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OECD MEMBER EXPERIENCE WITH THE LIBERALISATION OF CAPITAL MOVEMENTS

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Introduction

1. This paper is presented as background for the discussion in *Session 3* of the conference, which addresses issues of interaction and complementarity of different forms of capital flows for development purposes. It is an extract from the recently published OECD report on the past 40 years of experience with capital account liberalisation under the OECD Codes,[1] which does not specifically focus on the issue of how various form of capital inflows interact and complement each other in the furthering of economic development in recipient countries. However, the conclusions from the report regarding the overall OECD experience in liberalising capital flows have a direct bearing on the issues of complementarily and interaction amongst these flows.

2. This relevance is immediately apparent from the discussion of the pros and cons of capital controls and the degree of development, depth and liquidity of financial markets in liberalising economies.

3. The problems related to massive inflows of foreign capital, in the run-up to the Asian financial crisis in 1997, particularly in the form of short-term portfolio investment and bank loans , followed by abrupt reversals are well known. They gave rise to a debate regarding whether it was appropriate for emerging markets to rely on such short-term sources of external finance. Voices were raised in favour of imposing capital controls to alter the volume and composition of capital flows, while opponents of controls pointed to their well documented negative effects in terms of higher funding costs, misallocation of investment and other distortions, including encouragement of corruption. The conclusions to the OECD

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1. *Forty Years' Experience with the OECD Code of Liberalisation of Capital Movements,* OECD, 2002.

report clearly state that OECD members found capital controls of limited effectiveness already in the 1970s and that they no longer consider them a viable policy option, preferring to rely on increased disclosure and well-designed prudential regulations which pass the test of free financial markets. This is not only because the higher level of sophistication of financial markets with their advanced financial engineering techniques undermine the effectiveness of controls. It also has to do with the fact that for those countries already committed to capital account convertibility re-imposition of controls in order to cut off short-term capital flows may entail serious welfare costs in terms of impairing the efficiency and general functioning of domestic financial markets. There is now a broad consensus that open regimes for all cross-border flows are vital for the deepening of local markets. This is because short-term capital flows are needed to accommodate longer terms flows such as FDI and medium-and long-term portfolio investment. One cannot logically expect the ability of domestic capital markets to intermediate longer term funds if liquid markets in short-term funds are not developed to the required degree. Additionally, hedging of risk and modern cash management techniques undertaken in conjunction with longer term operations will in turn generate short-term flows. Restricting or cutting off such short-term cross-border flows will reduce or nullify the impetus for local financial market development and thus lessen the overall benefits to be derived from FDI and long-term portfolio investment.

1. The OECD Codes-based Approach to Liberalisation in an Evolving Global Context

The OECD Capital Movements Code - the only multilateral instrument in existence which promotes capital account liberalisation

The OECD has been promoting progressive liberalisation of current and capital account operations among its members for forty years. Since its establishment in 1961, its approach to open markets finds its expression in the two OECD Codes of Liberalisation, the Code of Liberalisation of Capital Movements and the Code of Liberalisation of Invisible Operations (which covers cross-border services). Of these two, the Capital Movements Code remains the only multilateral instrument in existence promoting the liberalisation of capital movements.

Capital controls have been abolished in virtually all OECD member countries

In the OECD area, capital account liberalisation has by now progressed to a point where capital controls have been abolished in virtually all Member countries. Requests have been made both from within the OECD and from outside its membership constituency that the Organisation's long-standing experience with capital account liberalisation should be made available to a wider forum, in particular as it has recently been further enriched via the accession of six new members (Mexico, the Czech Republic, Hungary, Poland, Korea and the Slovak Republic). to the Organisation since 1994.

The OECD peer review process enables countries to "benchmark" domestic regulations and measures against those implemented by others

It was felt that this experience, based on the distinctive peer review approach of the OECD Codes, would be of value to policy-makers in emerging market economies, engaged in the opening of their capital accounts. This is particularly true in today's environment of heightened sensitivity to the risks of opening domestic financial sectors to potentially volatile capital flows. OECD members have confronted such risks and persisted with liberalisation in order to realise the fundamental benefits provided by access to greater pools of financial resources as well as of knowledge and technology. The OECD approach does not rely on dogma or political negotiation, nor on detailed prescriptive recommendations for policy implementation. Instead, it involves a process of shared, mutually beneficial learning, where both individual and collective stumbling blocks on the path to open markets are inspected and discussed. It has been found that peer pressure in a multilateral setting can provide strong incentives for authorities to undertake policy adjustment. By "benchmarking" domestic regulations and measures against those implemented by peer participants in this process, countries receive guidance and support in the complex policy area of financial liberalisation.

