HSBC

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News Release

# CANADIAN COMPANIES FIVE TIMES LESS LIKELY THAN GLOBAL PEERS TO TRADE IN RENMINBI

***– Still, 62% intend to grow trade with second largest trading partner over next year***

Canadian companies are the second least likely to use Renminbi (RMB) for trade settlement with Mainland China, according to an annual global survey commissioned by HSBC. In fact, only 3% (5% in 2014) of the Canadian businesses surveyed said they had conducted cross border transactions in the Chinese currency, compared to 17% of global companies and to 10% (17% in 2014) of US companies, leaving them open to unnecessary foreign exchange risk.

Globally, RMB usage remains primarily driven by the Asia Pacific markets and usage levels in the region remain broadly on a par with results from last year's survey. Outside of the Asia Pacific region, usage in Europe and the Americas remains comparatively low and has weakened compared to last year, likely due to fluctuations in the external value of the RMB against non-dollar currencies in the second half of the year and the growing strength of the U.S. economy, respectively.

Linda Seymour, Executive Vice President and Head of Commercial Banking, HSBC Bank Canada, said: "To ensure Canada's long term economic health and to build on the new Renminbi hub here, we must diversify beyond the historic US-Canada trade corridor and strengthen our trade ties to the world's fastest-growing economy. In particular, we need to identify products and services that China wants to buy from us. As an example, Australia's economy mirrors ours and, with the combination of a recently ratified free trade agreement with China and a Renminbi hub, they have benefitted from significantly greater trade between those two countries."

Among Canadian businesses surveyed, 62% expect to increase their cross-border trade with China in the next 12 months (ahead of global peers at 54%). However, just 22% of Canadian firms (versus 27% globally) that aren't using the RMB today are planning to use it in the future. Said Seymour, "When you're doing business with China, the world's biggest trading nation, you have to think about doing business in Renminbi."

**Key highlights from Canadian respondents include:**

- At 3%, Canada is still second least likely among countries surveyed to use RMB and this has even weakened slightly from last year (5%).
- There was a sizeable drop in non-users planning to start using RMB in future – from 37% in 2014 to 22% in 2015.
- Canadian management teams are in line with global peers in terms of discussing the RMB as a potential opportunity or business enabler – 16% in Canada vs. 22% globally.
- Non-RMB users who plan to use RMB in future cite a reduction in foreign exchange risk and the benefits from market disparities between the onshore and offshore RMB market as the main motivators to do so.

## Canadian companies five times less likely than global peers to trade in Renminbi /2

RMB usage has soared since China started to dismantle barriers limiting cross-border transactions in 2009. In fact, in December 2014, it became the fifth most-used currency for global payments, according to data from SWIFT, after the value of RMB payments more than doubled in a year. Having climbed in value by 8% against the dollar from January 2011 to January 2014, the RMB has declined by about 3% since the start of this year as the pace of US economic growth accelerated. Over the past six months it has appreciated against currencies including the euro, pound sterling and yen.

Also in 2014, Chinese authorities made a number of regulatory changes governing the RMB, including the introduction of two-way cross-border sweeping and a widening of the onshore trading band against currencies including the dollar, euro, yen and pound sterling. In addition, clearing banks were mandated for 10 countries including Canada, France, Australia, Qatar and the UK to help spur the development of offshore RMB hubs.

For its 2015 survey, HSBC polled more than 1,600 decision-makers from Australia, Brazil, Canada, mainland China, France, Germany, Hong Kong, Malaysia, Singapore, South Korea, Taiwan, the UAE, the UK and the US who represent companies that conduct international business with or from China.

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**Notes to Editors:**
**About the RMB Survey**
HSBC commissioned Nielsen to conduct a market survey of 1,610 international companies that currently do business with Mainland China or are a business in Mainland China that imports/exports outside of the region. The survey was in field between 7 January and 12 February 2015 and was undertaken to understand the international companies' preference about using RMB for cross-border business, reasons of using / not using RMB for trade activities, as well as other insights they can offer about the RMB. The research surveyed international businesses in Australia (n=100), China (n=200), Germany (n=100), Hong Kong (n=200), Singapore (n=100), the UK (n=100), the USA (n=106), Canada (n=100), Taiwan (n=100), France (n=101), the UAE (n=100), Brazil (n=100), Malaysia (n=103) and South Korea (n=100). Of the companies surveyed, approximately 50% had an annual sales turnover between of US$3M-50M, 40% had a turnover of US$50M-500M and 10% had an annual sales turnover above US$500M. (Copyright © 2015, The Nielsen Company)"

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