

Hopes are high for renminbi globalization



Dong Qian, a famous CCTV hostess, hosts the forum.



Reporters at the forum are busy recording precious moments.



Summit audience members listen to a speech.

DIANCHI SUMMIT

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The July 27 Dianchi summit for financial cooperation unveiled a renminbi currency settlement center designed to facilitate foreign trade. Yunnan province, less than 1,000 km from the Indian Ocean, was cited as a key location for establishing cross border transport. Officials hope Kunming, site of the summit, can become a commodity distribution center and prime investment destination. Leaders at the forum discussed hopes for cross border trade payments in renminbi, part of China's push to internationalize its currency. Forum attendees included media and government bank representatives, as well as business leaders and academics. The event was named after Dianchi lake, a well known tourist resort in Kunming.

Editor's note: A trial program for cross-border trade in renminbi recently concluded in Kunming as part of China's push to internationalize its currency. What follows are speeches given by experts at the July 27 Dianchi summit for financial cooperation.



Cheng Siwei, former National People's Congress vice-chairman

Asian currency integration is inevitable in the long term, but many problems still lie ahead. Asian countries must respect their differences if they wish to achieve mutually beneficial cooperation.

The utmost level of Asian regional integration is financial integration. Renminbi cross-border settlement is a move in the right direction. The stable renminbi lowers foreign exchange risk and reduces potential losses from settlement in a third currency.

But Asia faces an uphill climb if it wishes to achieve currency integration like that in the European Union. Asian countries have vastly different social structures, cultures, and economies.

Currency integration is most easily attained when countries are in similar stages of development. China and other Asian countries must therefore adopt cooperative measures — including those within the energy, logistics and service sectors — before promoting currency integration.

Yunnan province is an important link to the Western world, from whence many of China's labor-intensive industries can be transferred to Europe and other Asian countries.

A bright future is ahead of us. The process for Asia's currency integration will be smooth if countries have confidence in each other.



Chen Yuan, chairman of China Development Bank

China needs to build a transport link from its southwestern regions to the Indian Ocean area. Infrastructure construction is vital, and our bank is willing to provide support.

Speeding up Pan-Asian infrastructure construction would remove the economic constraints imposed by inadequate facilities.

But whether the construction can be carried out smoothly depends on relevant countries' economic development and level of cooperation with the outside world.

Construction would involve large, long-term investments that carry intense financial risks.

Yunnan should make use of its long border and its link to the Indian Ocean area to promote renminbi globalization.

China Development Bank is willing to help build Yunnan's capital city of Kunming into a financial service hub.

The bank will also support construction of the region's road, railway and air transportation facilities.



Long Yongtu, secretary-general of the G20 Research Center

The greatest progress towards cooperation has been the establishment of the China-ASEAN Free Trade Area.

However, regional cooperation should not be limited to trade. International economic cooperation is also important.

Customs duties, fiscal policies and currency policies must be integrated in order to unify the region's currency.

But as the time is not yet right, Asian countries should focus on constructing railways and telecommunication facilities.

These will lay a foundation for Asia's eventual economic integration.

Regional integration is only a matter of time if Asian countries can enhance cooperation in infrastructure construction, human resources, energy and environmental protection.

The key point of Yunnan's Dianchi Pan-Asia cooperation should be building a regional passage.

China should invest more in overseas infrastructure construction.



Tang Shuangning, chairman of Everbright Bank

The cost of labor in China's eastern regions is now rising. Thus, the country's labor-intensive industries will soon move southwest and into southeast Asia.

China's manufacturing industry — which accounts for a large part of the country's foreign trade — will help achieve renminbi cross-border settlements in southwestern provinces like Yunnan.

Yunnan connects southeast and south Asian countries, enabling the province to carry out foreign trade conveniently.

Financial cooperation, innovation and information sharing should be introduced in the Greater-Mekong sub-region, comprised of Cambodia, China, Laos, Myanmar, Thailand, and Vietnam.



Li Lihui, president of Bank of China

Yunnan province is an ideal place to carry out cross-border trade and financial services.

We will further strengthen support for our Yunnan branch through special policies, financial products, personnel and capital resources.

In 2009, the total imports and exports of the Chinese mainland reached \$2.21 trillion, 7.86 percent of the world's volume and 42 percent of its GDP.

In the first half of 2010, domestic banks achieved a cross-border trade settlement of 67 billion yuan, up more than 17 times from the second half of 2009.

Bank Of China (BOC) will promote the operation of cross-border trade settlement in Yunnan province and build Kunming city into a regional financial service center.

Meanwhile, in response to market demands, we will focus on five key areas — cross-border renminbi settlement, offshore financial services, M&A and project financial services, personal assets management and deposits.

As to renminbi investment, we are considering offshore transactions, the allowance of overseas renminbi return, and the development of the bond market.

We are also encouraging overseas deposits and contemplating opening an inter-bank bond market.



Zhang Yun, president of Agricultural Bank of China

Agricultural Bank of China (ABC) has started a renminbi cross-border trade settlement pilot program in Yunnan province, which will significantly promote in-depth regional financial cooperation.

Since last July, we have strengthened innovation and restructured our service network.

We will continue to take advantage of our ample client resources and management expertise to achieve the upper hand in border trade settlements.

At present, ABC has opened renminbi border trade settlement businesses in eight provinces and regions in China, including Yunnan.

It has also established border trade settlement accounts with more than 40 banks, and has developed more than 20 kinds of financial products.

As the first commercial bank to develop border trade settlement in Yunnan province, ABC now covers more than 70 percent of the provincial settlement.

Since last month, ABC's Yunnan branch achieved a cross-border trade volume of 620 million yuan, accounting for over 50 percent of the province's total business.

At the end of 2007, Yunnan province became the first in China to approve renminbi purchase and offshore bank overdraft services.