

Media Release

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Report highlights opportunities for business with internationalisation of Chinese Renminbi

According to a report released today by ANZ and the Asia Society, Australian and New Zealand businesses need to position themselves for new opportunities associated with the Chinese Renminbi (RMB) as it transitions to an international currency, including the recent development of an offshore RMB trading market in Hong Kong.

The ANZ-Asia Society RMB Handbook was released today to coincide with the announcement of an ANZ-Asia Society Summit: *Trading with China: the rise of offshore RMB business*, to be held in Sydney on 17 March 2011.

Speakers at the summit include:

- Norman Chan, Chief Executive, Hong Kong Monetary Authority;
- Weiping Di, Chief Investment Officer, China Development Bank;
- Mike Smith, Chief Executive Officer, ANZ; and
- Sid Myer AM, Chairman, Asia Society's AustralAsia Centre.

Commenting on release of the RMB Handbook and the announcement of the Summit, ANZ CEO Asia Pacific Europe and America Alex Thursby said: "China is collectively the most significant trading partner for Australia and New Zealand. The continued growth of China and the development of the Chinese RMB as an international currency represents both an opportunity and a challenge for businesses in our region.

"We have found that Australian and New Zealand businesses that participate in offshore RMB trade can often negotiate more favourable terms with their Chinese partners when paying or receiving RMB in settlement of trade and services, and potentially widen their pool of suppliers.

"We are also encouraging our customers to think about expanded opportunities around pro-actively managing their RMB currency exposure, now that the RMB is deliverable in the Hong Kong market.

"Hong Kong's development as an offshore centre for RMB trade reflects its role as a global financial centre with an institutional infrastructure and capability to support the Chinese currency's internationalisation," Mr Thursby said.

Key insights from the ANZ Asia Society RMB Handbook include:

- Facilitating the wider use of RMB in cross-border transactions is now a policy objective of Mainland Chinese authorities.
- Cross-border RMB-based trade settlements in Hong Kong rose from USD1.5 billion in the month of June 2010 to more than USD15 billion in December 2010.
- By 2015, the volume of total RMB trade settlement business is expected to increase to RMB2.2 trillion per month (USD350 billion at today's exchange rate), while the size of the RMB-denominated bond markets could reach RMB375 billion (USD60 billion at today's exchange rate).

The Asia Society AustralAsia Centre's Chairman Sid Myer said: "Given the significance of Australia's economic relationship with China, the internationalisation of the RMB is of critical significance to Australia and to Australian business."

Chairman of the Asia Society Hong Kong Center Ronnie Chan added: "The Asia Society is pleased to be partnering with ANZ in order to lead the discussion on the important economic and business issues surrounding the evolution of offshore trade of the RMB including Hong Kong's role as the test ground."

ANZ was recently the first Australasian bank to issue an RMB bond and is the largest Australasian bank in Greater China with a network of 34 outlets across mainland China, Taiwan and Hong Kong.

A copy of the ANZ Asia Society RMB Handbook can be found at www.anz.com and www.asiasociety.org/australasia.

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Notes for Editors:

- The greater use of the RMB should help firms hedge exchange rate risk, and allow importers and exporters to find "natural hedges" in their balance sheets if they hold RMB accounts. Over time, greater use of the RMB combined with slow appreciation could serve to encourage Chinese imports and reduce China's trade surplus.

Meanwhile, the offshore RMB market also offers a venue of RMB funding source for international firms operating in China. The RMB business will also help strengthen Hong Kong's status as an international financial centre.

- The Hong Kong market is being used as a testing ground for the liberalisation of the RMB. Daily RMB turnover in Hong Kong has reached nearly USD500 million.
- As the second largest economy in the world, it is inevitable that the Chinese RMB will play a bigger role in global foreign exchange rate market. It also has the potential to become a global reserve currency.