resources in the context of declining growth rates. But the initial shock of fiscal tightening was considered to be severe and in retrospect it was the wrong policy.

The Fund also expected that higher interest rates from a tighter monetary policy stance would lead to a reversal of capital flows, or at least reduce the outflow. But the Fund underestimated the impact of higher interest rates on businesses that had built up substantial debts and had very high debt-to-equity ratios. Higher interest rates led to widespread bankruptcies, which put banks that had loans to these businesses on their books under stress. The depreciation of the exchange rate further compounded the problem as a large proportion of the borrowings had been in foreign currency, and the fall in exchange rates dramatically increased the domestic-currency servicing costs of the loans.

In sum, many in Asia believe that the Fund bore considerable responsibility for the severity and length of the Asian financial crisis. It misdiagnosed the crisis and then implemented policies that aggravated the situation. It has to be acknowledged that the Fund did reverse itself and Thailand, Indonesia, and Korea did come out of the crisis in much better shape. But the bitter taste of the initial macro conditionality remained.

Equally, and perhaps more important was the structural conditionality that was incorporated in the programs with Asian countries. Generally speaking there was a major proliferation of structural conditions in Fund programs since the early 1990s. This process began when the Fund was involved in a host of programs with the transition countries in Eastern and Central Europe. These countries were looking to move from state-controlled economies to market economies and as a result they needed major institutional, legal, and regulatory reforms. This pattern of having a wide range of structural conditions was also followed in the case of the Asian countries, even though these countries were quite different.

As pointed out by Goldstein (2001), the number of structural policy conditions included in the programs with three Asian crisis countries was much larger than had been included on average in all Fund programs over the period 1996–99. The number of structural policy conditions (at the peak) amounted to 140 for Indonesia, over 90 for Korea, and over 70 for Thailand. For all Fund programs during 1996–99, the average was about 50 structural conditions.[3]

The expansion of structural conditions limited the scope for domestic policy choices, thereby reducing country ownership. There is considerable validity in the reasons advanced for the expansion in Fund structural conditionality.[4] But at the same time, it must be noted that many structural reforms are microeconomic in nature and thus are likely to be more intrusive than macroeconomic policies. Country ownership of programs is essential for the design and implementation of these microeconomic measures, since they have a differential impact on various segments and vested interests in society.[5]

Around 2000, in the immediate aftermath of the Asian financial crisis, it was generally felt that the Fund had gone too far in structural conditionality and overloaded programs with structural measures. Many structural reforms are not critical for the achievement of macroeconomic stability. There is also no evidence that programs with a greater number of structural conditions have been more successful. In fact, as shown in IMF (2001c), programs with more structural conditions have the same success rate as those with fewer conditions.[6] Khan and Sharma (2003) argue that the two main dangers of increased structural conditions are, first, that they result in reduced country ownership of programs and therefore impair their effectiveness. And second, the failure to implement structural reforms that are not critical for macroeconomic stability may undermine confidence in the overall program, which could trigger reactions in domestic and international capital markets that could make the overall program objectives more difficult to achieve.

Based on the experience of the Asian programs, it became clear that much more thought should be given to what structural reforms are critical to achieving the principal objectives of the program. These reforms will undoubtedly vary from country to country, but sharply pruning the list of structural conditions is possible without jeopardizing the success of the program or the ability of the Fund to be repaid. In other words, prioritizing or streamlining structural conditionality does not mean weakened overall conditionality.

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3. This has been tabulated in Goldstein (2001) and IMF (2001c).

4. See IMF (2001a, 2001b, 2001c).

5. For a detailed discussion of the relationship between IMF conditionality and country ownership of programs, see Khan and Sharma (2003).

6. See also Lamdany (2009), which drew on a report of the Independent Evaluation Office of the Fund.

By 2001 the Fund acknowledged that structural conditionality in programs had expanded too much, and a major effort was made to streamline it. This effort was led by the new Managing Director of the Fund, Horst Kohler. An Interim Guidance Note on Streamlining Structural Conditionality was issued, which defined broadly the principles to determine the appropriate scope of structural conditionality in programs (IMF 2001b, box 3). In summary, these principles are:

- Structural reforms that are critical for the achievement of the program's macroeconomic objectives will generally have to be covered by IMF conditionality.
- Structural reforms that are relevant—but not critical—for the program's macroeconomic objectives and within the IMF's core areas of responsibility may be subject to conditionality.
- If structural reforms meet the macro-relevance test but are neither critical nor in the IMF's core areas of responsibility, IMF conditionality would generally not apply.

These proposals represented an important move by the Fund away from a concept of comprehensiveness of structural conditionality to one of parsimony. It is interesting to note that the experience with programs negotiated after the issuance of the new Interim Guidance Note showed no falloff in the success rate of programs (Lamdany 2009).

The 2007 Surveillance Decision

The Fund viewed the adoption of the 2007 Surveillance Decision in June 2007 as a "landmark" in surveillance over the policies of member countries (IMF 2009). While the decision covered the whole range of policies, including monetary, fiscal, and financial-sector policies, greater attention was given to exchange rate issues. The Decision was expected to result in increased candor in assessing member country's economic situation, outlook, and policies to achieve internal and external stability.

In reality, the decision in a sense simply restated the Fund's mandate to exercise surveillance over a member country's economic policies while putting exchange rates at the forefront. Unfortunately, problems arose precisely in the exchange rate area. While it was a positive step that Fund staff was required to be more candid in its assessment of a country's exchange rate policies, and particularly the appropriateness of the level of the exchange rate, this issue turned out to be difficult and highly contentious. The problem essentially was twofold: the "labels" that were to be attached to a country's exchange rate policy; and the methodology for assessing the level of the exchange rate.

Labels

Under the 2007 Surveillance Decision, the focus of exchange rate assessments should be to determine if the level of the real effective exchange rate (REER) is broadly consistent with the sustainability of the current account, or equivalently, with an equilibrium evolution of the country's net external assets. The current level of the REER is compared with the level that would result in a current account position consistent with a stable net external asset position, adjusting for temporary factors affecting the current account balance. The difference between these two is the degree of misalignment.

