



Activity Title and Number: Study Assignment on the Supervision of Foreign Exchange Policies; A343-C1

Beneficiary: State Administration of Foreign Exchange (SAFE)

Location and Date: UK, Netherlands; 11-18 June 2014

Stakeholders: Bank of England, Financial Conduct Authority, HSBC, Port of Rotterdam Authority

Brief Activity Report

Relevance and Impact

China is taking steps to gradually liberalise capital accounts in order to facilitate the cross-border use of Renminbi. Accordingly, Chinese regulators have prioritised strengthening the legal and administrative framework for capital movements and foreign exchange. Following the official launch of Shanghai Pilot Free Trade Zone (SFTZ), the People's Bank of China released detailed financial reform guidelines which may include liberalising foreign exchange rates.

Most of the implementing tasks of these guidelines are the responsibility of SAFE - China's foreign-exchange regulator. In order to support these developments, EUCTPII organised a study assignment to the UK and the Netherlands for SAFE officials. A particular focus was the EU's experience in regulating capital account liberalisation, taking into account the challenges faced during financial crises.

Activity Description

Twelve SAFE officials led by Ms. FANG Shaohong, Deputy Director General of General Office, SAFE participated in the study assignment. Meetings with the Bank of England and the UK Prudential Regulatory Authority addressed macro-prudential management while HSBC provided the delegates with an industry perspective on microprudential management and foreign exchange policies. Additional knowledge on the supervision of customs bonded areas was provided by representatives of the Port of Rotterdam Authority. T. Huawei and local bank, ING, explained how to comply with the regulatory framework that applies to foreign companies within the Port of Rotterdam Free Trade Zone.

Results and Dissemination

- ✓ Provided delegates practical recommendations and suggestions regarding the development of Chinese free trade zones; and
- ✓ Deepened delegate's knowledge on the regulation of capital account liberalisation.