

BC Banking Industry Group

Terms of Reference

Background

Presently, there are a number of financial institutions, organizations, Government Ministries and Departments (Federal, Provincial, and Municipal), and other private sector entities which are actively supporting the concept of a RMB Settlement Centre in Canada.

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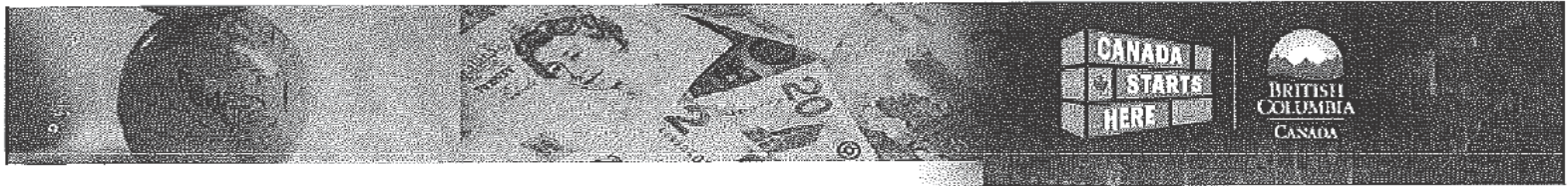
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BACKGROUNDER

Issue: Strategy for Renminbi (RMB)
Trading and Investment Hub in
Canada and Vancouver

Meeting: Minister's Meeting with
Honourable Teresa Wat, and
Colin Hansen, CEO of AdvantageBC

Meeting Date: July 3, 2014

Cliff: 336999

MEETING

KEY FACTS REGARDING THE ISSUE:

Creation of a RMB trading and investment center in Vancouver is a mandate objective assigned to the Minister of Finance. Minister de Jong has set the stage for this to happen with active engagement with Chinese banks to locate their business and operations in Vancouver, approval of the province's recent bond issue in the offshore RMB bond market, meetings with financial institutions expert in RMB market, and discussions with federal ministers of finance including Jim Flaherty and Minister Oliver.

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Minister de Jong has indicated that he wants to collaborate with Canadian stakeholders interested in a Pan-Canadian RMB hub.

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A milestone target for creating a RMB hub in Canada would be for the Governments of Canada and China to execute founding documents when Prime Minister Harper visits Beijing November 10 to 11, 2014.

AdvantageBC (ABC) has proposed the creation of a BC Banking and Industry Group to support creation of a RMB trade and investment center in Vancouver, and successful implementation. ABC has asked for comments on its initiative. Early planning is underway and it was judged timely for the key players on the BC Team to meet to affirm objectives and sequencing of efforts for best result. In attendance will be Minister Wat, Colin Hansen, CEO of ABC; Shannon Baskerville, Deputy Minister of International Trade; and Peter Milburn. Beth Cole and Jim Hopkins will join by conference call.

Opportunity Afforded by RMB Trade and Investment Center:

Since the mid 2000's, international use of the RMB has accelerated at a very rapid pace as measured by global cross currency payments for trade and trade finance, growth in RMB deposits around the world, and volume of offshore RMB bond issues. This development has been accompanied by Chinese regulatory authorities gradually loosening currency controls.

Financial centers around the world are vying to establish RMB trading hubs including Singapore, London, Frankfurt, Luxemburg, Paris and Switzerland. The emergence of China as the second largest economy in the world and expected to be number one in about 5 years combined with China as the largest trader of goods in the world has attracted these cities to want to be positioned to participate, including increasing market share of trading and investment into China and having local infrastructure and talent able to transact business denominated in RMB form. These centers are recognizing what they believe to be a lasting and transformational change in how business will be done in the world over the long and medium terms.

To date there is no RMB hub in the Americas, and it appears that the US is not likely to want to participate. The immediate opportunity is a hub in Canada and with successful traction it could readily evolve into a larger North American hub later.

The volume of business, banking, and investment done in RMB in Canada is a small fraction of the total. The opportunity in Canada is at the early stages but presents exciting potential including building on growing trade with China, tapping into new trade opportunities with partners who prefer RMB settlement, and attracting capital for natural resource projects.

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A successful hub must be supported and wanted by the local financial community. A hub will not work if only led by governments. It is imperative to have active endorsement of the hub from domestic and international banks in Canada, and their sustained commitment to educate clients and support take – up of RMB denominated business.

Attraction of Chinese banks to come to Canada will help a RMB hub to get traction. There are several large Chinese banks applying for or planning to apply for Schedule 3 bank status in Canada.

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AdvantageBC Plan for BC Banking and Industry Group:

Colin Hansen is planning to form a group of local banks and industry with the City of Vancouver to focus on the case for a RMB settlement center in Canada /North America (see attachment A). A private sector group including banks and industry is a welcome initiative because it provides key validation for the BC government and Federal Finance. The work plan includes monthly meetings, culminating in drafting recommendations for submission to Federal Finance in September 2014, and discussions with Federal Finance in October 2014.

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It should be noted that Mr. Hansen sees the RMB hub as one of a number of projects for which he would use the BC Banking and Industry Group.

ADVICE:

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Program Area Contact:

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Jim Hopkins
Assistant Deputy Minister

Number
250 387-9295

Alaimo, Marie FIN:EX

From: Minister, FIN FIN:EX
Sent: Thursday, September 11, 2014 2:18 PM
To: FIN OFFICE FIN:EX
Subject: FW: A reply letter to Hon.Michael de Jong from Bank of China (Canada)

FYI

Jessica Gillies

Correspondence Manager, Ministry of Finance

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From: Colin Hansen [<mailto:chansen@advantagebc.ca>]
Sent: Friday, September 5, 2014 5:11 PM
To: KEVIN WU; Minister, FIN FIN:EX
Cc: Minister, MIT MIT:EX
Subject: RE: A reply letter to Hon.Michael de Jong from Bank of China (Canada)

Dear Mr. Wu,

Thank you for copying me on your letter of September 4, 2014 to the Hon. Michael de Jong.

I am replying in my capacity as Chair of the Working Group on International Financial Services for BC to say that we look forward to having Albert Shum as a member of the working group in the place of Mr. Wang Lijun.

I will email more information to Mr. Shum.

Sincerely,

Colin Hansen

Colin Hansen
President and CEO



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From: KEVIN WU [<mailto:KEVINWU@CA.BOCUSA.COM>]
Sent: September-04-14 4:08 PM
To: FIN.Minister@gov.bc.ca
Cc: MIT.Minister@gov.bc.ca; Colin Hansen
Subject: A reply letter to Hon.Michael de Jong from Bank of China (Canada)

Dear Hon. Michael de Jong,

Thank you for your letter. Enclosed please kindly find the letter relied by our President & CEO Mr. Wang. The paper letter has been mailed to you.

Best regards,

Kevin Wu
Office Secretary
Bank of China (Canada)

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