The decision then went further and introduced the concept of a "fundamental misalignment" of the exchange rate. An exchange rate is fundamentally misaligned if evidence of a significant and permanent misalignment can be established.[7] Staff was expected to include the term "fundamental misalignment" in reports whenever it found that this criteria established by the Decision was met. If not, staff would use the term "broadly in equilibrium" or "misaligned" (overvalued or undervalued).

Methodology

The concept of an equilibrium exchange rate, and therefore the degree of misalignment of the current exchange rate, presupposes the existence of a suitable methodology to calculate it. The Decision relied on the work of the Fund's Coordinating Group on Exchange Rates (CGER) to operationalize this concept. CGER outlines three approaches to estimate the equilibrium real exchange rate:[8]

- The macro balance approach, which compares the current account in the medium term with a so-called current account norm;
- The external sustainability approach, which compares the medium term current account with the current account balance that would stabilize the net external assets position; and
- The equilibrium real effective exchange rate approach, which directly relates the REER to fundamentals.

The first two approaches were considered directly related to the framework of the Decision, while the third was expected to be a useful check on the results from the macro balance and external sustainability approaches. Of course, it was recognized that additional country-specific information and judgment would also play an important role in the assessment of the exchange rate. Nevertheless, the CGER methodology was considered as providing a strong basis for determining whether a country's exchange rate was in equilibrium, misaligned, or fundamentally misaligned.

Many member countries were uncomfortable with the Decision when it came time to implement it.[9] They were particularly concerned with the label of "fundamental misalignment." The opposition

7. The Decision, however, did not indicate a numerical value for "significant misalignment," although it did say that "permanent" referred to the medium term.

8. See Lee et al. (2008).

9. Even though the Executive Board of the IMF had approved this Decision in June 2007.

came from Asian countries, among which China and Malaysia felt the Decision was largely directed at them and other countries with fixed exchange rates.[10] They were joined by several major oil producers (mainly those in the Gulf) that were also maintaining dollar pegs and running very large current account surpluses at that time.[11] Essentially, their argument was that the CGER methodology had high degree of uncertainty and that assessments based on this methodology could be very misleading, if not altogether wrong. None of these countries were ready to be branded as fundamentally misaligned on the basis of what they considered inappropriate methodology (in the case of oil producers) or uncertain estimates that emerged from applying the methodology (in the case of Asian countries maintaining fixed exchange rates).

Because of this opposition very little was achieved in applying the exchange rate aspects of the Decision during 2007–08. The first country to be labeled as fundamentally misaligned was Maldives, which had a dollar peg and was running current account deficits.[12] It is interesting to note that the Fund's Executive Board rejected the staff's determination of Maldives' exchange rate as being fundamentally misaligned. Many Executive Directors, including all the developing-country Directors, asserted that adequate information was not available to make such a determination. The other countries that were proposed by the staff to be similarly labeled simply delayed completing the Article IV Consultations so that their cases could not be brought to the Executive Board of the Fund.

The Fund attempted to break the deadlock in 2008 with the proposal of the Managing Director to have "ad hoc" consultations for those countries where there was prima facie evidence that the exchange rate was fundamentally misaligned. This group included China and Malaysia in Asia and the major Gulf oil producers, including Saudi Arabia. However, even this did not help conclude long-delayed consultations with China and Malaysia. In the case of the oil producers, Fund staff dropped the fundamental misalignment label and simply referred to the exchange rates as being undervalued, noting that the country authorities did not agree with even this label, arguing that their policy plans, specifically fiscal policies, would eliminate this overvaluation in time. As a result of this compromise, the outstanding Article IV Consultations with the oil producers were completed in 2008.

Given the impasse, and recognition by the Fund that there were problems with the Decision, key aspects of it were changed in 2009 (IMF 2009). A revised guidance to staff was issued eliminating the requirement to use the term fundamental misalignment but still calling for a clear and candid discussion

10. In other words, several countries felt that this was an underhanded way for the Fund to push for flexible exchange rates.

11. It should be recalled that oil prices rose sharply in 2007 and the first half of 2008, giving rise to dramatic increases in the value of oil exports.

12. It was unfortunate that such a small country was to be the first test case. In 2007 the GDP of Maldives was just about $1 billion.

of the exchange rate. The proposal to use ad hoc consultations was also withdrawn as it was no longer relevant given the elimination of the label of fundamental misalignment. The Fund also explicitly recognized the uncertainties underlying the assessment of the level of the exchange rate and allowed government policy intentions over the medium term to be taken into account in the assessment.

With these changes, which were approved by the Executive Board on June 22, 2009, the stalled Article IV Consultation with China was completed on July 8, 2009 and that for Malaysia on August 14, 2009. It is clear that for about two years, the 2007 Surveillance Decision cast a shadow over the relationship between Asia and the Fund. In the end, the revised Operational Guidelines put to rest the most contentious issue of labeling and explicitly acknowledged that the search for complete accuracy in assessing the level of the exchange rate was futile. Any quantitative method, such as the CGER approaches, would necessarily have to be supplemented, and in some cases supplanted, by judgments and country-specific information including future government policy intentions.

The 2008–09 Global Financial Crisis

Originating in the advanced countries, the US subprime mortgage market in particular, the recent crisis affected Asia through trade and financial channels. Of all the Asian countries, Korea and Indonesia were most affected through the financial channels. Korea encountered funding problems for banks in the wake of the seizing up of interbank markets globally in the fall of 2008. Indonesia faced elevated interest rates for government debt issuance. These countries could in principle have appealed to the Fund for assistance, but their experience with the Fund during 1997–98 made such an approach politically infeasible. Their unwillingness to approach the Fund ruled out an appeal to the Chiang Mai Initiative (CMI), which was tied to IMF lending. Korea found shelter in a bilateral swap agreement between the Federal Reserve and Bank of Korea, which was supplemented by parallel agreements between the Bank of Korea and the Bank of Japan and People's Bank of China. The Indonesian authorities struck an innovative agreement with a consortium of creditors led by the World Bank in early 2009. Fundamental policy adjustments were not necessary and neither arrangement provided for them.

