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Welcome Remarks

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Chinese Renminbi in the Caribbean:
Opportunities for Trade, Aid and Investment

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I extend a special welcome to all of our visitors. I am glad you came; and I hope your stay in Barbados will be enjoyable and rewarding.

It is, indeed, a distinct honour for me to join our colleagues from China in welcoming you to this conference on the subject “*Chinese Renminbi in the Caribbean: Opportunities for Trade, Aid and Investment.*”

Today’s event marks another milestone in the strong partnership that has been rapidly evolving since January 20, 1998 when China joined CDB. Almost 20 years have passed since that historic day when China became one of only four non-regional non-borrowing member countries of our organisation. Its support for CDB, since then, has been unwavering.

At the end of December 2016, China held 15,588 shares or 5.6 percent of the Bank's total shares, and had contributed USD48 million to the Special Development Fund, the Bank's most significant window for financing poverty reduction in eligible borrowing member countries.

China recently reaffirmed its commitment to the Bank by agreeing to contribute over USD6 million to the ninth replenishment of the Special Development Fund to cover the period 2017-2020.

With the resources provided by China and other member countries, CDB is able to offer grant and highly concessional loan financing to its borrowing member countries.

Today, I wish to use this opportunity to express publicly CDB's sincere appreciation for the strong support that China continues to provide to this high development impact

programme.

China's growing relationship with CDB mirrors its own commitment to comprehensive cooperation with the Caribbean. Over the last two decades, the economic and diplomatic presence of China in the Caribbean has increased considerably. Aid, trade, and investment have also increased substantially.

For example, China's outward foreign direct investment stock in the Caribbean rose from USD48 million to USD493 million between 2005 and 2013.¹

So why are we here? And what do we hope to achieve?

¹ Chinese Foreign Direct Investment in the Caribbean: Potential and Prospects. Richard L. Bernal, IDB, November 2016.

Today's Conference could not have been timelier. Just a few weeks ago, at CDB's Annual Meeting which was held in the Turks and Caicos Islands, I argued that our economies need to grow; and they need to do so in a sustained way. For the Caribbean to achieve its collective ambition to end poverty and ensure prosperity for all, international trade must be a central tenet of its economic growth strategy.

China has itself been successfully undergoing major economic transformation built on the win-win strategy of opening-up for common prosperity. It is that strategy that helps to explain the strengthening of China-Caribbean diplomatic ties and our increasing engagement in the areas of investment, contracted projects, and bilateral trade over the past two to three decades.

The Conference also comes at a time when the ability of many Caribbean countries to engage in international trade and financial services is being undermined by the withdrawal of correspondent banking services by North American and European financial institutions. An urgent resolution of the dilemma is required.

Today's Conference will explore opportunities for using the renminbi to facilitate trade, aid and investment flows between China and the Caribbean, in the first instance, as well as the associated costs and benefits. One of the spin-off benefits of the transformation taking place in China is the rapid internationalisation of the renminbi, starting in 2006 with the floating of the exchange rate.

As a result, the renminbi became the world's fifth most traded currency in 2015; and on October 1, 2016, it also became the first emerging market currency to be included in the International Monetary Fund's special drawing rights basket. These are both remarkable achievements, of which China can be proud.

The Conference will draw insights from existing examples of renminbi use in commercial trade and will also examine how use of the currency could enhance trade facilitation, trade finance, banking relationships, and tourism.

In addition, it will explore how renminbi might be used to

safeguard access to global financial services.

As I look around the room this morning, I am pleased that we have been able to attract participants from a wide cross-section of public and private sector institutions from across the Caribbean, including commercial banks, captains of industry, and central banks.

The convergence of these stakeholders alongside representatives from China sharing knowledge, perspectives and practical experiences will provide the foundation for a rich discourse on all of the critical elements needed for the successful implementation of arrangements for cross-border payments in renminbi; and indeed for deeper financial engagements with China.

In closing, let me say a special thank you to Mr. BU Yu who has been the main champion of this Conference. From the moment he tabled the proposal and secured the Bank's interest, he has worked tirelessly to bring it to fruition. We are very grateful for his efforts.

I would also like to thank the staff of the Bank who worked alongside Mr. BU Yu to design, organise, and mobilise the appropriate presenters and participants. I encourage you to participate fully in the dialogue; share your experiences; exchange ideas; and ask many questions. This is the best way I know that we can ensure that the Conference achieves what it has set out to do – that is, to identify how best the Caribbean can optimise the business and development potential of renminbi internationalisation.

Thank you.