China the New Center of Global Financial Activity

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The China-led Belt and Road Project is far superior to TTIP (Trans-Atlantic Trade and Investment Partnership) as a global economic cooperation project, TTIP is about US corporations seizing control of US-EU trade.

China has transformed into the world's largest economy and the world's largest trading nation with the Chinese currency, the Yuan, ready for global extravaganza.

On October 1, 2016 the IMF's Special Drawing Rights (SDR) basket will be officially expanded to include the Yuan. SDRs are regarded as being safe reserve assets, and Central Banks rely on such currencies to safeguard financial stability.

There is an unstoppable Post-Dollar World Order emerging in Eurasia

Beijing's journey to obtain SDR for the RMB was no stroll in the garden. China had to meet certain requirements, which included a strong export market and free-usable currency. To ensure the RMB could be accepted by the IMF, the People's Bank of China has recently made proper adjustments. Why did the IMF support China's internationalization project and the inclusion of the Yuan in the SDR basket? Is it possible to say that the European financial elite are looking to diminish the US dollar's influence? I say, yes, emphatically.

A freely-convertible Yuan makes it much easier for those doing business with Chinese companies to have more convenient access to China's currency. Prior, all international trades had to be converted via US dollars, and which brought added costs to traders and investors, who may have come from different countries, and without easy access to US dollars.

The EU benefits as well with the inclusion of China's Yuan in the IMF's SDR currency basket

Instead of buying up US dollars to arrange business deals with Chinese companies, European companies can more easily switch to the Chinese Yuan. In tandem, China is developing a new international bank-wire system which does not use the Society for Worldwide Interbank Financial Telecommunication - SWIFT, and is developing an altogether new technology called the CIPS.

During October 2015, Beijing launched the CIPS — the China International Payments System — as an alternative to the Western SWIFT payment system. China's cross-border international payment system allows businesses operating in Asia and Europe to wire RMB funds to bank accounts in China. Previously such transactions were only carried out via off-shore bank accounts — primarily in London and Hong Kong — through SWIFT.

Along with the internationalization of the Yuan, China is seeking free trade status in the World Trade Organization, which will forbid foreign powers from imposing high anti-dumping tariffs on Chinese imports. China became a member of the WTO in December 2001. In accordance with China's WTO Accession Protocol, the country is due to be granted free market status, no later than December 2016,

Very typically, US and EU leaders want to prevent China from gaining free market status, but their efforts will cause more harm than good, since the IMF, WTO and World Bank can impose tough penalties on countries that refuse to recognize China's free market status, starting in 2017.

The US and EU are engaging in misconstrued deceptions, hoping Beijing will back down and act more subservient to them, but instead, the strategy will backfire, since China will not buckle under and will surely call their bluffs. There will be no more red lines threats once Obama departs from the door of the White House.

On the other hand, the ASEAN economy is enjoying a stage of rapid expansion and their governments are becoming more pragmatic. China's manufacturing industry is facing more challenges and Chinese factories are looking to move to South-east Asian countries on account of lower labor and operational costs. Countries in ASEAN are eager to engage in more economic cooperation, as well as cross-border trade and investments with China, so they have no real motive to throw a wrench in the works, when it comes to playing games on China's free market status.

Many prominent European private investors are strengthening their ties with China. For instance, La Compagnie Financiere Edmond de Rothschild began operations in Shanghai in 2006. Does it mean that Asia is steadily becoming the center of global financial activity? It's inevitable that more European financial institutions will expand operations into China, especially Shanghai, which seeks to become the next 'New York of Asia' and a financial capital powerhouse. Shanghai stands poised to rise to even greater heights. It's a coastal city, near South Korea, Japan and the ASEAN countries. Look to see Hong Kong dwindle in influence as an Asian global financial hub. Shanghai will benefit as more bankers and financiers leave Hong Kong and search for greener pastures in Asia, such as in the cities of Shanghai, Singapore and even Jakarta. Most major multinational European banks have already opened up branches either in Shanghai or elsewhere in China. Those who have not arrived will come sooner or later, because to ignore China would not be to their financial benefit.

Why the 'One Belt, One Road' Project is Superior to TTIP

Much in the same vein, many Western governments joined the China-led AIIB's (Asian Infrastructure Investment Bank) bandwagon during 2015. Why did EU member states rush to join the AIIB regardless of Washington's vocal displeasure? Why look a gift horse in the mouth? The AIIB is a gift for EU member states, since most liquid funds originate from China. To say no would be like saying no to a gift from a benevolent friend or family member.

The AIIB is the finance mechanism for funding major infrastructure projects connected with China's 'One Belt, One Road' initiative. To build a massive infrastructure, you need more companies involved to build roads, airports, energy and transport hubs. European companies can offer their expertise and machinery for the construction of infrastructure projects. By signing on to AIIB, EU member states can share in win-win benefits.

Do EU member states see China's New Silk Road initiative as an alternative to the controversial TTIP project being championed by the US? The Belt and Road is superior to TTIP as a global economic cooperation project. By virtue of being in the Belt and Road, a country can say, yes or no when deciding to build a new infrastructure project in their country with China's help. If they say yes, the country will benefit from more infrastructures such as roads and bridges. If they voice no that's fine, because this would mean more available cash funding for another country to use for their Belt & Road projects. The TTIP is not about building more roads, it's about sound economics seizing control of all cross-border trade between the US and EU nations. The TTIP enforces very strict trade rules that would lead to more bankruptcies of small companies and exporters.

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