Despite this reluctance to approach the Fund for borrowing, Asian countries proved quite willing to augment the resources devoted to the institution. First, in the early stages of the crisis, Japan, China, Korea, and Singapore agreed to make resources available on a bilateral basis, should the Fund need to borrow, as part of a much larger network of bilateral borrowing arrangements. Second, eight East Asian countries and/or central banks agreed to participate in the enlargement of the New Arrangements to Borrow (NAB), which replaced the bilateral agreements. Third, Asian countries have been supportive of the 2009 and 2010 decisions to increase the quotas of the Fund, as they stood to gain the most from such increases. So, the global financial crisis thus elicited responses from Asian states that were a mixture of aversion and cooperation.

Fund "Stigma" in Asia

The extreme reluctance of Asian countries to borrow from the Fund, and their wariness with respect to its policy advice and surveillance, for reasons discussed above, is now widely described as a "stigma." This stigma is manifest in the reluctance of governments to turn to the Fund in the 2008–09 global economic crisis. As discussed previously, it cannot be denied that the IMF is unpopular in East Asia and often dismissed in elite discourse among policymakers within the region. However, three observations are in order.

First, this stigma is a constructed collective attitude, which means it is not only the product of popular political backlash against the institution that attended painful adjustment requirements during 1997–98. The aversion to the Fund has also to a significant extent been cultivated by influential people and institutions within the region and reinforced by elite discourse.

Second, the stigma is based on a selective reading of the Asian crisis and is backward looking. IMF conditionality during 1997–98 contained serious mistakes, but other elements of conditionality—such as the elimination of the overvaluation of currencies and large current account deficits, consolidation of the banking sector, and strengthening of financial regulation—were certainly appropriate. Most of the countries in the region completely avoided financial contagion from the United States and Europe during 2008–09 because they carried out these reforms. It can certainly be argued that European countries and the United States would have been better off if they had done the same. With larger loan amounts and streamlined conditionality in the recent crises, the Fund's programs have evolved a great deal since 1997–98. The popular reputation of the Fund in Asia does not currently give due account to either consideration.

Third, because it is largely a deliberate construction, the stigma of the Fund is reversible. When governments, central banks, and regional institutions decide that cooperation with the Fund is desirable, the aversion to it can be ameliorated. Countries in other regions have been subject to equally severe austerity at the hands of the Fund but have not similarly ostracized the institution. Stigma, in other words, should not be taken as a fixed parameter within which the international community and regional cooperation have no choice but to work.

III. EURO AREA DEBT CRISIS

The attitude of East Asian governments toward the IMF's involvement in the euro area debt crisis further indicates their posture toward the organization. The Fund has committed very large amounts in cofinancing arrangements with the European Union and its member states—€26 billion for Portugal (24 times quota), €22.5 billion for Ireland (23 times quota), and €30 billion for Greece's May 2010 program (32 times quota)—amounts considerably larger in absolute magnitude and relative to quota than its commitments to Thailand, Indonesia, and South Korea during the 1997–98 crisis.

This contrast has led some commentators to cry foul, arguing that the IMF's treatment of the euro area cases is far more lenient than the Asian cases 15 years ago, that the IMF would not lend on this basis to Asian countries even now, and that the difference owes to the stronger European position in Fund governance.[13] Arvind Subramanian and Devesh Kapur, for example, have chided the IMF for being a "Euro-Atlantic Monetary Fund" for its excessive indulgence of European borrowers.[14] The appointment of the French Minister of Finance, Christine Lagarde, to replace Dominique Strauss-Kahn as Managing Director in June 2011 confirmed a European bias at the IMF in the minds of many Asians.

There can be no dispute about the numerical dominance of the European members in the Fund or their influence over its operations. Nor is there any dispute with the argument that the Asian programs of 1997–98 were underfunded and laden with conditions that proved in some cases to be mistaken. Furthermore, it is also a fact that when leading countries such as the United States encountered their own crisis they followed policies that they had rejected for the emerging markets in 1997. But it can be argued that Asian officials should also acknowledge a number of additional considerations.

First, as discussed in section II, the Fund has come a long way in addressing the criticism of its treatment of Asian countries during the 1997–98 crisis. Moreover, it has expanded the number and type of financing facilities, including precautionary windows with no ex post conditionality such as the Flexible Credit Line (FCL). With quota and NAB increases, it has tripled the resources that it can mobilize in a crisis. And the Fund has streamlined the conditionality that it applies to Stand-By Arrangements (SBAs). With respect to surveillance, the Fund recently introduced "spillover" reports on the external consequences of developments in the systemically important countries. The IMF has moved in directions that are consistent with Asian preferences and arguments.

Second, the reform of the IMF has been in response to several factors among which the Asian position is significant. There is no denying that other drivers were also influential; among them are the 2008–09 crisis and the response through the G-20. But the reconsideration of program design within the Fund predated the mature countries' crisis and the conversion has to be taken at face value. Asian financial regionalism in the form of the CMI also highlighted the possibility that the region might someday "go its

13. See, for example, Eisuke Sakakibara's criticism quoted in "IMF Slammed as It Launches Charm Offensive," *Emerging Markets*, April 5, 2010, available at www.emergingmarkets.org/Article/2478804/IMF-slammed-as-it-launches-charm-offensive.html.

14. See Arvind Subramanian and Devesh Kapur, "The G-20 and IMF Reform," *Business Standard*, April 1, 2009.

own way" in crisis finance. But, the most important factor that gave weight to Asian views in the IMF was the impressive growth of the region, to which the IMF wants to be relevant, and its rising weight in the world economy. The IMF is a very different creature now than it was in 1997 because it has responded to Asia.

