



External Communications Department

ECD/M&PRD/PR/01/2023-101

October 27, 2023

Use of RMB to facilitate trade with China: Governor SBP

Addressing a ceremony on “Promoting the use of RMB in Cross-Border Settlement” today, organized by ICBC Bank in the Jinnah Conventional Center Islamabad, Governor SBP Mr. Jameel Ahmad highlighted the strong and long-lasting economic and financial ties between Pakistan and China, and said using Renminbi (RMB) for settling cross-border trade and investment transactions with China can further strengthen these ties. The event was held to mark the bank’s designation as the RMB clearing agent in Pakistan by the People’s Bank of China (PBoC).

Governor SBP elaborated that given the importance of Pakistan’s economic ties with China, the SBP has put in place the required regulatory framework that facilitates use of RMB in trade and investment transactions, such as opening of L/Cs and availing financing facilities in RMB. In terms of regulations in Pakistan, RMB is at par with other international currencies, such as the US Dollar, Euro and Japanese Yen, he asserted. Both public and private sector enterprises in Pakistan are free to choose RMB for bilateral trade and investment activities. As a result of the Central Bank’s efforts to promote use of RMB in trade with China, RMB denominated imports of Pakistan from China have increased from about 2% in FY18 to around 18% in FY22.

Mr. Ahmad also discussed the benefits of local RMB clearing system and denominating trade in RMB, including fast turnaround time and reduced cost for local banking system; easy access to the RMB settlement for the local banking system; improved and more competitive pricing of bilateral trade transactions; and opening up of new markets for Pakistani businesses.

Governor SBP emphasized that banks can play an important role by providing their customers with the necessary information pertaining to the regulatory framework in China to conduct transactions in RMB. He also expressed hope that Pakistani businesses will enhance their understanding of the Chinese market and evaluate the benefits of conducting trade in RMB at a more competitive pricing.

Governor SBP viewed that this initiative of establishing local RMB clearing system will yield long-term benefits to China-Pakistan relationship in general, and Pakistan’s economy and banking system in particular. He reiterated that the SBP remains committed to providing the policy and regulatory support to further strengthen economic and financial ties with China for the mutual benefit of our consumers and businesses.
