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CURRENCY INTERNATIONALIZATION: ANALYSIS OF WORLD EXPERIENCE AND CHOICE OF RUSSIAN PATH

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Abstract. The research is devoted to the key issues of currency internationalization (CI) that means much for world economic order changing and multipolar development. The purpose of the article is to determine the role of state and influence of political and economic factors on CI processes as well as work out recommendations and possible variant of reform vector for Russian Ruble development. There are five conceptual approaches to construct the combined classification of the CI stages proposed for accurate CI level definition and the detailed finalized categorization of its main factors. The article also discusses the CI standard benefits and the most common threats. The research includes investigation and comparative analysis of the three representative examples of international CI experience – namely the US, the European with about a 20-year “free CI” practice for euro and the deeply regulated Chinese model. The results reaffirm top status of the US dollar and high level position of euro, but attach importance to political factors in achieving it and provide insight into the RMB strategy and CI progress, thus demonstrating how developing countries change peripheral role in the world economy. The Russian monetary and financial policy of 1990–2019 is specified as the “cold” one with weak status of the Ruble, but we reveal and assess some recent steps on CI activation such as bilateral stimulation of settlements in national currencies, creation of alternative systems, the digital Ruble project analysis, the decision on payments for gas in Rubles, etc. These measures can be considered as forced CI and the starting point of its vector. According to main findings we also propose the mechanisms for further Russian CI strategy creation.

Keywords: US dollar, euro, Chinese yuan, Russian ruble, dollarization, exchange rate.

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ВАЛЮТНАЯ ИНТЕРНАЦИОНАЛИЗАЦИЯ: АНАЛИЗ МЕЖДУНАРОДНОГО ОПЫТА И ВЫБОР ПУТИ ДЛЯ РОССИИ

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Аннотация. Исследование посвящено актуальным вопросам валютной интернационализации (ВИ), играющим решающую роль в изменении мирового экономического порядка, трансформации принципов международных валютно-финансовых отношений и развитии многополярности. Анализируются сущность, расширенная классификация и содержание этапов, угрозы и выгоды ВИ. Представлены результаты сравнения международного опыта на примерах США, стран еврозоны и Китая, а также вариант построения вектора ВИ для России в современных условиях.

Ключевые слова: доллар, долларизация, евро, китайский юань, российский рубль, валютный курс.

With the increase in instability in the world, the expansion of the practice of international sanctions regimes and trade wars, the spread of COVID-19, and the latest events in Ukraine, the issue of changing the

world order is increasingly being raised in scientific and political discussions. Particular attention is paid to the problems of currency internationalization (CI), as well as the determination of the status of curren-

cies and the balance of their forces in the international monetary and financial system (IMFS). It is recognized that CI will become one of the determining factors for the further development of the entire architecture of international relations.

In the 2000s, particularly after the strengthening of the processes of regionalization and deglobalization, the construction of the US-centric IMFS with the leading role of the US dollar began to unravel. The currencies of integration groups and developing countries that are gaining strength in the international arena (Chinese yuan since the mid-2010s), as well as digital counterparts, emerge and occupy their market niches. Estimates of the degree and usefulness of CI freedom are changing: if it had previously been considered that the currency of a strong state (a group of countries) would independently gain trust and a high role in the IMFS, then now mechanisms and options for purposeful management of this process are being more actively developed (most clearly this can be seen through the example of the euro).

Russia is faced with the need to participate in the IMFS reform and choose the path of ruble internationalization. On the one hand, this is connected with issues of strengthening sovereignty and the national economy; on the other hand, it is caused by the tasks of intensifying integration in the EAEU space, pairing this project with the Chinese initiative “One Belt, One Road” (OBOR), etc.

This study proposes a consolidated classification of the CI stages, analyzes international experience (through the examples of the USA, China, and the eurozone), and also evaluates the prospects for ruble internationalization. A special place is given to the research of economic and political factors in order to answer the question of what determines CI success to a greater extent: spontaneous market forces or purposeful state efforts.

CI IN THEORY: STAGES AND FACTORS OF PROGRESS

CI is traditionally interpreted as a process of exit of a particular currency beyond the limits of its issuer's use. While considering the difference in conceptual approaches to identifying and characterizing the stages of the ascent of currencies, it is possible to classify the CI stages in several directions [1, pp. 3-5].

