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Sovereign Wealth Funds: Is Asia Different?

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Abstract

Sovereign wealth funds (SWFs) have become a prominent feature of the international financial landscape. They are sufficiently diverse in their origins, structures, and objectives that generalizations are perilous. However, legitimate concerns have been raised in home and host countries about the management, behavior, and interactions of these funds. Many of those concerns can be addressed via increased accountability and transparency. The Santiago Principles are a good start in doing so, but my SWF scoreboard points to areas where these principles can be improved. Meanwhile, SWF compliance must be further increased. At the same time, the Organization for Economic Cooperation and Development (OECD) effort to address concerns from the host-country side has not resulted in the erection of new barriers to that form of cross-border investment, but the OECD failed to reverse the creeping financial protectionism of the past decade. Because of their size and the source of their funding, some Asian funds are different. As a result, they will be held to a higher standard of accountability and transparency even as their government owners press for more openness to cross-border investment.

JEL codes: F3, F02, F21, F42

Keywords: Asia, international investment, OECD, Santiago Principles, sovereign wealth funds

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1. INTRODUCTION

Governments engage in a wide range of economic and financial activities. Those activities include the accumulation of pools of financial assets in various institutional structures in anticipation of the use of the principal or earnings on the assets at some later date. Some of those assets may be located outside the country. One example of such pools of investments is a country's international reserves. Governments may also own or control financial and non-financial entities with investments in other countries. A final example is what has come to be called a sovereign wealth fund (SWF).

In this paper, I provide in the next section an overview of SWFs and review the public policy issues that SWFs pose for home and host countries. In the following section, I look at the response of the governments with SWFs to some of these public policy issues, including establishment of the Santiago Principles drawn up by the International Working Group (IWG) of SWFs. The Santiago Principles were, in part, inspired by my SWF scoreboard, which I employ to evaluate that effort. I also look at the responses of governments that are host to SWF investments, primarily via the Organization for Economic Cooperation and Development (OECD), to some of the issues that SWFs raise. I conclude with some thoughts on the future of SWFs in general and Asian SWFs in particular. Throughout, I focus primarily on 44 SWFs, as defined below, and nine government pension funds. I compare and contrast these 53 entities of 37 countries with a subset of 11 SWFs and three government pension funds of 12 Asian countries.

2. OVERVIEW OF SWFS AND SWF ISSUES

Sovereign wealth funds do not enjoy a fully operational, generally accepted definition. This is, in part, because governmental investment entities have different histories, derive their funding from different sources, and have different objectives. Gelpern (2011) goes so far as to argue that SWFs are an artificial category and a jumble of contradictions.

"Sovereign wealth fund" is a descriptive term that I use to identify separate pools of government-owned or controlled assets that include some international assets (Truman 2010). In this paper, I apply the specific definition adopted by the IWG of SWFs (IWG 2008). The IWG definition includes government pension reserve funds. These are funds that are not directly linked to the financing of social security systems but are expected to be used for that purpose in the future. The IWG definition does not include other forms of government pension funds.[1] In this paper, I include a sample of government pension funds for purposes of comparison because they raise many of the same issues for public policy for home and host countries as SWFs and, in particular, pension reserve funds.[2]

A particular SWF may have one or more of a number of objectives. One classification (IMF 2008) lists five: (1) stabilization funds designed to insulate the budget or the economy against price swings; (2) savings funds for future generations often transferring wealth that is underground into financial wealth aboveground; (3) reserve investment funds that are an adjunct to other arrangements for managing foreign exchange reserves and sometimes include a portion of the country's foreign exchange reserves; (4) development funds that are organized to achieve various socioeconomic objectives at home or abroad and may resemble financial holding companies; and (5) contingent pension reserve funds, as already discussed, that are intended to backstop government pension funds. In practice, most funds have a mixture of objectives that often change over time with economic and financial circumstances. For example, a stabilization fund may grow in size and becomes more like a savings fund. For all these reasons, it is perilous to try to classify SWFs by objectives.

Table 1 provides a list of 60 SWFs, including four pension reserve funds, of 44 countries; the year when each fund was first established; the principal sources of its financial resources; the size of its assets under management, or an estimate of its size, based on the most recent information available; and the amount of its foreign assets or an estimate thereof. The table provides, in the lower portion, information on nine government pension funds, including funds from an additional four countries.

The total assets of the entities listed in table 1 are $5.9 trillion, $3.3 trillion in SWF assets and $2.6 trillion in assets of government pension funds.[3] Asian funds account for 36 percent of SWFs assets listed in table 1 and 61 percent of the assets of the sample of government pension funds, which is dominated by Japan's Government Pension Investment Fund.

Of the 60 SWFs listed in table 1, 14 have estimated assets of at least $48 billion. Those funds account for 87 percent of total SWF assets. The eight SWFs with assets of $100 billion or more account for 75 percent of the total. Thus, the bulk of SWF assets are concentrated in a small number of funds and countries, which raises issues of their economic and financial power and influence. The 13 Asian SWFs listed in the table account for 36 percent of all SWF assets. Four of the funds have total assets of more than $100 billion. Asian countries are big players in the SWF universe both as a group and individually.

As a group, the SWFs listed in table 1 hold an estimated 86 percent of their portfolios in foreign assets. For the nine government pension funds, the share of foreign assets is substantially lower on average: 33 percent. The share of foreign assets also is lower at 69 percent for the 13 Asian SWFs, in part reflecting the different origins of some of these funds. For example, Singapore's Temasek Holdings, the China Investment Corporation (CIC), and Australia's Future Fund were initially endowed with domestic assets, either primarily or exclusively. Although the CIC receives an inordinate amount of attention today; based on the latest available information, less than 25 percent of its balance sheet is in foreign assets.

Total SWF assets sextupled between 2002 and 2007. Like other investment portfolios, SWFs portfolios took a hit in the global economic and financial crisis. Some countries also drew on their funds to finance domestic expenditures or financial support operations. However, a comparison of the data in table 1 with estimates compiled about a year ago and published in Truman (2010) suggest a growth of about 10 percent over the past year. The growth rate of Asian SWFs was somewhat higher.

The earliest government investment pool that today is described as an SWF was founded in 1953. It is now the Kuwait Investment Corporation. Of the 60 SWFs listed in table 1, three can trace their origins to before 1970. Seven were established in the 1970s, mostly in the context of the rise in oil prices during that period. A larger number (12) were established between 1980 and the mid-1990s. However, the bulk (more than 60 percent) were established over the past decade and a half as oil and other commodity prices rose and some countries built up large balances of foreign exchange reserves. More than half of these newest SWFs were established in 2004 or later. Seven of the 13 Asian SWFs were established after 1995, all except one of them after 2004. Thus, SWFs are not a new phenomenon, but, by number of funds, their presence in global finance and economic and financial relations recently has dramatically increased.

