PRESS RELEASE

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ECB and People's Bank of China extend bilateral currency swap arrangement

- European Central Bank (ECB) and People's Bank of China (PBC) extend for three years bilateral currency swap arrangement established in 2013
- Swap arrangement has a maximum size of 350 billion Chinese renminbi and €45 billion
- Can serve as backstop liquidity facility to address potential shortage of renminbi for euro area banks

The European Central Bank (ECB) and the People's Bank of China (PBC) have decided to extend for another three years their 2013 bilateral currency swap arrangement, with the same conditions and parameters.

On 8 October 2013 the ECB and the PBC established a three-year bilateral currency swap arrangement with a maximum size of 350 billion in Chinese renminbi and 45 billion in euro.

From a Eurosystem perspective, the arrangement serves as a backstop facility to address potential sudden and temporary disruptions in the renminbi market due to liquidity shortages in euro area banks. Liquidity providing arrangements contribute to global financial stability. The arrangement with the PBC is a recognition of the rapidly growing bilateral trade and investment between the euro area and China.

As part of the ECB's plan to regularly test its operational capabilities, the ECB and the PBC conducted two tests in April 2015 and November 2015 that provided symbolic amounts of euro and renminbi liquidity respectively. The tests were successful and demonstrated the ECB's and the PBC's operational readiness to activate the swap if needed on the basis of bilaterally agreed operational procedures.

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