Regulatory reform of the domestic financial sector and capital account liberalisation are mutually reinforcing processes...

This study describes the OECD role of promoting, consolidating and entrenching liberalisation measures undertaken by its members. While the importance of appropriate macroeconomic policy settings – especially in terms of consistency between these and the chosen exchange rate regime – is underlined, an in-depth analysis of macroeconomic policies in member countries is beyond the scope of the study. The close and complex interlinkage between domestic and external financial liberalisation is brought into focus. The study contends that the two processes of liberalising domestic financial sector activities and relaxing controls on external capital flows largely result from the same incentives and pressures. As manifestations of financial regulatory reform policies adopted by countries seeking the benefits of market-based allocation of financial resources, whether of domestic or foreign origin, they are clearly mutually reinforcing.

…both seeking the benefits of market-based allocation of financial resources.

Thus, to gain deeper insights into the costs as well as the benefits of capital account liberalisation, the study recommends that this interlinkage be made the subject of further analysis. This is ever more relevant in today's international financial environment than it was when the OECD member countries started to open their capital accounts in the 1960s. Nowhere has the revolution in information and communication technologies (which is a main facilitator of globalisation) had such profound effects as on financial sector activities. The results are everywhere visible in vastly intensified financial interchange, making financial liberalisation inevitable for any country aspiring for broad participation in the global economic system.

Active participation in today's sophisticated international financial markets renders financial liberalisation over time inevitable.

Due to the emergence of the new international financial landscape, the policy context has changed profoundly during the period under review. Advances in communication technology and product innovation as well as the liberalisation process itself have had a significant impact on the manner traditional functions of the financial system are performed, bringing both institutional and regulatory changes in their wake. The combined forces of rapid technological change, a widening range of products and services, conglomeration and mergers, including cross-border, in the financial industry have confronted policy-makers and regulators, both at the national and international level with a new set of challenges. Major changes in the regulatory framework for financial institutions have been undertaken during the past two decades, with increasing emphasis on prudential oversight and growing co-operation amongst national regulators. As more countries reach the level of economic and institutional development where they can fully integrate into highly developed international financial markets, this trend will continue. It is no longer a question of whether to liberalise or not but of deepening understanding of accompanying stresses so that the economic and social benefits of financial integration can be maximised.

However, policy-makers must reckon with the fact that financial crises do occur, as the 1990s have dramatically recalled …

Banking and currency crisis situations with significant economic and social costs do arise, not just randomly but due to the accumulation of many different stresses in the financial system and elsewhere in the economy. While it has long been recognised that the macroeconomic policy environment – including the exchange rate regime – is a key factor in achieving an orderly process of liberalisation, the stresses caused by institutional weaknesses or governance failures have recently come into focus. Although currency and banking crises are by no means a new phenomenon, the 1990s have had a considerable share of them. Any lessons to be learned from the collective liberalisation experience of OECD members must thus take into account the tremendous acceleration in capital mobility during the recent decade, which was also marked by the severe currency and banking crises affecting many emerging market economies, including some of the new entrants to the OECD.

…making crisis prevention and management one of their dominant concerns.

Contagion effects turned the turbulence that began in South East Asia in 1997 into an international financial crisis of rarely seen magnitude in times of peace. Crisis prevention and management have thus become dominant concerns in the international policy debate on capital account liberalisation. This study sets the OECD experience in the context of the changing policy environment, current international debate and initiatives for crisis prevention.

Debating the need for new international financial architecture ….

The magnitude and spread of the recent international financial crises have brought renewed interest in the issue of the potential interlinkages between capital account liberalisation and financial instability. The study recalls the views expressed by many experts and market participants in the aftermath of the Asian international crisis, that policy-makers and the international financial community were poorly prepared for dealing with the crisis episodes. Calls for a new "international financial architecture" including reform of the Bretton Woods institutions were heard as well as renewed debate regarding the pros and cons of capital controls.

