

Waiting for the Global Renminbi

Things seemed to be looking up for China's currency after the end of the Global Financial Crisis. By the middle of 20XX, almost 30% of the country's trade was being settled in renminbi, Hong Kong banks were holding about 1 trillion renminbi in deposits, XXX was running close to the equivalent of US\$10 billion per month.

That was also the year the International Monetary Fund (IMF) announced that the renminbi would become one of currencies that underpin its own reserve asset, the special drawing right (SDR). Almost by definition, this step seemed to confer on the renminbi something like the status of a global reserve currency. So the renminbi seemed, to most observers, to be firmly on a path toward real international relevance.

In the past three years, though, grounds for optimism about the renminbi's global role have proven to be decidedly fragile. These days, the share of China's trade that is settled in renminbi is less than half of what it was in 2015; the stock of deposits has fallen to just over 600 billion renminbi; XXX was down to US\$1 billion per month by the last quarter of 2018.

It turns out that all the enthusiasm back then about the renminbi's future was guilty of what philosophers call a "category mistake." What most people saw as evidence of the renminbi's internationalization was, in fact, simply evidence of something else: an accumulation of speculative positions built on the expectation that the renminbi was going to rise in value.

As the renminbi weakened after mid-2015, so too did the market's willingness to own it and use it. That's hardly the mark of a global reserve currency. International investors want to own dollars or euros, for example, not just because they expect these currencies to strengthen, but because they offer legal security, ease of use, and critically, unrestricted convertibility into any other currency. And it is questions surrounding the renminbi's full convertibility that are likely to stunt its growth as a global currency for the foreseeable future.

It just happens to be a fact of life of the current international monetary system that the definition of a reserve currency implies a fully convertible one. The problem is that recent years have seen the Chinese government pivot away from the idea that the renminbi should be a fully convertible currency.

Back in 20XX, the "political report" delivered at the XXth Chinese Communist Party Congress included a goal to "gradually realize capital account convertibility." By 20XX, though, officials had decided to drop any reference to capital account opening in the report to the XXth Party Congress. This change of heart was captured neatly in 20XX by then XXX governor XXXX, who claimed that "the capital account convertibility that China is seeking to achieve is not based on the traditional concept of being fully or freely convertible." Instead, he said, China would adopt a concept of "managed convertibility."

What "managed convertibility" means, above all, is that the Chinese authorities assert a right to use their discretion to make decisions about which kinds of inflows and outflows are "good," and which are "bad." This assertion of the competence of policymakers seems to fit

right in with what most people understand as a revival of the party-state under XXX . And the use of this discretion was on full display in late 20XX and early 20XX, when Chinese authorities imposed heavy restrictions on the outflow of capital from China. While Chinese policymakers seem interested in the internationalization of the renminbi, they appear less interested in its liberalization. But in the international monetary system we're saddled with, it's the latter that counts.

The effort that Chinese regulators have recently made to open up China's securities markets won't do much to change things. Even if the inclusion of Chinese bonds in the three main global indices—belonging to XXXX, XXX, and XXX—brings in a few hundred billion dollars' worth of portfolio inflows over the next couple of years, this doesn't have any real bearing on the renminbi's future as a global reserve currency. After all, foreigners own some 40% of the Indonesian government's rupiah-denominated debt, and no one would claim that the rupiah is on course for any global significance.

The good news, in the end, is that there is no law of nature that requires a reserve currency to be a fully convertible one; it simply depends on convention, or the norms that happen to prevail at a particular time. The Bretton Woods international monetary system that was set up at the end of World War II, for example, had capital controls at its very centre. The United Kingdom had capital controls until 1979, and it wasn't until 1989 that France finally lifted the restrictions on its citizens' ability to open bank accounts abroad.

Incidentally, it was a remnant of the Bretton Woods system that helped to build the case for the renminbi's inclusion in the IMF's SDR basket a few years ago. The IMF's carefully-phrased criterion for a currency to become part of the SDR basket was that it should be "freely usable," which is certainly not the same thing as fully convertible. We know that's true because the IMF first adopted the term "freely usable" back in 1978 when plenty of big countries still had Bretton Woods-era controls in place.

What all this means is that it might be possible one day for China to have its cake and eat it—in other words, for the renminbi to be a truly global currency and yet for China to retain a discretionary approach to managing the capital account—but it will probably take a Bretton Woods-like renegotiation of the international monetary system to get there. Don't hold your breath.

In any case, history strongly advises patience when it comes to the emergence of new super-currencies. The United States overtook the U.K. as the world's largest economy sometime around the mid-1850s. And though the dollar did start becoming a grown-up global funding currency after World War I, it is worth remembering that even as late as 1947, sterling accounted for 87% of global foreign exchange reserves. Currency power, in other words, has a strong sense of inertia, even when transferring from one English-speaking, liberal, Western country to another.

None of this is to say that international use of the renminbi won't rise in the future. It almost certainly will, and especially in Asia, where trade integration with China has already increased movement among the region's currencies and the renminbi. The greater that movement becomes, the more likely it is that the renminbi becomes the natural vehicle for

trade settlement. But it also seems quite likely that China will remain attached to its preference for “discretion” in its management of the capital account over the “rule” that pretty much allows everyone to do everything with a reserve currency. As long as that is the case, we will have to keep waiting for the emergence of China’s “great currency.”

