



中国社会科学院欧洲研究所

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The RMB Internationalization: Opportunities for investors

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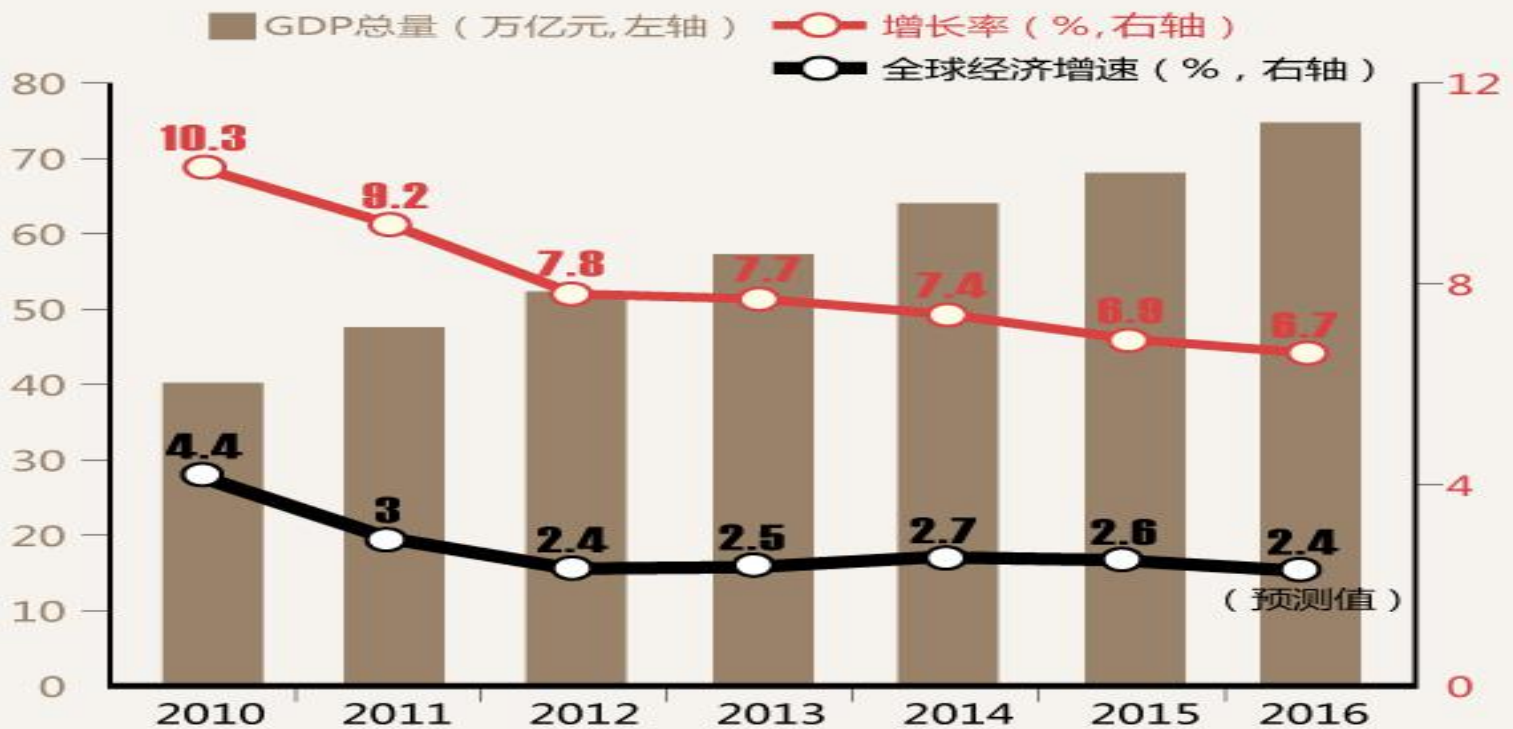


