

## **ABSTRACTS**

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### **CONVERTING OF YUAN INTO RESERVE CURRENCY: PROBLEMS AND PROSPECTS**

Set from the end of 60th of the last century the tendency of falling of trust to the American dollar sharply increased as a result of global crisis 2008–2012. Side by side with this the crisis of sovereign debt in a number of countries of euro area (Ireland, Greece, Portugal et cetera) undermined a trust to the euro, as new global currency. The looks of many economists and financiers appealed toward China which during the last decades demonstrates considerable economic successes. In the world began to speak about prospects converting of Yuan into new reserve currency. Analyzing the dynamics of the internationalization of the RMB may be noted that almost all the prerequisites Yuan acquisition of the status of the global reserve currency are, in one way or another, in the stage of implementation.

In an economic plane the biggest problem is not sufficiently developed market of debt securities, without which the Yuan cannot be a reliable tool for international settlements. Without sufficient market liquidity of debt securities denominated in RMB, the Chinese currency will never be attractive to foreign investors, and the participants of foreign trade will always avoid high volatility of the exchange rate, if they do not have access to derivatives to hedge currency risk.

The second problem is the full convertibility of the Yuan and the associated liberalization of international capital account that the Chinese authorities are going to solve in the next five years.

However, the most serious challenge for China in the process of turning Yuan into the global reserve currency is its authoritarian political system.