…growing consensus has emerged for relying on standards, guidelines and best practices to ensure orderly and safe capital account liberalisation…

Since then, much work has been devoted to defining and developing universally applicable best practices in key areas of financial and economic policy, as an effective approach to crisis prevention – and general agreement has emerged on the benefits of pursuing the standards-based path. Of course, standards and codes are not a panacea; but they can be a founding stone to improve the system. Crisis prevention can be more effective if it can rely on timely information dissemination, adequate remedial policies, including state of the art prudential supervision, and high quality institutions. This being said, it must be recognised that there are limits and obstacles in this regard. Thus, information-gathering cannot always be ensured within the time-frame required. Despite the sophistication of Early Warning Systems built up by monitoring authorities to signal impending crisis, the alert may only come after the event itself, as information flows in financial markets are instantaneous. Prudential oversight can never be so tight as to totally exclude excessive risk-taking or herding behaviour by financial institutions. More fundamentally, the institutional framework can be strengthened, but only slowly, as it takes time for new practices to become "embedded" and fully complied with – a feature that justifies calls for efforts by the policy-making community to sustain the pace of reform over time.

…and exchange controls are no longer a policy option for OECD countries.

The study notes that OECD Members no longer consider for themselves recourse to capital controls as a workable tool as part of broader changes in governance approaches and in a context of highly integrated financial markets. It briefly reviews the current debate regarding proposals for introduction of a so-called Tobin tax. Proposals for better communication with creditors and investors and private sector participation in the resolution of sovereign debt crises are briefly touched upon.

The quality and functioning of institutions is a key factor for successful liberalisation...

Distortions producing excessive balance-sheet mismatches in terms of currency exposure and maturity structure of assets and liabilities in the banking and/or corporate sectors and weak and ineffective supervision are related to the quality and functioning of institutions in an economy. Well-functioning institutions play a very important role in helping to withstand stresses and external shocks, as it is by now generally recognised amongst academics and policy-makers participating in the international policy debate. Recent crisis experiences in emerging market economies have brought a better understanding of the importance of well-developed institutional infrastructure in the domestic economy together with sound informational and governance systems for minimising external vulnerabilities.

…which requires further empirical study.

The study argues that it is necessary to look more closely at the institutional infrastructure and the ability of institutions to withstand pressures and shocks. It presents a number of stylised indicators for the majority of current OECD members as well as some non-member emerging market economies. They cover domestic financial development, institutional-governance systems, as well as tentative proxies for the intensity of capital controls at different points in time. They present a fairly mixed story. With some notable exceptions, older OECD members' domestic and international financial deregulation was launched when sound, functioning institutions were in place. The recent members had less of a time-span to reach appropriate levels of institutional-governance structures prior to external liberalisation, so they followed an accelerated path with some parallel liberalisation and institution-building. A summary look at major non-member countries in Latin America, Africa and Asia, does not bring out any clearly discernible pattern of sequencing and some reversals of liberalisation measures have occurred.

OECD member experience with progressive external financial liberalisation has been overall positive….

The study also presents detailed reviews of the liberalisation experiences of older OECD members and the still fresh experiences of the six new members in assuming and implementing the liberalisation obligations of the Codes. The study finds that, on balance, the members' experience with progressive external financial liberalisation has been positive. In terms of general economic efficiency effects, cross-border impediments to the efficient allocation of capital have been removed and countries' range for inter-temporal savings decisions has been extended via access to a greater pool of capital. Openness to foreign capital inflows has contributed to enhancing competition and hence improved performance within the domestic financial institutions.

…as banking and corporate sectors have become more competitive and asset portfolios more diversified.

It has also provided an opportunity for domestic corporations, which became free to issue securities abroad, to familiarise themselves with disclosure and other corporate governance standards required by advanced capital markets. For households and business firms, there have been the tangible benefits of being allowed to diversify away from country-specific risks in their asset portfolios. As noted above, in older member countries, crisis experience has been relatively limited as liberalisation was for the most part sequenced with deregulation and reform of domestic financial sectors.

Financial sector weakness was prominent among those new members where delays in structural reform and institution-building at times exposed serious governance problems.