Although the vast majority (about 70 percent) of the SWFs listed in table 1 receives funding from earnings on the export of natural resources, primarily petroleum or natural gas, such earnings are not the only source of SWF endowments. Four countries have diverted, or otherwise deployed, their foreign exchange reserves to fund their SWFs in whole or in part, including some of the largest funds.[4] Sometimes the foreign exchange reserves used to fund an SWF continue to be included as part of the country's international reserves, and vice versa. However, about 20 percent of all countries with SWFs, fund them from sources other than directly from earnings from the export of natural resources or from foreign exchange reserves. Government pension fund are funded from either fiscal revenues or the contributions of employers and employees.

It is striking that all four SWFs that are funded from foreign exchange reserves are Asian, and only three of the Asian SWFs are funded from proceeds from the export of natural resources. More than half of the Asian SWFs receive their funding from other sources, primarily fiscal resources.

In partial summary of this background information on SWFs as it relates to the question of whether Asian SWFs are different, the following points are relevant: Asian SWFs are prominent in the SWF universe, and Asia is home to a disproportionate share of the largest funds. A somewhat lower share of Asian SWF assets are invested outside their home countries than for non-Asian funds. The number of Asian SWFs has increased as rapidly as the overall universe of funds. Since the global economic and financial crisis, assets under management of Asian funds have increased somewhat faster than the global total. The most striking feature differentiating Asian SWFs from those of other regions is the concentration of their funding on foreign exchange reserves and on sources other than the proceeds from

exports of natural resources. This feature is relevant because of the criticisms elsewhere of some of the policies that have led to large accumulations of foreign exchange reserves by some Asian countries.

Governments have established sovereign wealth funds in many different forms to achieve a range of objectives. In their international investment activities, SWFs are a manifestation of increased financial globalization as well as of shifts in economic and financial power relationships in the world economy. In my view, SWFs are not the most important aspect of the latter trend, but the issues and concerns that SWFs raise are important in their own right and indicative of more general concerns about the role of governments in international economic and financial matters. A government's decisions about its international investments by any of its SWF affect four categories of interests: the government's specific interests, and those of its citizens, of financial market participants at home and abroad, and of governments and citizens in other countries.[5]

In my research on SWFs (Truman 2007, 2008a, and 2010), I have identified, among many candidates, five broad areas of concern: (1) mismanagement of investments by SWFs to the economic and financial detriment of the citizens of the home country of the fund, who bear most of the economic and financial consequences of any mismanagement; (2) pursuit of national political or economic power objectives via SWFs; (3) exacerbation of financial protectionism inspired by actual or perceived threats from foreign SWFs; (4) the potential for financial market turmoil and uncertainty associated with SWF activities; and (5) conflicts of interest between countries with SWFs and countries in which they invest—between home and host governments, between host governments and the funds, and between the funds and the general public in countries in which they invest.

The first two concerns primarily involve the policies and behavior of the countries that are home to SWFs. It can be argued that these concerns are shared by all government-sponsored investment institutions, and it is important to appreciate the fact that SWFs are only one form of cross-border investments by governmental entities, or global public investors in the terminology of West et al (2011). In today's world, the management of some countries' reserves is little different from the management of SWF investments, and there are many other government-owned entities that invest abroad. However, for many countries with SWFs, their funds tend to the principal vehicle for foreign investment. For many host countries, SWFs are perceived to be more consequential and potentially threatening than other forms, because of their size. The second two concerns primarily involve the attitudes, policies, and markets of the host country to SWF investments. The last concern involves relationships between both groups of countries.

Some argue that all these concerns are largely hypothetical—in particular concerns (2) and (4)—and not broadly supported by what we know about the behavior of SWFs. The second part of this statement may be correct, but the potential concerns are real. In a survey of attitudes of 1,000 representatives of

national elites in seven advanced and emerging-market countries, including China and India but not Japan, Hill & Knowlton and Penn Schoen Berland (2010) report that 50 percent are either much more (16 percent) or somewhat more (34 percent) concerned about SWFs as a source of finance than other sources of investment such as investment banks, insurance funds, private equity, and family wealth. According to this survey, only hedge funds generate more concern.

Are these concerns more or less relevant to Asian SWFs? This question is not easy to answer given the diversity of funds, in general, and the fact that Asian countries differ substantially in their stage of development and in their relations with other countries. For purposes of the discussion that follows, I include countries listed in table 1 that also have government pension funds, thus incorporating Japan which periodically actively contemplates establishing a SWF. Treating Hong Kong and China separately, 13 Asian economies are represented in table 1. They range in stage of economic and financial development from Papua New Guinea to Japan. They include four OECD countries. Four of the economies have funds with combined assets of more than $300 billion: Japan, Singapore, China, and Hong Kong.

The mismanagement of SWF assets is primarily a concern with respect to countries at a lower level of development such as Papua New Guinea, Timor-Leste, and Vietnam because these economies have proportionately more to lose as a result of corruption and asset mismanagement. With respect to countries using their SWFs to pursue political and economic power objectives, it should be recognized that there is a heavy dose of politics involved in SWFs and their investments, at least at the level of perception. This type of concern, for better or worse, is most often associated with larger countries, in particular countries that less than fully embrace the international norms and conventions of the mature industrial countries, such as China and to some extent Japan.

Financial protectionism in SWF host countries is the flip side of political and economic power concerns about SWFs and their home countries and the motivations behind SWF investments. With respect to potential financial market turmoil and uncertainty, if these concerns are real, they are positively correlated with the size of countries' SWFs. The SWFs of Singapore and to a lesser extent China and Korea were involved in investments or rumored investments in western financial institutions weakened by the global financial crisis. The actual investments helped to support these institutions although the SWFs and their government owners, in retrospect, may have regretted their investments. Based on this experience, the possibility cannot be dismissed that in the future SWFs could sell investments in weakened financial institutions and, thereby, contribute to financial volatility. In the case of Korea, in September 2008, there were reports of a bid by the Korean Development Bank for Lehman Brothers that never materialized. Although the Korean Development Bank is a state-owned bank, and not the Korean Investment Corporation (KIC), the distinction is lost on some observers, and the next time it could be the KIC.

Finally, with respect to the potential for conflicts over the activities of SWFs, the Chinese authorities have been quite critical of the policies of the United States toward foreign investment, and the SWFs of Singapore have been involved in cross-border political controversies. With respect to OECD countries, it is notable that in 2008 New Zealand blocked the purchase of a substantial stake in the Auckland airport by the Canada Pension Plan, which resulted in an out of court settlement to cover the expenses the Canadian entity had incurred. More recently, political actions to freeze the assets of Libya and those of Muammer Gaddafi, his family, and associates have affected the Libyan Investment Authority (LIA) and the operations of Libya's central bank as well as the myriad of companies in which they have invested.

