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### Regional Currency Unit and Exchange Rate Coordination in East Asia

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**Abstract:** This paper estimates the value of the RCU as a weighted average of East Asian currencies following the method used to calculate the ECU. The weight of component currencies is determined on the basis of each country's economic importance and contribution to regional cooperation such as the nominal GDP, GDP measured at purchasing power parity (PPP), intra-regional trade, and bilateral swap arrangement under the CMI. Two features are noteworthy. One is that the RCU value based on nominal GDP varies the most and the value based on PPP-GDP fluctuates the least. The other feature is that the trends of the RCU look very different according to the choice of the benchmark year. The RCU thus calculated can be used as a divergence indicator to monitor the exchange rate movement of East Asian currencies. This paper explores diverse ways to extend the use of RCU and to foster monetary integration in East Asia as well.

**Keywords:** [Regional Currency Unit](#); [parallel currency](#); [Asian monetary integration](#)

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