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Answer given by Executive Vice-President Dombrovskis
on behalf of the European Commission
(16.5.2022)

The Yuan is the fifth most used currency for cross-border payments according to data from SWIFT¹. Its role in official reserves has also risen but is still rather low. This slow but steady increase of the role of the Yuan started well before the military aggression against Ukraine by the Russian Federation². It reflects the growing economic importance of China and its policies to raise the international role of the Yuan. Yet the US dollar and the euro remain by far the most used currencies³.

The choice of a currency as reserve and for invoicing is a market choice, based on trade practices and relations, and on the trust by investors in the liquidity and safety of financial assets denominated in that currency.

Against this background, the Commission is pursuing a comprehensive strategy to foster the international role of the euro, seeking to enhance the resilience of the financial sector and deepening capital markets. In the Communication “The European economic and financial system: fostering openness, strength and resilience” of 19 January 2021⁴, the Commission noted that a stronger international role of the euro would help make the international monetary system more resilient. Keeping the EU economy open and promoting innovation and green standards also raise the attractiveness of the euro as a global currency. In addition, the Commission will continue to facilitate the development of euro-denominated commodity derivative markets.

The Commission will continue monitoring the development of the Yuan and of other emerging currencies on the international stage.

¹ Data as of end of February 2022. Source: SWIFT, “RMB tracker March 2022”, <https://www.swift.com/swift-resource/251781/download>

² According to SWIFT data, the Yuan was the 8th most used currency in global payments by the end of 2018, with a share of 1.14%, compared to a share of 2.23% by the end of February 2022. In terms of reserve currency, the share of Yuan was 1.1% by the end of 2018, compared to 2.6% by the end of December 2021, according to data from the International Monetary Fund (IMF).

³ According to data from the IMF, in terms of reserve currency, the share of the USD and of the EUR at the end of 2021 were 54.78% and 19.22% respectively. In terms of global payment currency, according to end-of-February 2022 data from SWIFT, the share of the USD and of the EUR were 38.85% and 37.79% respectively.

⁴ COM/2021/32 final.