The task of developing and upgrading the systems of financial regulation and supervision in the six recent members of the OECD formed a crucial part of the liberalisation process. Many of the obstacles that stood in the way of more complete liberalisation from the outset originated both from insufficient development and enforcement of financial regulation and supervision and, to some extent, from the retention of outdated and overly bureaucratic, discretionary procedures. In banking as well as securities markets entities, there were considerable institutional weaknesses and in the government agencies a lack of enforcement capability of regulation already developed to encompass international standards and principles. Amongst the Central and Eastern European new members, pressures and strains in connection with the Asian and Russian financial crises in 1997-98 were felt in particular by the Czech Republic and Poland. Both Korea and Mexico went through full-fledged financial crises shortly upon joining the Organisation.

Completeness and resolve in carrying out economic reforms is of crucial importance…..

This experience highlights the need for completeness of economic reforms throughout the economy – half liberalised systems can give rise to severe imbalances, which may be extremely costly to address from an economic, financial and social standpoint. The comprehensiveness and resolve in reform packages is a major factor in establishing credibility during the sensitive period of external liberalisation, as expectations that reform programmes will fail can quickly have a negative impact on investors' assessments of a country's standing.

…to establish and maintain credibility during the liberalisation process

An important aspect in this context is the maintenance by the governments of consistent messages to all market participants throughout the reform period, regarding the authorities’ intentions to adhere to an orderly process of capital account liberalisation, based on pre-announced phases and co-ordinated with other supporting policies Amongst the six new members, Hungary’s strategy and signalling of policy intentions stand out as particularly successful.

Sharing the experience of older OECD members, new members shun the re-imposition of controls …

The study notes that none of the crisis-struck new members took recourse to the Codes' derogation process to suspend liberalisation measures already taken, despite the severity of the crises experienced. Although older OECD members frequently resorted to derogations several decades ago, countries increasingly shun the re-imposition of controls, as evidenced in connection with the ERM-related crises affecting some of the older OECD members.

… during periods of acute financial turbulence.

In addition to its limited effectiveness once a critical mass of liberalisation has been accomplished, an important reason is that such a policy is negatively perceived by international market participants. A country which re-imposes controls on operations previously liberalised will generally not only find future access to international borrowing compromised, but also experience a potentially lasting set-back in terms of the development and standing of its own financial market place and its links with other financial centres.

To complement the accounts of the respective overall experience of older and newer OECD members, individual country case studies are presented in the Annex. These cover the experience with parallel deregulation and reform of the domestic financial sector and external capital account opening in Finland, France and Portugal, respectively, with the intention to highlight differences in approach and the commonality of difficulties encountered. Amongst recent members, a brief review of the currency crisis experienced by the Czech Republic in May 1997 is presented. This case illustrates the crucial importance of fostering state of the art lending and risk management practices in the banking sector as well as ensuring its effective supervision when liberalisation is undertaken.

2. Drawing it all together – lessons and conclusions

For successful external liberalisation, both the opportunities and the risks of free access to international capital and money markets must be heeded.

Faced with the multiplicity of issues and policy aspects that come to the fore in a discussion of capital account opening, it is essential to keep in mind the fundamental and so far unchallenged benefit of capital account liberalisation: it provides access to international capital markets, enabling a country to finance all manners of socially as well as economically beneficial activities regardless of the constraints imposed by the level of savings that the domestic economy can muster. Hence, the key question is: How is this additional finance being put to use? From the answers to this question, a view can be formed of the vulnerabilities that may be linked to the increase in external indebtedness – vulnerabilities – in the balance sheets where it ends up, in the degree of transparency and disclosure of these facts, in the risk management and effectiveness of supervision of the financial intermediaries involved, in the legal framework for contract enforcement, registry and enforcement of collateral claims, in insolvency procedures, in the public and private sector governance practices etc.

A sine qua non *is information dissemination...*

This already indicates, as a first lesson, that the provision and dissemination of information is of paramount importance as the capital account opening process is entered into. For capital to be allocated efficiently, for the build-up of vulnerabilities in balance sheets to be anticipated and avoided, for potential weaknesses and distortions in the functioning of prudential supervision as well as governance systems to be dealt with, market participants, monitoring authorities and other policy-makers must have the required information.

..to ensure full disclosure and transparency for risk identification and to build confidence.

This will include data that enable investors to assess the transparency and accountability of publicly released financial statements and audits as well as to assess compliance with standards of regulation and oversight. Information must also be disseminated on a timely and consistent basis regarding macro-economic fundamentals and policies of the country concerned for the benefit of international markets as an insurance against uninformed herding behaviour. Further targeted information is also required in order for potential and actual vulnerabilities in the system to be identified in time for remedial action.

