The Analysis of the Influence of "The Belt and Road Strategy" for the Internationalization of RMB

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**Abstract:** China "The Belt and Road" construction for RMB internationalization brings many development opportunities, enhance the status of RMB in the world, but also have a certain impact on the RMB internationalization. This paper analyze influence on the internationalization of RMB from two aspects of "The Belt and Road". Firstly, this paper elaborate the current status of the development of RMB internationalization from the area of cross-border RMB trade settlement, in the way of the RMB offshore market development scale and level of internationalization of RMB three, followed by The Belt and Road construction to improve the RMB regionalization and broaden the two aspects of RMB funds channel analysis "The Belt and Road" will affect the RMB international, one is "The Belt and Road construction can improve the international RMB regionalization, which lays a solid foundation for the internationalization of RMB; the two is that the output of channel construction to expand RMB to the world The Belt and Road", deepening between RMB and national circulation, thereby increasing the RMB through capital output. To speed up the pace of internationalization of RMB. At last, this paper for our country seize the "The Belt and Road" which is a good opportunity to realize the internationalization of RMB and puts forward some suggestions.

1. **Introduction**

Since President Xi Jinping made a major strategic "The Belt and Road" in September 2013, caused the majority of scholars of related research, the scholars' research, most studies mainly focus on "The Belt and Road" construction for RMB internationalization brings opportunities and challenges. Yujun Han, Li Wang (2015), "The Belt and Road" along with several countries, including both developed countries and developing, thus expanding the people will expand the RMB in the range of The Belt and Road along the country to a certain extent, and also promote the adjustment and upgrading of the industrial structure of our country in a certain extent, to create a good investment environment and new investment opportunities. Yonghong Tu (2015) believes that in the Silk Road Economic Belt and the internationalization of the RMB in the paper, with the Silk Road Economic Belt construction of commodity pricing calculation will break in Asia, the Middle East and East Asia and Western Europe along with the development of people's regionalization is a hotly contested spot, so as to enhance the scope of use of the renminbi. Hanjun Han (2015) believes that China in "The Belt and Road construction from three aspects: one is to promote the RMB nationalization". “The Belt and Road" along with national and regional trade is mainly in Renminbi denominated settlement. Two, "The Belt and Road" most project financing is RMB as the main currency of the three is to expand the capital output channel of the RMB.

2. **The current situation of the internationalization of RMB**

2.1 Definition of RMB internationalization

  Currency internationalization refers to the circulation of a country's currency beyond a national boundary, which is universally recognized by international countries in the course of circulation, and can be used for goods, services and capital settlement and reserve with this currency.

2.2 The current development of RMB internationalization.

  (1) "The Belt and Road" in the construction of cross-border trade settled in Renminbi China proposed "the extent The Belt and Road" strategy to improve the multilateral and cross-border RMB trade settlement amount, often items shown to use RMB settlement in the
proportion increased year by year, so the RMB in cross-border trade achievements. From Figure 1, we can see that although the RMB settlement business in cross-border trade has slightly fluctuated in the past two years, it is more stable on the whole. The data came from the China financial information network, and the total amount of RMB settlement in cross-border trade from January 2017 to September reached 3 trillion and 230 billion yuan. The third quarter cross-border trade RMB settlement business was 1 trillion and 70 billion yuan, of which RMB settlement business in September was 372 billion 600 million yuan, which increased by 4.02% compared to August, and it increased for second consecutive months.

Table 1. RMB settlement (monthly) billion yuan in China's cross-border trade.

(2) The rapid development of the offshore RMB market. With the increasing cross-border trade of RMB, offshore RMB market has increased from RMB 895 million yuan to RMB 100 million 350 thousand yuan in 2014. The balance of RMB deposits reached the highest level in Hongkong in 2014. By the end of March 2017, RMB deposits in Hongkong amounted to 528 billion yuan, to become the world's largest pool of offshore RMB funds.

(3) The development of the internationalization of RMB.

From Figure 2, we can see that the level of RMB internationalization has improved significantly, and has fluctuated during this period, but it has increased overall. From 1.64 in 2013 to 3.6 in 2015, the internationalization index of RMB has increased by 196. This index also shows that the trend of China's RMB is very strong in the path to internationalization. With the further development of The Belt and Road "construction, RMB internationalization index will be more rapid growth.

