

Press release

RMB business expansion reinforces Hong Kong as international financial centre

Tuesday, June 22, 2010

Renminbi (RMB) business in Hong Kong is of strategic importance to both Mainland China and Hong Kong, and the expansion of RMB business will help reinforce Hong Kong's position as an international financial centre, said the Secretary for Financial Services and the Treasury, Professor K C Chan, in London today (June 21, London time).

Speaking on "Hong Kong - Gateway to the China Opportunity" at the Chatham House Seminar, Professor Chan said China had started encouraging the use of RMB overseas and further expansion of RMB business in Hong Kong was expected.

He highlighted a significant milestone in the further development of RMB business in Hong Kong - the launch of the RMB trade settlement pilot scheme in July 2009.

He said the scheme would ultimately help develop Hong Kong into a major offshore centre for RMB and Hong Kong was working closely with relevant Mainland authorities to explore ways to expand its depth and breadth.

Looking into the future, Professor Chan pointed out that Hong Kong would need a greater selection of RMB investment products.

He believed that the availability of more RMB products would attract a larger variety of market participants and help create the right conditions to increase RMB liquidity in Hong Kong, and this would facilitate Hong Kong to develop into a testing ground and international financial centre in RMB business.

In London today, Professor Chan and the United Kingdom (UK) Exchequer Secretary to the Treasury, Mr David Gauke, signed a comprehensive agreement for the avoidance of double taxation (CDTA) between the Hong Kong Special Administrative Region and the UK.

The agreement is the 12th CDTA Hong Kong signed with its trading partners and sets out clearly the allocation of taxing rights between the two jurisdictions and the relief on tax rates on different types of passive income.

It will help investors better assess their potential tax liabilities from cross-border economic activities, foster closer economic and trade links between the two places, and provide added incentives for companies in the UK to do business or invest in Hong Kong, and vice versa.

During his visit in London, Professor Chan also met with Deputy Governor of the Bank of England, Mr Paul Tucker; Lord Mayor of City of London, Mr Nicholas Anstee; and Financial Secretary to the Treasury, HM Treasury, Mr Mark Hoban.

He will leave London and head for Dublin tomorrow (June 22, London time).

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