Policy Conference
London, 22 October 2015
Agenda

08:30–09:00
Registration and refreshments on arrival

09:00–09:10
Welcoming remarks:
Stuart Popham Chairman, Chatham House

09:10–09:25
Keynote speech:
The Rt Hon, The Lord O’Neill of Gatley Commercial Secretary, HM Treasury

09:25–10:45
Session One | The renminbi takes wing

The renminbi has swiftly established itself as a prominent international currency thanks to Beijing’s policy efforts since the onset of the global financial crisis in 2008. A decision to include the renminbi in the International Monetary Fund’s basket of reserve currencies, the Special Drawing Rights (SDR) basket, would confer an international seal of approval on China’s strategy. The continued rise of the renminbi will have far-reaching consequences for international trade, finance and banking. This session will discuss the following issues:

• Will the renminbi continue to grow in popularity as an international currency if China’s economy suffers a prolonged slowdown or if its exchange rate enters a sustained decline?
• What are the obstacles to the continued rise of the renminbi internationally?
• Will the launch of the China International Payments System (CIPS) spur international interest in using the renminbi?
• What are the geo-economic consequences of the rise of the renminbi as a reserve currency?

Panellists
Sir Tom Troubridge Chairman, China Business Group, PwC UK; Vice Chairman, China-Britain Business Council
Rongrong Huo Global Head of China and RMB Business Development, Capital Financing, HSBC
Philip D. Brice Manager, Corporate Risk, Treasury, BP plc
Moderator: David Craig President, Financial & Risk, Thomson Reuters

10:45–11:00
Refreshments
11:00–12:30
Session Two | The development of the renminbi offshore market: weaving a web from many strands

The rising number of offshore renminbi centres epitomizes growing interest on the part of the international community to use the currency. In the Asia-Pacific region, regional trade ties have made this a natural development in Singapore, South Korea, Taiwan and Sydney. European financial centres such as London, Frankfurt, Paris and Luxembourg have all made substantial progress in developing renminbi business in their local markets since 2013. This session will discuss the following issues:

- The latest developments in the global renminbi offshore market. Does the designation of offshore centres really make a difference?
- The main challenges for the renminbi to sustain its growth offshore with limited capital account openness.
- Will the proliferation of offshore centres harm the development of the offshore market by dispersing liquidity? How could the market become better integrated?
- Is growth in the offshore renminbi market largely due to speculation, linked to FX and interest rate arbitrage opportunities? Or does it increasingly reflect genuine underlying economic demand?

Panellists

Gene K. Kim Managing Director, Regional Head, Financial Markets, Greater China & North Asia, Standard Chartered
Xilai Feng Chief Executive Officer, China Construction Bank (London) Ltd
Mark Boleat Chairman, Policy and Resources Committee, City of London Corporation
Janet L. Ecker President and Chief Executive Officer, Toronto Financial Services Alliance
Nicolas Mackel Chief Executive Officer, Luxembourg for Finance

Moderator: Connie Heng Partner, Head of Capital Markets, Asia Pacific, Clifford Chance

12:30–13:45
Lunch

13:45–15:00
Session Three | Moving towards the liberalization of China’s capital account

China says it wants to liberalize its capital account but reserves the right to use macro-prudential measures to oversee ‘managed convertibility’. This session will discuss the following issues:

- Is there a precedent for a country that issues a major reserve currency not to have a fully open capital account?
- Are China’s plans to keep a close watch on hot money in line with the latest IMF thinking on controlling capital flows?
- Are China’s capital controls still binding?
- Will ‘managed convertibility’ deter reserve managers from holding the renminbi?
- Will demand for the renminbi as a reserve asset prompt other reserve-issuing economies to try to make their currencies more attractive?

Keynote speech: Nathan Sheets Under Secretary for International Affairs, U.S. Department of the Treasury

Panellists

Carolyn Wilkins Senior Deputy Governor, Bank of Canada
Denis Beau Director General of Operations, Banque de France
Robert N. McCauley Senior Adviser, Monetary and Economic Department, Bank for International Settlements

Moderator: Yuanfang Li Secretary General, Research Centre for International Finance, IWEP, Chinese Academy of Social Sciences; Julius Fellow, International Economics Department, Chatham House
Session Four | China’s renminbi: the next reserve currency in the international monetary system?

An international currency is used by non-residents as a medium of exchange, store of value and unit of account. The renminbi is now increasingly used for trade and investment. But until China fully liberalizes its capital account the renminbi cannot compete with the dollar and the euro as a key international reserve currency. This session will discuss the following issues:

- Is history a useful guide to the internationalization of the renminbi?
- Would the inclusion of the renminbi in the SDR basket help support its international use or is it purely symbolic?
- What is the endgame of China’s currency strategy?
- What will be the likely impact of the renminbi’s rise on the international monetary system?

Keynote speech: Xia Bin Counsellor, State Council of China

Panellists

Benjamin J. Cohen Louis G. Lancaster Professor, International Political Economy, University of California, Santa Barbara
Arun Aggarwal Managing Director, UK, Ireland and Nordics, SWIFT
Takatoshi Ito Professor, School of International and Public Affairs, Columbia University
Paola Subacchi Research Director, International Economics Department, Chatham House

Moderator: Linda Yueh Adjunct Professor, Economics, London Business School; Fellow, Economics, St Edmund Hall, University of Oxford

Closing remarks

End of conference and reception hosted by Chatham House