

## Establishment of RMB-peso-\$ market pushed

Bank of China is seeking the development of a renminbi (RMB)-denominated currency trading platform in the Philippines given the growing international presence of the Chinese currency.

The RMB is emerging as a currency of choice in international markets, having captured a spot among the top 10 traded currencies in the global economy, mainly driven by China's robust economic growth and consecutive current account surpluses.

In a forum Monday night, Deng Jun, country head and president of the Bank of China Philippines, proposed the development of a RMB/peso and RMB/US dollar trading market in the Philippines ahead of the Asean integration in 2015.

"We are expecting the endorsement of the regulators on this project and should pave the way for the development of a multicurrency trading market in the country necessary for its preparedness to meet challenges and opportunities as it integrates to the region," Jun said.

"Bank of China believes the emerging economies of the Association of Southeast

By ZINNIA B. DELA PEÑA

Asian Nations, through closer trade and financial cooperation with China will become better equipped to withstand adverse global market forces such as fluctuations in currency markets and should the region adopt a "settle in currency of obligation" policy then it will simplify currency related risk exposures of the markets," Jun added.

Statistics from China's Ministry of Commerce showed that bilateral trade between China and the Philippines exceeded \$38 billion last year. China is now the third largest trading partner of the Philippines.

Jun urged an intensification of economic and monetary cooperation between China and the Philippines to avoid over-dependence on third-party currencies and other negative influences on trade and investment.

"Facilitating trade and investment activities of enterprises in both countries will better serve their common goals of proactively dealing with challenges at home and abroad, responding to poten-

tial risks in the international market and sustaining the momentum for economic development, all of which present opportunities for RMB in the Philippine market," he pointed out.

The internationalization of the RMB would allow for more flexibility in payment, collections and potential investments. Jun said, adding firms could also open an RMB non-resident account in China for the RMB cross-border trade settlement with their counterparties in China.

Among the Philippine corporations with presence in China are the SM Group, Gokongwei group, Oishi, Jollibee and San Miguel Beer.

Since China launched its pilot program of RMB settlement for cross border trade in July 2009, more than 220 countries across the world have started RMB settlement business with the Chinese mainland.

About 23 countries, including the European Union and the United Kingdom have signed bilateral currency swap agreements with Bank of China amounting to RMB 2.5 trillion.



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By Zinnia B. Dela Peña (The Philippine Star) | Updated June 19, 2014 - 12:00am

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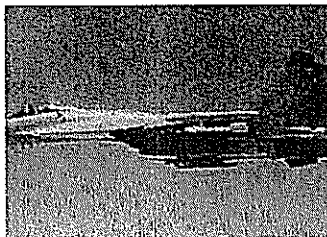
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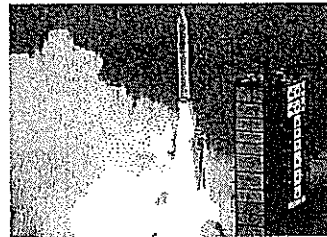
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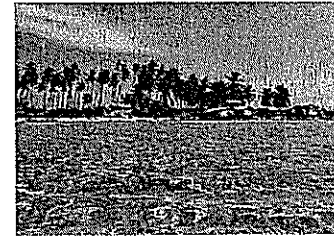
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