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## **ASYMMETRIES OF GLOBAL CAPITAL FLOWS: IS REBALANCING POSSIBLE?**

In the late 1990-s world famous investor George Soros formulated the thesis that the functioning of global capital markets is based on the model “the center – the periphery”: “The center provides the capital; the periphery uses the capital. Rules of the game are favorable to the center. It is possible to prove that the center is located in New York and London”. Indeed, today London and New York serve near a half of volume of global flows of capital in the international financial markets.

In addition, development and trade of financial innovations – by far the largest segment of international finance – is carried out mainly by Anglo-American financial institutions. For example, at the end of June 2010 the turnover in interest rates OTC derivatives market made US dollars 478,1 trillion with combined UK/US share of 70 % of this volume.

Remarkably, today monetary units even of the leading emerging economies, including BRICS, in fact, are internal currencies which practically aren't used in the international trading and financial operations. According to Bank of International Settlements, the combined share of BRICS' currencies in the global foreign exchange market turnover in 2010 made only 4,1 %. For comparison, the share of US dollar was 84,9 %, euro – 39,1 %, yen – 19,0 %, pound sterling – 12,9 %. Consequently, as long as bonds denominated in key reserve currencies will continue to be main reserve asset, accumulation of huge foreign exchange reserves by developing countries wouldn't solve problems of exchange rates instability and global trading imbalances. Thus, the reform of the architecture of the modern international monetary and credit relations is unavoidable.

Accordingly, the international financial and academic circles discuss possibilities of replacement US dollar as single reserve currency by allowing emission of international liquidity (such as SDRs) to create a more stable global financial system. However, the solution of the problem of asymmetries of global capital flows at the expense of creation of new reserve currencies seems to be rather difficult process, considering that the countries that become traditional issuers of reserve currencies are hardly ready to abandon their “bargaining chip” within financial globalization.

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