



# IMI Newsletter

International Monetary Institute  
Renmin University of China

## Focus

- 2015 IMI Annual Academic Committee and Plenary Meeting

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- Roundtable on Money and Finance · Winter 2014
- Macro-Finance Salon No. 19, 20, 21, 22
- External Review Meeting of RMB Internationalization Report 2015



## Focus

### 2015 IMI Annual Academic Committee and Plenary Meeting

On January 31, IMI Annual Academic Committee and Plenary Meeting was held in Room 602 of Culture Square. Many distinguished IMI academic committee members attended the meeting, including: Chen Yulu, Chairman of the Committee, President of Renmin University; Ben Shenglin, Professor of Zhejiang University; Cao Tong, President of WeBank; Hu Xuehao, Deputy Director General, Ministry of Finance; Ji Zhihong, Director General, Financial Market Department, PBoC; Liu Jun, Executive Director and Vice President, China Everbright Group; Wei Benhua, Former Deputy Administrator-in-Bureau, the State Administration of Foreign Exchange; Xuan Changneng, Director General, Financial Stability Bureau, PBoC; Alfred Schipke, Senior Resident Representative, IMF China; Zhang Jie, Associate Dean, School of Finance, Renmin University; Zhang Zhixiang, Former Director General, International Department of PBoC; Zhao Haiying, Vice President, Central Huijin Investment Ltd, etc.

Director Zhang Jie presented IMI Report 2014 and outlined 2015 plans. He also made an overview on IMI's Ten Highlights during the last year as follows.

1. 2014 International Monetary Forum and Press Conference of RMB Internationalization Report which enormously elevated the international influence of the Report.
2. EuroRMB Seminars in London and Frankfurt. It is the first time that a Chinese think tank started European road show on RMB internationalization issues.
3. Updated academic exchange platforms including Roundtable on Money and Finance and Macro-Finance Salon.
4. Issuance of the English quarterly International Monetary Review which completed the structure of "4 periodicals and 1 book series".
5. Breakthrough of team building with the appointment of Pan Gongsheng and Wang Zhaoxing as Advisory Board members and Rainer Klump, etc., as Academic Committee members.

6. Launch of “Series of IMF History” Project. It is the first time for the most authoritative and circumstantial book series about IMF to be translated into English.

7. Enhancement of international exchange. IMI has established long-term strategic partnerships with more than 20 organizations and academic institutions from Europe, America and Asia.

8. Initiation of the Talent Development Project which is a sustainable training program organized in a professional and all-round way.

9. Strengthening of the “3+1” media communication platform utilizing the complementary advantage of traditional and new media.

10. Practice of the standard work process under the “One Chart” Project leading to the leap of standardization and systematization constructions.

Director Zhang Jie also forecasted the opportunities and challenges faced by IMI in its strategic positioning, internal governance, sustainable development, internationalization and policies influence in the following five years. President Chen Yulu delivered a summary speech and a ceremony was held to officially welcome new members to IMI, and recognize a few colleagues for their service and achievements in 2014.



## Research

### Roundtable on Money and Finance

#### Editor's Note:

*Roundtable on Money and Finance* is IMI's signature quarterly forum, held in the second Saturday afternoon of each March, June, September and the next January respectively (adjusted for national holidays and special occasions). The forum invites financial experts and leaders from home and abroad, having featured keynote speakers including WEI Jianguo, vice minister of the Ministry of Commerce; SU Ning, former deputy-governor of PBoC; Chen Yulu, president of Renmin University; Pan Gongsheng, deputy-governor of PBoC; Robert A. Mundell, professor of Columbia University; Edmond Alphandery, former French minister of finance; Patrick Honohan, governor of Central Bank of Ireland; Yves Mersch, governor of Central Bank of Luxembourg. Currently, the forum has become a significant platform for academic exchanges in the macrofinance, and has cast great influence among financial researchers and practitioners.

#### Roundtable on Money and Finance · Winter 2014 2015, China's Financial New Force

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On January 10, Roundtable on Money and Finance · Winter 2014, which themed “2015, China's Financial New Force”, was held in Shenzhen. It was co-organized by IMI, Qianhai Institute of International Capital Management, Alumni Association of Renmin University in Shenzhen, and Research Center for Internet and Financial Innovation of Zhejiang University.

More than 150 distinguished guests from Beijing, Shenzhen, Hong Kong and Taiwan attended the conference including Pan Gongsheng, deputy-governor of PBoC; Ma Weihua, former president of China Merchants Bank; Cao Tong, co-director of IMI, president of WeBank; Xiang Songzuo, chief economist of Agricultural Bank of China; Liu Jun, vice president of China Everbright Group; Zhang Jianjun, president of PBoC Shenzhen; Wang Yongli from Bank of China; etc. Ben Shenglin, executive director of IMI, chaired the conference.

