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NEW WORKING PAPER:

The Internationalization of the Renminbi and the Rise of a Multipolar Currency System

In [a new paper](#), Professor Miriam Campanella examines China's acceleration of currency internationalization. While the renminbi has yet to acquire elevated status as a global reserve currency, the growth of renminbi-based trade and settlements has made it Asia's new reference currency, surpassing the US dollar. As China is obviously intent on expanding the international use of the renminbi it is only natural that the influence of the currency on other countries' choices of currency regimes increases.

The fast acceleration of the renminbi's international role in recent years is partly due to the effects of the financial crisis and follows a longer trend of financial integration in the region's economic and financial integration. And it has prompted a big debate about the shape of the international monetary system in future - especially about currency competition between the renminbi, the euro and the US dollar. While it will take time for China to process all reforms necessary to build up the renminbi as a stable reserve currency, one should not focus too much attention on that particular role of a currency. Observers taking a dismissive view on the international influence of the renminbi has missed that it has already grown to become the reference currency of choice and necessity in the Asian region and increasingly weaves its trading partners into currency cooperation by bilateral swap arrangements.

In this new study, the actions by Chinese authorities to internationalise its renminbi are examined. The paper takes stock of the effect of this development on the international currency regime. Recent measures taken by China to internationalize its renminbi, including several bilateral swap agreements signed with other central banks, have naturally reinforced other eastward trends in the world economy. There is no sign of this trend abating. The question is to what extent the rise of the renminbi can help to support an international currency regime that is more stable, and balances and distributes responsibilities, in a better way than the current currency regime. The paper argues that many countries stand to gain from a development under which the role of the renminbi grows while the dominance of the US dollar weakens.

[The study can be downloaded here](#)

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