In summary, the fact that Asian SWFs are disproportionately funded out of foreign exchange reserves and sources other than the proceeds of exports of natural resources, and the fact that the policies that led to some of the accumulations of foreign exchange reserves (by China, Japan, Singapore, and potentially Korea) have been internationally criticized, suggests that the activities of some Asian funds will receive closer scrutiny than the SWFs of other countries.

3. POLICY RESPONSES

The emergence of SWFs as major players in the international financial arena in 2007 coming on the heals of the Dubai Ports World controversy in the United States in 2006—notwithstanding the fact that Dubai Ports World is not an SWF—led to collective responses by the major countries that are home to SWFs in the form of the Santiago Principles (Generally Accepted Principles and Practices of SWFs) and those that are host to many of their investments in the form of consideration by members of the OECD of whether a special regime should apply to SWF investments. The Santiago Principles is the most important of these responses and is considered first below. The OECD effort resulted essentially in a limited holding action against tightening the existing agreed framework governing foreign investments in OECD countries.

A. The Santiago Principles and the SWF Scoreboard

As anxiety and, largely uninformed, controversies over SWFs boiled up in 2007, I was among those advocating a collective effort to develop an internationally agreed standard for SWFs (Truman 2007). I developed a SWF scoreboard as a prototype for what became the Santiago Principles (Truman 2008a and 2008b). The Santiago Principles were developed under the aegis of the International Monetary Fund (IMF) by the International Working Group of SWFs. Twenty-three countries, and at least one SWF from each, participated, including six Asian countries (Australia, China, South Korea, New Zealand, Singapore, and Timor-Leste), along with three observers, including Vietnam. The IWG completed its work in a remarkably short period of time and released the Santiago Principles (IWG 2008) to the public on October 11, 2008. The release was overshadowed by the global financial crisis that was raging at the time.[6]

The SWF scoreboard provides one metric for assessing the Santiago Principles and the work of the IWG of SWFs and IFSWF. The current version of the SWF scoreboard assesses the accountability and transparency of 44 SWFs and nine government pension funds from 37 countries.[7] It consists of 33 elements based on systematic, regularly available, public information.[8] Each element in the scoreboard asks simple questions that can be answered either yes or no. A "yes" receives a point, but we allow for partial credit. A "no" receives no credit. At least one SWF must receive a positive score on each element for that element to be included; normally several do.

The elements of the SWF scoreboard are grouped in four categories: (1) structure of the fund, including its objectives, links to the government's fiscal policy, and whether the fund is independent from the countries' international reserves; (2) governance of the fund, including the roles of the government, of the board of the fund and of its managers, and whether the fund follows guidelines for corporate responsibility; (3) accountability and transparency of the fund in its investment strategy, investment activities, reporting, and audits; and (4) behavior of the fund in managing its portfolio and its risk management policies, including the use of leverage and derivatives.

For its part, the Santiago Principles include 30 principles and subprinciples that overlap with 25 of the 33 elements in the SWF scoreboard. This permits not only a comparison between the two standards as they are applied to SWFs, but also a basis for assessing the comprehensiveness of the Santiago Principles.[9]

SWFs would score 76 out of 100 on the SWF scoreboard if they only complied completely with the Santiago Principles that overlap with the scoreboard, which of course is not generally the case; some SWFs comply with more and some with less. From the perspective of the SWF scoreboard, the most prominent omissions from the Santiago Principles are the failure to recommend that funds disclose their overall size (which most funds do with prominent exceptions, including Singapore's GIC), they be separated from countries' international reserves, they publish audits of their operations, and they report the currency composition of their investments. In addition, the Santiago Principles lack complete clarity on what should be, or need not be, publicly disclosed. The applicable standard should be to comply (via public disclosure) or to explain why a fund is not doing so. In other words, the Santiago Principles can be improved upon.

Table 2 provides a comparison drawn from Truman (2010) of the results of the 33 elements of the SWF scoreboard and the intersection of 25 of those elements with the Santiago Principles.[10] With respect to the SWF scoreboard, for the full set of 44 SWFs and nine government pension funds, the average score is 60 compared with 63 on the Santiago Principles. For the 44 SWFs, the average score on the scoreboard is 54, while the score on the Santiago Principles is 58. For the nine government pension funds, the scores on average are higher: 85 on the scoreboard as a whole and 88 on the Santiago Principles.

What should one conclude from the results presented in table 2?

First, all SWFs are not the same in terms of either of these two standards of accountability and transparency. Nor do the funds cluster in one group with high scores and another group with very low scores.

The SWFs can be arrayed broadly in three categories. Nine SWFs are between 80 and 97 on the SWF scoreboard; the Santiago Principles place 11 funds in that category. Three Asian SWFs are in the top category based on the SWF scoreboard, and Singapore's Temasek Holdings joins them based on the standard of the Santiago Principles. At the other extreme, the SWF scoreboard places 13 funds at 30 or less, including the Brunei Investment Authority; this category of funds shrinks to nine based on the Santiago Principles. Thus, half the funds receive scores between 30 and 80 according to both standards, including the majority of the Asian SWFs.

Second, the correlation between size of a fund and its scores is positive though not significant, contrary to the often-heard assertion that larger funds are more opaque. Among the 13 funds with total assets in table 1 of more than $48 billion that we scored, the average is 54 right on that for all SWFs.[11] The average score for these largest SWFs on the Santiago Principles is 59, essentially the same as that for all SWFs.

Third, looking more closely at the two standards for transparency and accountability, the scores on the Santiago Principles are slightly higher on average (by 4 percentage points) but the difference is not significant. There are, however, substantial differences for some funds. The larger differences include those for the Government of Singapore Investment Corporation, the Abu Dhabi Investment Authority, Australia's Future Fund, São Tomé and Príncipe's National Oil Account, Singapore's Temasek Holdings, and Kiribati's Revenue Equalization Reserve Fund; for each fund, the difference is at least 9 percentage points. It may not be entirely a coincidence that three of these SWFs are in Asia. Singapore and Australia, in particular, were active members of the group that drew up the Santiago Principles. Thus, they were able to influence the content of the standard and, presumably, now feel greater pressure to bring their funds closer in line with it.[12]

Fourth, on both standards, the government pension funds score on average higher that the regular SWFs, almost all above 80. This pattern is not particularly surprising given that government pension funds, as well as SWFs set up as pension reserve funds, generally operate under tighter laws, regulations, and rules than one might expect would apply generally to the more broader universe of SWFs. However, an interesting point is that the government pension funds as a group and individually do not score uniformly higher than all of the SWFs.