I. According to economic features (see [2] for an example of such an approach):

- based on the performance of the functions of money according to the interests of the private and

public sectors [3, p. 2] and the degree of participation in servicing specific operations [4, 5];

- based on a combination of the functions of money and the breadth of geographical coverage (Table 1), the stages of CI are determined: a) indicated by the Central Bank of the Russian Federation – with special consideration for the function of a universal measure of value; b) by distribution with a pronounced pyramidal hierarchy [6]; c) according to a generalized classification with the principle of narrowing concepts [7];

- depending on the indicators of the balance of payments (BOP) [8].

II. According to the political and economic approach considering cause-and-effect relationships and a whole range of conditions, based on the classification [9] with the assumption of “crossing” of functions, the following currencies of different CI levels have been distinguished: the “master currency”, or the currency of the hegemonic state whose status is determined by its relations with the countries of the core and periphery of the system; the “top currency” being the leader in terms of economic characteristics; the “negotiated currency” – for its use by other countries, the issuing state enters into agreements with the possibility of obtaining mutual benefits (Table 1 takes into account the downward and upward trends); the “neutral currency”, whose status is due to the weighty position of the issuing state, which is not interested in CI.

III. According to the levels of currency influence: based on the concept of the global role of the currency, considering its international (cross-border) and domestic use, the results of which confirm the high importance of the currencies of developed countries and also significantly increase the role and weight of the currencies of developing countries [10].

The above consolidated (conditionally intersecting) classification allows assessing the CI level for each individual case and specifying the development plan. The difference in approaches to CI classification according to economic and political features is also noted in determining its factors (drivers). Among the economic factors of CI, the size of the economy of the issuing country and its share in the world are determined, as well as the degree of development of the financial sector and the weight in the IMFS, national currency characteristics, the level of progress in the market economy and liberalization [7, pp. 134-135; 12, p. 57]. While revealing their content, a number of basic indicators are distinguished, which act as performance indicators and the basis for the forecast of currency development (Table 2).

Table 1. Consolidated classification of CI stages

Main studies with classification	Cohen (1998)	Butorina (2003)	Bank of Russia (2017)	Hyo-Sung Park (2016)	Strange (1971)
Type of classification	currency pyramid with a pronounced hierarchy	currency pyramid based on the principle of “matryoshka”	currency pyramid with a pronounced hierarchy	currency pyramid based on the principle of “matryoshka”	network with a fuzzy hierarchy
Basic feature	economic (functions of money), geographic			economic (BOP)	complex of factors
Number of stages	7	5	3		4
Contents of classification (in descending order) with examples					“master currency»
	“top currency” – US dollar	dominant currency	global currency – US dollar, ~ euro	reserve currency	“top currency”
	“patrician currency” – euro and Japanese yen	key currency	international currency		
	“elite currency” – pound sterling, Swiss franc, Chinese yuan				
	“plebeian currency” – Swedish krona, currencies of rich countries – oil exporters	international currency		investment currency	
	“permeated currency” – currencies of a number of Latin American countries and the Russian Federation	domestic currency – Russian ruble in the 1990s – early 2000s and currencies of the CIS countries	regional currency – ruble, Chinese yuan	trading currency	
	“quazi-currency” – currencies of the CIS countries				
	“pseudo-currency” or “junk currency”				
		blocked currency			
					“neutral currency”

Note. Modern examples and characteristics by Cohen’s categories are cited based on [11, pp. 34-35].

Compiled based on [6; 7, pp. 130-134; 8, p. 20; 9; source 1, pp. 1-2].

Table 2 determines some political factors along with the economic ones, by the efficiency of which the possibility and quality of managing CI development can be judged¹. Expert opinions differ on the significance of political factors. Some experts note that they can constantly or periodically have a direct or indirect impact on CI (for example, through pressure on economic determinants), but they are much less studied than the other factors [3, pp. 2-3; 14].

¹ Under the political factors that act as the driving force, the necessary conditions and requirements of CI, the purposeful specialized activities of the issuing state (or supranational bodies of the integration object) inside and outside its borders to promote CI, as well as controlled and uncontrolled external effects of global political processes and indirect effects, are implied.

