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## UPDATE 2-IMF chief appoints senior Chinese official as aide

Thu Feb 25, 2010 1:04am IST

(Adds quotes, background)

By Lesley Wroughton

WASHINGTON, Feb 24 (Reuters) - The chief of the International Monetary Fund, Dominique Strauss-Kahn, on Wednesday appointed a senior Bank of China official as his special adviser, in a move the IMF said would raise its understanding of emerging market economies.

Zhu Min, currently a deputy governor at the People's Bank of China, will likely take up his position at the start of May, Strauss-Kahn said.

It is the highest-profile Chinese appointment in the IMF's history and comes with China's meteoric rise in the global economy and the IMF's push to give rising economic powers a greater say in decision-making.

"He will play an important role in working with me and my management team in meeting the challenges facing our global membership in the period ahead, and in strengthening the fund's understanding of Asia and emerging markets more generally," Strauss-Kahn said in a statement.

China had pressed for a senior-level position at the IMF but has been blocked by Japan's long-held lock on the top job for an Asian as deputy managing director.

This goes to the heart of frustrations among emerging and developing countries about the selection process of top officials in the fund, including the post of managing director which has always gone to a European.

"This is a very significant appointment," said Eswar Prasad, a former IMF official who worked on China matters and is now a senior fellow at the Brookings Institution in Washington, D.C.

"China has been shut out of influential positions in the IMF, and IMF management has been trying to find an appropriate slot. Parachuting him into a high-level position is a way of getting around that," Prasad said.

He said China should be "reasonably pleased" with the appointment although it would want something more influential.

"He will not have direct influence in driving the IMF's policy agenda, only at the margins, but it will depend on how the managing director integrates him into work flow," said Prasad.

Zhu has a doctorate and masters in economics from Johns Hopkins University. He also attended the Woodrow Wilson School of Public Affairs at Princeton University.

### ASIAN PERSPECTIVE

IMF officials said Zhu would bring important guidance on how the IMF could improve its relationship with emerging Asia, something the Fund has struggled with as an organization long dominated by the United States and Europe.

China and the IMF's relations have been strained over decisions in recent years on currency-related issues, which Beijing said was a ploy by the United States to enlist the IMF's help in its campaign for a stronger yuan.

Beijing has refused to let the IMF publish staff documents related to the Fund's annual assessment of its economy, although it permitted a statement

from the IMF board.

Strauss-Kahn, a seasoned French politician and former finance minister, has pushed behind the scenes to make the organization more in tune with the needs of emerging market economies like China, India, South Korea and Brazil.

It is driven by concerns that unless the IMF changes it will become irrelevant to emerging powers at a time their economies are a vital source of growth for the world economy.

(Reporting by Lesley Wroughton; Editing by Chizu Nomiyama)

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