Fifth, other comparisons reveal differences in average performance that are significant with respect to the SWF scoreboard (Truman 2010, table 5.2) and by extension the Santiago Principles. The SWFs of the countries that are members of the OECD score significantly higher on average than those of

non-members of the OECD. Among countries that are not members of the OECD, the average score for SWFs of countries in the Middle East is significantly lower than for the SWFs of other countries that are not members of the OECD. However, when it comes to a comparison of the average score for Asian SWFs and the funds of non-Asian, non-Middle Eastern, non-OECD countries, there is no significant difference.[13] However, in each of these comparisons the standard deviations are large. For the small sample of government pension funds, those from Asia score markedly lower on average than the non-Asian funds though the latter are exclusively from countries that are members of the OECD and their performance might be expected to correlate with their tighter laws, regulations, and rules. On the other hand, it is notable that Japan's Government Pension Investment Fund is essentially at the bottom of this group of government pension funds from OECD countries.

Sixth, funds from the same country have different scores. See the range of scores for the funds of the United States and Canada as well as the United Arab Emirates. Two Asian countries have two funds each that have been scored: Singapore and China. In the case of Singapore, Temasek Holdings scores somewhat higher than the Government of Singapore Investment Company (GIC). For China, the National Social Security Fund scores somewhat higher than the CIC.

A final comparison is between the SWF scoreboard results for the 23 SWFs that participate in the IFSWF and the 21 funds that do not. The average score for the first group (65) is significantly higher than for the second group (42). The seven Asian SWFs on average score somewhat higher than the average for all the IFSWF funds, as is shown in table 2. As a result, the gap is substantial between the average score of Asian funds in the IFSWF and those that do not participate in this group. This difference may indicate Asian seriousness as well as Asian diversity.

One of the objectives of the Santiago Principles is to promote greater accountability and transparency on the part of SWFs. I have used the SWF scoreboard as the basis for assessing progress in this area and implicitly the impact to date of the work of the IWG of SWFs and the IFSWF. For this paper, we rescored the 11 Asian SWFs and three Asian pension funds based on information available in February 2011. Table 3 compares these results, based on information generally from late 2010 (hence, 2010 score) with those in the SWF scoreboard published in Truman (2010), which was based on information available a year earlier (hence, 2009 score).

Five of the Asian SWFs record higher scores, but the average increase for all 11 funds is only two percentage points. With respect to Asian government pension funds, Japan's fund now provides more information than before on its specific investments. Thailand's fund now receives more credit by having a risk management policy, but loses a full point (three points on a scale of 100) because it has not published an audit since 2008.[14] It is notable that the three SWFs for which we recorded substantial increases in scores—Korea, Australia, and China—are all members of the IFSWF. Moreover, the IFSWF is now

chaired by David Murray, Chairman of Australia's Future Fund Board of Guardians, and one of the two vice chairs is Jin Liqun, Chairman of the Board of Supervisors, China Investment Corporation.[15] With leadership comes responsibility.

Table 4 presents a longer-term perspective on the extent of improvement in performances on the SWF scoreboard. Thirty three funds were scored in the 2007 edition of the scoreboard. Including the updated scores for nine of the Asian SWFs, the average improvement since 2007 has been 15 percentage points.[16] With the latest results, the average improvement for the Asian funds is 21 percentage points, while the improvement for non-Asian SWFs was only 12 percentages points as of a year ago. Asian funds account for five of the nine funds with changes of more than 20 percentage points. Even initially high-scoring funds such as New Zealand's Superannuation Fund have recorded a small improvement, and the lowest scoring Asian SWF of Brunei Darussalam has increased its score by 11 percentage points.

On the basis of this analysis, I conclude that the Santiago Principles are a very good first step toward improving the accountability and transparency of SWFs, albeit not as comprehensive and robust as they could be. SWFs that participate in the IFSWF score higher on the SWF scoreboard as well as on my application of the Santiago Principles, but there is substantial room for improvement for almost all funds on either standard. Although the Asian SWFs score higher on average than those of other regions of the world on both standards, and the scores of Asian funds on the SWF scoreboard have increased, in some cases dramatically, there remains substantial room for improvement on the part of almost all Asian as well as non-Asian funds. The IFSWF in mid-July will release a report on a survey of the experiences of its members with the application of the Santiago Principles. This will be a major test for the IFSWF. How comprehensive will the report be? How frank will the report be about the fact, documented in this paper, that on the SWF scoreboard and on my assessment of the Santiago Principles, several of the SWFs that are members of the IFSWF have low scores, starting with the Libyan Investment Authority, which it is impossible to score, but including the Qatar Investment Authority, and the Russian SWFs.

Moreover, with respect to the Santiago Principles and the IFSWF, it is not enough that those funds linked to the IFSWF improve their scores; it is in the interest of those funds and to the IFSWF that the scores of all funds improve. Among other reasons, public attitudes in countries that are host to SWF investments are affected by the behavior of all funds, regardless of whether they are members of the IFSWF. In that connection, it is regrettable that the official membership in the IFSWF has been static since the IWG was first organized three years ago. Among the 20 SWFs listed in table 1 with total assets of more than $25 billion, seven are not directly associated with the IFSWF. They include three Asian SWFs, those of Hong Kong, Malaysia, and Brunei Darussalam.[17]

B. Response to SWFs by Host Countries

Countries with SWFs naturally have an interest in an open global investment regime.[18] Representatives of SWFs and officials that are home to such funds have been vocal in expressing concerns about the potential for increased financial protectionism in countries that are host to SWF investments. Although some World Trade Organization agreements cover aspects of foreign investment, the principal governing framework in this area has been established by OECD members. Some non-members of the OECD have also embraced the framework. It consists of a number of codes, standards, and declarations adopted over more than five decades.[19]

In the context of heightened interest and concerns about SWFs, in 2007 the G-7 leaders' meeting in Germany and subsequently the G-7 finance ministers and central bank governors' meeting in Washington called for the development of guidance for recipient countries' policies on investments by SWFs. This effort was motivated, in part, by increased anxiety about investments from countries that had not participated in drawing up the OECD framework in particular as it applied to investments by governmental entities, including SWFs. For the mature industrial countries, the shoe of openness to foreign investments was now on the other foot, and it was being worn by entities controlled by governments. Of course, the concerns about governmental investments were not directed solely at SWFs. The bulk of SWF investments do not involve control, but some SWF investments are controlling. On the other hand, helping to contribute to a more balanced view, at least a dozen countries that are members of the OECD have their own SWFs, or the equivalent in the form of government pension funds. Seven OECD countries participated in the IWG that drew up the Santiago Principles. Thus, the congruence between concerns about SWFs investments and other governmental cross-border investments and the sources of those investments is not perfect. A number of major host countries to SWF investments have a reciprocal stake in the fairness of applicable investment regimes to SWFs.