Thus, CI success is often determined by them when the level changes, when the currency is in a borderline state [1, p. 15]. Other experts admit that non-economic factors give a kind of the first impulse to CI with the further strengthening of the produced effect. Higher CI levels require a more solid economic foundation (Table 2) [7, p. 136]. Studies with the results of evaluating and separating various factors according to the degree of their impact on CI are also singled out (see [3] for more details). Therefore, a number of authors are inclined to believe that in most cases (apart from creating the prerequisites for CI) “currency internationalisation does not depend on special government encouragement but will take place spon-

Table 2. Identified factors (requirements) determining CI progress

Indicators	CI level		
	Low	Medium	High
I. General economic (macro and scale effects):			
GDP size	+	++	+++
Share in the global economy	+	++	+++
Trade participation and openness (share of exports and imports in GDP)	+	+	+
Price (low inflation) and macroeconomic stability	+	+	+
Balance of external settlements	+	+	
Resilience to the influence of external “shocks”	+	+	+
Potential for growth and quality development		+	+
II. Financial (market):			
Market width	+	++	+++
Market depth	+	++	+++
Market liquidity	+	++	+++
Activity in the IMFS	+	++	+++
III. Currency:			
Convertibility	T	TT	TT
Low exchange rate volatility	T	TT	TT
Share in foreign exchange reserves			TT
Market share	T	T	TT
IV. Regulatory:			
No currency restrictions	T	TT	TT
Free movement of capital	T	TT	TT
Transparency and efficiency of monetary policy	T	T	T
Legislative system:			
Developed	T	T	T
Complying with the market economy	T	T	T
V. Complex geopolitical			
	TT	TT	TT

Note. “+” = significant factor; “++” = “+” is defining; “+++” = “+” is critical; “T” = mandatory requirement; “TT” = “T” with maximum impact.

Finalized and supplemented by the author based on [7, p. 135; 12, p. 57; 13, pp. 27-28].

taneously” [5, p. 229]. This statement is given as the null hypothesis.

In general, countries interested in CI expect such benefits as additional seigniorage, macroeconomic flexibility, special conditions for financial intermediaries, reduction of foreign exchange risks, improved purchasing power of consumers, and strengthening of political positions. However, in a number of countries (Germany and Japan, in particular), CI was considered with a certain degree of skepticism due to the associated costs, as well as reduced macroeconomic policy autonomy, limited monetary policy room to maneuver, the necessity of maintaining the competitiveness of national export- and import-oriented sectors, and increasing responsibility for the state of the world economy [1; 5; 13, p. 27].

US DOLLAR RISE: A GLOBAL CURRENCY

The only currency that has reached the CI top with the consolidation of the dominant status and “exorbitant privileges” remains the dollar. Among other things, this is confirmed by the results of a comparative analysis of estimates of national financial and economic development at the present stage of the world economy. The United States has a significant weight in world GDP (about 25% in the late 2010s, while the eurozone countries and China accounted for about 16% each) and an impressive level of financial depth; along with China and the EU, it is among the top three leaders by share in foreign goods trade and one of the largest participants in the global services market. Separate indicators of the degree of demand

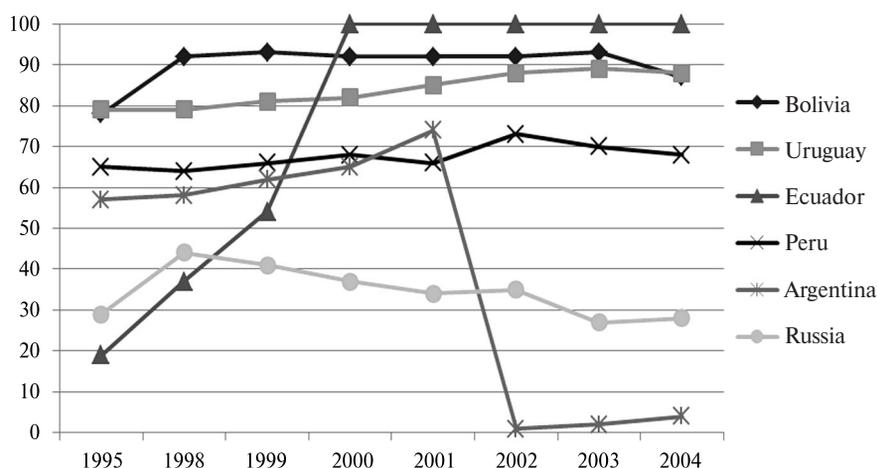


Fig. 1. Dollarization level in some countries: foreign currency deposits to total deposits, %

Taken from [19, p. 6].

for currencies, including their share in external debt, the turnover of the global currency market (GCM) and its general structure, servicing international settlements and cross-border flows, the composition of the main reserve currencies, the currency structure of cross-border transactions of banks, have demonstrated the leadership of the dollar for a long time².

According to experts of the Bank of Russia, in the 20th century, “all national currencies that have reached the status of international ones ... acquired it as a result of the natural development of the economy. The process of CI is mainly due to economic and financial prerequisites” [source 1, pp. 2-3]. These theses complement the null hypothesis. Let us provide evidence of the important role of political factors in the history of dollar internationalization.

