

Against the backdrop of the corona virus pandemic, a new currency appears – cyber CNY

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US President Donald Trump has already stated the need to lay all the blame and responsibility for spreading the coronavirus to China. The possibility of making multi-billion claims was voiced. Politicians on behalf of the head of the White House are exploring the possibility of introducing new duties and sanctions against Beijing.

While all countries are suffering huge losses from the COVID-19, China has already coped with the virus and is beginning to actively restore its national economy. Trump believes this is wrong. It is unfair when someone but not America gains profit. China does not agree with the American arguments. But its strategy is not built in the area of political accusations.

The moment of the world global economic crisis is used to start testing the national crypto currency. The ultimate goal is a complete departure from the dollar in international payments and strengthening of the yuan. With the success of this project, China will be able to get rid of the dependence of the dollar economy.

In recent years, China has played a significant role in the global economy. It would seem that this should be followed by the introduction of the CNY into the system of international payments. But as of 2019, the share of Chinese currency from the volume of the global payment currency was only 2.2%. And this with a share of China in world GDP of about 19%. In addition, the yuan is not freely convertible.

The dollar accounts for slightly more than 39% of global

estimates, while the US share in global GDP is about 16%. A similar situation is observed with the euro.

It turns out that the yuan is simply not allowed into the world trade markets. At the same time, many demands were put forward, including liberalization of the economy, free trading of the yuan, non-interference of the state in the national currency rate.

Therefore, Beijing decided to take drastic measures. Instead of continuing attempts to introduce it into the international monetary system, China will develop electronic yuan – the first cyber currency provided and managed by the state, and not by a bank or other private organization.

Currently, an extremely favorable situation is taking shape for such a step. The popularity of electronic payments is growing, people are avoiding physical contacts. Therefore, the cyber currency provided by the state has a high chance of success.

For China, this will allow not only to get away from the use of the dollar in payments, but also to insure themselves against currency fluctuations.

The Central Bank of China has already begun testing the new currency in several cities: Shenzhen, Suzhou, Chengdu and Xunan. At the same time, electronic money will be introduced in different areas in different cities. For example, in Suzhou it will be used to pay for transport, in Xiongang – for food and retail. Cyber 人民币yuan will probably also be tested in the regions where the 2022 Winter Olympics will be held.

Thus, the Chinese authorities intend to level the role of the dollar as an instrument of American foreign policy. There are cases when the United States resorted to political blackmail measures, threatening to disconnect some companies from the SWIFT dollar settlement system. Similar measures were taken in relation to Iran and Venezuela.

At the same time, investors and businesses are offered not only an alternative to the dollar. On the one hand, the introduction of cyber yuan will revitalize the global economy. On the other hand, to tie users to the Chinese financial system and stimulate joining the „One belt one way” initiative. That is, it is proposed to change American soft power to Chinese.

Authorship: Vitaliy Timoschuk

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