

Press Release

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RMB Opportunities in RP Market

China's Renminbi

The renminbi (RMB), China's monetary unit, is strongly emerging as a currency of choice in the world's financial markets and a currency of opportunity in the Philippines.

The RMB's use has progressed at such a fast clip over the last few years that it is now being officially used for cross-border receipts and payments in 222 countries in the world, according to Deng Jun, Country Head and President of Bank of China Manila Branch.

The rapid internationalization of the Chinese currency will be among the hot topics to be extensively taken up in a form on "RMB Opportunities in the Philippine Market," to be held on Tuesday at the Makati Shangri-La Hotel under the joint sponsorship of the Bank of China and the Economic and Commercial Counsellor's Office and Consular Office of the Embassy of China in the Philippines.

Some 300 participants from the local and Chinese financial markets and business communities are expected to attend the high-powered forum.

The forum will be jointly sponsored by the Bank of China Manila Branch and the Economic and Commercial.

Counsellor's Office and the Consular Office of the Embassy of China in the Philippines

H.E. Zhao Jianhua, China's Ambassador Plenipotentiary to the Philippines, will deliver the keynote address.

Secretary of Finance Cesar V. Purisima and Bangko Sentral ng Pilipinas Deputy Gov. Diwa Guinigundo will likewise provide their insights on the importance of expanding the country's currency of settlement.

Prominent personalities in the local and regional banking circuits who will be in attendance as resources speakers are Paul-Edouard Clos, Senior Advisor to the Vice President of Asian Development Bank; TengLinhui, Deputy General Manager of the Trade Finance Department of Bank of China; and Lorenzo V. Tan, Chairman of the Bankers Association of the Philippines (BAP).

The conference will be formally opened by Deng Jun, while Tao YiPing, president of Bank of China Fujian Branch, would deliver the closing remarks.

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

It cited statistics from the Chinese Ministry of Commerce showing that the bilateral trade volume between China and the Philippines had risen to US\$38 billion in 2013(verify). This has made China the Philippines’ third largest trading partner in the world.

Philippine investments in China, meanwhile, include SM Supermarket, Xiamen International Bank, Oishi, Jollibee Group, San Miguel Beer, among others. Chinese corporations, for their part, have made their presence felt in the Philippines---including Sinohydro, Huawei and Sany.

The bank is urging an intensification of economic and monetary cooperation between the two countries--- “to avoid over-dependence on third party currencies and other negative influences on trade and investment.”

Diversification of currency choices in the Philippine financial markets, development of cross-border RMB business, and RMB products and services are among the topics expected to be taken up.

It was revealed that since China launched its pilot program of RMB settlement for cross-border trade in July 2009, more than 220 countries all over the world have started RMB settlement business with the Chinese mainland.

Twenty-three countries, including the European Union and the United Kingdom have signed bilateral currency swap agreements with the People’s Bank of China worth some RMB2.5 trillion. It is said RMB markets are taking shape in some of the global financial centers. Bank of China has developed markets in Hong Kong (which is the bank’s leading offshore market), Macau and Taiwan and other countries such as the Philippines, Malaysia, Russia, Cambodia, Luxembourg.

In short, it now has a global clearing network or cross-time-zone clearing capability.

In the Philippines, the RMB Transfer System or RTS was jointly developed in 2013 by the Manila branch of the Bank of China with the Philippine Dealing System (PDS).

The RTS has since been developed and ready for operation, making the RMB the second foreign currency after the US dollar available for real-time domestic clearing. And the first currency for real-time cross-border clearing in the Philippines.

Bank of China, the bank with a hundred years of continuous operation in China, has thus become a large and influential multinational banking group providing comprehensive and high-quality financial services around the world.

So far, the accumulated cross-border settlement conducted by Bank of China Group has exceeded RMB1 trillion.

Bank of China is looking forward to and is prepared to work with the BAP member banks and PDS in co-developing the RMB/PHP and RMB/USD trading market so as to provide the market efficiencies that should benefit the country's traders and eventually investors. We are expecting the endorsement of the regulators on this project and should pave the way to the development of a multicurrency trading market in the country necessary for its preparedness to meet the challenges and opportunities as it integrates to the region.

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