

At the forefront of financial reform



Lujiazui's central business district is the core area of Pudong New District.

PHOTOS PROVIDED TO CHINA DAILY

Lujiazui aims to become a global centre for asset management, reports **Wu Yiyao**.

Just hours after China's central bank announced the launch of the China International Payment System on Oct 8, Standard Chartered Bank (China) Ltd said it had used the global system to complete one of Shanghai's first renminbi clearing transactions.

As one of the first batch of eight qualified lenders to do such business through the worldwide payment expressway, the London-headquartered Standard Chartered Bank said on the day of the CIPS launch that it completed more than 200 transactions for its clients, all of which have national or regional headquarters in Lujiazui, the vanguard of China's financial innovation and reform and a hub for the internationalisation of RMB business.

In the past, lenders had to do business through one of the offshore RMB clearing banks in offshore RMB centres such as Hong Kong, Singapore or London or by other means with the help of a corresponding bank on the Chinese mainland. "The newly launched China International Payment System cuts the transaction costs and processing time for payments," said Helen Wong, president and chief executive of HSBC Bank (China) Co Ltd.

China has been making efforts to accelerate internationalisation of the RMB and boost its use in international trade and transactions. To this end, the Belt and Road Initiative and expanding the global use of the Chinese currency have been mutually supportive.

"The increasing commodity trade, infrastructure financing, development of industrial parks and cross-border commerce should play a significant role in pushing forward wider use of the currency," according to an annual research report on RMB internationalisation and global trade released in October by Renmin University of China's currency research team.

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LORD MAYOR OF THE CITY OF LONDON

believe President Xi Jinping's visit to Britain will also benefit China's financial market opening-up and reform as enhancing the global use of the RMB, deepening financial co-operation and strengthening collaboration amid reforms of the international monetary and financial system are among the major topics China and Britain have been discussing in recent years.

And since Britain is China's largest outbound investment destination in Europe and London is one of the international offshore RMB centres, there is much potential for the countries to further work together, said Alan Yarrow, Lord Mayor of the City of London, during a visit to China in September.

Authorities and enterprises in Lujiazui have been working hard to leverage the prestige of having the pilot free trade zone and being pioneers of China's financial reform and innovation, according to the Shanghai Lujiazui Financial and Trade Zone Management Committee.

"Lujiazui has a goal to become a global asset management centre and a global

wealth management centre, expanding its calibre to serve domestic and global investors," said the committee's work report.

The government has said it plans to deliver more services and act efficiently to bring more companies and business into the financial hub to support financial innovation and reform by leveraging more resources as the RMB opens up to the global market.

"Lujiazui Finance and Trade Zone will establish platforms for information exchange between regulators and local authorities. Since the start of this year, we've organised conferences and workshops for enterprises to share their successful experience of emerging business, such as the free trade accounts at Bank of China, Shanghai Pudong Development Bank and HSBC," said the committee report.

The report said the committee wished to optimise Lujiazui's capacity to allocate global resources by combining Shanghai's efforts to become an international financial centre with the reforms at Shanghai Free Trade Zone.

Authorities have also said they want to deliver more services to expose overseas capital to domestic private equity and facilitate cross-border capital allocations.

In September, Aberdeen Asset Management Plc, Europe's largest listed fund manager, was granted a business license to operate in China and located its office in Lujiazui. According to Martin Gilbert, the company's chief executive, the office will be a wholly owned subsidiary that offers investment opportunities to both Chinese and foreign investors.

Moves to open up China's financial market have included the launch of the international board of the gold exchange at Shanghai Free Trade Zone by the Shanghai Gold Exchange in September last year, lifting the ceiling on foreign currency deposits and opening up the free trade accounts at the free trade zone, all of which first operated for lenders, trade companies and other firms in Lujiazui.

ABOUT LUJIAZUI

Lujiazui is in Pudong New District on the eastern bank of Shanghai's Huangpu River. It lies directly across the river from The Bund, an old business district, and south of the confluence of Suzhou Creek and Huangpu River. Until the 1980s, the area was relatively undeveloped, featuring residential houses, warehouses and factories.