1. Short briefings on Chinese economy



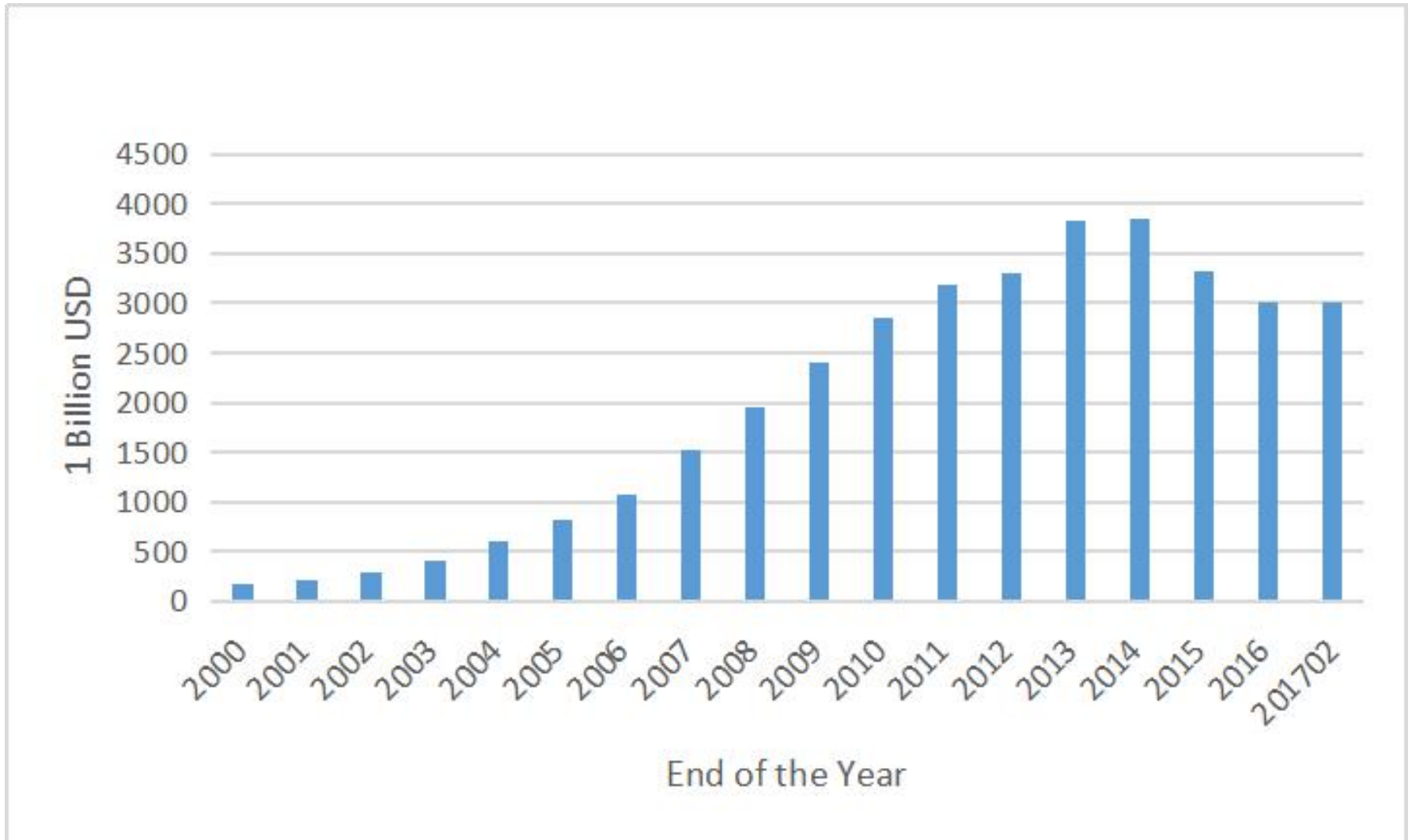
The economic growth -- size matters

2010—2016年GDP增速：高速换挡中高速





Forex reserve





RMB exchange rate





