

# Press Article

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Economic Analysis

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Emerging Markets

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## The new owners of the world

Emerging economies have spent years being the engine of the global economy. Before the outbreak of the last crisis, they were already contributing more to global growth than developed countries, but they were not totally aware of their leadership. The crisis awakened them, and with it, his eagerness to influence the world as much as you would expect from its economic weight. The best example is China - where not a day goes by in which is not announced any agreement in which China rungs up the ladder of international power - but it is also true for other countries like India and Brazil.

Perhaps one of the most important changes of recent times is the practical replacement of the G7 (until recently considered the most exclusive and important discussion forum in the world) by the G20. What's more, the main emerging countries within the G20 are not content to be a guest at such a busy table, but have begun to create their own discussion forums where only they are invited. The best example is probably the BRICS, where - in the interests of the major emerging partner, China, - has decided to extend the group to a much smaller country and less relevant than others, such as South Africa. Reading to learn from this episode is not only that the G7 has died but the G1 in the emerging world, China not only has its own strength but can also seek support from others. These "others" are already today more than half of GDP and therefore the balance is leaning increasingly towards the G1 over the old G1: the United States.

But not all change in the international financial architecture is as rapid as that of "Gs". The old economies are still guarding locked power in the IMF and it seems that this will continue. Just look at who will, with high probability, continue to lead the institution, not to mention the ridiculous increase in quotas of emerging countries proposed by the institution (only 6%), considering the strong increase in weight of these economies.

All in all, we should not be surprised that emerging economies are increasingly deviating from the multilateral and institutional track the world chose after the Second World War, to more flexible options where the weight of large countries can be better reflected. If you add that emerging countries are currently the least needed by IMF financing with the astronomical reserves they have accumulated and the healthy fiscal situation, the IMF will have to accept a less central role than what it has used to have while the West dominated the world.