The OECD review resulted in no change in the framework applied to cross-border investments. That modest result in itself was significant and not foreordained when the OECD review started. In June 2008, the OECD Ministerial Council adopted a declaration on SWFs that reaffirmed the applicability of the existing OECD framework to investments by such entities, implicitly rejecting a separate regime for them. In a companion step, in October 2008 the Investment Committee of the OECD issued a set of Guidelines for Recipient Country Investment Policies Relating to National Security. The legal status of those guidelines was raised in May 2009 by the OECD Council. The guidelines recognized that national security considerations could be used as an excuse to block foreign investments, including by SWFs. At the same time, they sought to establish broad principles to minimize discrimination, increase transparency and predictability, limit restrictions as narrowly as possible, and make countries accountable for their policies.

How should one judge the OECD efforts? In my view, the good news is that there was no formal blessing of a tightening of investment regimes in response to perceived threats from SWFs. The bad news is that an opportunity was missed to expand the openness of the OECD regime in particular as it applies to SWFs.

A number of initiatives would have been desirable in 2008-09. They are still desirable. First, the nondiscrimination provisions of OECD investment codes and standards are binding, in the loosest sense of that word because they are enforced only via peer reviews, only on members of the OECD alone. Demarolle (2008) uses the word "mandatory" to describe the OECD regime and contrasts that with the voluntary nature of the then-proposed best practices for SWFs. However, the comparison is not particularly apt because the OECD framework of nondiscrimination extends to nonmembers, as long as they are also members of the IMF, only on a best-endeavors basis. It would have been desirable to explore the possibility of broadening this nondiscrimination to the SWFs of nonmember countries, perhaps with an implicit quid pro quo in terms of the best practices for such funds that were then being worked out in the IWG of SWFs and ultimately became the Santiago Principles. This would have enhanced the stability and predictability of investment regimes in OECD countries.

Second, under the circumstances, including the crisis that was then breaking over the global economy and financial system, it is unfortunate that the OECD countries did not call for a meaningful standstill on new restrictive measures governing investment, instead of merely referencing a commitment to a standstill that had been observed in the breach for some time.

Third, individual OECD countries have invoked multiple exceptions to the investment principles and guidelines even as they apply to OECD members. In other words, what is weakly binding has many loopholes. It is unfortunate in this context that no effort apparently was made to limit those exceptions or, at a minimum, shine more light on them. The peer review processes at the OECD take the status quo, which includes exceptions, as the baseline and examine members' policy actions against that baseline of national treatment. This is not a zero baseline. It does not contribute to a predictable investment framework.

Fourth, the new guidelines on foreign investment and national security concerns were a step forward in that they at least codified the issues. However, the obstacles to the creation of a level playing field are many. National security is a huge loophole in national investment policies through which garden variety of financial and other forms of protectionism can expand.

Consider some of the sectors that are exempted on national security grounds. In the United States, restrictions on foreign investment are justified on "essential security" grounds in three sectors: air and maritime transport; radio, broadcasting, and telephone; and (my favorite) maritime dredging

and salvaging. In the United Kingdom, there is a broad exclusion for controlling investments that are "contrary to the interests of the United Kingdom or a substantial part of it."

In general, the investment policies of many OECD members are inconsistent with the Investment Committee's call for regulatory proportionality: "Restrictions on investment, or conditions on transaction, should not be greater than the need to protect national security and they should be avoided when other existing measures are adequate and appropriate to address a national security concern" (Gordon 2010, 118). National security morphs into essential security. Essential security for some countries becomes in other countries public security (France), public order (France, Germany, and Japan), public safety (Germany and Japan), net benefits from foreign investment (Canada), gross benefits (New Zealand), or the national interest (Australia).

These are broad issues and they involve many types of cross-border investment, but in the context of reciprocal responsibility between home and host countries for SWF investments, several points stand out. Declared national and economic security interests are essentially unchallengeable under international law. However, that fact does not prevent the OECD from covering them under its peer review processes, and those processes could be opened up routinely to nonmember countries with SWFs of significant size.[20] Marchick and Slaughter (2008) paint a gloomy picture of the protectionist drift in national policies on inward foreign direct investment and prescribe a much longer list of desirable reforms, including a code of conduct covering national investment reviews, which they argue should be narrowly tailored and focus on national security and not on economic factors. In Truman 2010, I cite a number of recent instances in which proposed foreign investments from OECD countries in other OECD countries have been blocked. I also list a number of actions by major countries, including the United States, Germany, France, Italy, Australia, and Canada, to tighten their foreign investment regimes.

My conclusion on the response of host countries to SWF investments is that SWFs in general, and Asian SWFs, in particular, face a global investment regime that is becoming less open. Countries with SWFs, in particular those that are not members of the OECD, have reasonable concerns.

4. CONCLUDING OBSERVATIONS

Sovereign wealth funds have become a permanent, prominent feature of the international financial landscape. Even if they do not resume the spectacular rate of growth that characterized the period up to the outbreak of the global economic and financial crisis in 2007, their relative importance is likely to increase by virtue of the shift of wealth from the mature industrial countries to other countries in which governments play a larger role in the management of national wealth. As a consequence, concerns about SWF investments, which are real though exaggerated, will remain. Those concerns have been ameliorated

somewhat over the past several years as SWFs have been demystified, including via the adoption of the Santiago Principles and the processes that lay behind that initiative. But the concerns have not gone away.

The Santiago Principles are an impressive monument to international financial cooperation, but they are only a start in the promotion of SWF accountability and transparency. The Santiago Principles need to be upgraded along the lines of my SWF scoreboard and compliance with the Principles must be further improved.

For their part, the OECD countries are a major destination for SWF investments. The OECD itself is the leading standard setter on cross-border investment regimes. The OECD has succeeded in not erecting new barriers to SWF investments, but it has failed to roll back the creeping financial protectionism of the past decade. The openness of the global investment regime can and should be improved for SWFs as well as for other forms of cross-border investments.

What about Asian SWFs? Is Asia different? Asia is a major player in the SWF universe. Because of the size of some Asian SWFs and differences in the source of funding of many Asian funds, they create more anxiety in potential host countries. As a result, those Asian funds will be held to a higher standard of accountability and transparency. Thus, it is in Asia's interest to promote increased compliance with SWF standards in Asia and elsewhere. It is also in Asia's interest to press not only for greater openness to SWF and other cross-border investments but also to lead by example.