Third, that European borrowers are the first members to benefit from these far-reaching reforms at the Fund is ironic. Given the stigma attached to borrowing from the IMF in East Asia, however, this is not a coincidence. In the absence of this stigma, it is quite possible that both Korea and Indonesia would have borrowed from the Fund in late 2008 and/or early 2009. The Fund staff has been quietly urging Asian governments to apply for some of the new facilities, the FCL in particular, but so far to no avail. Therefore, the fact that Asian governments have not borrowed from the IMF on the newly favorable terms is in significant measure a matter of choice.

Fourth, the precedents set in the euro area programs and the experience of cooperating closely with the euro area authorities will inform the Fund's response to contingencies in other regions, including Asia. Southeast Asian countries can rely on these precedents if and when they next appeal for access to the IMF. Due to the stigma of the Fund in the region and the region's present external surpluses and financial stability it is unlikely that the larger emerging-market countries will draw in the immediate future. But that does not imply that the days of IMF lending to developing and emerging markets in Asia are completely over.

IV. GOVERNANCE OF THE FUND

Historically, Asia has had a less prominent position in the governance of the IMF than either Europe or the United States. Despite periodic review, the adjustment of quotas and voting shares for member countries has lagged far behind changes in relative economic position, which has operated to the disadvantage of the fast-growing countries of East Asia in particular. Over the last decade, however, there has been a concerted effort to redress this discrepancy and that effort has produced significant results. The combined quotas of ASEAN+3 represent 15.7 percent of total quotas and their votes comprise 15.2 percent of total votes (see table 1). If ASEAN+3 voted as a bloc, therefore, it could now exercise a veto over decisions requiring the supermajority of 85 percent.

It is worth noting, though, that ASEAN+6—including Australia, New Zealand, and India—collectively command almost 20 percent of quotas and 19.2 percent of votes. The region has a better chance of influencing the Fund when it is constituted broadly. Defining the region broadly is facilitated by the configuration of the constituencies in the Executive Board (and thus the International Monetary and Financial Committee). There, Australia and New Zealand are grouped with Korea and the Micronesian states, among others. Four Executive Directors represent East Asia—those representing

Japan, China, the Australian- and Korean-led constituency, and a Southeast Asian constituency led by Singapore and Indonesia—and collectively control 17.6 percent of total votes (see table 2). Adding the South Asian constituency, led by India, brings the total wielded by the five chairs on the Fund Executive Board to 20.4 percent.

Voting shares are an inadequate measure of countries' influence in the Fund, however, because formal votes are very rare and Executive Directors' personal qualities, analytical skills, and working relationships with the Managing Director, other Directors, and the Fund staff are also important. Unfortunately for Asia as a region, its member states have sometimes not been particularly active or proposed prominent initiatives for the evolution of the Fund. Although Asian representatives are now becoming more assertive, when the chips are down, some Asian countries have still been reticent. The process of selecting the Managing Director is a case in point.

Asian governments are sometimes frustrated that the United States and European countries have a "lock" on the positions of the President of the World Bank and the Managing Director of the Fund, owing to an informal arrangement referred to as "the Convention." This Convention should be broken and these appointments should go to the best-qualified candidates. Because regional diversity is an important consideration, a non-European will sometimes be the best candidate in the case of the Fund and a non-American will sometimes be the best candidate in the case of the World Bank. This does not necessarily mean that the Managing Director must be Asian, but, as the fastest growing region with lending commitments to the Fund, Asia has a strong claim to this position.

But Asian officials have not competed with much determination for this position and Asian governments cannot legitimately complain about the Convention unless they do. Not since 1999 has there been a formally declared Asian candidate for the Managing Director post. During the round in June 2011, several Asian names were mentioned for the position but in the end none was formally nominated. Nor was there regional solidarity behind the emerging-market candidate, Agustin Carstens, Governor of the Bank of Mexico. Instead, the finance ministries of Japan and China seem to have struck bargains for appointments at the Deputy Managing Director (DMD) level—retaining a DMD position in the case of Japan and receiving one for the first time in the case of China.[15] Holding two such positions certainly elevates Northeast Asia's position in the Fund, but for now the European hold on the top position is maintained.

But after well over a decade of meetings of the ASEAN+3 finance ministers and their leaders, the development of the " Chiang Mai Initiative Multilateralisation" (CMIM), and the establishment of

15. Zhu Min was promoted from Special Advisor to the Managing Director to Deputy Managing Director after Christine Lagarde assumed the Managing Directorship in July 2011. IMF, "IMF Managing Director Christine Lagarde Proposes Appointment of Mr. David Lipton as First Deputy Managing Director and Mr. Min Zhu as Deputy Managing Director," press release no. 11/275, Washington, July 12, 2011.

the ASEAN+3 Macroeconomic Research Office (AMRO), greater regional solidarity might have been expected during this process. Dominique Strauss-Kahn's departure for reasons related to French domestic politics was widely expected in early 2011, well before his eventual resignation in May. The absence of regional solidarity in selecting a successor was thus not likely due to being taken by surprise but to more fundamental political factors, including competition between China and Japan. Overcoming these divisions will be critical to Asia's one day securing the Managing Director position.

V. FINANCING AND SURVEILLANCE

Asian countries' reservations about the Fund have led ASEAN+3 to develop regional arrangements for crisis financing and economic surveillance. These arrangements change the international financial architecture for the region in important ways. Contrary to the hopes of some, though, they cannot be relied upon alone to provide financial stability; instead, they will have to work with the IMF and other multilateral institutions for the time being. This section considers the development of these arrangements and the avenues for cooperation with the Fund.

