



2015.6.22

Points of PBOC's "Report of RMB Internationalization"

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In June 2015, the People's Bank of China (PBOC) released a report titled "Report of RMB Internationalization". The report contains what actions were taken and the results of six years in the internationalization of the RMB from July 2009 when trials of cross-border RMB settlements began.

In the report it mentions about how the RMB is being globally utilized, both as a settlement currency for cross-border trade transactions, for direct investments and as investments such as deposits or bonds. In 2014, 6.6 trillion yuan (approx. 129 trillion yen) in trade and one trillion yuan in direct investments were settled in RMB and as of April 2015, the amount of domestic RMB financial assets held by non-residents of China (including Hong Kong and Macau) was 4.4 trillion yuan (approx. 85 trillion yen).

In order to continue to promote the global use of RMB in trade, investments and asset liability management, China is planning domestic reforms to promote the capital account liberalization, exchange rates and interest rates. Internationally, China is signing currency swap agreements with foreign central banks, monetary authorities and is also trying to have the RMB to be included in the IMF SDR currency basket.

Amongst the steps taken that are mentioned in the report the following are points of interest. First, to raise the accessibility of the RMB as a settlement currency, CIPS (China International Payment System) is planned to be started in Shanghai at the end of 2015. Its' operating hours is from 9AM to 8PM, which will cover Oceanic, Asian and the European time zone, raising the accessibility of cross-border RMB settlements. Another point is the promoting the capital account liberalization to raise the presence of RMB as a currency for investments. Following the connecting of the Shanghai and Hong Kong stock exchange in November 2014, the connecting of the Shenzhen and Hong Kong stock exchange is prospected as well. Also for promoting cross-border investment or lending and to have foreign central banks and monetary authorities to utilize the RMB for their foreign currency reserves, the deregulation of the interbank bond market is being considered.

The year 2015 is when IMF's SDR currency basket is going to be reviewed and is the last year of China's 12th Five-Year Plan. The report shows the strong will of China to realize financial reforms.