ENDNOTES

1. The IWG (2008, 3) agreed: "SWFs are special purpose investment funds or arrangements that are owned by the general government. Created by the general government for macroeconomic purposes, SWFs hold, manage, or administer assets to achieve financial objectives, and employ a set of investment strategies that include investing in foreign financial assets." The IWG noted that "general government includes both central government and subnational government." It added, "SWFs are commonly established out of balance of payments surpluses, official foreign currency operations, the proceeds of privatizations, fiscal surpluses, and/or receipts resulting from commodity exports." This language on the financial resources used to establish and expand SWFs is also found in the IMF's *Sixth Balance of Payments and International Investment Position Manual* (IMF 2009a).

2. The distinction between social security reserve funds, such as some of those listed in table 1 as government pension funds, and government pension reserve funds, as defined by the IWG and listed in table 1, is also not entirely straight forward. See Blundell-Wignall, Hu, and Yermo (2008).

3. Table 1 does not include Saudi Arabia. Some analysts include part of the foreign exchange reserves and other international assets on the books of the Saudi Arabian Monetary Authority as a SWF.

4. Of course, the funding of SWFs from exports of natural resources requires the accumulation of foreign exchange, but none of the countries listed as funding their SWFs from foreign exchange reserves has a dominant export commodity.

5. See Truman (2007). Gelpern (2011) expands on this matrix by considering four axes of SWF accountability and associated demands on SWFs which stand in uneasy relation to each other: public internal (citizens and the general public), private internal (specific groups of beneficiaries and constituencies within the country), public external (obligations based on explicit or implicit international norms or standards), and private external (obligations grounded in laws and regulations).

6. The 23 members of the IWG subsequently formed a permanent International Forum of SWFs (IFSWF) to promote an exchange of ideas and views among SWFs, share views on the application of the Santiago Principles, and encourage cooperation with recipient countries. One feature of the IWG and the IFSWF is that the two groups have endeavored to maintain an open dialogue with countries that are host to SWF investments. Of course, a number of members of the IWG and IFSWF are not only home but also are important hosts to SWFs, including the United States which is home to the Alaska Permanent Fund, which is a SWF participant. As reported in table 1, three other US states also have SWFs.

7. Truman 2008b, first released in 2007, contains SWF scoreboard 1.0. Truman 2008a contains the SWF scoreboard 2.0. Truman 2010 contains the SWF scoreboard 3.0, which is employed in this paper. The precise elements included in each scoreboard differ slightly, but the basic design is the same.

8. See Truman 2010 chapter 5, including the appendix, for more details.

9. Because some of the Santiago Principles match up with more than one of the elements in the SWF scoreboard, only 20 of the 30 principles and subprinciples have counterparts in the scoreboard. Moreover, the judgment that 25 of the elements in the scoreboard are represented in the Santiago Principles is based on a generous interpretation of what is called for in the principles in terms of public disclosure. On a narrower interpretation, only 17 elements in the scoreboard are captured by the Santiago Principles. However, the broad conclusions from comparison of the two standards are unaffected by these distinctions. See Truman 2010 chapter 6, including the appendix, for a fuller comparison of the SWF scoreboard and the Santiago Principles.

10. Table 2 incorporates the updated scores for ADIA reported in Truman 2010. For both the SWF scoreboard and the Santiago Principles, the results are presented on a scale of 100 to facilitate comparison.

11. The one SWF with estimated assets of more than $48 billion that we did not score, because of a lack of information, is the Libyan Investment Authority. Including that fund would lower the average score for these largest funds.

12. The Abu Dhabi Investment Authority is in the same position.

13. In the OECD versus non-OECD comparison Chile, Korea, and Mexico are included in the OECD. The SWFs of those countries are included with the non-OECD countries in the other comparisons.

14. The changes for both Asian SWFs and Asian government pension funds are similar using the Santiago Principles as the standard.

15. The other vice chair is Bader Mohammad Al-Sa'ad, Managing Director of the Kuwait Investment Authority.

16. As few of the elements in the scoreboard changed between the 2007 edition (SWE scoreboard 1.0) and the 2010/2011 edition (SWF scoreboard 3.0); see Truman 2010. However, those small changes do not alter the broad thrust of the results presented in table 4 although they do account for the small decline in the score for Timor-Leste's SWF. As with table 2, table 4 incorporates the updated score for ADIA based on its 2010 annual report issued in March 2010 and reported in Truman (2010).

17. The other SWFs are those of Algeria and Kazakhstan and two funds in the UAE, which is a country that participated in the IFSWF. It has been reported that representatives of Brunei Darussalam, Malaysia, and Papua New Guinea participated in the May 2010 meeting of the IFSWF and that Malaysia has become a new member, but no formal announcement has been about Malaysia's status.

18. The discussion in this and the following paragraphs draws upon Truman (2010, chapter 7).

19. See Gordon 2010 as well as Truman 2010 for details.

20. The OECD, as described in Gordon 2010, has made some laudable efforts to expand the peer review process and institute roundtables that involve nonmembers well as members.

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Table 1 Sovereign wealth funds and government pension funds

Country	Current name§	Date Established	Source of Funds	Total Assets (billions of US dollars)	Foreign Assets (billions of US dollars)
		Sovereign Wealth Funds			
UAE (Abu Dhabi)	Abu Dhabi Investment Authority	1976	Natural resources	627‡	627‡
Norway	Government Pension Fund-Global	1990	Natural resources	512	512
China	*China Investment Corporation*	2007	Foreign exchange reserves	332	81
Hong Kong	*Exchange Fund*	1993	Foreign exchange reserves, fiscal surpluses	277	257
Singapore	*Government of Singapore Investment Corporation*	1981	Foreign exchange reserves, fiscal surpluses, employee contributions	248‡	248
Kuwait	Kuwait Investment Authority	1953	Natural resources	203	203
Singapore	*Temasek Holdings*	1974	Government enterprises	133	126
Russia	National Welfare and Reserve Funds	2004	Natural resources	116	116
Qatar	Qatar Investment Authority	2005	Natural resources	85	85
Australia	*Future Fund (PR)*	2006	Fiscal surpluses	73	18
Libya	Libyan Investment Authority†	1981	Natural resources	70	70
UAE (Dubai)	Investment Corporation of Dubai	2006	Natural resources	70‡	70‡
Algeria	Revenue Regulation Fund	2000	Natural resources	57‡	57‡
UAE (Abu Dhabi)	International Petroleum Investment Company	1984	Natural resources	48	48
United States	Alaska Permanent Fund	1976	Natural resources	39	14
Kazakhstan	National Fund	2000	Natural resources	39	39
Korea	*Korea Investment Corporation*	2005	Foreign exchange reserves	37	37
Ireland	National Pensions Reserve Fund (PR)	2001	Fiscal surpluses	33	9‡
Brunei Darussalam	*Brunei Investment Agency*	1983	Natural resources	30‡	30‡
Malaysia	*Khazanah Nasional*	1993	Fiscal surpluses	25	2‡
UAE (Abu Dhabi)	Mubadala Development Company	2002	Natural resources	23	9‡
Azerbaijan	State Oil Fund	1999	Natural resources	23	23
Iran	Oil Stabilization Fund	2000	Natural resources	23	23
Venezuela	National Development Fund	2005	Natural resources	15‡	15‡
Canada	Alberta Heritage Savings Trust Fund	1976	Natural resources	15	5
New Zealand	*Superannuation Fund (PR)*	2001	Fiscal surpluses	13	9