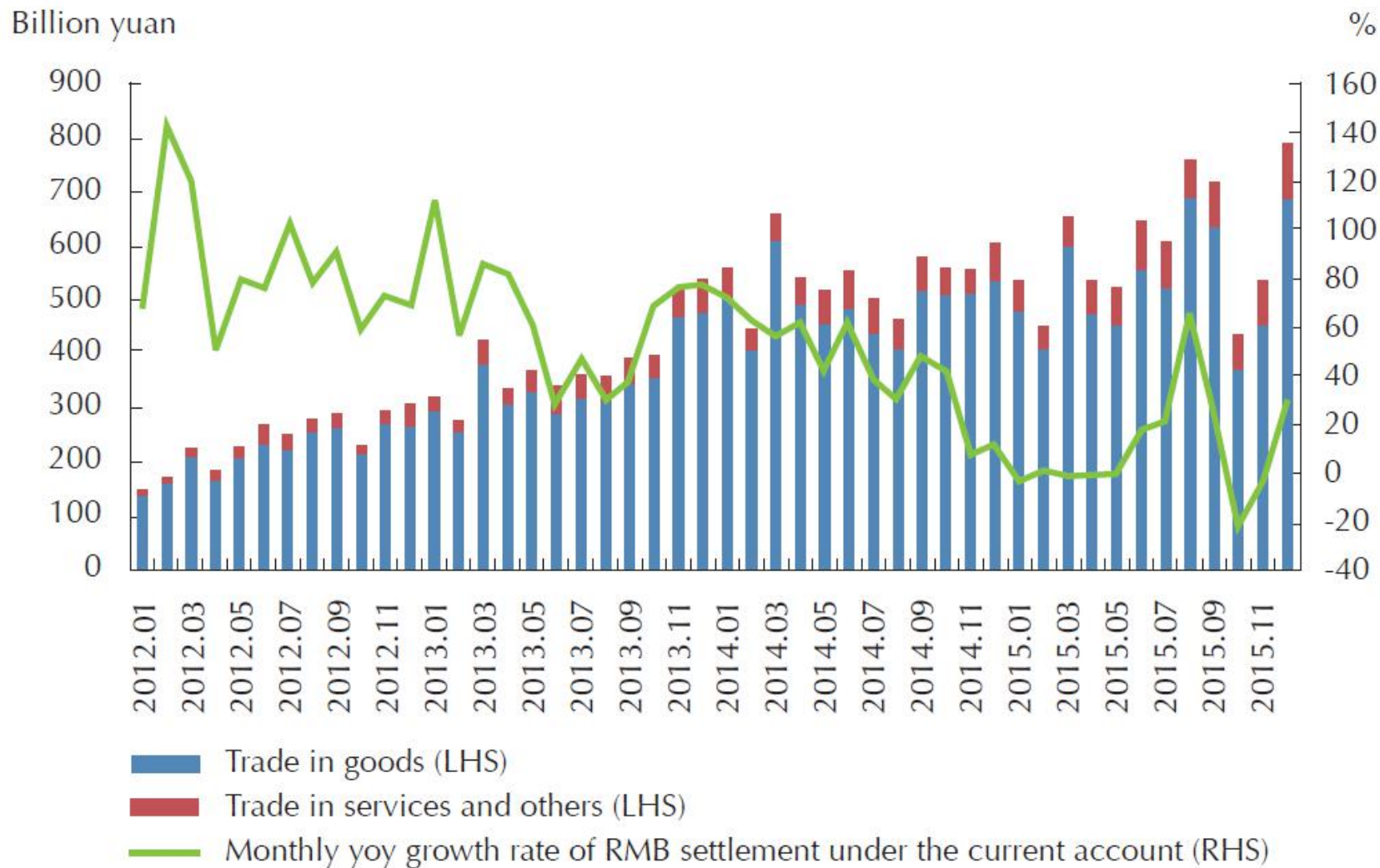
2. The RMB Internationalization



RMB in Trade

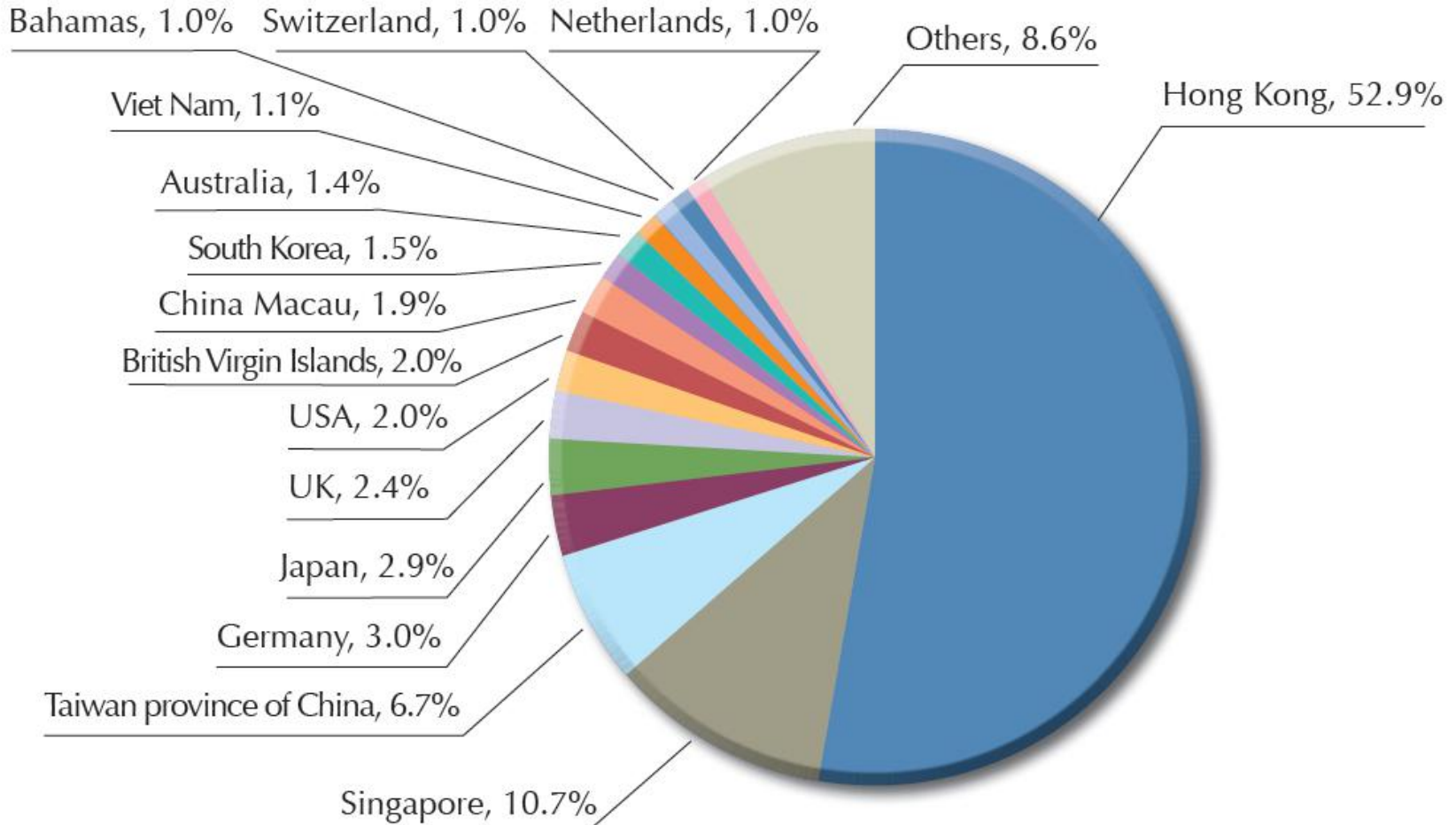
- Started from 2009, now 7th years.
- 6.55 Trillion RMB in trade contracts in 2014, 2.96% of world trade.
- By the end of 2015, 7.23 Trillion RMB in trade contracts, 3.38% of the world trade, 29.36% of the Chinese trade