3. "The Belt and Road" influence on the internationalization of RMB

"The Belt and Road construction improve the RMB regionalization in a certain extent, is an important step to realize the internationalization of RMB, which has great influence on the internationalization of RMB.

From the international political environment, to achieve the internationalization of the RMB will go through to the surrounding region to the internationalization of the three processes, namely
"three steps" strategy, then the RMB regionalization is the implementation of the internationalization of the middle order, but also the success of the relationship to the success of the RMB. At present, the RMB in "The Belt and Road" strategic deployment in the surrounding of great progress, is entering the development stage of RMB regionalization.

In the implementation of the "China Belt and Road Initiative" strategy, as an important way of "The Belt and Road" along with national and regional economic exchanges in Renminbi as cross-border trade settlement way, which give full play to the RMB payment functions, to a certain extent reflects the function of storage of reserve currency. In this one, "The Belt and Road" built to promote the further development of trade and investment circles in RMB denominated currency and reserve currency. In 2016, the implementation of the "Chinese Belt and Road Initiative" strategy, along with the national total trade amounted to 953 billion 600 million Yuan, accounting for Chinese and Global trade volume of 25.7%, of which we can see that the "The Belt and Road construction for the internationalization of the RMB has played a huge role in promoting development, and at the same time also helps to deepen the RMB" the Belt and Road construction. In recent years, with the continuous growth of the economy in the "Chinese, Chinese Belt and Road Initiative" construction, foreign trade volume also gradually increased, also increased the dependence on exports resulting in "The Belt and Road along China economic development is further improved, and the money is not available for internationalization, in this case China, can make use of this platform The Belt and Road", deepen the RMB regionalization provides a good environment for development.

"The Belt and Road construction funds of RMB to expand output channels to broaden the use of the RMB by pushing the yuan," going out "influence through cross-border RMB internationalization.

At present, the main way to push forward the internationalization of RMB is to promote RMB internationalization through cross-border trade, in the way of RMB valuation and settlement and export of capital.

![Figure 3. The pilot RMB internationalization in China over the past 6 years.](image)

From Figure 3, the pilot RMB internationalization in China over the past 6 years, the cumulative amount of RMB settlement to hitherto unknown at the rate of growth, especially during the period from 2013 to 2014, the growth rate reached 1.92 of the giant cross-border trade in China often projects are in the export side, in "The Belt and Road” trade along the country, great extends the output channels of RMB funds. On the other hand, the development of RMB’s capital account to promote the nationalization of RMB is mainly through outward direct investment, domestic banks providing overseas loans and currency swap. In recent years, China's large and medium-sized banks have carried out foreign credit. For example, in 2016, the balance of overseas loans of ICBC increased to 27% compared with 2015, while the balance of overseas loans of China Construction Bank, Bank of China and Bank of China increased by 31%, 11% and 18% compared with that of 2015. In 2016, China of "53 countries along the Belt and Road Initiative" in the construction of direct investment $14 billion 530 million, accounting for 8.5% of the total foreign investment Chinese. In addition, Chinese enterprises signed up to 126 billion 30 million dollars for the newly
signed contracts for the 61 countries concerned, up 36%, accounting for 51.6% of the newly signed contracts for China's foreign contracted projects. With the further development of The Belt and Road construction, RMB capital project output channels will become more and more wide, and to the international and inject new energy to the RMB.

4. The development of "The Belt and Road" construction, promote the internationalization of the RMB

"The Belt and Road" construction although to a certain extent promoted the level of RMB internationalization, but to promote the internationalization of RMB with The Belt and Road construction platform also will face more challenges. In order to promote the internationalization of RMB, we should be more cautious in the following aspects:

Firstly, in the process of internationalization of RMB, we cannot avoid the contradiction with the international currency. Therefore, we must correctly handle the relationship between RMB and the international currency such as the US dollar, the euro and the yen, and recognize where we are. The internationalization of RMB, should help The Belt and Road construction from the periphery to the region, the regional internationalization in the end.

Secondly, in the "The Belt and Road" initiative, strengthen and "Belt and Road Initiative along national and regional economic cooperation and the world, so as to promote the yuan going out to expand the capital output channels of the people, expand the scope of use of RMB, the RMB internationalization.

Reference