Financing[16]

In response to the experience of the 1997–98 Asian financial crisis, the ten countries of ASEAN and the three Northeast Asian states (ASEAN+3) launched the CMI, a network of bilateral swap arrangements on which members could draw in the event of another crisis. In 2009, the ASEAN+3 finance ministers decided to "multilateralise" the CMI, by which they meant collectivize on a regional basis. The CMIM became formally operational in March 2010.[17]

Several aspects about the CMIM are worth noting. First, the 13 countries plus Hong Kong commit a total of $120 billion to the facility, giving them the right to draw in various proportions of their quota. Second, this is a "self-managed reserve pooling arrangement," which means that foreign exchange reserves are held in separate national accounts but earmarked for contributions to financial rescue packages. The CMIM can thus be understood as an agreement on joint decision-making to disburse from the national accounts simultaneously. Third, the CMIM necessitated agreement on the governing arrangements, including the relative shares of Japan, China, and Korea. Japan and China, in which Hong Kong's share is included, have equal shares under this agreement. By making lending decisions with a two-thirds vote, one of the large countries could in principle be outvoted—which represents a potentially important commitment to regional decision-making. Fourth, the CMIM retains a provision of the CMI known as

16. This and the following sections draw from Henning (2011).

17. On the evolution of these arrangements, see Sussangkarn (2010); Henning (2002, 2009, 2011); Grimes (2009); Hamada, Reszat, and Volz (2009); Kawai (2009a and 2009b); Park and Wang (2005), among others.

the "IMF link," requiring a country to have an IMF program before it can borrow more than 20 percent of its allotment under the CMIM. Finally, and as a partial consequence of this IMF link, neither the CMI nor the CMIM has been activated as of now. The prevalence of current account surpluses and abundant reserves and the relative absence of plain vanilla balance-of-payments crises help to explain nonactivation. But governments in the region were also dissuaded from tapping the CMI or CMIM owing to the need for a Fund program to do so.

Asian financial regionalism has been deeply ambivalent about the IMF, motivated by resentment of the institution yet facilitated by its presence. The IMF link inhibited the use of these arrangements in the recent crisis, owing to the "stigma" of the Fund in Asia. At the same time, the CMIM is too small to be viable in a crisis without additional financing from other sources, with the IMF being the leading candidate to provide it. So, if the CMIM is going to be used in the foreseeable future and evolve, it will have to specify the modalities for working with the IMF. By the same token, the future of the IMF depends in part on repairing the damaged relations with this fast-growing region. Rehabilitating the institution within Asia is facilitated by modifying its facilities and programs to better match the preferences of Asian members, an area where it has arguably made great strides, and cooperating with regional institutions including CMIM and AMRO, which can impart greater local ownership of operations. Cooperation is thus important for both Asia and the IMF.

There are several ways in which Asian regional arrangements could cooperate with the IMF for their mutual benefit. First, they can do so through traditional balance-of-payments financing arrangements. Under such arrangements, the IMF and CMIM could disburse to countries that have negotiated an SBA with the Fund. This is the contingency that was envisaged as CMI and CMIM were established. ASEAN+3 and the IMF have recently discussed and settled upon the procedures for coordinating their policies and disbursements under this scenario.[18]

While there might be countries in the region that encounter a traditional balance-of-payments crisis, the region could well experience crises more closely resembling the contingencies of the 2008–09 crises—the seizing up of capital and bank-funding markets, the imminent collapse of a too-big-to-fail bank or another large private financial institution, and the need for cross-border liquidity support. The IMF has equipped itself for these contingencies with the adoption of the FCL and Precautionary Credit Line (PCL), and is further considering a Global Stabilization Mechanism (GSM) or a Short-Term Liquidity Line (SLL).[19] Owing to the problem of stigma, however, no East Asian country has applied for either of these "precautionary" facilities.

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18. ASEAN+3 Finance Ministers' Statement, Hanoi, Vietnam, May 4, 2011.

19. Under the enhanced FCL, countries with "very strong economic fundamentals" and policies can qualify for an IMF credit line, on which they can draw at their option *without submitting to ex post conditionality*. See, for example, IMF,

One of us (Henning 2009) has argued that qualification for the FCL should be deemed to satisfy the ASEAN+3 requirement that most disbursements under the CMIM be linked to a Fund program. In taking such a decision, the ASEAN+3 finance ministers could mobilize the CMIM for precautionary purposes, which is not possible under the present CMIM agreement. Such a decision would also make the FCL more attractive to Asian members and probably soften the stigma of the Fund. Similar cooperation could be envisaged with IMF lending through a PCL. [20]

Former Thai Minister of Finance Chalongphob Sussangkarn (2010) raises another intriguing possibility for engaging outsiders in cooperation among ASEAN+3. He suggests creating associate memberships or contributing partnerships in the CMIM in order to allow Australia, New Zealand, and/or India to participate short of full membership status. While not sitting in the governing bodies of the CMIM, nor eligible to borrow from it, these countries could contribute funds during an activation and attend surveillance and other meetings through associated status.

The concept could be taken a step further to allow countries outside the region, such as the United States, and multilateral institutions, such as the IMF, to participate. The possibility that the IMF might top up financial packages by bilateral lending to members of a regional arrangement and by lending directly to the regional arrangement itself has been floated within the Fund (IMF 2010). However, such a step would have to overcome institutional and policy obstacles at both the IMF (stemming from concerns about control) and ASEAN+3 (which is not empowered to borrow).

Surveillance

ASEAN+3 has also been engaged in a parallel negotiation to strengthen the regional regime of economic and financial surveillance. The hope of many is that a robust surveillance mechanism would permit the CMIM to eventually lend without the borrower also negotiating an IMF program. Such a step would complete the transition of East Asian financial arrangements to an Asian Monetary Fund. Accordingly, in June 2011, ASEAN+3 created an independent secretariat in 2011 in Singapore, the ASEAN+3 Macroeconomic Research Office. While this is a significant step, an institution on which ASEAN+3 can build, the group would have to endow it with more resources and analytical capacity before it could serve as the functional equivalent of the IMF bureaucracy and thus permit the region to go it alone in a crisis.

Mexico: Arrangement under the Flexible Credit Line, IMF Country Report no. 11/11, January 2011, available at www.imf.org/external/pubs/ft/scr/2011/cr1111.pdf. Mexico requested and was granted access up to 15 times its quota.

20. The PCL applies to countries "with good policies but still facing some remaining vulnerabilities," which would therefore have to commit to light ex post conditionality and be monitored. IMF, "IMF Enhances Crisis Prevention Toolkit," press release no. 10/321, August 30, 2010, available at www.imf.org/external/np/sec/pr/2010/pr10321.htm.

