

# ANAIS

## 6° SEMINÁRIO PESQUISAR CHINA CONTEMPORÂNEA

21 a 23 de setembro de 2022  
Evento Híbrido

### Is China Bypassing the International Financial System?

Alexandre R Coelho - autor; [alexandre.coelho@usp.br](mailto:alexandre.coelho@usp.br)

Instituto de Relações Internacionais, Universidade de São Paulo-USP, São Paulo

#### Resumo

The paper's main objective is to contribute to studies on the internationalization of the Chinese currency, the *renminbi* (RMB), through a theory seldom used within International Relations, that is, the *International Institutional Bypass (institutional bypass)*. According to Prado and Hoffman (2017), institutional bypass resembles the deviations created by surgeons around an obstructed artery, using a new vein taken from another part of the patient's body. In the social sciences, this means that government authorities are progressively creating institutions rather than reforming traditional ones. Through institutional bypass, governments form new institutions that, in practice, bypass the functions of institutions they consider dysfunctional. Afterwards, the "defective" institutions end up coexisting, complementing, or disappearing due to these newly created organizations within the international financial scenario. I apply the *institutional bypass* theory to study two specific institutional phenomena of the RMB internationalization process. These are institutional innovations built on Beijing's initiatives within the global financial system. They are *Chinese offshore financial centers* that offer financial assets denominated in RMB (*RMB Offshore Centers*) and the *Chinese international payment system*, known as *China Cross-border Interbank Payment System (CIPS)*. This originality is materialized when *CIPS* and *RMB Offshore Centers* provide services and offer products in RMB like other institutions that carry out related activities, but that China considers inefficient, giving concreteness to the *institutional bypass* theory. These "other institutions" would be the offshore centers for financial products in dollars, as well as the traditional institution that provides messages and electronic records of financial transactions, the Belgian company - *SWIFT*, competitor of *CIPS*.

#### Palavras-chave

China – RMB Offshore Center – SWIFT – Institutional Bypass - China Cross-border Interbank Payment System



# ANAIS

## 6° SEMINÁRIO PESQUISAR CHINA CONTEMPORÂNEA

21 a 23 de setembro de 2022  
Evento Híbrido

### Principais referências

COHEN, B. J. Currency Power: Understanding Monetary Rivalry. [s.l.] Princeton University Press, 2015.

DREZNER, D. W. The Tragedy of the Global Institutional Commons. [s.l.] Oxford University Press, 2013.

EICHENGREEN, B. Exorbitant privilege: the rise and fall of the dollar [and the future of the international monetary system]. Oxford: Oxford Univ. Press, 2011.

EICHENGREEN, B.; LOMBARDI, D. RMBI or RMBR: Is the Renminbi Destined to Become a Global or Regional Currency? [s.l.] National Bureau of Economic Research, 16 nov. 2015. Available at: <<https://www.nber.org/papers/w21716>>. Access on: jan. 7, 2021.

EL-ERIAN, M. A. Reading the Dollar Doldrums | by Mohamed A. El-Erian. Available at: <<https://www.project-syndicate.org/commentary/dollar-depreciation-2020-short-and-long-term-implications-by-mohamed-a-el-erian-2020-07>>. Access on: feb. 23, 2021.

ELSON, A. Governing Global Finance: The Evolution and Reform of the International Financial Architecture. [s.l.] Palgrave Macmillan US, 2011.

PRASAD, E. Gaining Currency: The Rise of the Renminbi. Oxford, New York: Oxford University Press, 2017.

PRASAD, E.; YE, L. (SANDY). The Renminbi's Role in the Global Monetary System - BROOKINGS. p. 79, feb. 2012.

SUBACCHI, P. The People's Money: How China Is Building a Global Currency. New York: Columbia University Press, 2017.

SUBACCHI, P. Locking China Out of the Dollar System | by Paola Subacchi. Available at: <<https://www.project-syndicate.org/commentary/trump-china-trade-war-financial-flows-dollar-by-paola-subacchi-2019-10>>. Access on: apr. 13, 2021.