The heart of any financial system is its institutional-informational infrastructure and its long-term contracting capabilities..

A second lesson, increasingly accepted as an established fact in the international debate on capital account liberalisation, is the crucial importance of institutions – their quality and functioning as well as their ability to withstand shocks and stresses. It has been suggested that the heart of any financial system is its institutional-informational infrastructure and long-term contracting capabilities, without which uncertainty cannot be priced in the form of marketable risk. This concerns in particular the legal and contracting system, but high standards of public and private sector governance are also central to the benchmarking of a country's social infrastructure. The role of other institutional factors of a higher order, which evolve only slowly over time are also becoming subject to analysis in the context of financial liberalisation.

..even if robust institutions and sound governance cannot exclude vulnerability to crisis, as external shocks and unbalanced macro-economic policies also play a role.

Further research should investigate the linkage between domestic and external financial liberalisation as well as the role of institutions in the liberalisation context. At the current juncture, it cannot be concluded that economies having appropriate institutional-governance systems and adequately developed financial sectors in place are able to move towards full liberalisation of capital movements with zero risk of a currency crisis. The consistency of fiscal, monetary and exchange rate policies must be taken into account, as well as the strength of any potential external shock. The indicators presented in the study represent an attempt to measure the resilience of institutions and domestic financial sectors to potential stresses as capital account opening proceeds. However, both within and outside the OECD member constituency, they produce examples of countries with seemingly sufficient quality of institutions and financial sector development which nevertheless end up in crisis situations when their capital accounts are opened. This does not contradict the importance of well functioning institutional frameworks nor the need for further research into the role and measurement of institutions as suggested above.

Sequencing of liberalisation measures may be a workable policy choice for those countries that lack sufficient supporting institutions and well-supervised banks.

This brings the question whether those countries lacking the required supporting institutional framework and sufficiently advanced domestic financial sectors should postpone liberalisation or opt for a sequenced approach to lifting controls. If an appropriate and workable sequencing of liberalisation of capital movements can be found that fits the circumstances as well as deals with the risks, this may well be a good policy option, although the possibility of circumvention of remaining control barriers is always present once a certain critical mass of liberalisation has been undertaken. The OECD Codes-based approach favours full freedom of direct investment flows and equity-related portfolio investment as a priority, followed by other long-term flows related to operations in debt securities. Most member countries have tended to relax controls on non-trade related financial credits and deposit operations last, as well as maintaining controls on derivative operations by non-bank entities to guard against "speculation". This was also the case of the recent members of the OECD, albeit with some variations. In some, excessive reliance on intermediation of foreign funds by poorly supervised and governed domestic banks, rather than direct foreign borrowing by the corporate sector, led to inadequate risk identification and allocation, and created large balance-sheet vulnerabilities.

Sequencing generally works best in situations of limited financial sophistication.

However, it must be recognised that the strategy of initially welcoming longer-term, equity-related flows and discouraging more volatile flows undertaken for short-term portfolio adjustment purposes works best in situations of relatively low financial sophistication. Already before the proliferation of new instruments and financial engineering techniques in today's markets, it was difficult to distinguish in an economically meaningful way between long-term and short-term capital flows. Short-term credits are often rolled over at repeated intervals and counted upon by borrowing entities in their financial planning, while long-term instruments can be disposed of at short notice in secondary markets. In the case of direct investment, an investor has already for many decades had the possibility of borrowing against his asset and shorting the local currency through a spot and forward transaction. Nowadays, there are multitudes of avenues for altering the effective maturity of an investment, depending on the depth and liquidity of the particular marketplace. In periods of stress and generalised loss of confidence by international market participants, the floodgates cannot be kept shut except by draconian measures. Some countries recognise this reality by opting for rapid and full-scale liberalisation of most or all flows, relying essentially on strengthened prudential supervision and improved transparency through adequate availability and dissemination of relevant data, to assess and contain risk relating to short-term capital flows.

Once a critical level of financial development and liberalisation is reached, evading remaining controls in periods of stress becomes easier..

