

Press release

HK continues to be centre of Renminbi liberalisation: FS Wednesday, July 11, 2012

"As a Special Administrative Region of China and working under the principle of 'One Country, Two Systems', Hong Kong will continue to be front and centre in the Renminbi (RMB) liberalisation process," said the Financial Secretary, Mr John C Tsang.

Mr Tsang and the Deputy Prime Minister and the Treasurer of the Australian Government, Mr Wayne Swan, delivered speeches at the Renminbi Cross-border Trade and Investment Forum today (July 11). The forum was co-organised by the Financial Services and the Treasury Bureau, the Australian Government and the Hong Kong Monetary Authority.

"Hong Kong's role as China's offshore global financial hub requires our reaching out to financial centres around the world, including Australia," said Mr Tsang.

"In particular, we see important opportunities in diversifying the range of RMB products, deepening the RMB market and making the best use of Hong Kong as the leading offshore centre for RMB-denominated business. Australia and Hong Kong are ideal partners in this quest. We already have close business and financial links."

In the past decade, Australia's exports to Mainland China have increased 14 times to reach US\$83 billion, while Australia's Chinese imports have grown eight times to US\$34 billion. Direct investment flows between the Mainland and Australia have also increased significantly to around US\$2 billion.

Currently, there are five Australian Authorised Institutions (AIs) authorised as licensed banks in Hong Kong. As at end-April this year, six

banks participating in Hong Kong's RMB clearing platform were branches and subsidiaries of Australian banks and Chinese banks with bases in Australia. From 2007 to May 2012, one company (ANZ Banking Group Ltd) from Australia issued RMB bonds in Hong Kong.

"We have built a stable platform for developing offshore RMB business supported by three sturdy pillars, namely RMB banking, bond issuance and trade settlement. The mutually supportive nature of these three pillars is crucial. Together they provide the key ingredients for stable and balanced development of offshore RMB business. In particular, they generate offshore RMB liquidity, they open the door for international players to engage in RMB markets, and perhaps most importantly, they create market-driven demand for RMB financial products," said Mr Tsang.

He noted that President Hu Jintao reaffirmed the support of the Central Government for Hong Kong to develop into the nation's offshore RMB business centre during his visit to Hong Kong this year.

During the forum today, a panel discussion was chaired by the Chief Executive of the Hong Kong Monetary Authority, Mr Norman Chan, with panelists from the Australian Government, ANZ Banking Group Ltd, Bank of China (Hong Kong) Ltd and Jardine Pacific Ltd.

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