First, the economic development of the United States was not interrupted by world wars. On the contrary, it was “World War I that having undermined the economies of European countries put forward the United States to the role of leader of the capitalist world” [16, p. 239]. This factor alone allowed the United States to increase national wealth by 40%, produce about 50% of the world’s industrial output, become a major world creditor, accumulate about half of the world’s gold reserves, and set the stage for the promotion of the dollar.

Second, there was a significant influence of the FRS: in the 1910s and 1920s, it began to pursue an ag-

² On average, in the 2010s, the financial depth indicator of developed countries was about 400%, of China – less than 250%. Data sources: *IMF WEO Database* (April 2021), *IMF COFER* (Latest Update Date 12/23/2021), *BIS Statistics* (<https://www.bis.org/statistics>), *SWIFT RMB Tracker*, *ECB* (<https://www.ecb.europa.eu/pub/ire/html/ecb.ire202006~81495c263a.en.html>), *McKinsey Global Institute*, [15, p. 6].

gressive CI policy. Focusing on the dollar as the currency of trade and investment, the FRS actively created markets for it, the progress of which actually predetermined the success of CI [17, pp. 14-15; 1, p. 14]. Further, the preparation of the environment for the spread of the dollar continued.

Third, the dollar became the main currency of negotiations at the stages of the formation and establishment of the gold exchange standard (in fact, the gold-dollar standard – the principles of Bretton Woods) and the Jamaican system. At first, the dollar was recognized as one of the main reserve currencies with an unhindered exchange for gold at a fixed rate, and the control and regulation of the IMFS were subordinate to the United States. Later it was decoupled from the gold content.

Fourth, approximately since the 1920s, the pound sterling had been squeezed out of its dominant position and finally lost it only after 1955 [1, p. 22]. So the dollar was provided with the absence of real competing currencies.

Fifth, one of the effective methods of promoting the dollar in different historical periods has been the use of “dollarization diplomacy” by the United States in relation to countries with developing and emerging markets [18], as well as the practice of currency boards and special methods of CI financing. Evidence of these facts is observed in the countries of Latin America and the Russian Federation (Fig. 1). This is explained by the fact that the dominant issuing state seeks to get the IMFS “hooked” on its own currency and influence other countries through it. As a result, the rest of the states of the core and periphery will try to reduce their own and systemic dependence on the dominating currency [1]. The inclusion of the yuan in