(table continues on next page)

Table 1 Sovereign wealth funds and government pension funds *(continued)*

Country	Current name§	Date Established	Source of Funds	Total Assets (billions of US dollars)	Foreign Assets (billions of US dollars)
		Sovereign Wealth Funds			
Chile	Economic and Social Stabilization Fund	1985	Natural resources	13	13
UAE (Dubai)	Dubai International Capital	2004	Natural resources	13‡	12‡
UAE (Dubai)	Istithmar World	2003	Natural resources	12‡	12‡
Bahrain	Mumtalakat Holding Company	2006	Natural resources	9	7‡
Brazil	Sovereign Wealth Fund of Brazil†	2009	Fiscal surpluses	9	4‡
Oman	State General Reserve Fund	1980	Natural resources	8	8
Timor-Leste	*Petroleum Fund*	2005	Natural resources	7	7
Botswana	Pula Fund	1993	Natural resources	6	6
Mexico	Oil Income Stabilization Fund	2000	Natural resources	5‡	5‡
United States	Permanent Mineral Trust Fund (Wyoming)	1974	Natural resources	5	0.8
United States	Severance Tax Permanent Fund (New Mexico)	1973	Natural resources	3.5	0.5‡
Chile	Pension Reserve Fund (PR)	1985	Fiscal surpluses	3.4	3.4
Trinidad and Tobago	Heritage and Stabilization Fund	2007	Natural resources	3	3
United States	Alabama Trust Fund	2000	Natural resources	2.4	1.7‡
Colombia	Oil Stabilization Fund†	1995	Natural resources	2.1‡	2.1‡
UAE (RAK)	RAK Investment Authority†	2004	Natural resources	1.2‡	1.2‡
China	*Shanghai Financial Holdings†*	2007	Fiscal surpluses	1.0‡	1.0‡
Venezuela	Macroeconomic Stabilization Fund	2003	Natural resources	0.8	0.8
Canada	Fonds des générations†	2006	Natural resources	0.6‡	0.2‡
Turkmenistan	Stabilization Fund	2008	Fiscal surpluses	0.5‡	0.5‡
UAE	Emirates Investment Authority	2007	Natural resources	0.5‡	0.5‡
UAE (Dubai)	DIFC Investments	2006	Natural resources	0.5‡	0.5‡
Vietnam	*State Capital Investment Corporation*	2005	Fiscal surpluses	0.5	0.5
Nigeria	Excess Crude Account	2004	Natural resources	0.5	0.5
Gabon	Fund for Future Generations	1998	Natural resources	0.4‡	0.4‡
Kiribati	Revenue Equalization Reserve Fund	1956	Natural resources	0.4	0.4
Uganda	Poverty Action Fund†	1998	Savings from Heavily Indebted Poor Countries (HIPC) debt relief initiative, donor contributions, and fiscal surpluses	0.4‡	0.4‡

(table continues on next page)

Table 1 Sovereign wealth funds and government pension funds *(continued)*

Country	Current name§	Date Established	Source of Funds	Total Assets (billions of US dollars)	Foreign Assets (billions of US dollars)
		Sovereign Wealth Funds			
Mauritania	National Fund for Hydrocarbon Reserves†	2006	Natural resources	0.3	0.3
Angola	Reserve Fund for Oil†	2007	Natural resources	0.2‡	0.2‡
Papua New Guinea	*Mineral Resources Stabilization Fund†*	1974	Natural resources	0.2‡	0.2‡
Sudan	Oil Revenue Stabilization Account	2002	Natural resources	0.1‡	0.1‡
São Tomé and Príncipe	National Oil Account	2004	Natural resources	0.1	0.1
Nauru	Phosphate Royalties Stabilization Fund†	1968	Natural resources	0.06‡	0.06‡
Equatorial Guinea	Fund for Future†	2006	Natural resources	0.03‡	0.03‡
Subtotal				3,276	2,826
of which					
Asian Funds				1,177	817
Non-Asian Funds				2,099	2,010
		Government Pension Funds			
Japan	*Government Pension Investment Fund*	1961	Employee contributions	1,414	253
Netherlands	Stichting Pensioenfonds ABP	1922	Employee contributions	317	282
United States	California Public Employees' Retirement System	1932	Employee contributions	226	49
Canada	Caisse de dépôt placement du Québec	1965	Employee contributions	192	69
China	*National Social Security Fund*	2000	Fiscal surpluses	147	29
Canada	Canada Pension Plan	1966	Employee contributions	140	77
Canada	Ontario Teachers' Pension Plan	1917	Employee contributions	91	46
France	Fonds de réserve pour les retraites	2001	Fiscal surpluses	49	39
Thailand	*Government Pension Fund*	1996	Employee contributions and fiscal surpluses	16	3
Subtotal				2,592	847
of which					
Asian Funds				1,577	285
Non-Asian Funds				1,015	562
Total				5,868	3,673
of which					
Asian Funds				2,754	1,102
Non-Asian Funds				3,114	2,572

† excluded from the SWF scoreboard.
‡ estimate.
§ PR denotes pension reserve fund. ASIAN funds in italics.
Sources: National authorities, International Monetary Fund, other public sources.

