

Yuan trading-hub status a major win for Canada

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A few days ago, Prime Minister Stephen Harper announced an agreement with China to establish Canada as the first trading hub in the Americas for the Chinese currency, the yuan. In other words, Canadian companies will be able to deal directly with Chinese companies in their own currency, making it easier and less expensive for them to do business.

This is a significant development and a major win for Canadians, for our nation's financial industry and for Toronto, where the financial sector is headquartered. Why? Because China is one of the world's largest economies and our second largest trading partner. As it seeks to make its currency more international, it is looking for partners around the world. Its choice of Canada will now give Canadian companies, including our financial industry, a competitive advantage.

The Canadian Chamber of Commerce estimates the benefits of a yuan trading hub will create more than \$30-billion in direct trade benefits, support a more competitive financial sector, encourage more investment in Canada, and solidify commercial and diplomatic relations with China. As Canada seeks to broaden its base of trading partners beyond the United States, building the reach and expertise of its financial sector in emerging economies around the world is critical. This is another important step in that direction.

That is why the Toronto Financial Services Alliance (TFSA) and its industry and government partners decided last year to work toward this goal. We recognized that Canada's economic future rests on our ability to be successful global traders. We can no longer rely on the U.S. for the majority of our markets.

Many of our Canadian financial services companies are already global success stories with exports and outward foreign direct investment by the sector more than doubling over the past decade. Along with other global and Chinese banks doing business here in Canada, they are ideally situated to help support Canadian businesses in all sectors expand their trade with China.

But this new partnership will also directly benefit Canada's other major cities. As Canada's financial capital, Toronto is already ranked sixth in the world as an international financial centre by The Banker publication. Through TFSA, we have established a B.C. partnership with AdvantageBC, an economic development agency located in Vancouver, Canada's major trading port for China. Calgary, with its growing energy industry, will also benefit as China looks to increase its investments in that sector. And Montreal's derivatives markets expertise will ultimately help expand yuan-

denominated financial products and services.

But signing an agreement with China to become a yuan trading hub is only the first step. We look forward to continuing to work with our partners to establish the necessary financial infrastructure, to develop yuan financial products and services and to build Canadian companies' capacity to undertake yuan-denominated business.

Canada's international reputation as a global trading nation has been given a major boost with this new agreement. The Prime Minister and the financial industry saw the potential. Now it is up to all of us to seize this opportunity to generate economic benefits for all Canadians.

Janet Ecker is President and CEO of the Toronto Financial Services Alliance (TFSA)

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