Regional surveillance of economic policy has developed gradually over more than a decade within ASEAN+3.[21] Consensus emerged only within the last few years on the creation of an independent secretariat to conduct policy reviews and on the secretariat's location. In spring 2010, ASEAN+3 finance ministers decided that AMRO would become operational in 2011 and be located in Singapore.[22] AMRO's mandate is to "monitor and analyze regional economies, which contributes to the early detection of risks, swift implementation of remedial actions, and effective decision-making of the CMIM." It will collect and analyze information on the economic and financial conditions and policies of members and present its analysis to the deputies and ministers in meetings of the Economic Review and Policy Dialogue (ERPD) and the deputies' bodies charged with managing CMIM. Its mandate is thus limited to information and analysis; it is not charged with developing proposals and submitting them to the board as is the Managing Director and staff of the IMF.

AMRO's staff will be relatively modest in size at the outset. In spring 2011, the ministers appointed former People's Bank of China Deputy Governor Wei Benhua to be the founding Director of the Office. He is responsible for launching the new secretariat, including hiring the deputy directors, professional economists, and support staff. Under the informal agreement between Japan and China, Yoichi Nemoto, Deputy Vice Minister in the Japanese Ministry of Finance, is expected to succeed Wei as Director in summer 2012. While ASEAN+3 officials agreed that AMRO, its director, and staff are to be "independent," the working relationships are only now being defined.

The establishment of AMRO raises the question of its relationship to the IMF. The Fund of course conducts the most robust surveillance of the 13 members of ASEAN+3 on an annual basis and makes its findings available to all of the other members. The Article IV Consultations staff reports and Executive Board reviews are made available to all of the members. Economic developments and vulnerabilities are addressed as well in the Fund's *Regional Economic Outlook: Asia and Pacific*, *World Economic Outlook,* and *Global Financial Stability Report*. Although officials within the region have sometimes been unhappy with the messages in these reports, they also receive a great deal of high-quality information about their regional neighbors through these multilateral channels.

Identifying its comparative advantage—where it can provide value added—is a basic challenge for AMRO. AMRO does not have sufficient staff and resources to replicate the work of the IMF. But AMRO can contribute by: (i) providing contrasting assessments of vulnerabilities within the region when the

21. Contributions on ASEAN+3 surveillance include Kawai and Houser (2007), Institute for International Monetary Affairs (2005), Wang and Yoon (2002), Kawai (2009b), Henning (2009), and Takagi (2010).

22. ASEAN Finance Ministers, Joint Media Statement of the 14th Meeting, Nha Trang, Vietnam, April 8, 2010, paragraph 14, available at www.aseansec.org/24491.htm (accessed on August 30, 2010). ASEAN+3 Finance Ministers, Joint Media Statement, Tashkent, Uzbekistan, May 2, 2010, available at www.aseansec.org/documents/JMS_13th_AFMM+3.pdf (accessed on August 30, 2010).

director and staff disagree with the findings of the IMF; (ii) updating assessments more frequently than the annual cycle for Article IV Consultations by the Fund staff; and (iii) backstopping a surveillance discussion in which Asian officials might be more candid with one another than in the presence of officials from outside the region.[23]

ASEAN+3 and AMRO have an incentive to consult with the Fund on the timing, sequencing, and substance of Article IV Consultations with common members in order to work its comparative advantage. For its part, the Fund could provide technical advice during the establishment of AMRO, as Asian institutions such as the Asian Development Bank (ADB) and ASEAN secretariat are also likely to do. Second, as Kawai (2009b) has proposed, AMRO officials could be included in the Fund's Article IV surveillance missions to ASEAN+3 countries. Doing so might raise some sensitive issues for both the IMF and ASEAN+3 and could be done only with the consent of the member state being reviewed but deserves serious consideration.

It is useful to underscore that the development of regional surveillance has critical ramifications for East Asia's long-term relationship to the IMF. At the outset of the CMI, Asian officials acknowledged that surveillance would have to evolve in parallel with regional financial facilities if the region were to become genuinely self-reliant. ASEAN+3 would have to develop the analytical capacity to define the group's own policy conditionality for CMIM. Although AMRO is yet to be tested, it does not appear that ASEAN+3 officials have yet devoted the resources or mustered the commitment to raise regional surveillance to this level. For the time being, therefore, it appears that any activation of the CMIM will have to be in conjunction with IMF lending.

VI. CONCLUSION

Asia's role in the IMF—the premier institution of global financial governance—has been limited. Given the size and strength of Asia in the global economy, it could reasonably be argued that the region "punches below its weight." This is partly the result of a conscious choice by Asian countries to keep the Fund at arm's length, reflecting the bitter memories of the Fund's role in the Asian financial crisis. But it is also due to the fact that Asia has not, at least until recently, pushed to have a larger say in global financial circles.

There are welcome signs now of Asia asserting itself and demanding greater voice and representation in the Fund through increases in quotas and shares. But, as in any zero-sum game, if Asia is to gain shares in the Fund, some others will have to see their shares reduced. The losers will mainly be the Europeans

23. A recent report by the Independent Evaluation Office (IEO 2011) suggests that there is substantial room to debate the conclusions of the Fund regarding its ability to assess financial soundness. The report mainly criticizes staff and the Executive Board for failing to sound alarms when warnings were necessary, rather than vice versa.

and they are unlikely to countenance further reductions in their quotas and votes beyond the 2010 reforms in the Fund. Therefore, Asia will need to persist in this endeavor and establish common unified positions among the Asian countries on matters of regional and systemic importance and then push its agenda actively in the Fund. Playing its rightful role in the Fund need not detract from Asia's existing regional financial arrangements, including the possibility of eventually creating an Asian Monetary Fund.[24]

The G-20 has opened another channel for Asia to gain a significant role in global financial governance. With five Asian countries included in the G-20, or six if Australia is counted as part of Asia, there is an opportunity for Asia to influence the content and directions of the G-20 initiatives, given Asia's importance in the G-20 (see table 3). Such an opportunity arose when Korea hosted the G-20 Summit in Seoul in November 2010, the first time an Asian country had chaired the G-20. While the views of Asia and for that matter the other non-G7 members of the G-20, are reflected to an extent in the communiqués, it is unclear what the impact of the non-G7 countries has been on decisions made by the G-20.