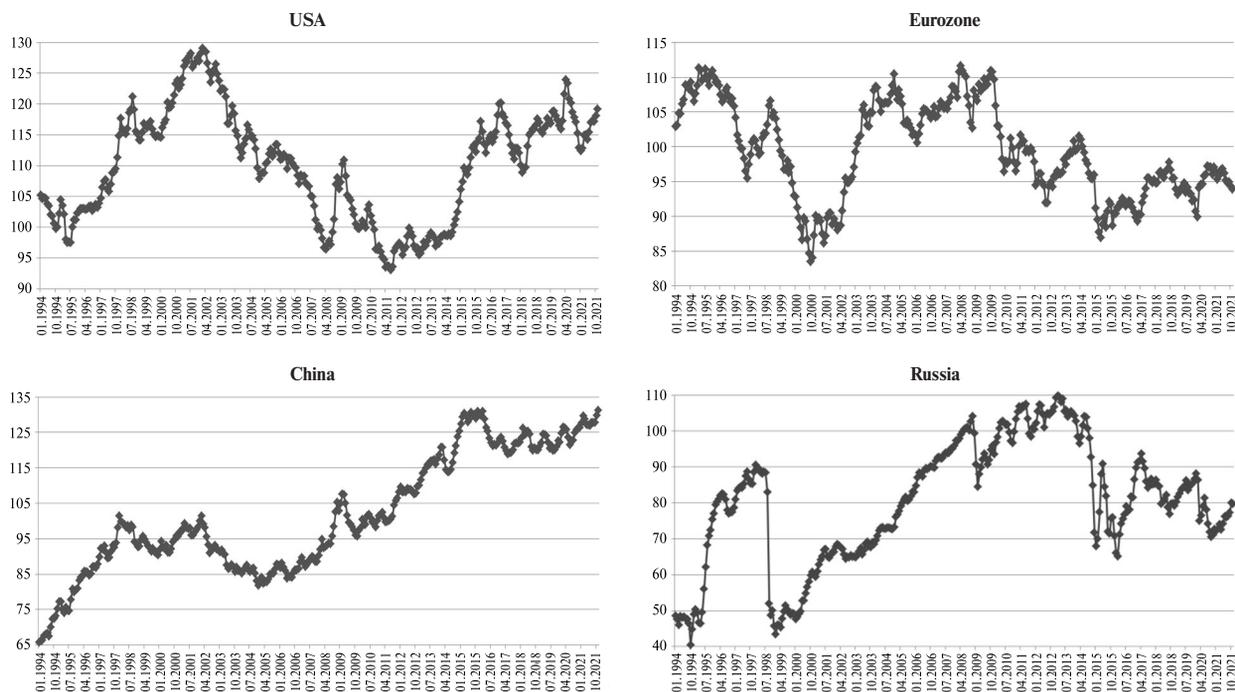


Fig. 2. Real effective exchange rates (REER), 2010 = 100

Taken from [source 2].

the SDR basket, for example, was not without political games: experts hint that Beijing then enlisted the support of influential countries³.

Finally, the hegemonic state is trying to exert a long-term psychological impact, i.e., to impose on the countries of the systemic periphery interested in sustainable development an opinion about the stability provided by its currency and the need to maintain it. In this case, a bet is made on the dependence on the US currency, and a kind of “currency trap” is artificially created, based on the development of their own “voluntary” incentives for using the dollar [1].

It is becoming increasingly difficult for the United States to maintain such an effect. The *REER* chart for the United States shows that since the 1990s, its level of volatility has been noticeable for the global economy, which was one of the reasons for the inclusion of the yuan in the SDR basket (Fig. 2). According to estimates, this step can increase resilience to shocks, help improve the use of SDR and manageability of IMFS processes [20]. As it was estimated, since 1913 the dollar had lost over 95% of its value, which weakens its credibility [21, p. 193].

It seems that despite the long external absence of the declared CI course [10, p. 20], the rise of the dollar was developed and implemented by the United

States through the use of mainly external political factors and the prevailing in the 20th century favorable circumstances for economic leadership. These conditions were supplemented by the aggressive CI policy (internal political factor) and work to achieve the goal at any cost. The United States is currently trying in every possible way to maintain its dominant position.

CHINA CURRENCY EXPERIMENT

The experience of China as a country close to the Russian Federation in terms of the history of socialist development and the passage of a transformational period in the economy is extremely interesting. A specific date for the beginning of the yuan internationalization cannot be exactly determined. Many experts have been counting since 2008 [2, p. 27; 12, p. 57], when the stimulation of settlements in national currencies in cross-border trade had started. However, there might be reason to start analyzing CI processes from the 1990s (Table 3), when the preparation of the internal environment was performed and the foundations of the CI course were laid. Already at that time, the changes in the functions of the PRC currency accompanying CI began to be traced.

An analysis of the key events of this “long march” allows combining them into three large blocks and demonstrating a view on the state strategy of the yuan

³ See: <https://www.wsj.com/articles/china-rallies-around-yuan-as-imf-mulls-reserve-currency-inclusion-1434366682>

Table 3. CI stages of Chinese yuan and their summary

Stage name	Years	Tasks and key events
Preparatory	1993–2008	Intention to convert the yuan into a convertible currency (1993), partial convertibility and a unified foreign exchange system (1994), full convertibility for current transactions (1996), PBOC report (2006)
“Long March”	2008/09–2016	<p>Strategy of yuan (RMB) internationalization:</p> <p>Component I – promoting the use of <i>RMB</i>:</p> <p>a) facilitation of trade settlements;</p> <p>b) financial reforms and market opening:</p> <ul style="list-style-type: none"> • development of banking services in yuan; • movement towards liberalization of bank deposit and lending rates; • development of bond markets; • investment management and capital flow promotion: inflow/outflow (schemes for foreign and domestic investors) and bilateral (two-way) flows (from pilot free trade areas); • foreign exchange market development. <p>Component II – changing the global financial infrastructure and building networks for the <i>RMB</i>:</p> <p>a) detailing the approach to expanding the <i>RMB</i> use:</p> <ul style="list-style-type: none"> • building of a global network of trading and clearing centers; • starting and stimulation of direct <i>RMB</i> trade; • expanding the network of bilateral swap agreements; • launch of the <i>China International Payment System (CIPS, 2015)</i>; <p>b) expanding the networks of free trade and economic partnership agreements;</p> <p>c) launching of the OBOR (2013).</p> <p>Component III – reforming the IMFS:</p> <p>a) development of a regional financial system/structure: the Chiang Mai Initiative (CHI) and the Multilateral CHI;</p> <p>b) launching a network of development banks;</p> <p>c) inclusion of the yuan in the SDR basket (2010 – results in 2016)</p>
Modern	since 2016	<i>RMB</i> trade support, special financial product plans, OBOR development rethinking, digital experiment

Data sources: [8, pp. 3, 19-80; 17].

internationalization. Each of its components had clear objectives: the transformation of the yuan into a currency of trade and investment from within, the creation of an external ground for the intensification of CI, and the reform of the IMFS in accordance with the goals of the PRC. One of the important tasks of the strategy is to reduce dependence on the dollar and move away from its accumulation.

