

# MONEY AND MIGHT

## Along the Belt and Road Initiative

by  
Alessia Amighini

**China's strategy of financial internationalisation, with the Belt and Road Initiative and the Asian Infrastructure Investment Bank, is leading in the long term to less dependence on the dollar.**

**And if Chinese capital moves to foreign markets while the domestic market remains protected, 'reverse globalisation' is on the way.**

Launched by President Xi in 2013, the **Belt and Road Initiative** is at the heart of **China's internationalization strategy**. In addition to the development of transportation infrastructure, trade and communication, it pursues financial cooperation with the rest of the world. Indeed, **finance is the real lifeblood** of the Initiative, the most innovative and disruptive part in its operational, institutional and political aspects. Through a network of offshore financial centers scattered across the continents, Chinese banks and stock exchanges are **increasingly connected with foreign countries**, while remaining within a financial system protected by controls on international capital flows, a regime of controlled exchange rate fluctuation and a publicly-owned credit sector. The network functions as a system of communicating vessels that pushes the **circulation of the renminbi** across borders and the "people's currency" becomes an **instrument of "reverse" globalization**: it is not China that opens its financial sector to other countries, but the latter that welcome a growing Chinese presence on international markets. Along the BRI, finance flows smoothly and with it the **soft power** by which China is setting a new course in globalization.

Amighini reconstructs and details **China's strategy of financial internationalisation**, and implicitly of removing its dependence on the dollar. And while China certainly has the resources **to expand its financial footprint around the world** - for example, by financing joint ventures and corporate acquisitions and offering loans to public and private entities - the renminbi remains the weak link in this strategy. Today, China's currency strategy includes the use of the renminbi in international electronic payment platforms and, above all, a radical innovation: **the launch of a sovereign digital currency, the e.RMB**. The latter is a contemporary version of the mulberry bark used in the Great Khan's mint in the 13th century, when China invented the first banknote in history.

**The author: Alessia Amighini** is Co-Head of Asia Centre and Senior Associate Research Fellow at ISPI. She is Associate Professor of Economics at the Department of Economic and Business Studies at the University of Piemonte Orientale (Novara, Italy). Amighini previously worked as an Associate Economist at the United Nations Conference on Trade and Development (UNCTAD, Geneva, Switzerland).



## Details

Egea – Bocconi Editore (2021)

Pages: 196 - € 17.00

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### MARKETING&COMMUNICATION EGEA

Francesca Ziller

Tel: 02 5836 2032 - E-mail: francesca.ziller@unibocconi.it

Andrea Ravizza

Tel. 02 5836 5752 – E-mail: andrea.ravizza@unibocconi.it