

October 26, 2018
Bank of Japan

Bilateral Local Currency Swap Agreement with the People' s Bank of China

The Bank of Japan has signed a bilateral local currency swap agreement with the People' s Bank of China, effective as of October 26, 2018. This agreement is designed to enhance the financial stability of the two countries, hence supporting economic and financial activities for economic development in each country, allowing for the exchange of local currencies between the two central banks of up to CNY 200 billion or JPY 3.4 trillion. The effective period of the facility will be until October 25, 2021.

With the strengthening of economic and financial linkages between Japan and China, Japanese financial institutions have been expanding their Renminbi-based businesses. By utilizing the swap agreement, the Bank of Japan would be prepared to provide liquidity in Renminbi, should Japanese financial institutions face unexpected difficulties in Renminbi settlements, and if the Bank judges the liquidity provision to be necessary for ensuring the stability of Japan' s financial system.