

Regional Monetary Cooperation in East Asia against Asymmetric Responses to the US Dollar Depreciation

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【報告要旨】

In recent years, the United States have increased the current account deficit and depreciated the US dollar in a situation where decelerated huge capital inflows to the United States. The depreciation of the US dollar has led to appreciation of other currencies which include the euro and the Japanese yen. However, we can find asymmetric responses to the US dollar depreciation among East Asian currencies, which is caused by different choice of exchange rate systems; floating exchange rate system, managed floating exchange rate system, and dollar pegging system. The asymmetric responses of East Asian countries should bias relative prices of products made in East Asian countries and misallocate resources among the East Asian countries.

In this paper we consider a regional monetary cooperation in East Asia after we look at recent movements of exchange rates of East Asian currencies and exchange rate policies in East Asian countries. We regard that the recent movements of exchange rates have been related with their reactions to the US dollar depreciation that has been caused by the current account deficit of the United States and changes in capital flows between the United States and the rest of the world. We found that East Asian currencies were classified into at least two groups; one group's currencies have been appreciated against the US dollar while the other's currencies have been pegged to the US dollar. We stress coordination failure in exchange rate policies among East Asian countries that causes biased change in exchange rates among the intra-regional currencies. It is necessary to make regional coordination in exchange rate policies for a desirable exchange rate system in East Asia. At last, we suggest some policy recommendations related with regional cooperation in exchange rate policies in East Asia.