

Expansion of renminbi business

Further to the announcement by the Chief Executive, Mr Donald Tsang, in the Policy Address delivered on 12 October that the Central People's Government (CPG) has in principle agreed to continue to expand renminbi business in Hong Kong, the Hong Kong Monetary Authority (HKMA) announced today the details of the expansion. The People's Bank of China (PBoC) has agreed to provide clearing arrangements for the following newly expanded areas of renminbi business:

1. Designated merchants engaging in personal tourism or consumer services as defined under the arrangements of renminbi business in Hong Kong ("designated merchants") can open renminbi deposit accounts and conduct one-way exchange of their renminbi deposits into Hong Kong dollars. Four business categories, namely, transportation, communication, medical services and education will be added to the definition of designated merchants which originally comprised retail sales, catering and accommodation;
2. Hong Kong residents can open renminbi current accounts and make payments for consumer spending in Guangdong Province by cheques, subject to a daily limit of RMB80,000 yuan per account;
3. The limit for exchange of renminbi cash is increased from RMB6,000 yuan to RMB20,000 yuan per person per transaction, and that for renminbi remittances by Hong Kong personal depositors to savings accounts under the same name at banks on the Mainland is increased from not more than RMB50,000 yuan per person per day to RMB80,000 yuan;
4. The cap of RMB100,000 yuan on credit limits for renminbi cards issued by participating banks is removed, and credit limits will be determined by the issuing banks according to market practice.

The above measures will be implemented in phases when the respective arrangements and technical preparatory work are completed.

The Financial Secretary, Mr Henry Tang, welcomed the arrangements for expanding renminbi business in Hong Kong. He said, "These measures will further facilitate cross-border spending by Mainland and Hong Kong residents and promote economic integration between the two places. The agreement of the State Council to expand renminbi business in Hong Kong helps strengthen Hong Kong's role as an international financial centre."

Mr Joseph Yam, Chief Executive of the HKMA said, "The expansion of renminbi business will help improve the channel for renminbi fund flows between the Mainland and Hong Kong, thereby paving the way for banks in Hong Kong to diversify their renminbi business. The HKMA will continue to work with the PBoC in actively exploring the proposals for trade settlement in renminbi and issuance of renminbi bonds in Hong Kong."

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