

Renminbi**Indonesia considers issuing 'panda bonds' as China promotes renminbi debt**

Beijing is stepping up efforts to expand the currency's role in international trade and financing



The government of Indonesian President Prabowo Subianto is expanding the use of renminbi as it strengthens ties with China © Reuters

A. Anantha Lakshmi in Jakarta

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Indonesia is considering issuing its first “panda bonds” next year, as China works to expand the renminbi’s role in international finance and steps up de-dollarisation efforts.

The Indonesian finance ministry is still discussing the terms of the renminbi-denominated debt sale, according to two people familiar with the matter.

Indonesia's interest in panda bonds — renminbi borrowing by overseas issuers in mainland Chinese markets — comes as Beijing [promotes the use of its currency](#) in international trade and financing to gain global influence and to reduce dependence on the dollar.

Low Chinese interest rates make the currency an attractive funding option as businesses and bond investors try to secure cheaper financing and hedge against strained relations between Beijing and Washington. Brazil, Pakistan and Slovenia said earlier this year that they are also [planning to sell the bonds](#).

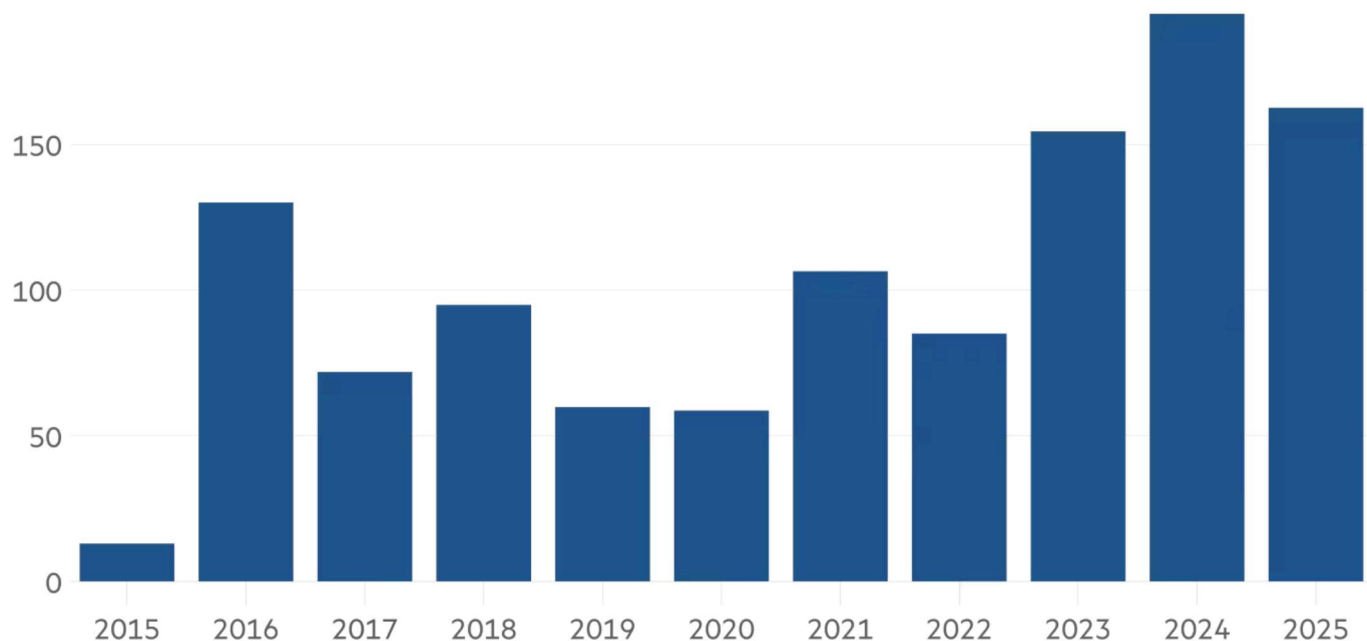
“From an international issuer perspective, it gives them [governments] options, a bigger investor base in the longer run, and it's good to reduce the funding costs for the country,” said Tommy Xie, head of Asia macro research at OCBC. “People want to move away from the dollar to look at different markets.”

China's overseas lending in renminbi is soaring, while the issuance of renminbi-denominated debt outside China — known as “dim sum” bonds — is set to [hit a record high](#) this year.

Panda bonds have become increasingly popular since 2023 due to regulatory reforms by Beijing and cheaper funding costs. Last year, panda bond issuance hit a record high of Rmb195bn (\$27bn), according to Wind data, though it still represents a fraction of the debt market in China.

'Panda bond' demand is rising: More overseas borrowers are tapping China's market

Issuance (bn renminbi)



Source: Wind

Overseas companies have sold the majority of the bonds, but governments are showing growing interest. Panda bond issuance is expected to grow significantly in the coming years and become a major factor in renminbi globalisation, said the Institute of International Finance in a report earlier this year.

President Prabowo Subianto's government is expanding the use of [renminbi](#) as it strengthens ties with China. In October, Jakarta launched its first ever dim sum bonds worth Rmb6bn. Indonesia plans to issue more dim sum bonds next year, according to the two people.

The China Securities Regulatory Commission, the State Council, and Indonesia's finance ministry did not respond to requests for comment.

China's rating agencies and financial institutions have been promoting panda bonds to governments, indicating that the market is open to sovereign debt, according to company statements.

Fareast Credit, a Shanghai-based credit agency, pitched the idea of issuing panda bonds to [Indonesia](#)'s finance ministry, the national planning agency and several other ministries during visits to Jakarta this year, according to a person familiar with the meeting. It also discussed raising other types of renminbi-denominated debt with the officials.

Fareast also pitched issuing panda bonds to Laos and other south-east Asian countries, according to the company.

State-owned Bank of China has also discussed renminbi internationalisation with senior Indonesian government officials, according to a source in Indonesia familiar with the matter.

Additional contributions by Cheng Leng and Wenjie Ding in Beijing

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