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人民幣國際化的漫漫長路

全球金融危機結束後，中國貨幣似乎漸入佳境。截至 20XX 年年中，該國近 30%貿易以人民幣結算，香港的銀行持有約一萬億人民幣存款，XXX 發行量每月逼近 100 億美元。

國際貨幣基金組織（IMF）亦於同年宣佈將人民幣納入其儲備資產特別提款權（SDR）的貨幣籃子。顧名思義，此舉似乎賦予人民幣類似於全球儲備貨幣的地位。因此，對於大部分旁觀者而言，人民幣似乎已穩步邁向真正國際化的道路。

然而，市場對人民幣全球角色的樂觀情緒，在過去三年已清楚證明並無充分的立足點。現在以人民幣結算的中國貿易份額不及 20XX 年的一半，存款量則下降至 6,000 多億人民幣，而 20XX 年第四季的 XXX 發行量亦降至每月 10 億美元。

事實證明，當時對人民幣前景的狂熱，罪魁禍首是哲學家所謂的「範疇錯誤」（category mistake）。大多數人認為人民幣國際化的證據，事實上所佐證的是另一回事：建基於對人民幣升值預期的大量投機持倉。

隨著人民幣自 20XX 年中開始走弱，市場對於擁有及使用人民幣的意欲亦隨之減少，這一表現與全球儲備貨幣的特徵並不相符。例如，國際投資者期望持有美元或歐元，並不純粹是預期貨幣轉強，而是其給予的法律保障，加之易於使用，特別是可自由兌換成任何其他貨幣。人民幣自由兌換的問題，於可見將來仍很可能妨礙其成為全球貨幣。

目前國際貨幣體系一個不爭的事實，就是任何貨幣一旦被定義為儲備貨幣，它應該是可以完全自由兌換的。問題是，近年中國政府顯然已改變想法，不再打算將人民幣發展為可完全自由兌換的貨幣。

於 20XX 年，中國共產黨第 XX 次全國代表大會提出的「政治報告」包括「逐步實現人民幣資本項目可兌換」。然而到 20XX 年，在提交第十九次黨代表大會的報告中，官員們已決定隻字不提關於開放資本帳戶的事宜。當時 XX 銀行行長 XX 已表明心跡，表示「中國正在尋求實現的資本帳戶可兌換不再是基於完全可兌換或自由兌換這樣的傳統概念。」相反，他表示中國將採用的是「有管理的可兌換」概念。

所謂「有管理的可兌換」，最重要是意味中國當局將全權酌情決定何為「良好」或者「不良」的資本流入及流出。政策制定者這種權利主張，看來正吻合多數人對 XXX 主政下黨國復興的理解。於 20XX 年底與 20XX 年初，中國當局對國內的資本外流實施嚴格限制，完全體現當局這種權力。儘管中國政策制定者似乎有意推動人民幣國際化，但看來對其自由兌換興趣不大。對於我們所建基的國際貨幣體系，重要的卻是後者。

中國監管機構最近為開放國內證券市場作出的努力，對改變大局並無太大作用，即使 XX、XX 及 XX 全球三大主要指數已納入中國債券，未來兩年將帶來數千億美元的投資流入，但對人民幣作為全球儲備貨幣的前景並未有任何實質影響。畢竟，即使海外投資者持有約 40%印尼政府以盧比計值的債務，沒有人會指盧比具有任何國際影響力。

最後，好的一面是儲備貨幣可自由兌換並非必然法則，純粹只是慣例，或特定時期普遍存在的規範。例如，第二次世界大戰結束時建立的布列敦森林（Bretton Woods）國際貨幣體系的核心是資本管制。英國的資本管制一直維持至 1979 年，法國亦要到 1989 年才終於解除限制，容許國民在海外開立銀行帳戶。

順帶一提，全賴布列敦森林體系的歷史痕跡，國際貨幣基金組織才可有案例依循，於幾年前將人民幣納入其特別提款權一籃子貨幣。國際貨幣基金組織對某種貨幣納入特別提款權一籃子貨幣的措辭四平八穩，指出應該是「可自由使用」，這當然不等於自由兌換。我們知道這確是事實，因為國際貨幣基金組織在 1978 年首次採用「可自由使用」一詞，當時許多大國仍然採用布列敦森林時代的監控措施。

這一切意味著中國可能有天能夠得償所願，人民幣成為真正的全球貨幣，而中國仍能夠採取酌情裁決方式管理資本帳戶，不過要實現這個期望，可能需要像布列敦森林會議一樣，就國際貨幣體系重新談判。這大概是一廂情願。

無論如何，歷史已清楚說明對全新超級貨幣的崛起需要很有耐心。美國在 1850 年代中期已經超越英國，成為全球最大經濟體，而儘管美元確實在第一次世界大戰後已發展為成熟的全球融資貨幣，但不要忘記到 1947 年英鎊仍然佔全球外匯儲備達 87%。換句話說，貨幣的影響力具有很強的慣性，即使由一個以英語為主而奉行自由經濟的西方國家轉到另一個亦不例外。

這並非說未來人民幣的國際使用量不會增加。幾可肯定，特別是在亞洲，區內各國與中國的頻繁貿易往來已使區內貨幣與人民幣的兌換量大幅增加。隨著流量越來越大，人民幣越有可能成為理所當然的貿易結算貨幣。但是中國很可能寧可繼續緊握對資本帳戶管理的「酌情權」，也不想跟隨儲備貨幣容許自由流通使用的「老規矩」。只要這情況繼續下去，我們就必須繼續等待中國「大貨幣」的崛起。

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