Table 2 SWF Scoreboard and the Santiago Principles

Country	Fund †	SWF Scoreboard	Santiago Principles	Difference
	Sovereign Wealth Funds			
Norway	Government Pension Fund- Global	97	96	
New Zealand	*Superannuation Fund (PR)*	94	98	4
United States	Alaska Permanent Fund	92	96	4
United States	Wyoming Permanent Mineral Trust Fund	91	96	5
Ireland	National Pensions Reserve Fund (PR)	86	94	8
Timor-Leste	*Petroleum Fund*	85	80	–5
Trinidad and Tobago	Heritage and Stabilization Fund	83	82	
Australia	*Future Fund (PR)*	80	90	10
United States	New Mexico Severance Tax Permanent Fund	80	80	0
Azerbaijan	State Oil Fund	76	76	0
Canada	Alberta Heritage Savings Trust Fund	74	80	6
Singapore	*Temasek Holdings*	73	82	9
Chile	Economic and Social Stabilization Fund	71	70	
Hong Kong	*Exchange Fund*	70	74	4
Chile	Pension Reserve Fund	68	68	0
United States	Alabama Trust Fund	68	76	8
Kazakhstan	National Fund	65	67	2
Singapore	*Government of Singapore Investment Corporation*	65	78	13
Kuwait	Kuwait Investment Authority	63	71	8
Korea	*Korea Investment Corporation*	60	67	7
UAE (Abu Dhabi)	Mubadala Development Company	59	66	7
	Abu Dhabi Investment Authority	58	71	13
China	*China Investment Corporation*	57	60	3
Botswana	Pula Fund	56	62	6
UAE (Dubai)	Dubai International Capital	55	62	7
Russia	Reserve Fund and National Wealth Fund	50	52	2
São Tomé and Príncipe	National Oil Account	48	58	10
Malaysia	*Khazanah Nasional*	44	48	4
Mexico	Oil Income Stabilization Fund	44	42	–2
Kiribati	Revenue Equalization Reserve Fund	35	44	9
Vietnam	*State Capital Investment Corporation*	35	42	7
Bahrain	Mumtalakat Holding Company	30	32	2
Algeria	Revenue Regulation Fund	29	32	3
Iran	Oil Stabilization Fund	29	32	3
Nigeria	Excess Crude Account	29	34	5
Venezuela	Macroeconomic Stabilization Fund	27	28	1
	National Development Fund	27	25	–2
UAE (Abu Dhabi)	International Petroleum Investment Company	26	26	0
Oman	State General Reserve Fund	23	26	3

(table continues on next page)

Table 2 SWF Scoreboard and the Santiago Principles *(continued)*

Country	Fund †	SWF Scoreboard	Santiago Principles	Difference
	Sovereign Wealth Funds			
Brunei Darussalam	*Brunei Investment Agency*	21	28	7
UAE (Dubai)	Investment Company of Dubai	21	22	1
Sudan	Oil Revenue Stabilization Account	18	16	–2
Qatar	Qatar Investment Authority	15	15	0
UAE (Dubai)	Istithmar World	15	16	1
Subtotal ‡		54	58	4
of which				
Asian Funds		62	68	6
Non-Asian Funds		52	55	3
of which				
IFSWF Funds		65	69	4
of which Asian		73	79	5
Non-IFSWF Funds		42	46	4
of which Asian		43	48	6
	Government Pension Funds			
United States	California Public Employees' Retirement System	95	96	1
Canada	Canada Pension Plan	92	96	4
Canada	Caisse de dépôt et placement du Québec	89	98	9
France	Fonds de réserve pour les retraites	89	92	3
Netherlands	Stichting Pensioenfonds ABP	85	84	
Japan	*Government Pension Investment Fund*	84	89	5
Canada	Ontario Teachers' Pension Plan	83	86	3
Thailand	*Government Pension Fund*	78	81	3
China	*National Social Security Fund*	70	74	4
Subtotal ‡		85	88	3
of which				
Asian Funds		77	81	4
Non-Asian Funds		89	92	3
Total ‡		60	63	4
of which				
Asian		65	71	5
Non Asian		57	61	3

† PR denotes pension reserve fund. ASIAN funds in italics.
‡ average of funds.
Sources: Author's calculations, Truman (2010).

Table 3 Updated SWF Scoreboard for Asian Funds

Country	Fund	2010 Score	2009 Score	Change
	Sovereign Wealth Funds			
New Zealand	Superannuation Fund	94	94	0
Australia	Future Fund	88	80	8
Timor-Leste	Petroleum Fund	85	85	0
Singapore	Temasek	74	73	2
Hong Kong	Hong Kong Exchange Fund	70	70	0
Korea	Korea Investment Corporation	68	60	8
Singapore	Government of Singapore Investment Corporation	65	65	0
China	China Investment Corporation	62	57	5
Malaysia	Khazanah Nasional	45	44	2
Vietnam	State Capital Investment Corporation	35	35	0
Brunei Darussalam	Brunei Investment Agency	21	21	0
Subtotal†		64	62	2
	Government Pension Funds			
Japan	Government Pension Investment Fund	86	84	2
Thailand	Government Pension Fund	77	78	–2
China	National Social Security Fund	70	70	0
Subtotal†		78	77	0
Total†		67	65	2

† average of funds.

Sources: Author's calculations, Truman (2010).

Table 4 Comparison of SWF Scoreboards

Country	Fund†	Most Recent Score‡	Change from 2007
Singapore	*Government of Singapore Investment Corporation*	65	56
UAE (Abu Dhabi)	Abu Dhabi Investment Authority	58	54
UAE (Abu Dhabi)	Mubadala Development Company	59	47
China	*China Investment Corporation*	62	38
Trinidad and Tobago	Heritage and Stabilization Fund	83	34
Korea	*Korea Investment Corporation*	68	32
Australia	*Future Fund (PR)*	88	26
United States	Alaska Permanent Fund	92	22
Singapore	*Temasek Holdings*	74	20
Mexico	Oil Income Stabilization Fund	44	16
Kuwait	Kuwait Investment Authority	63	15
United States	California Public Employees' Retirement System (P)	95	14
Russia	Reserve Fund and National Wealth Fund	50	12
Algeria	Revenue Regulation Fund	29	11
Brunei Darussalam	*Brunei Investment Agency*	21	11
Azerbaijan	State Oil Fund	76	10
Chile	Economic and Social Stabilization Fund	71	9
Kazakhstan	National Fund	65	7
Malaysia	*Khazanah Nasional*	45	7
Iran	Oil Stabilization Fund	29	7
Qatar	Qatar Investment Authority	15	7
Norway	Government Pension Fund	97	5
Kiribati	Revenue Equalization Reserve Fund	35	5
Venezuela	Macroeconomic Stabilization Fund	27	5
New Zealand	*Superannuation Fund (PR)*	94	4
Venezuela	National Development Fund	27	3
Oman	State General Reserve Fund	23	3
Canada	Alberta Heritage Savings Trust Fund	74	2
UAE (Dubai)	Istithmar World	15	2
Botswana	Pula Fund	56	0
São Tomé and Príncipe	National Oil Account	48	
Timor-Leste	*Petroleum Fund*	85	–2
Sudan	Oil Revenue Stabilization Account	18	–2
Average		56	15
of which			
Asian		67	21
Non-Asian		52	12

† P denotes government pension fund and PR denotes pension reserve fund. ASIAN funds in italics.
‡ The most recent scores for Asias SWFs (table 3) and the Abu Dhabi Investment Agency are from 2010; all other scores are from 2009.

Sources: Author's calculations, Truman (2010).