RMB in Trade





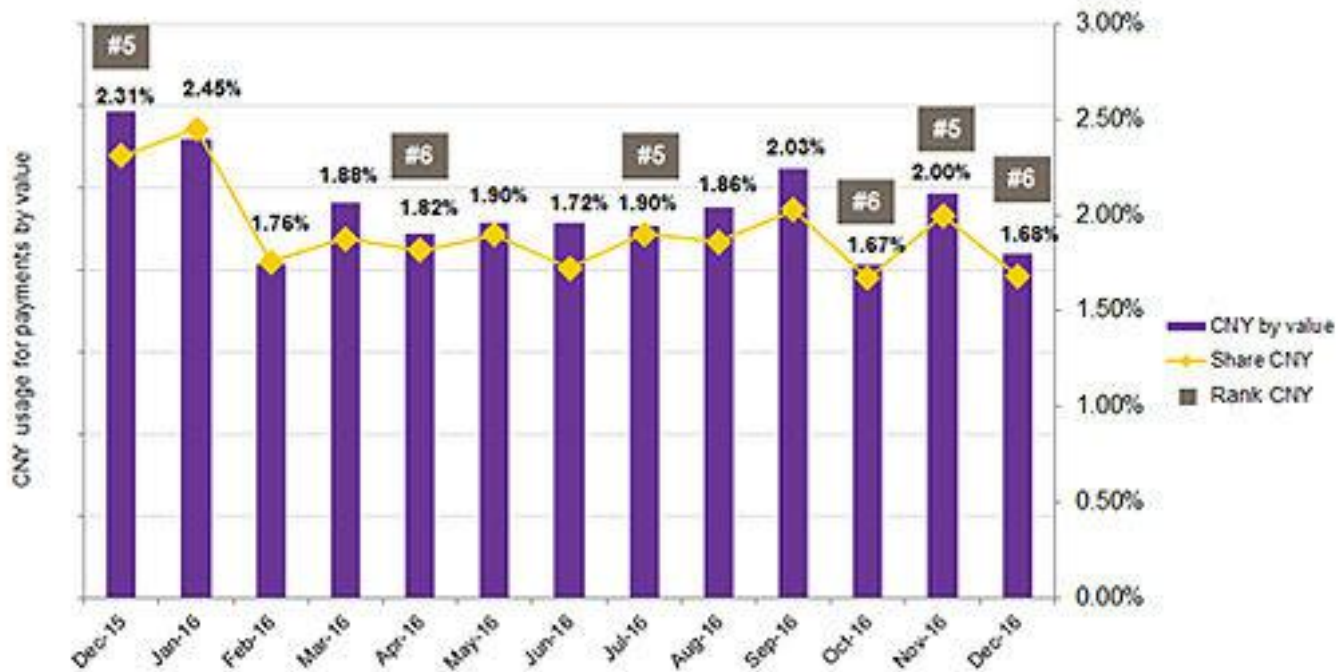
Geographical distribution 2015



RMB Payments

RMB Payments in 2016

Payments sent and received by value, including the share and rank as international payments currency



Source: SWIFT Watch



RMB in Investment

- ODI in 2015 0.7 Trillion RMB, increasing 228.1%.
- FDI in 2015 1.6 Trillion RMB, increasing 65.2%.



RMB Clearing Arrangement

- Cross-Border Interbank Payment System (CIPS), 19 banks in China directly, and 38 Chinese banks and 138 foreign banks indirectly participated
- RMB Clearing Centres in 20 economies by the end of 2015.
- 6 RMB Clearing Centres in Europe, Budapest is one of them.
- Cooperation with SWIFT, and hopefully providing more services and directly with foreign participants by the end of 2017.



RMB in Reserve

- By the end of 2015, SWAP with more than 33 central banks, 3.31 trillion RMB
- More than 30 central banks included RMB as reserve currency
- 864.7 billion RMB hold by central banks



SDR

- 10.92% in SDR, 3rd in the basket.
- The inclusion of the RMB into the SDR basket is a milestone of the RMB internationalization and an acknowledgement of the progress in China's economic development, reform and opening-up. It will help increase the representativeness, stability and attractiveness of the SDR and improve the international monetary system.