Two specific actions could potentially change the picture in a positive way. First, within the G-20 Asia should seek to form common ground and coalitions with other members. It is obvious that, given the size of Asia, a common position among the Asian members on major systemic issues would carry considerable weight in the discussions of the G-20. To strengthen the position of all non-G7 countries, Asian countries could reach out to the other non-G7 members and involve them in taking a unified position. As discussed in this paper and shown in table 3, the weight of Asia—particularly if India, Australia, and New Zealand are included in the Asian group—is substantial and on many issues could well carry the day.

Second, and equally important, is for the Asian members of the G-20 to seek out and reflect the views and concerns of Asian countries that are not members of the G-20. The absence of these countries from participating in decisions that ultimately affect them makes the G-20 appear to be an exclusive club, like the G-7, catering to only a select few.[25] This is what presumably led the government of Singapore to form the Global Governance Group (3G), which includes five Asian countries (Brunei, Malaysia, New Zealand, the Philippines, and Singapore) among its 27 members.

A mechanism should be found whereby the excluded countries have a voice in the G-20, even if that can be accomplished only indirectly. The 3G is one such model. The International Monetary and

24. Other regional funds, such as the Arab Monetary Fund and the Andean Reserve Fund, have coexisted quite nicely alongside the International Monetary Fund.

25. More generally, given the structure of the G-20, about 35 percent of the world's population and about 80 percent of the countries in the world would appear to have no voice at the meetings of the G-20. For more detailed discussion of this issue, see Truman (2010).

Financial Committee (IMFC) of the Fund is another model. In the IMFC, the countries that are part of multicountry constituencies in the Fund's Executive Board are represented at the table by a governor who is charged with representing the views of all the members of the constituency. One possibility would be to design a similar procedure for the G-20 as well, involving regular meetings of Asian G-20 members with the representatives of other Asian countries.[26] These two actions could both strengthen the position of Asian countries in the G-20 and give voice and a stake to all Asian countries.

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26. Truman (2010) also argues that if the G-20 is to be institutionalized then the non-G7 seats should be selected via constituencies.

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Table 1 Asia's position in IMF quotas and votes, as of July 25, 2011

	Quota		Votes		Quota	Votes
Member	Millions of SDR	Percent of total	Number	Percent of total	Percent of total (post-2010 reform)	
Brunei Darussalam	215	0.090	2,892	0.110	0.063	0.089
Cambodia	88	0.040	1,615	0.060	0.037	0.064
Indonesia	2,079	0.870	21,533	0.860	0.975	0.951
Lao PDR	53	0.020	1,269	0.050	0.022	0.05
Malaysia	1,774	0.750	18,479	0.730	0.762	0.75
Myanmar	258	0.110	3,324	0.130	0.108	0.132
Philippines	1,019	0.430	10,933	0.430	0.428	0.434
Singapore	1,408	0.590	14,820	0.590	0.816	0.801
Thailand	1,441	0.610	15,145	0.600	0.674	0.666
Vietnam	461	0.190	5,347	0.210	0.242	0.258
ASEAN	8,796	3.700	95,357	3.770	4.127	4.195
China	9,526	4.010	95,999	3.820	6.394	6.071
Japan	15,629	6.570	157,025	6.240	6.240	6.138
Korea	3,366	1.420	34,404	1.370	1.800	1.731
ASEAN+3	37,317	15.700	382,785	15.200	18.561	18.135
Australia	3,236	1.360	33,104	1.320	1.379	1.332
New Zealand	895	0.380	9,686	0.380	0.263	0.278
India	5,822	2.450	58,955	2.340	2.751	2.629
ASEAN+6	47,269	19.890	484,530	19.240	22.954	22.374
Bangladesh	533	0.220	6,073	0.240	0.224	0.241
Bhutan	6	0.003	803	0.030	0.004	0.034
Pakistan	1,034	0.430	11,077	0.440	0.426	0.432
Sri Lanka	413	0.170	4,874	0.190	0.121	0.144
ASEAN+10	49,256	20.713	507,357	20.140	23.729	23.225
Total	237,762	100.000	2,515,997	100.000	100.000	100.000

ASEAN = Association of Southeast Asian Nations; SDR = special drawing rights

Source: International Monetary Fund, www.imf.org/external/np/sec/memdir/members.aspx.

Table 2 Asian countries in the IMF constituency system

	Votes		Quota	
Country	Number[1]	Percent of total[2]	Millions of SDR	Percent of total
United States	421,964	16.770	42,122	17.720
Japan	157,025	6.240	15,629	6.570
Germany	146,395	5.820	14,566	6.130
France	108,125	4.300	10,739	4.520
United Kingdom	108,125	4.300	10,739	4.520
Brunei Darussalam	2,892	0.115	215	0.090
Cambodia	1,615	0.064	88	0.040
Fiji	1,443	0.057	70	0.030
Indonesia	21,533	0.858	2,079	0.870
Lao PDR	1,269	0.051	53	0.020
Malaysia	18,479	0.736	1,774	0.750
Myanmar	3,324	0.132	258	0.110
Nepal	1,453	0.058	71	0.030
Philippines	10,933	0.435	1,019	0.430
Singapore	14,820	0.590	1,408	0.590
Thailand	15,145	0.603	1,441	0.610
Tonga	809	0.032	7	0.003
Vietnam	5,347	0.213	461	0.190
Subtotal	*99,062*	*3.940*	*8,944*	*3.763*
China	95,999	3.820	9,526	4.010
Australia	33,104	1.318	3,236	1.360
Kiribati	796	0.032	6	0.002
Korea	34,404	1.370	3,366	1.420
Marshall Islands	775	0.031	4	0.001
Micronesia	791	0.032	5	0.002
Mongolia	1,251	0.050	51	0.020
New Zealand	9,686	0.386	895	0.380
Palau	771	0.031	3	0.001
Papua New Guinea	2,056	0.082	132	0.060
Samoa	856	0.034	12	0.005
Seychelles	849	0.034	11	0.005
Solomon Islands	844	0.034	10	0.004
Tuvalu	758	0.030	2	0.001
Uzbekistan	3,496	0.139	276	0.120
Vanuatu	910	0.036	17	0.010
Subtotal	*91,347*	*3.630*	*8,025*	*3.391*
Bangladesh	6,073	0.242	533	0.220
Bhutan	803	0.032	6	0.003
India	58,955	2.348	5,822	2.450
Sri Lanka	4,874	0.194	413	0.170
Subtotal	*70,705*	*2.810*	*6,775*	*2.843*

