

Opening Address by Mr Teo Ser Luck,

Minister of State,

Ministry of Trade and Industry Singapore

At the RMB Internationalisation Summit

On 22 September 2014, 0855hrs at St. Regis Hotel

His Excellency Mr Duan Jielong, Ambassador of the People's Republic of China to the Republic of Singapore,

Mr Jiang Jianqing, Chairman of the Board of Directors, Executive Director of Industrial and Commercial Bank of China Ltd,

Distinguished Guests,

Ladies and Gentlemen,

Good morning.

1. Thank you for inviting me to the RMB Internationalisation Summit. It is my honour to deliver the opening speech.
2. The convening of the RMB Internationalisation Summit is timely. As China progresses on its path of RMB internationalisation, bilateral cooperation in this area has grown. We can explore even more ways for win-win collaborations, both to further support China's currency internationalisation as well as to deepen two-way trade and investment flows. I would like to offer my perspective on the strong bilateral ties and cooperation between China and Singapore and how this has benefitted the development of the RMB market in Singapore.

Strong Bilateral Ties with China

3. Singapore and China enjoy long-standing bilateral economic relations. China has been Singapore's top investment destination since 1997. Bilateral investment flows have been growing and in 2013, we became China's largest foreign investor, with investments increasing almost 16% year-on-year to exceed US\$7.3 billion. China is also Singapore's largest trading partner with our bilateral trade increasing 11% year-on-year to reach US\$73.1 billion in 2013.

4. Since diplomatic relations were established in 1990, modes of collaboration have expanded rapidly, anchored by the strength of our economic cooperation and our robust people-to-people exchanges. Our cooperation is a dynamic one, evolving with the developmental strategies of both countries. Our 2 government-to-government (G-to-G) projects—the Sino-Singapore Suzhou Industrial Park (SIP) which celebrates its 20th anniversary this year, and the Tianjin Eco-city (TEC) set up in 2008— were both established in tandem with China's priorities. In addition, there are other commercially-led, government-supported large-scale development projects conceptualised to meet diverse needs, such as the Guangzhou Knowledge City (GKC), Jilin Food Zone (JFZ), the Nanjing Eco Hi-Tech Island (SNETHI) and the Singapore-Sichuan Hi-Tech Innovation Park (SSCIP). The China-Singapore Free Trade Agreement, which entered into force in 2009, was yet another key milestone in our bilateral economic cooperation.

5. These multi-faceted exchanges have reinforced the strong foundations of our trade and investment relations. As China embarks on its next phase of growth with emphasis on market forces and liberalisation across various sectors, there is scope for further cooperation both in terms of region and industry. Business communities in both countries have even wider access to each other's markets and bilateral services trade is increasing by the day. These ripe conditions have fuelled a virtuous cycle with cross-border RMB transactions in trade, financing and investment boosting economic exchanges between both countries. As the world becomes increasingly inter-connected, this mutually beneficial development contributes to the vibrancy of China's and Singapore's business environment.

Singapore's Support for RMB Internationalisation

6. As an international financial centre and the gateway to Southeast Asia, Singapore has developed strong capabilities to support the use of RMB for trade settlement, financing and

investment. The commencement of RMB clearing arrangements by ICBC in May last year helped to catalyse the growth of our RMB market. Today, Singapore is the largest offshore RMB centre outside of Hong Kong and China[1]. Alongside this, ICBC has also reported strong growth in its RMB clearing volumes with more than RMB 20 trillion worth of transactions cleared to-date.

7. Beyond financing and clearing activities, we have also been taking steps to establish a vibrant capital market, which would allow for RMB deposits to be effectively deployed and add to Singapore's edge as a Pan-Asian asset and wealth management centre. ICBC has been a valued partner in this space, through its issuance and arrangement of Lion City bonds. ICBC's recent issuance of RMB 4 billion is the largest Lion City bond to date, capping ICBC's previous issuance of RMB 2 billion. ICBC Singapore also played a key role in the successful issuances of corporate Lion City bonds. Hainan Airlines' issuance was the first corporate Lion City bond, whilst Swiber's was the first Singapore corporate Lion City bond. These Lion City bonds were very well subscribed, with strong demand from investors in Singapore and the region.

What more can Singapore do to support RMB Internationalisation

8. MAS will continue to work closely with the industry to develop our RMB capital markets and expand the range of RMB products and services in Singapore. We welcome the contributions by ICBC, as well as many of you here today, to further develop our RMB market and encourage the use of RMB through Singapore.

Conclusion

9. As Singapore continues to expand into new areas of economic and financial cooperation with China, and as the RMB gains further momentum in global usage, I believe there is great opportunity for Singapore as a major offshore RMB centre. With the establishment of the ASEAN Economic Community (AEC) next year which will create a single market with free movement of goods, services and investment, Chinese companies can further leverage on Singapore as a base for capital flow for their operations in this region. Not only will they benefit from these financial initiatives, they can also bank on our

reliable support infrastructure and strong regional linkages to jumpstart their internationalisation efforts.

10. The distinguished panelists and speakers will share with you their insights on RMB internationalisation. We encourage our businesses to carve out new opportunities that can leverage on these initiatives and bring our bilateral collaboration to new heights. I hope you will find the Summit beneficial and rewarding. Thank you.

[1] Based on SWIFT's April 2014 RMB Tracker