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*George Mason University*

## THE RMB IN THE GLOBAL ECONOMY

Yin-Wong Cheung  
*University of California*

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One Liberty Plaza, 20th Floor, New York, NY 10006, USA  
477 Williamstown Road, Port Melbourne, VIC 3207, Australia  
314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre,  
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Yin-Wong Cheung  
*University of California*

Author for correspondence: Yin-Wong Cheung, [cheung@ucsc.edu](mailto:cheung@ucsc.edu)

**Abstract:** This Element discusses the global role of the RMB. After recapitulating its economic and trade growth experiences, we recount China's evolving exchange rate policy in the post-reform era, review the debate over whether the RMB is overvalued or undervalued, present China's policies to globalize the RMB, describe offshore RMB trading, assess the current global status of the RMB, and discuss geopolitical tensions in the last few years. Since 2009, the process of globalizing RMB has not been smooth sailing and has progressed quite unevenly over time. Despite the strong performance in the early 2010s, the RMB is underrepresented in the global market and its global role does not match China's economic might. The path of RMB internationalization is affected by both China's economic performance and geopolitical factors.

**Keywords:** offshore RMB trading, global FX trading, global reserves, geopolitics, RMB valuation

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