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PRESS RELEASE

ECB AND THE PEOPLE'S BANK OF CHINA ESTABLISH A BILATERAL CURRENCY SWAP AGREEMENT

- Swap line will have a maximum size of 350 billion Chinese yuan and €45 billion.
- Agreement will be valid for three years.
- From the Eurosystem's perspective, it will serve as a backstop liquidity facility.

The European Central Bank (ECB) and the People's Bank of China (PBC) have agreed to establish a bilateral currency swap arrangement to purchase and subsequently repurchase Chinese yuan and euro from each other. The swap agreement, which will be valid for three years, will have a maximum size of 350 billion yuan when yuan are provided to the ECB and of €45 billion when euro are provided to the PBC.

The swap arrangement has been established in the context of rapidly growing bilateral trade and investment between the euro area and China, as well as the need to ensure the stability of financial markets.

From the perspective of the Eurosystem, the swap arrangement is intended to serve as a backstop liquidity facility and to reassure euro area banks of the continuous provision of Chinese yuan. It has been established at the level of the Eurosystem and will be available to all Eurosystem counterparties via national central banks. The Governing Council will, in due course, discuss the technical modalities with which this backstop liquidity facility will be made available and how these technical modalities will be communicated.

European Central Bank

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