This idea is consistent with the practice of using gold and foreign exchange reserves (GFER) and China’s “Go Global” policy [22, pp. 14-15]. The strategy is being gradually implemented; steps are being taken in all directions to obtain a synergistic effect. Active CI began to pay off: in 2011–2015, the composite indicator of yuan internationalization grew steadily. However, a new stage of CI was then identified: not only due to the transition of the yuan to the status of the currency of the SDR basket and the gradual transformation into the world reserve currency but also due to the unexpected decline in its international role after passing the peak values⁴. That is why the title of “currency with too much state” was stucked to it [23, p. 6], which this status did not guarantee the continuous CI

⁴ See: <https://www.ecb.europa.eu/pub/ire/html/ecb.ire201906~f0da2b823e.en.html#toc2>

growth. The question arose about the limit of the efficiency of the chosen approach and the correctness of the assessment of the potential of political factors. The PRC is currently solving the problem of activating CI in light of new international threats.

The CI policies of China and the United States have similar features. First, both countries know how to profitably and timely use external circumstances. If the success of the dollar internationalization was largely predetermined by world wars in the 20th century, then the achievements of the Chinese yuan in the 20th-21st centuries were also due to large-scale crises considered in this context as negative external factors: Asian (1997), global financial and economic (the acute phase was 2008–2009), and European (sovereign debt) of the first half of the 2010s. Wars and crises weakened the economies of competing countries and caused fluctuations in confidence in their currencies and international organizations. China, as a “global factory”, succeeded in strengthening the status of a steadily developing economic giant, accelerating CI under the *go global* slogan and promoting initiatives to divert financial resources from speculative use to servicing infrastructure projects during critical periods.

Second, in the USA and China, the CI processes were regulated and patronized by the state and the

Table 4. CI stages of euro and their summary

Stage name	Years	Key events
Preparatory	1970–2002	Reports-plans for the creation of an Economic and Monetary Union (EMU), “currency snake in the tunnel” and its modification, European Monetary System (with “experiment in experiment” – ECU, mechanisms for stabilizing and financing interventions), Maastricht Treaty and convergence criteria, European Monetary Institute, European Central Bank (ECB), introduction of the euro
Spontaneous	1999–2018	“The development of the euro ... will mainly be a market-driven process. Since the internationalisation of the euro, as such, is not a policy objective, it will be neither fostered nor hindered by the Eurosystem.”
Regulated	since 2018	“But we must do more to allow our single currency to play its full role on the international scene.”

Compiled by the author based on [7; source 3, p. 31; source 4, p. 1].

Central Bank. China is promoting CI “gradually, steadily, and aggressively, where necessary” [8, p. 63]. The same idea was true for American politics.

Third, both the dollar at the stage of the gold exchange standard and the yuan during the implementation of the OBOR actively acted in the status of “negotiated currencies” at the ascending stage of CI. The Bretton Woods system contributed to the formation of the need for dollars in the world, and one of the tasks of the OBOR was to create additional demand for the yuan [8, p. 45]. Like the United States, China initially tried to strengthen the role of its currency as a trading and investment one. Finally, the desire to reform the IMFS for themselves, including through the displacement of competing currencies, is inherent in the United States and China⁵.

There are also differences between the American and Chinese approaches to CI. First of all, this is due to the uniqueness of the PRC experiment among developing countries. If the USA could, for example, be guided by the experience of Great Britain, then China had to internationalize the yuan by trial and error. Moreover, the practice of yuan internationalization could be called the one bypassing liberalization, since in fact it took place through an experimental offshore platform – Hong Kong, which back in the 2000s participated in pilot projects stimulating CI and developed as a global offshore hub for doing business in yuan [1, pp. 23–25; 8, pp. 26–32].