Governor Pan Gongsheng elaborated the relation between “economic new normal and financial business model” in his opening speech. Mr. Ma Weihua emphasized that the financial industry should actively adapt to the new normal, cultivate financial demands and search for development momentum. Mr. Cao tong gave a speech on “the Social significance and path of Internet finance”. Mr. Liu Jun stressed in his comments that the nature of finance is credit. Finance can accelerate the flow of capital, and internet finance can make it even faster. Mr. Xiang Songzuo pointed out in his comments that the safety of domestic and international internet payment and the management of new payment instruments are major problems to be solved in internet clearance system.



## Macro-Finance Salon

### Editor's Note:

*The Macro-Finance Salon hosted by IMI aims at promoting the study and practice of macro-finance, as well as its disciplinary program, while carrying out in-depth research on macro-finance theory, policy and strategy. The concept of “macro-finance” stems from Professor Huang Da’s fundamental idea of integrating macro and micro financial theory, which systematically regards finance and real economy as a whole. In the book of “General Theory of Macro-Finance”, President Chen Yulu of Renmin University demonstrates the fundamental connotation and methodology of macro-finance, laying theoretical and empirical foundation for macro-finance framework, which facilitates long-term economy growth and stronger national competitiveness.*

### Macro-Finance Salon (No. 19): Theoretical Thinking on RMB Internationalization

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On January 25, Macro-Finance Salon (No. 19) was held in Room 801 of Mingde Main Building. Dr. Wang Yu, deputy director of PBoC Research Bureau, was invited to deliver a speech entitled “Theoretical Thinking on RMB internationalization”. Prof. Tu Yonghong, deputy director of IMI; Mr. Qian Zongxin, research fellow of IMI, Mr. Song ke, assistant director of IMI, etc., attended the meeting. Mr. Wei Benhua, former deputy-in-bureau, State Administration of Foreign Exchange, presided over the meeting.

Dr. Wang shared her theoretical thinking on RMB internationalization in five aspects: background and history of RMB internationalization, establishment of relevant policy framework, development of cross-border RMB business, development of off-shore RMB market and the future of RMB internationalization.

Dr. Wang raised that there were three criteria for a nation’s currency to become an international currency: first, its economic scale must be large enough to influence the international economy; second, it must have the capacity to drive global growth; third, its trade and capital flow must have a great influence on other countries. With China’s economic reform and opening up, RMB was reaching these criteria.

In terms of policy framework, Mr. Wang pointed out that the policies for the use of RMB

in cross-border financing was easing. The policy barriers for the use of RMB in cross-border direct investment had been removed.

Dr. Wang then said that as the cross-border use of RMB expanded, offshore RMB market was also developing. She pointed out that in the future, RMB internationalization should serve the real economy and be market-based; we should further expand the cross-border use of RMB and facilitate reform and opening up of domestic financial market; in pacing up convertibility in capital items, we should open markets to both home and abroad; we should clarify the importance of cross-border RMB business risk management.

## **Macro-Finance Salon (No. 20): Global Outlook--the US Economy and Emerging Markets**

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On March 17, Macro-Finance Salon (No. 20) was held in Culture Square. Mr. Anoop Singh, managing director and head of regulatory affairs, Asia Pacific for JP Morgan, was invited to deliver a speech on the outlook of the US economy and emerging markets. Mr. Wei Benhua, former deputy-in-bureau, the State Administration of Foreign Exchange, former IMF executive director for China, and Mr. Xiang Songzuo, deputy director and council member of IMI, chief economist of Agricultural Bank of China attended the salon. Mr. Zhang Zhixiang, former director general, International Department of PBoC, former IMF executive director for China, presided over the meeting.

Mr. Anoop Singh talked about the outlook of global economy from the angle of the US economy, the Fed's policy changes, low growth rate in emerging economies, and the key to China's growth. In his opinion, the US economic recovery came from improved labor market, a strong dollar and lower oil price. Emerging economies were faced with the problem of inefficient investment and production. The emerging economies should also pay more attention to financial system's role in supporting real economy and promoting entrepreneurship.

## **Macro-Finance Salon (No. 21): Risks and Opportunities in the "New Normal"--Need Market Solution**

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On March 20, Macro-Finance Salon (No. 21) was held in Culture Square, Renmin University of China. Mr. Il Hounng Lee, member of IMI Academic Committee and President of Korea Institute for International Economic Policy (KIEP), was invited as the guest speaker.



Mr. Wei Benhua, former deputy-in-bureau of the State Administration of Foreign Exchange and former IMF executive director for China, and Ms. Song Wei, associate professor of School of Finance, RUC, commented on the speech. Mr. Zhang Zhixiang, former director general of International Department of PBoC and former IMF executive director for China, presided over the salon.