Achievement: RMB in world stage

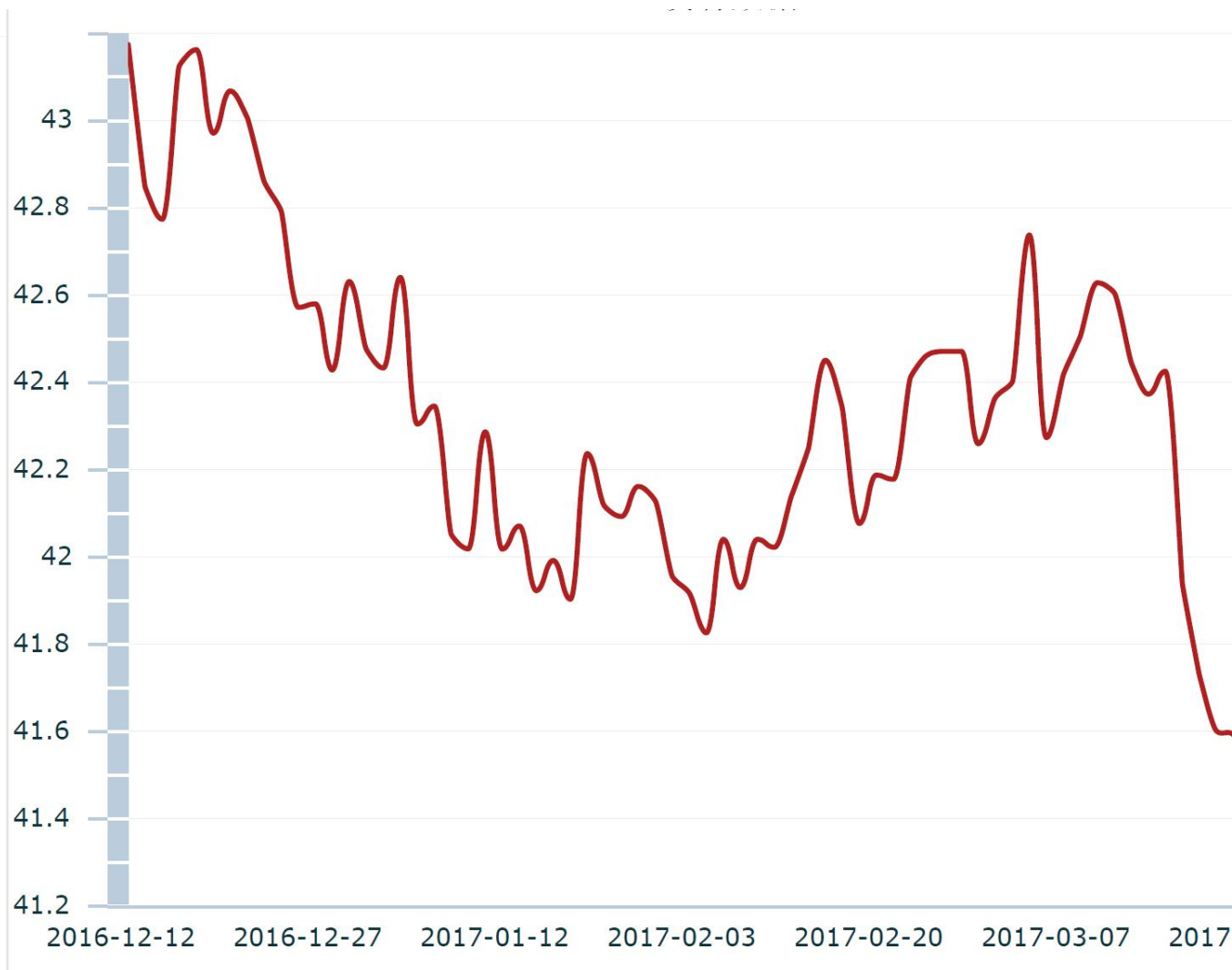
- 3rd largest currency in financing
- 6th largest currency in payments
- 5th largest currency in transactions
- 222 countries and economies dealing with RMB cross-boarder payment
- More than 30 central banks included RMB as reserve currency
- SDR



