

Factors to realize the internationalization of the chinese essay

[Business](#), [Industries](#)



China has passed Japan to be the second largest economy scale in the world. On 9/29/2014, China's economy ranks number one in the world, according to the POP (Purchasing Power Parity') calculation. Miff's static for October indicates that the US economy aggregate is 1 750 trillion dollars, while the China is 1760 trillion dollars. The economy scale in China has realized 86% of the US economy in 2011 , which is twice as much as 43% in 2005. Still from 201 1 to 2014, the increase of the Chinese economy scale is 24%. At the same time, the US is only 7. 6%. However if we consider the arrest exchange rate issue, US is still the largest economic scale in the world.

From this point, China still has its advantage of the economic scale. In 2013, the total volume of imports and exports reached 41 60 trillion. Chinese imports and exports is only 11% of the world's total amount, ranking number 3. The exports increase 7.

9% and the share in the world is 11. 8% while the imports increase 7. 3% and the share is 10. 3%. From the foreign trade degree of dependency perspective, the UK and France once kept it above 40%. China only keeps around 50%, which is not a good performance.

This a relatively small bite compare to the US and ELI. China still has a room and chance for future development especially in the service industry. The money supply of the Chinese Yuan increases 450% from 1990-201 1 , while the figure is only 2.

1% in the US and 3.8% in the I-J. Even compared to a developing country such as India, the MM growth is still too quickly. The MM in China is 1.8 times GAP while the US is only 0.

6. The inflation rate in 2000 in the world is 2.5 and China was twice as much while the US is only 1.4.

The high growth of MM caused the high inflation. However, this does not mean that the Chinese Yuan is seriously fluctuate. The Chinese government has reformed the exchange rate management system in 1994, and during the Asian crisis, the Chinese Yuan's exchange rate remained stable and prevented the crisis from getting worse. Chinese government still has a long way to go to keep ARM stable. After 30 years' of market reform, China has finished the transition from planned economy to a socialist market economy. The financial system has been completed: more companies are going public, the reform of state owned commercial banks rose to the agenda, the innovation of financial instruments and so on. All these measurements help China to build up a modern financial system.

Nevertheless, the current situation of the Chinese financial market still fell behind western countries. The most serious problem China facing is the shortage of the currency in circulation. During the gold standard period, although the UK had a huge trade surplus, UK still exported massive English Pound by capital exports. The English Pound realized and maintain the free exchange of gold and the Pound. More importantly, the British direct foreign investment helped the English Pound to get its international status.

Through the modern history in China, the UK opened the gate of the Chinese trade by exporting opium. Later the British investment in China exploded and achieved an impressive amount in less than ten years' time. China has the largest trade surplus in the world, but the size of foreign investments is very small. Only 18% of the foreign investments were invested in ARM. In the future the amount of the foreign investments in other countries will exceed the money invested in China. Gradually China is starting to export capital and what's more, exporting capital can reduce the pressure of revaluing of the currency. Other factors may influence the internationalization process as well. With the high-speed development of the Chinese economy, some countries or even majorities will be suspicious or doubt whether this would benefit themselves or China wants to dominate the world step by step.

Besides once the Chinese currency is acting strong, the US will not let this happen and may interfere with this situation. In this way, the Chinese Yuan would be treated unjustly. Compared to those, which are non-international currency countries like Brazil and Mexico, China has the largest GDP, comparatively high international reserves, and reasonable debt. Based on China's actual need and the new background of the international currency system, China should seek for a new way to achieve its globalization. At present, the internationalization of the Chinese currency still faces some uncertainty and immature conditions. Waiting until China has developed at the same level as the US and Japan do is not an option either. The internationalization of the Chinese currency needs both the push of the market and strengthen the cooperation between countries and regions.