

Third Chinese-Swiss Financial Round Table

On November 24, 2016, representatives of the Swiss and Chinese governments, regulators from both countries and financial centre representatives met in Geneva at the Third Chinese-Swiss Financial Round Table. In an interview published in "Insight", the on-line magazine from the Swiss Bankers Association, Yves Mirabaud, Chairman of the Geneva Financial Center, talks about the most significant results of this bilateral encounter.



Yves Mirabaud

Yves Mirabaud, which key points were discussed at the Third Chinese-Swiss Financial Round Table?

This Round Table addressed core areas where the RMB can be used in trade, trade finance, the commodity business as well as wealth and asset management. We had two panels with excellent specialists from banks, stock exchanges, trading companies, wealth and asset management firms and clients from both China and Switzerland. The panels provided an opportunity to discuss the practical use of the renminbi (RMB) as a currency, in particular for investments, diversification, trading and trade and export finance. The

quality of the audience allowed for a constructive dialogue. We had the pleasure of welcoming government officials, including Federal Councillor Ueli Maurer, as well as high-level keynote speakers such as Thomas Bauer, Chairman of FINMA, and Andrea Maechler, Member of the Governing Board of the SNB. About 180 participants, including 50 guests from China, took part in this event.

What impressed you most when you listened to your Chinese Counterparts?

I am convinced that this Round Table was an opportunity for Switzerland, in the context of international

political and economic uncertainties, to reaffirm its aim to further strengthen financial relations with China. Dialogue and mutual understanding were at the heart of our discussions.

Our Chinese counterparts were very open to exchanging views on how to develop a favourable environment for business between the two countries. They clearly expressed their need to learn more about wealth and asset management, as Switzerland has more experience in these activities. Our Chinese guests affirmed that the Swiss hub is different from other financial centres thanks to



An agreement has been signed between the universities of Tsinghua and Geneva

its longstanding experience in wealth and asset management, its importance in commodity trade finance transactions, its excellent infrastructure and highly-skilled workforce, and, last but not least, its reputed education system.

How will the different businesses conducted by Swiss banks benefit from Sino-Swiss collaboration?

I believe that our country is well positioned to respond to growing Chinese needs in terms of financing, investment and asset and wealth management services. The Swiss financial centre is ideally positioned for the offshore RMB business.

All the necessary conditions for a hub are now in place thanks to the bilateral free-trade agreement that came into force in 2014 and the Swap agreement signed the same year. Given that 15 percent of China's foreign trade is transacted in its national currency, the advantages of such agreements are obvious: demand for RMB-denominated financial services in Switzerland is bound to increase, and the country is well positioned to respond to growing demand in China. The China Construction Bank opened a Zurich branch in 2016 and was designated as the Swiss RMB clearing bank.

What else is needed to increase the success of Switzerland's renminbi Hub? What could the next steps be?

While there is a growing demand for RMB, some key elements have to be put in place in order to secure more transactions. Some improvement is needed in terms of liquidity and stability. Non-Chinese clients need to understand that RMB can be considered a tool for diversification.

The offering of RMB products should be developed in a way that attracts Chinese clients in Switzerland. All of these elements are a question of time. China is already taking measures and will go further in order to strengthen the Shanghai Stock Exchange, internationalise the RMB and accelerate the bilateral opening of capital markets.



CCB Switzerland opening ceremony

Does Geneva have any special projects relating to the RMB business?

Our Chinese counterparts showed great interest in the commodity trade finance business. Geneva is a major player in this segment. With 400 companies in the region, Geneva is the world's largest trader of cereals and vegetable oils. There is a clear need for another strong currency in this area and the RMB would be ideal. To achieve this, the entire chain of transactions will have to be denominated in RMB.

Education was also the topic of a panel. What are the opportunities for cooperation in this area?

The Swiss financial sector has extensive expertise, in particular in wealth and asset management, which makes it a partner of choice for education and training. Apart from the above examples of ground-breaking progress in China-Switzerland trade, we should not fail to note another major component of our relations, namely, people-to-people exchanges. Interactions between university and middle school students, professors, scholars and scientists have been increasing. In October 2016, the University of Geneva and Tsinghua University, often described as the "Chinese M.I.T.", agreed to jointly develop innovative teaching programs, especially in the fields of wealth management as well as sustainable development.



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