



INTERNATIONAL MONETARY FUND



**IMF Press Line on PBC's Announcement on the Change to the RMB Fixing Mechanism
August 11, 2015**

In response to media queries about the People's Bank of China's announcement on the Change to the Renminbi exchange rate fixing mechanism, the following can be attributed to an IMF spokesperson:

“The new mechanism for determining the central parity of the Renminbi announced by the PBC appears a welcome step as it should allow market forces to have a greater role in determining the exchange rate. The exact impact will depend on how the new mechanism is implemented in practice. Greater exchange rate flexibility is important for China as it strives to give market-forces a decisive role in the economy and is rapidly integrating into global financial markets. We believe that China can, and should, aim to achieve an effectively floating exchange rate system within two to three years. Regarding the ongoing review of the IMF's SDR basket, the announced change has no direct implications for the criteria used in determining the composition of the basket. Nevertheless, a more market-determined exchange rate would facilitate SDR operations in case the Renminbi were included in the currency basket going forward.”

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