

## **Ravi Menon: Financial cooperation between China and Singapore**

Congratulatory remarks by Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore, at the inauguration of ICBC Singapore RMB Clearing Bank, Singapore, 2 April 2013.

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Mr Jiang Jianqing, ICBC Chairman,

Mr Dai Bing, distinguished guests, ladies and gentlemen, good morning.

1. I am happy to join you at this morning's ceremony inaugurating the Industrial & Commercial Bank of China as the Renminbi clearing bank in Singapore.

2. Today's event marks a key milestone in the financial cooperation between China and Singapore. It is the fruit of a strong and substantive collaboration between the Monetary Authority of Singapore and the People's Bank of China.

- MAS extended Qualifying Full Bank (QFB) privileges to ICBC and Bank of China in October 2012 as part of the China-Singapore Free Trade Agreement.
- PBC then named ICBC Singapore as the RMB clearing bank in Singapore.
- Last month, MAS and PBC doubled the size of their bilateral currency swap facility from RMB150 billion to RMB300 billion. The scope of the swap facility was expanded to allow MAS to provide RMB liquidity to banks in Singapore.

3. Singapore is the first regional financial centre outside Greater China to have a RMB clearing bank. Offshore RMB activities in Singapore will be underpinned by the strong and growing trade flows between the region and China.

- Singapore's bilateral trade with China exceeds US\$80 billion.
- Trade between ASEAN and China is at a record US\$400 billion.
- This large and growing cross border trade will fuel greater RMB trade settlement activity in Singapore over time.

The RMB clearing bank will be an important channel for RMB liquidity to circulate between Singapore and China.

4. Singapore's deep and liquid capital markets will be able to support RMB financing needs in the region. We have already seen companies here issuing RMB-denominated bonds. The Singapore Exchange has announced that it is ready to quote, trade, clear and settle RMB-denominated securities. We can expect the range of RMB-denominated product offerings to expand, as regional corporates raise RMB financing through bond issuances and equity listings, to tap on the strong investor base in the region.

5. There will also be strong and growing demand for RMB trade services. There is a critical mass of international trading companies based in Singapore that will demand such services. With the new RMB clearing arrangements, we can expect financial institutions based in Singapore to reach out to local and regional corporates and investors, and encourage greater participation in the offshore RMB market.

6. MAS is delighted to have ICBC Singapore as our RMB clearing bank. ICBC Singapore has considerable experience in RMB business and is well placed to launch a reliable and efficient RMB clearing service. With the QFB privileges it now enjoys, ICBC is committed to growing its business in Singapore. I understand that among other things, it intends to designate Singapore as its Southeast-Asian hub for RMB business and will make Singapore its wealth management hub covering Southeast Asia and South Asia.

7. ICBC and Singapore can together play a big role in promoting the greater use of the RMB for trade settlements and other economic activities within Asia, and particularly in Southeast Asia.

8. I congratulate ICBC for its commencement as Singapore's RMB clearing bank. Thank you.