Other CI mechanisms are formed through non-trade channels of penetration of Chinese capital into the regions [22]. This approach allowed China to delay the process of capital account liberalization, keep

⁵ Just as the United States got Latin American countries “hooked” on the dollar, the yuan gradually spread across foreign territories. In 2013, it was recorded that the yuan overtook the euro, becoming the second most used currency in *trade finance*; at the beginning of 2015, it became the main currency for payments between the PRC (including Hong Kong) and the Asia-Pacific region with a service share of over 30%, while the dollar and the yen accounted for less than 25% each [8, p. 25, 83].

the exchange rate away from free float, and manage the development of its financial sector. Finally, the Chinese CI strategy was organically built into the system of goals of reforms implemented according to the principle of gradualism. The 13th Five-Year Plan defined the expansion of the use of the yuan in international settlements and the movement towards increasing its convertibility as one of the key tasks [15, p. 22].

The example of China demonstrates that the null hypothesis cannot be accepted. Moreover, until 2016, the status of the yuan lagged noticeably behind the position of the PRC in the global economy [15, p. 22]: economic factors did not lead to the effect achieved due to political factors.

EURO:

A “CURRENCY WITHOUT A STATE”

Such a definition of the euro (“*currency without a state*” [23, p. 6]) emerged not only because this currency was formed within the framework of European integration but also due to the specifics of the EU approach to CI (Table 4). The same as for the yuan, a special place was occupied by the preliminary stage (preparation for the introduction of the euro and laying the CI foundations), which included successive steps by trial and error due to the uniqueness of the experiment and the importance of planning and regulation. The next CI stage was called spontaneous due to the choice of an independent path for the development of the euro due to its characteristics and market factors. This choice was based primarily on two factors:

1) the euro quickly turned from a regional currency into a high-level one and firmly entrenched in second roles behind the dollar: if it took more than 20 years for the yuan to reach its current position, then it was not necessary to spend so much time and effort on the rise of the euro;

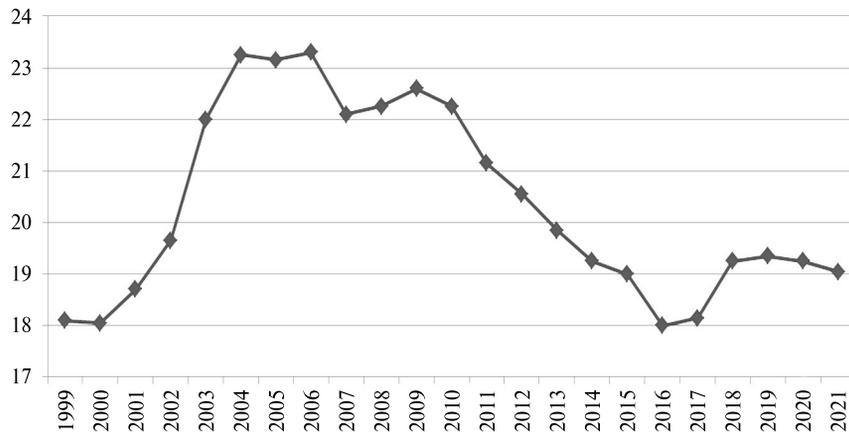


Fig. 3. CIIR of euro

Compiled from averages adjusted (in %) based on [source 5].

2) eurozone countries wanted to avoid the costs of CI (for example, volatility in cross-border capital flows) [source 3].

The current stage of CI is characterized by a return to the need for the guardianship of the euro. Several reasons for the change in strategy were determined. First, the dynamics of the composite index of international role (CIIR) showed that over more than 20 years of the existence of the euro, progress was noted only in the first half of its life path (Fig. 3). Second, the list of priority benefits from accelerating euro internationalization included reducing the costs and risks of international trade for European businesses, increasing choice for market operators, the advantage of low interest rates, reliable access to global financial sources and the development of European financial markets, increasing the sustainability of IMFS and the world economy to shocks, strengthening the economic and political positions of the eurozone in the world, making it possible to withstand external challenges [taking into account source 4, p. 5]. Finally, CI promotion organically fits into the plans for the development of European integration and complements it; just the same as in the PRC it is built into the reform strategy.

The following initiatives for euro internationalization have been identified [based on source 4, pp. 6-13]:

1) completion of the EMU, the Banking Union, and Capital Markets Union to create a solid foundation for CI;

2) deepening the development of the European financial sector and strengthening the financial sovereignty of the eurozone by strengthening the liquidity and resilience of market infrastructure, ensuring the reliability of basic indicators and benchmarks, stimulating trade and pricing in euros, supporting a fully in-

tegrated instant payment system in the EU, reducing the risks and vulnerabilities of retail payment systems, the development of the euro in the GCM;

3) the implementation of measures associated with the IMFS and its interconnectedness with the eurozone: supporting Central Banks' cooperation to ensure global financial stability, increasing the share of the euro denominated debt by European bodies and becoming a special kind of "negotiated currency" in the context of economic diplomacy to stimulate the functions of a means of payment and reserve currency, technical supporting and improving the access of developing countries to the euro payment system;

4) promoting the use of the euro in a number of strategic sectors of the economy. Attempts to oust the dollar were observed earlier [7, pp. 274-275].

