

China, Switzerland to Announce Offshore Yuan Trading Center in Zurich

By [The Brics Post](#)

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As China takes its currency global, Zurich is set to become a center for yuan trading in Europe with Chinese and Swiss officials poised to sign a financial deal on Wednesday.

“A memorandum of understanding will be signed between the central banks of the two countries during Chinese Premier Li Keqiang’s visit to Switzerland. It is an important step in the internationalization of the RMB, especially in Europe,” a government official was quoted by Chinese news agency Xinhua.

Switzerland is basing its push for the offshore yuan business on the country’s close ties with China, one of the nation’s biggest trading partners. Switzerland is the first country among the world’s top 20 to have a free trade agreement with China.

The Chinese and Swiss central banks already signed a bilateral currency swap agreement worth 150 billion yuan (24 billion dollars), in July last year.

Under the deal to be signed on Wednesday, China will give Switzerland a quota of 50 billion yuan (about \$8 billion), under its Qualified Foreign Institutional Investor (QFII) scheme to support the establishment of the Zurich offshore RMB market.

The first branch of a Chinese bank will be set up in the Swiss financial hub for future RMB clearance after it gets approval from regulators of both sides.

China has established offshore RMB markets in Hong Kong, London, among other places, in a drive for the internationalization of its currency.

The world’s second-largest economy started pushing for the great use of the yuan outside the mainland in 2010.

China is promoting the use of its currency as an alternative to the dollar in global trade and finance and more and more nations now want to capture the fast-growing market for offshore trade in yuan, also known as the renminbi.

The Chinese currency is already traded directly against the US dollar, the euro, the Japanese yen, the British pound, the Aussie and New Zealand dollars, Russia’s rouble, the Singapore dollar and Malaysia’s ringgit. Yuan settlement in trade surged from 2.06 trillion yuan in 2012 to 3.01 trillion yuan in 2013 worldwide.

The Chinese Premier arrived in Zurich Tuesday to attend the annual meeting of the World

Economic Forum (WEF) in the Swiss ski resort of Davos and pay a short working visit to Switzerland.

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