Mr. Lee delivered a speech entitled “Risks and Opportunities in the ‘New Normal’”. He pointed out that economic fundamentals are beginning to stand on their feet in the US. And at the same time, in order to reduce the uncertainties of marginal return on capital, the US is supposed to normalize its monetary policy. On the other side of the Atlantic, the disparity of production rates among European countries is worsening, and the effect of the new round of QE in Europe is yet to be tested. While the growth expectation is prolonged in emerging markets, they are also under pressure from problems such as weakened growth and aging population.

The key to further recovering the world economy is to break the deadlock of insufficient labor pool and the mismatch of human resources supplies and product demands in emerging markets. Mr. Lee also talked about RMB internationalization. He believes that the economic fundamentals in China has been matured enough to support the internationalization of RMB.

Mr. Lee described the international monetary system as a three-polarized system of “dollar, euro and yuan”, which consists of two dimensions – “settlement and store of value”. He also believes that the economic cooperation strengthened by free trade zone between China and South Korea will have a “win-win” future.

It is reported that IMI and KIEP signed a memorandum of understanding in July 2014. The two institutes reached consensus on cooperation framework and mechanism, and this salon is a successful attempt of cooperation.

## **Macro-Finance Salon (No. 22) and the 2014 Internal Research Report Release Conference (No. 1)**

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On March 28, the Macro-Finance Salon (No. 22) and the 2014 Internal Research Report Release Conference (No. 1) was held in Renmin University. Prof. He Qing, research fellow of IMI and deputy director of Money and Banking Department, School of Finance, delivered a theme speech. Mr. Wei Benhua, former deputy-in-bureau, the State Administration of Foreign Exchange, Prof. Tu Yonghong, deputy director and council member of IMI, Ms. E Zhihuan,



deputy president of Development Planning Department, BOC Hong Kong, Mr. Qian Zongxin, assistant professor, School of Finance, RUC, attended the forum. Prof. Wang Fang from the School of Finance, RUC, presided over the conference.

The conference disclosed the research results over the topic of Global Monetary Layout and Off-shore Market Development. Prof. He demonstrated the background, model planning and analysis of the thesis. He pointed out that trade, capital flow, economic volume, financial development level and even language would all impact the regional distribution of international currency.

The thesis also mentioned that rapid RMB internationalization is the background of the research. Current research analyzed the distribution of global currency from the perspective of the contributor; actually, the political, economic and cultural difference between recipients can better explain the distributional difference. He pointed out that RMB internationalization is an irresistible trend, and we must increase RMB's share in major global financial centers.

Experts then commented on the thesis. Mr. Wei analyzed how RMB's joining the SDR and liberalization of capital account influence global RMB distribution; Ms. E aired her opinion of institutional design; Prof. Qian and Prof. Tu gave their opinions on how to improve the structure and method of the thesis.



## External Review Meeting of RMB Internationalization Report 2015

### Editor's Note:

*RMB Internationalization is an important national strategy. In order to faithfully record the progress of RMB internationalization and objectively reflect the challenges in the long run, IMI has been releasing the "RMB Internationalization Report" since 2012. The Reports draw broad attention from all sectors of society due to the independence, objectivity and referential value for decision making. Currently, the Reports have been released in both China and abroad simultaneously in English, Japanese, Simplified and Traditional Chinese characters. The Report 2015 themes "One Belt and One Road Initiative and the RMB Strategy".*

On March 22, the External Review Meeting of RMB Internationalization Report 2015 was held at Room 801 of Mingde Building, RUC. The external review panel addressed the meeting on their review of the third draft of the Report. The meeting was attended by Chen Yulu, chief editor of the Report and president of Renmin University of China; Wei Benhua, former deputy-in-bureau of the State Administration of Foreign Exchange; Lin Dajian, deputy director of the Department of Foreign Affairs of NDRC; Qu Fengjie, director of the Institute of International Economic Research at NDRC; Guo Jianwei and Wang Zuogang, directors of the Monetary Policy Department II of PBoC; Zong Liang, deputy director of the Institute of International Finance of PBoC, and Tu Yonghong, deputy director and council member of IMI. Zhao Xijun, associate dean of the School of Finance, presided over the meeting.

Professor Tu Yonghong first introduced the internal logic and the framework of this Report. They have set up the theme of this Report as “One Belt and One Road” Initiative, which accords with the national strategies. It is the first time that people from various areas have been invited to compile this Report. During the reviewing session, experts have shared their insights on this Report. Wei Benhua said that this Report is greatly relevant to the national strategic planning. Lin Dajian thought that RMB internationalization will play an important role in the development of “Belt and Road”. Other experts including Guo Jianwei and Sun Lujun have also shared their observations on this Report. In the end, President Chen Yulu concluded that the logical convergence of “Belt and Road” with RMB internationalization will help our future systematic research to be more targeted. China needs to reach balance between the two strategies. The development in our financial system will help to direct global capital to the building of the “Belt and Road”.



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