Insufficient attention to and lack of active efforts of the eurozone countries and the ECB for currency development have become a brake for CI [1, 24]. The use of political factors mainly as the initial precondition for development and the reliance on economic incentives led to marking time, increased Euroscepticism, and necessitated strategy change. The initial plans, roadmaps, and recommendations for euro internationalization were in some cases close to the PRC strategy.

CONCLUSIONS AND RESULTS

In modern realities, the issues of CI regulation occupy an important place, which follows from the analysis of the experience of the United States, China, and the eurozone countries. In these successful examples of international practice, political factors played a significant role during the CI process (especially at the start, peak, and border periods). Developing countries

are becoming active participants in the IMFS and role models (an example of the CI experience and digital experiment of the PRC were taken into service by the eurozone countries and the United States).

The level of Russian ruble internationalization is still quite low, although there is slight progress through the stages of the consolidated classification from the status of a domestic to a transitional and regional currency. The reliance of the first Russian reformers on spontaneous market forces did not contribute to the progress of CI. Internal (the state of the economy and dependence on the export of raw materials) and external (sanctions, the consequences of COVID-19, etc.) conditions do not allow reaching a high level of ruble internationalization and activating it due to economic factors. The potential of political factors of CI was blocked in the 1990s–2010s: the monetary and financial policy of the Russian Federation as a whole was defined as “extremely cold”⁶.

A tendency to intensify efforts the ruble internationalization has been currently noted:

- change in the shares of the dollar and yuan in GFER after the imposition of sanctions;
- launch of own payment systems (for example, the Financial Messaging System (SPFS) of the Bank of Russia) and development of the idea of a digital ruble;
- progress in the immediate neighborhood zone: the ruble prevails in the currency structure of payments that ensure the mutual trade turnover of the EAEU (over 70% since 2016), transactions in dollars have been squeezed out of the currency structure of imports of the EAEU countries during 2013–2019 and are mainly replaced by national currencies [15, p. 9, 14];
- bilateral initiatives to stimulate settlements in national currencies: for example, the practice of the

⁶ See: <https://globalaffairs.ru/articles/rossia-v-fin-politike/>. The dynamics of the REEF of the ruble is characterized by an increased level of instability (Fig. 2), its share in the GCM and servicing the processes of the world economy is extremely small. Data sources: *IMF WEO Database* (April 2021), *BIS Statistics* (<https://www.bis.org/statistics/>).

Russian Federation and the PRC since the 2000s (agreements between the Central Banks of these countries, the launch of trading in the ruble-yuan pair on the MICEX in 2010, etc.);

- an emergency response to sanctions: the transfer into rubles of payments for the supply of gas and, possibly, other goods to unfriendly countries.

These political factors are mainly aimed at reducing the dollar presence, i.e., only one of the CI components. Moreover, their application is not always successful: for example, in practice, in the interaction between the Russian Federation and the PRC, an intermediary currency is retained. Attempts to stimulate ruble internationalization based on political factors in the border period since 2014 can be considered the starting point of its vector. The 2022 measures are a reflection of a forced CI, which may work at the start, but its prospects are vague. It is unlikely that an increase in the NWF savings limit to 10% of GDP with placement in non-ruble instruments, the mandatory sale of foreign exchange earnings by exporters, or the artificial creation of additional demand for foreign currency, including through operations on the St. Petersburg Exchange, can accelerate CI development.

When developing an effective CI strategy for the Russian ruble, individual elements can be borrowed from foreign experience. The emphasis on control and management, laying the internal and external groundwork, the expansion of coverage based on the idea of a “negotiated currency”, the opening of currency swap lines, and active participation in the reform of the IMFS might be useful. It is worth developing collective initiatives and plans for currency development, conducting joint experiments in the EAEU, BRICS, and SCO. It is important to remove the CI obstacles (first of all, internal ones, due to which the Russian Federation ended up on the periphery of the IMFS, and Russian GFER – to a large extent under foreign control). In the long term, success will depend on the state’s ability to perform deep reforms and make maximum use of the economic factors of CI.

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