3. Opportunities for investors

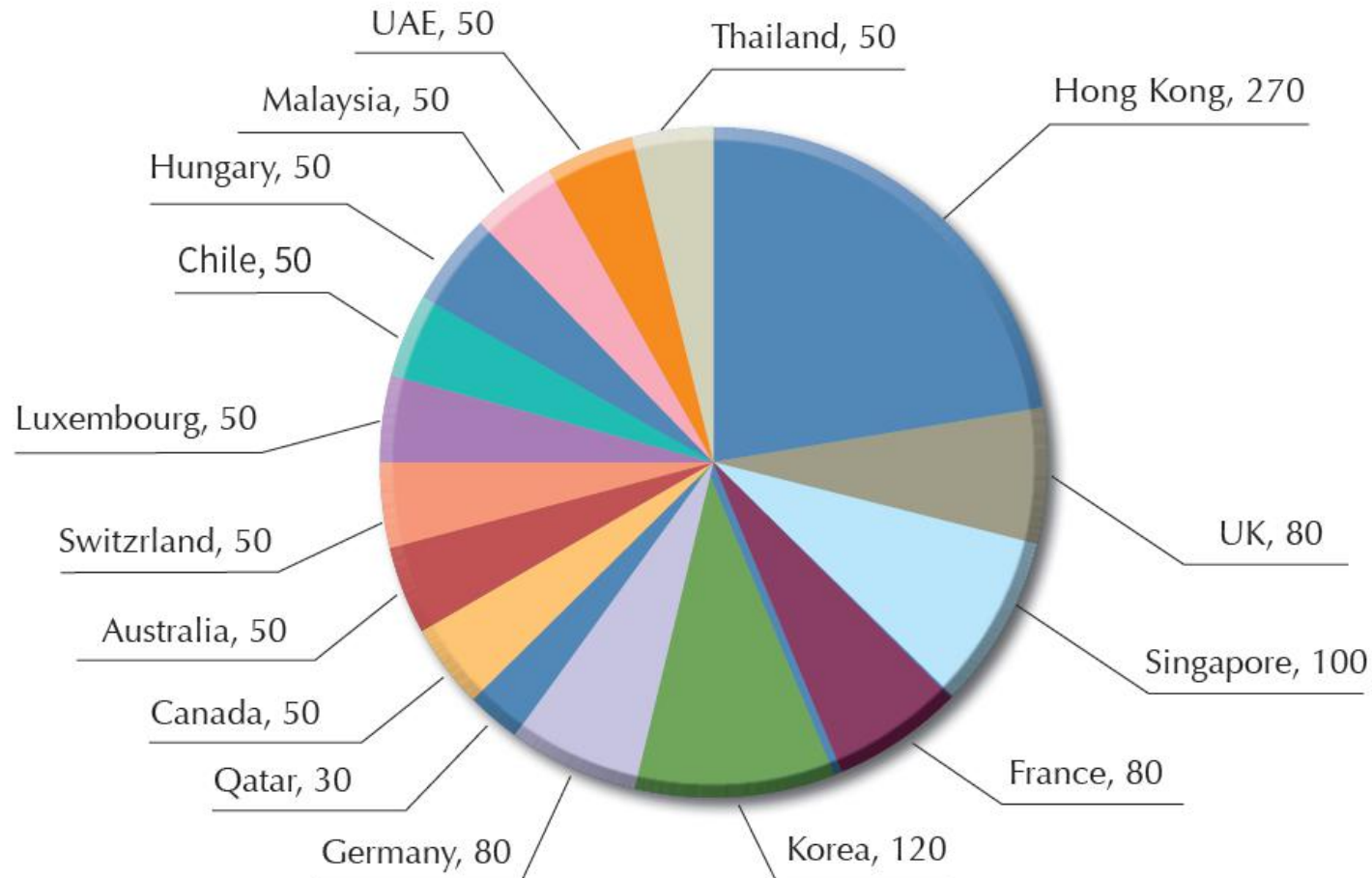


RMB/Ft exchange rate





RMB Qualified Foreign Investor Institutions (RQFII)



16 economies by the end of 2015 with 1.2 trillion RMB

PBC, 2016 RMB Internationalization Report



Panda Bond

- By the end of June 2016, 12 foreign institutions registered 122.8 billion RMB Panda bonds, which 24.2 billion RMB had been issued.
- By the end of August 2016, 17 foreign institutions registered 125.5 billion RMB Panda bonds, which 39.1 billion RMB had been issued.



RMB bonds

- In June 2016, Hungary had issued 1 billion RMB offshore bonds for 3 years. (DimSum Bonds)
- Subscription rate is 1.6
- Interest rate: 6.25%
- The first RMB offshore sovereign bond in CEE

- In August 2016, Poland also issued RMB bonds, 3 billion RMB for 3 years (Panda Bonds)
- The first RMB sovereign bond in CEE

- Further openness in Chinese bond market in March 2017,



Further use of RMB

- By the end of 2016, Chinese bond market is 63.7 Trillion RMB, No.3 in the world and No.2 in Asia.
- The foreign investors are only take 1.2% in the bond market.
- Further openness in Chinese bond market in March 2017 by SAFE.
- Bloomberg introduced new index on Chinese bond market in March 2017.



Further use of RMB

- Project bonds
- Private Equity Fund
- Investment into Chinese stock market
- UnionPay  : Tourism, E-Commerce



Thanks!

谢谢!

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