The distortive effects of permanent capital controls are generally recognised…

Thus, the question has frequently been raised whether additional safeguards in the form of controls on short-term flows are needed in anticipation of looming financial problems. This is distinct from advocating controls as permanent features of the policy mix over longer time periods. There is now fairly general recognition of the distorting effects of such controls, in terms of sheltering financial institutions from foreign competition, weakening discipline on policy-makers, vesting unhealthy discretionary power with bureaucrats and inviting rent-seeking behaviour by privileged interest groups.

...while there is some evidence that certain forms of controls can temporarily serve to lengthen maturity structures of inflows.

Amongst temporary controls on short-term flows, those affecting inflows seem to find more forceful advocates. It is argued that they can be justified as part of or supportive of prudential measures and that they have produced the desired results in some circumstances. Controls on outflows are generally agreed to have little if any effect and may even be counterproductive, indicating lack of effective policies or even panic on the part of authorities contending with a crisis situation.

OECD members found capital controls of limited effectiveness already in the 1970s. Today, they are no longer considered as a policy option.

Two facts emerge from the OECD experience that are not always reflected in the international debate: First, the occurrence of crisis is by no means a new phenomenon, confined to emerging market contexts, but has been a feature in the OECD liberalisation process since its inception. Second, OECD members already expressed strong disenchantment with controls imposed to stem short-term flows in the 1970s on account of their decreasing effectiveness. Thus, OECD countries – in Europe and elsewhere – experienced a series of severe currency crises in the past, notably in the 1970s with the collapse of the Bretton Woods system and the first oil shock, in the early 1980s with France and Italy as two examples, in the early 1990s in the Nordic countries and within the European Monetary System. However, this crisis experience tended to be relatively contained as liberalisation was for the most part undertaken in tandem with reform of domestic financial sectors, while sound, functioning institutions were already in place.

The determination of OECD members to push on with liberalisation despite the possibility of episodic financial instability vouches for the benefits to be derived.

The determination of OECD members to push on with liberalisation despite the possibility of periodic financial instability and disruption shows that the adoption of corrective policy measures which pass the test of free financial markets represented a better policy choice which offered stronger guarantees for economic stability in the future than recourse to capital controls.

Where accompanying economic policies and supporting institutional frameworks are in place, international capital mobility has proved to bring essential macroeconomic benefits and efficiency gains: it offers a better allocation of world savings to productive uses; it ensures liquidity against domestic income fluctuations; it reduces investment risks by allowing portfolio diversification; and it provides signals from international markets that are salutary for the discipline of macroeconomic policies. In recent decades, liberalisation of capital movements has formed an integral part of regulatory reforms aiming to improve corporate and public governance and transparency of rules throughout the economy.

3. Extending and sharing the OECD experience

Policy complexity, and singularity of national circumstances…

The study's review of literature indicates that as a policy, capital account liberalisation is not well understood and remains controversial both on the macroeconomic and the micro-economic plans. Different theoretical perspectives have very different implications for the benefits deriving from capital account opening, and empirical analysis has so far not yielded any conclusive results. As regards the analysis of past crises, research has certainly brought out common factors, but evidence is still there that no two crisis situations are ever identical, given specific circumstances and features in the countries concerned.

…makes it difficult to develop prescriptive approaches.

This means both that taking a microeconomic approach in attempting to gain further insights into benefits and costs of capital account liberalisation is probably inevitable, and that hard and fast prescriptive rules for sequencing of liberalisation measures are not certain to be of general use.

The OECD experience represents a process of shared, mutually beneficial learning based on the Capital Movements Code's principles…

The distinctive OECD process of peer review in a multilateral setting can provide support for policy-makers engaged in financial liberalisation, by taking into account the specificity of their circumstances while at the same time sharing with them the accumulated experience of peer countries of similar or parallel policy situations. The OECD approach relies on a process of shared, mutually beneficial learning, where countries "benchmark" domestic regulations and policy measures against the standards set by the Codes of Liberalisation and the progress made by peer participants in this process to achieve those standards. In this way countries receive guidance as well as support in resolving the many complex policy issues linked to external financial liberalisation.

…which could be extended to non-members through similarly designed peer-review approaches.

This form of reasoned international co-operation based on the OECD Codes of Liberalisation could be of value to policy-makers in non-member countries, engaged in the opening of their capital accounts. The OECD is committed to share this experience as widely as possible, in partnership with non-members and other international organisations, to address the benefits and challenges of capital movements liberalisation.