

**Waseda University Global COE Program,
'Global Institute for Asian Regional Integration'
Investigative Research Assistance Achievement Report**

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Itinerary: 06/19/2011/ ~ 06/23/2011/ (Month/Date/Year)

Destination (Name of city and country)

Pomona Collage, Los Angeles, USA

Research objectives

- To present my research entitled "Re-testing Chinese RMB's Basket of Currencies: What Is Real RMB's Exchange Rate Regime Now" at the Asian Studies on the Pacific Coast (ASPAC) Conference 2011 at Pomona College, U.S.A.
- To network with other students and academic in Asia-Pacific studies, especially those whose research interests are related to my research.
- To improve presentation skills on how to present paper at international conference and respond to the questions in an academic way.

Research project

Exchange rate policy has been becoming one of key global economy issues when cooperation on protesting trade protectionism and stabilizing global economy between countries had weakened since Financial Crisis 2007. Among many arguments on exchange rate policies, Chinese currency Renminbi (RMB, also called yuan) and China exchange rate policies are on the central stage. RMB suffered increasing pressure economically and politically from international community, especially from Unite States. Since China declared to adopt new exchange rate regime which shifted from pegging to US dollar into pegging to basket of currencies in 2005, it seems that rest of world doubted if China has truly implemented this new regime and to what extent that Chinese authority implemented it.

This paper attempts to further empirically examine RMB exchange rate regime. It begins with a brief review of the evolution history of RMB and introduction of its various exchange rate regimes in different periods from 1949 to 2010. It will be helpful for economists and policy makers to evaluate an economic issue once they truly understand its evolution history, particularly bearing in mind that China just shifted from command economy to market economy for three decades when exchange rate policy was one of the most powerful tools to keep its economy growing rapidly.

Then author examines current real exchange rate policy of RMB by employing Frankel and Wei's model (1994 and 2007) combining the latest data. The empirical results illustrate that RMB did not perfectly peg to basket of currencies during the period of January to November 2010. US dollar still was the most important candidate currency in RMB's currency basket to peg. But its weight was decreasing significantly.

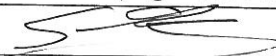
Finally, author provides some exchange rate policy recommendations based on the empirical findings and reviewing of RMB evolution.

Achievement

- Presented my research entitled "Re-testing Chinese RMB's basket of currencies: What Is Real RMB's Exchange Rate Regime Now" at the Asian Studies on the Pacific Coast (ASPAC) Conference 2011 at Pomona College, U.S.A
- Networked with other students and scholars in Asia-Pacific studies, especially those whose research interests are related to my research. Received invaluable comments from panel chairman, Professor Akaha, and other participants after my presentation in conference.
- Broaden my view on what other researchers are doing and improved skills on how to present paper at international conference and respond to the questions in a proper way.

Confirmed by person in charge of project promotion (signature and seal)

Academic Adviser: Professor Shujiro URATA



Sub Adviser

(Note: please write within a length of two A4 pages. Space for each item can be changed to suit.)