creased 70% of the amount in 2010. In terms of the structure of asset allocation, the main asset is stock, accounting for as high as 70%.

In 2011, the investment net inflow of China was 13.4 billion dollars, down by 58% year on year. Because of the sovereign debt crisis of the United States and Europe, the scale of the foreign stock investment was 5.3 billion dollars in 2011 under the continuous pressure of overseas shorting forces, fell by 83% comparing with 2010. However, in terms of bond investment, the situation was different. Under the influence of the policy that China has allowed the offshore RMB clearing banks to use RMB to invest in interbank bond market and the influence of the larger scale of the RMB bond issued by domestic financial institutions to Hong Kong, the foreign investment on Chinese Treasury bond had a massive growth to 8.1 billion dollars, rose 24 times comparing with 2010.

The system of QDII is relative to QFII. The scale of QDII reflects the situation of Chinese residents' investment in foreign financial asset. In the context of the slowdown in the world's major economies, the remittance of capital in QDII was down. In 2011, the export capital is 11.5 billion dollars and the inflow of the capital is 10.8 billion dollars, decreased by 9% and 23% comparing with that in 2010. By the end of 2011, 96 QDII institutions had approved by the State Administration of Foreign Exchange, the amount of the investment reached 74.9 billion dollars, and the export capital accumulated to 91.5 billion dollars. In the structure of asset, the stock accounted for 64%, still in the main position. The next is fund, accounting for 20% of the asset.

2.4 RMB swap by monetary authorities

A currency swap contract allows both parties to acquire each other's currency on the loan of equivalent domestic currency, so as to provide short-run liquidity to domestic financial institutions if necessary. Through this currency swap, foreign currency is added into domestic financial system, available to firms for imports and payments(Table 2-8).

Table 2-8 Scale of currency swap(RMB bn)

Signing Date	Monetary authority	Amount
Dec 9th, 2008	South Korea	180.0

continued

Signing Date	Monetary authority	Amount
Jan 20th, 2009	Hong Kong, China	200.0
Feb 8th, 2009	Malaysia	80.0
Mar 11st, 2009	Belarus	20.0
Mar 23rd, 2009	Indonesia	100.0
Mar 29th, 2009	Argentina	70.0
Jun 9th, 2010	Iceland	3.5
Jul 24th, 2010	Singapore	150.0
Apr 19th, 2011	New Zealand	25.0
Apr 19th, 2011	Uzbekistan	0.7
May 6th, 2011	Mongolia	5.0
Jun 13rd, 2011	Kazakhstan	7.0
Oct 26th, 2011	South Korea	360.0
Nov 22nd, 2011	Hong Kong, China	400.0
Dec 22nd, 2011	Thailand	70.0
Dec 23rd, 2011	Pakistan	10.0
Total amount of currency swap		1 301.2

Source: The People's Bank of China.

China has signed currency swap contracts with 14 monetary authorities since 2008, expanding RMB's use in these central banks. In 2011, the amount of currency swap between PBOC and other monetary authorities achieved 1.3 trillion yuan. The swapped RMB functioned differently according to the needs of each country. For instance, RMB was used for settlement in trade in Argentina, Malaysia and Indonesia, as foreign exchange reserve in Belarus, in South Korea for financial transactions and funding Korean enterprise in China, and in Hong Kong as a source of money to develop offshore RMB business. Enlarging the amount of RMB swap not only helps ease China's major trade partners' lack of foreign exchanges in import or debt payments and promote bilateral trade development, also expands the use of RMB in trade settlement and circulation and raise RMB's international influence.