Established in 1990 by the State Council, Lujiazui Financial and Trade Zone is at the forefront of China's reform and opening-up and at the core area of Pudong's development. The entire zone covers an area of 13.2 square miles, including a 2.6 square miles planning and development area with more than 100 buildings and skyscrapers.

Finance, insurance and securities are the three leading industries in Lujiazui Financial and Trade Zone. Over recent decades, its modern service industry system, with finance at the core, has been on a steady development track. Lujiazui has become an important economic growth centre. It is characterised by concentrated financial investors, comprehensive markets and strong capital distribution functionality.

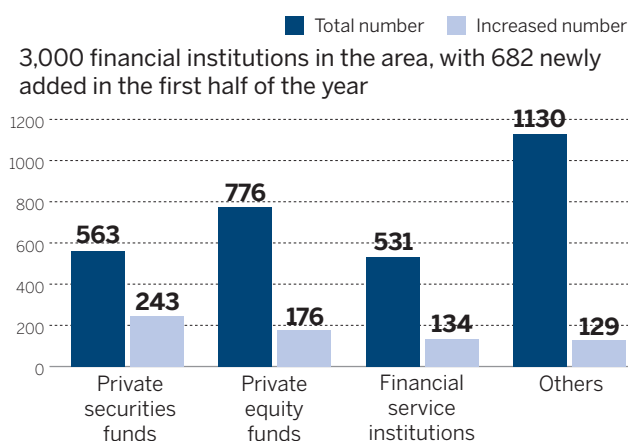
The Lujiazui area was incorporated into the China (Shanghai) Pilot Free Trade Zone when the State Council approved the expansion of the zone in April.

For more on Lujiazui, visit lujiazui.pudong.gov.cn or email lftz@lujiazui.gov.cn



Shanghai Stock Exchange, the first in the People's Republic of China, was founded in Lujiazui in November 1990.

Emerging financial institutions in the first half of 2015



HIGHLIGHTS

April 18, 1990: The State Council welcomed overseas investment and announced the development of Pudong district in Shanghai.

June 1990: The State Council named the Lujiazui Financial and Trade Zone.

October 1990: The Shanghai city government established Lujiazui Financial and Trade Zone Development Co.

November 1990: The Shanghai Stock Exchange, the first exchange in the People's Republic of China, was founded in Lujiazui.

June 1995: The Shanghai branch of the People's Bank of China moved from Puxi to Pudong, recognised as the official launch of the Lujiazui Financial and Trade Zone.

September 1995: Fuji Bank's Shanghai branch was established, the first foreign-funded bank in the People's Republic of China.

October 2004: Lujiazui Functional Zone was established to administer the communities in Lujiazui, Weifang, Tangqiao, Yangjing and Huamu streets.

September 2005: The State Council reaffirmed the Lujiazui Financial and Trade Zone would cover 12.2 square miles.

April 2009: The former Nanhu district was incorporated into Pudong New District.

January 2010: Lujiazui Financial and Trade Zone's management committee was established.

September 2013: The 11-square-mile China (Shanghai) Pilot Free Trade Zone was officially launched in Pudong.

April 2015: Shanghai Free Trade Zone was expanded to include Lujiazui and two other districts.

Source: Shanghai Lujiazui Financial and Trade Zone Management Committee

DEVELOPMENT GUIDELINES

Lujiazui Financial and Trade Zone will be built as a core functional zone for Shanghai's international financial, high-level services and shipping and as a global trade centre.

(1) Shanghai international financial centre: Lujiazui Financial and Trade

Zone will enhance its financial markets system, support product innovation and business development, advance opening-up and improve back-up service systems to build the centre by 2020.

(2) Shanghai international shipping

centre: During the 12th Five-Year Plan (2011-15), Lujiazui Financial and Trade Zone planned to transform global shipping from Europe to Asia and improve the stock and quality of the shipping sector's high-level services, including financing, maritime insurance,

maritime arbitration, shipping transactions, shipping consultation and shipping organisation.

(3) Shanghai international trade centre: Lujiazui Financial and Trade Zone plans to develop offshore trade, build commodity markets, upgrade

the traditional commercial service industry with information technology and enhance commerce and trade in the zone.