

By : YAB. DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK, PERDANA MENTERI
MALAYSIA

Venue : The Grand Garden Pavillion Level 1,

Date : 14/04/2015

Title : THE OFFICIAL LAUNCHING CEREMONY OF RENMINBI CLEARING BANK IN
MALAYSIA

Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh.

Yang Berhormat Dato' Sri Mustapha Mohamad;

Minister of International Trade and Industry,

Yang Berhormat Dato' Sri Liow Tiong Lai;

Minister for International Trade and Industry,

Yang Berbahagia Tan Sri Dato' Sri Ong Ka Ting;

The Prime Minister's Special Envoy to China,

Your Excellency, Dr Huang Huikang;

Ambassador of the People's Republic of China to Malaysia,

YBhg Dato' Nor Shamsiah Mohd Yunus;

Deputy Governor of Bank Negara Malaysia,

Mr Chen SiQing;

President of Bank of China Limited,

Mr. Wang Hongwei;

Chief Executive Officer, Bank of China Malaysia,

Distinguished Guests,

Ladies and Gentlemen,

1. I am delighted to be here today for this ceremony to launch the Bank of China, Malaysia, as the Renminbi Offshore Clearing Bank for Malaysia. It is not only for Malaysia, it is also for the whole ASEAN region.
2. This marks another important milestone in the bilateral relationship between Malaysia and China, and also what I'm sure will be another fruitful collaboration with the Bank of China in developing our country's financial infrastructure.
3. It is also another example of the benefits we are already seeing after we upgraded ties between China and Malaysia to a comprehensive strategic partnership in 2013.
4. During my visit to China last May, President Xi Jinping and I discussed ways in which offshore Renminbi banking could promote trade by using regional currencies. And I repeated this request when I met Prime Minister Li Keqiang. A Memorandum of Understanding between Bank Negara and the Bank of China to establish clearing arrangements in Malaysia was signed in November. And today, we are here to witness the formation of this clearing bank, all within less than a year.

5. It is a sign of just how strong the friendship between our two countries has become.

Ladies and Gentlemen,

6. The Bank of China, which is currently the seventh largest bank in the world by asset size, will provide Malaysia with direct access to Chinese financial markets and new avenues to source and invest surplus Renminbi funds at competitive rates. The establishment of the new bank here will reduce liquidity risk, encourage the growth of premium financial services in both countries, and will further promote the facilitation of trade and investment between China and Malaysia.
7. This is all the more important with the rise of the Renminbi - reflected in the fact that RMB foreign exchange now stands at RMB3.5 billion a day. It is increasingly recognized as a major global trade settlement currency. Indeed, if it enters the IMF's Special Drawing Rights scheme this year, it will officially become one of the world's major reserve currencies.
8. This year, under the chairmanship of Malaysia, we are due to establish the ASEAN Economic Community. ASEAN is home to over 600 million people - that's more than 100 million more than the European Union - and has a combined GDP of USD2.5 trillion. With young, dynamic and increasingly well-educated populations, we have the potential to be one of the largest integrated economic groupings and markets in the world.
9. Stable and internationally recognized currencies will be crucial to facilitate the accelerated trade and investment activities that should follow the community's creation. As ASEAN is one of China's largest trading partners, the Renminbi has a key role to play, and we anticipate Malaysia becoming a major offshore Renminbi clearing center to facilitate direct trade settlement within the region, which could drastically lower transaction costs and benefit both China and ASEAN.

Ladies and Gentlemen,

10. The establishment of an RMB clearing bank could not come at a more opportune time. China is Malaysia's largest trade partner, and Malaysia is China's largest trade partner within ASEAN. Last year the trade exceeded US\$100 billion. We intend to strengthen this vital relationship, and we have set a goal of reaching US\$160 billion in bilateral trade by 2017.
11. In doing so, we are building on a long history. In recent years we have seen the establishment of the China-Malaysia Qinzhou Industrial Park and the Malaysia-China Kuantan Industrial Park.
12. These flagship projects are just two examples of the business cooperation between our two countries. There are many others, such as China's Guangxi Beibu investing in Kuantan Port, and the various Chinese property companies that are investing in the Iskandar Malaysia development corridor in Johor. Last year, total approved foreign direct investment from China in the manufacturing sector in Malaysia totaled RM4.8 billion and we expect that figure to keep growing.
13. We also support China's efforts to promote an inclusive regional growth agenda through a series of initiatives, from the Asian Investment Infrastructure Bank, of which Malaysia is a founder member, to the 21st Century Maritime Silk Road, both of which are expected to increase investment flows into the ASEAN region.

Ladies and Gentlemen,

14. Last year we celebrated the 40th anniversary of the establishment of diplomatic relations between China and Malaysia. There are so many ways in which our ties are strengthening and will continue to do so.

15. Earlier this year, for instance, we announced that Chinese visitors to Malaysia would be exempted from visa fees. We are looking into the possibility of setting up new direct flights, such as from Melaka to Guangdong. We have discussed conducting the first combined military exercise between our two countries, as well as building new railways, ports and industrial parks together. The relationship between Malaysia and China has never been better.

16. This new RMB clearing bank- - a critical financial initiative - will enhance our ties still further. It will support increased bilateral trade and investment between our two countries, promote the use of local currency settlement for trade and investment, and show that when Malaysia and China, and ASEAN and China, act together, it is for the mutual benefit and prosperity of everyone in the region.

17. Let me conclude by congratulating the Bank of China Malaysia on their appointment as the RMB clearing bank here in Malaysia, and we wish you every success for the future.

Thank you.

Wabillahitaufik Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.