

OPENING ADDRESS BY MR HENG SWEE KEAT, MINISTER FOR FINANCE, AT THE CHINA & SINGAPORE COMMODITY AND RMB SUMMIT, ON 6 NOVEMBER 2015, 9.30 AM, AT MANDARIN ORCHARD HOTEL

Stronger financial cooperation for deeper Singapore-China ties

Bank of China Chairman, Mr Tian Guoli,

IE Singapore Chairman, Mr Seah Moon Ming,

Distinguished guests,

Ladies and gentlemen,

1. Good morning. I am pleased to be here at this inaugural Summit. Let me start with a few words in Mandarin.

2. 各位嘉宾，上午好。我很荣幸出席今天的中新大宗商品及人民币峰会。

3. 今年，是个双喜临门的一年。我们不仅庆祝新加坡 50 金禧年，也欢庆新加坡与中国建交 25 周年。继我国总统陈庆炎博士于今年六月访问中国，我们今天也热烈欢迎中国国家主席习近平的到访，以纪念新中双边关系的重要里程碑。

4. 新中两国的关系建立在长久深厚的友谊之上，在经济贸易方面更是十分密切。目前，中国是新加坡最大的贸易伙伴国，同时，新加坡也是中国最大的海外投资国。而新加坡离岸人民币市场的深入发展，也将进一步促进新加坡与中国的经贸往来。
5. 其中，中国银行在我国离岸人民币市场与大宗商品市场的发展扮演了重要的角色。中国银行不仅发行了 30 亿元人民币的“狮城债券”，也发行了四个币种的“一带一路”债券，其中包括在新交所挂牌的 50 亿元人民币和 5 亿新元债券。中国银行新加坡分行也是新交所首家人民币期货做市商。在大宗商品方面，中国银行更是视新加坡为其大宗商品融资及福费廷的地区枢纽。
6. 我有信心我们将在这稳固的基础上持续深化与扩展两国之间的协作。我谨对中国银行在新加坡开展其国际业务表示祝贺，也预祝本次峰会圆满成功。谢谢。

Strong Economic and Financial Linkages

7. This year marks the 25th anniversary of the establishment of Singapore-China diplomatic relations. Bilateral economic and trade ties between China and Singapore have flourished over the years. China is now Singapore's largest trading partner, with bilateral trade reaching US\$92 billion in 2014. At the same time, Singapore was China's largest foreign investor last year. We are confident that collaboration between our two countries will continue to deepen in economic fields and beyond.
8. President Tony Tan Keng Yam visited China in June. Today, we warmly welcome President Xi Jinping for his state visit to Singapore. These visits set an excellent tone for even closer cooperation between China and Singapore in the years

ahead. A core pillar of this relationship is financial cooperation. Substantive financial cooperation initiatives were announced at the 12th Joint Council for Bilateral Cooperation meeting last month. In particular, we saw the expansion of existing cross-border RMB channels between China and Singapore. For instance, corporates in Suzhou and Tianjin are now allowed to repatriate the full amount of proceeds raised from bonds issued in Singapore. This provides a stronger incentive for corporates in both cities to raise RMB funds here.

Singapore's Role in RMB Internationalisation

9. Singapore's vibrant banking sector and capital markets, as well as strong asset and wealth management capabilities, have allowed us to support the internationalisation of the RMB. Today, Singapore is the largest offshore RMB hub after Hong Kong and offers an extensive range of RMB-denominated products. RMB deposits in Singapore reached RMB 322 billion in June 2015, and RMB is now one of the top five traded currencies in Singapore. We also have a liquid RMB FX futures market, which has achieved over US\$19 billion (approximately RMB 120 billion) in total trading turnover since its launch in October 2014.

10. In the capital markets, we have seen strong interest by financial institutions and corporates to tap RMB funding. Outstanding offshore RMB bonds issued in Singapore (also known as "Lion-City" bonds) amounted to approximately RMB 50 billion as of Q2 2015. On the investment front, close to 60% of Singapore's RQFII quota has been approved for usage by the China Securities Regulatory Commission, with further strong interest in the pipeline.

11. Singapore can continue to play a catalytic role to promote the use of RMB in Southeast Asia and the broader region. Our banks are well-positioned to help Chinese entities navigate their ASEAN expansion, given their deep knowledge of the region honed through an extensive network and years of operation.

12. Singapore is Asia's key trading hub and home to a vast majority of the world's largest commodities companies¹, which generate US\$1.3 trillion in annual turnover. The community is well intermediated by interdealer brokers² while global banks³ have also set up their commodity financing and trading desks in Singapore. Furthermore, Singapore's market infrastructure supports the hedging needs for the community. For example, SGX offers a suite of commodity hedging products⁴, including iron ore, for which it is a global leader. Supported by a strong ecosystem, Singapore provides an effective market place for Chinese companies such as PetroChina, Sinopec, COFCO⁵ and Baogang in the operationalisation of key activities, including deal structuring.

Partnership with the Bank of China

13. Bank of China has been in Singapore for almost eight decades and has made significant contributions to our RMB and commodities markets in recent years.

These include issuing a Lion City bond worth RMB 3 billion, listing a RMB 5 billion bond on the SGX, as well as being a pioneer market maker for SGX's RMB futures. On the commodities front, Singapore is Bank of China's regional hub for commodity financing and forfaiting. Bank of China, Singapore branch was also the first bank in Singapore to complete a Commodity Repo Trade Finance

¹ These include: Noble, Trafigura and Cargill.

² These include: ICAP, GFI Group and Tullet Prebon.

³ These include: Standard Chartered Bank, Macquarie and Citibank.

⁴ SGX's commodities suite covers energy, metals, agriculture (rubber) and freight.

⁵ COFCO is present in Singapore through NobleAgri, its JV with Noble International.

transaction in June this year, and has been actively exploring with SGX the redenomination of commodity contracts into RMB, in areas such as iron ore.

14. In this regard, I am pleased to welcome the establishment of the Bank of China's Global Commodity Repo Centre and Global Energy Commodity Business Centre in Singapore. These will be centres of excellence for the Group, which will provide knowledge and technical expertise in their respective fields. Such efforts will add to the vibrancy and depth of the commodities trading and financing landscape in Singapore, by enhancing the sophistication of financing products available to the commodity trading community in Singapore.

Conclusion

15. I wish the Bank of China great success in growing its international business in Singapore, and for all participants to have fruitful discussions at today's Summit.
Thank you.

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