(table continues on next page)

Table 2 Asian countries in the IMF constituency system *(continued)*

Country	Votes		Quota	
	Number[1]	Percent of total[2]	Millions of SDR	Percent of total
Afghanistan	2,359	0.094	162	0.070
Algeria	13,287	0.529	1,255	0.530
Ghana	4,430	0.176	369	0.160
Iran	15,712	0.626	1,497	0.630
Morocco	6,622	0.264	588	0.250
Pakistan	11,077	0.441	1,034	0.430
Tunisia	3,605	0.144	287	0.120
Subtotal	*57,092*	*2.270*	*5,191*	*2.190*
Total Asian constituencies	**414,205**	**16.495**	**38,461**	**16.176**
Total eligible Fund votes	2,511,042[3]	99.804[4]	237,762	100.000

1. Voting power varies on certain matters pertaining to the General Department with use of the Fund's resources in that Department.
2. Percentages of total votes (2,515,997) in the General Department and the Special Drawing Rights Department.
3. This total does not include the votes of Guinea, Madagascar, and Somalia, which did not participate in the 2010 Regular Election of Executive Directors. The total votes of these members are 4,955—0.20 percent of those in the General Department and Special Drawing Rights Department.
4. This figure may differ from the sum of the percentages shown for individual countries because of rounding.

Source: International Monetary Fund, www.imf.org/external/np/sec/memdir/eds.aspx.

Table 3 Asia in the G-20

	Gross domestic product				Foreign exchange reserves		Trade					
	Billions of dollars		Percent share of G-19				Millions of US dollars			Percent share of G-19		
Country	In current prices	PPP	In current prices	PPP	Millions of US dollars	Percent share of G-19	Exports	Imports	Total	Exports	Imports	Total
Argentina	370	642	0.76	1.16	46,619	0.71	68,003	59,126	127,129	0.72	0.60	0.66
Australia	**1,236**	**882**	**2.53**	**1.59**	**32,793**	**0.50**	**211,814**	**214,164**	**425,978**	**2.26**	**2.17**	**2.21**
Brazil	2,090	2,172	4.29	3.91	280,570	4.30	201,930	199,754	401,684	2.15	2.02	2.08
Canada	1,574	1,330	3.23	2.39	44,888	0.69	387,139	430,295	817,434	4.12	4.35	4.24
China	**5,878**	**10,086**	**12.05**	**18.15**	**3,139,716**	**48.08**	**1,971,618**	**1,832,990**	**3,804,608**	**20.99**	**18.53**	**19.73**
France	2,583	2,145	5.30	3.86	36,211	0.55	510,063	594,539	1,104,602	5.43	6.01	5.73
Germany	3,316	2,940	6.80	5.29	37,356	0.57	1,206,060	1,054,340	2,260,400	12.84	10.66	11.72
India	**1,538**	**4,060**	**3.15**	**7.31**	**267,814**	**4.10**	**217,341**	**356,310**	**573,651**	**2.31**	**3.60**	**2.97**
Indonesia	**707**	**1,030**	**1.45**	**1.85**	**89,970**	**1.38**	**157,791**	**135,691**	**293,482**	**1.68**	**1.37**	**1.52**
Italy	2,055	1,774	4.21	3.19	35,678	0.55	440,839	475,589	916,428	4.69	4.81	4.75
Japan	**5,459**	**4,310**	**11.19**	**7.76**	**1,036,260**	**15.87**	**771,720**	**694,028**	**1,465,748**	**8.22**	**7.02**	**7.60**
Korea	**1,007**	**1,459**	**2.07**	**2.63**	**286,926**	**4.39**	**461,613**	**424,055**	**885,668**	**4.91**	**4.29**	**4.59**
Mexico	1,039	1,567	2.13	2.82	114,883	1.76	286,831	296,512	583,343	3.05	3.00	3.02
Russia	1,465	2,223	3.00	4.00	432,949	6.63	431,318	240,818	672,136	4.59	2.43	3.49
Saudi Arabia	444	622	0.91	1.12	432,094	6.62	227,764	102,961	330,725	2.42	1.04	1.71
South Africa	357	524	0.73	0.94	35,419	0.54	75,835	88,864	164,699	0.81	0.90	0.85
Turkey	742	961	1.52	1.73	79,046	1.21	114,063	185,542	299,605	1.21	1.88	1.55
United Kingdom	2,247	2,173	4.61	3.91	49,335	0.76	373,553	537,797	911,350	3.98	5.44	4.73
United States	14,658	14,658	30.06	26.38	52,075	0.80	1,277,630	1,968,140	3,245,770	13.60	19.90	16.83
G-19	**48,765**	**55,559**	**100.00**	**100.00**	**6,530,601**	**100.00**	**9,392,925**	**9,891,514**	**19,284,439**	**100.00**	**100.00**	**100.00**
"Asian Caucus"	**15,824**	**21,827**	**32.45**	**39.29**	**4,853,478**	**74.32**	**3,791,897**	**3,657,238**	**7,449,135**	**40.37**	**36.97**	**38.63**

PPP = purchasing power parity

Sources: IMF *World Economic Outlook* (April 2011), IMF *International Financial Statistics*, and IMF *Direction of Trade Statistics*.