People's Bank of China and Hong Kong Monetary Authority Renew Currency Swap Agreement (11/22/2011)

Hong Kong Monetary Authority
22 Nov 2011

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The People's Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA) signed a renewed currency swap agreement today (Tuesday) for a term of another three years, with its size expanded to RMB400 billion / HK$490 billion. This new agreement superseded the RMB200 billion / HK$227 billion currency swap agreement signed on 20 January 2009.

The Financial Secretary, Mr John C Tsang, said “The renewal of the currency swap agreement and the expansion of its size will allow more flexibility for the development of renminbi business in Hong Kong. It is also conducive to the strengthening of Hong Kong’s status as an offshore renminbi business centre.”

When signing the currency swap agreement, the Chief Executive of the HKMA, Mr Norman Chan, said “With the strong support from the Central Government and the Mainland authorities, the development of renminbi business in Hong Kong has made very encouraging progress over the past year. The renewal and expansion of the currency swap agreement between the HKMA and the PBoC is crucial in helping us to provide liquidity, when necessary, to maintain the stability of the offshore renminbi market in Hong Kong.”

The new agreement, with an increased size, will facilitate the further development of offshore renminbi business in Hong Kong. During the first three quarters of this year, renminbi deposits in Hong Kong nearly doubled to RMB622 billion, while renminbi trade settlement conducted through banks in Hong Kong amounted to over RMB1,300 billion. In October 2010, the HKMA activated the swap for RMB20 billion to support renminbi trade settlement in Hong Kong thereby facilitating steady development of the business.

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Photo caption: Zhou Xiaochuan, Governor of the People's Bank of China (left) and Norman Chan, Chief Executive of the Hong Kong Monetary Authority (right) sign a renewed currency swap agreement for a term of another three years, with its size expanded to RMB400 billion / HK$490 billion.

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