

# How Australia's mining giants are helping China to globalise the yuan

*Mining firms are increasingly using the yuan for financing and settlements, as China pushes to reduce its reliance on the US\$*



**Kandy Wong SCMP**, 13 May 2026

Australia's mining giants are aiding China's push to internationalise its currency and reduce the dominance of the US\$, as they gradually shift towards using the yuan for financing and settlements, analysts said.

China has been using its heft as the world's dominant iron ore buyer to push global mining companies to adopt the yuan. And several firms are already making the switch, with China's [relatively low interest rates](#) becoming an added incentive.

**BHP**, the world's largest mining company, became the latest firm to start using a yuan-based spot index to price some of its iron ore products last month, after [concluding a deal with](#) the China Mineral Resources Group.

And the firm's chief financial officer, Vandita Pant, said on the sidelines of the Macquarie Australia Conference last week that the firm was open to issuing bonds in yuan in the future.

Other firms have made similar moves. **Rio Tinto**, the British-Australian mining behemoth, signed its first yuan-denominated iron ore spot contract as far back as 2019. A year later, it

completed the industry's first fully paperless yuan settlement with China's **Baoshan Iron & Steel** using blockchain technology.

Last year, fellow mining giant **Fortescue** [made headlines when it borrowed](#) 14.2 billion yuan (US\$2.1bn) from two Chinese state-run banks. The loan, priced at a fixed interest rate of 3.8% per annum, was the first yuan-denominated syndicated term facility of its kind ever agreed by an Australian corporation.

John Welborn, chairman of **Fenix Resources**, a smaller iron ore producer, said in May that Fenix would be "very enthusiastic" to secure low-cost Chinese debt – denominated in yuan – if it could be matched with yuan-priced commodities, as "that would make logical sense".

There are clear financial incentives for global mining giants to borrow in yuan, according to Tim Buckley, director of the Sydney-based think tank **Climate Energy Finance**.

With China's inflation rate [hovering between 0 per cent and 1 per cent](#) in recent years, while Australia's was "currently at 3-5%", longer-term interest rates are "materially higher" in Australia, Buckley explained. "So borrowing at 3.8% pa allowed Fortescue to repay its existing Australian dollar and US dollar borrowings of 6%," he said. "On US\$2 billion of borrowing, this saved Fortescue US\$44m annually off their interest bill."

Meanwhile, China sees long-term benefits in leveraging its position in the iron ore market – where it buys up about 70% of global seaborne volumes – to promote use of the yuan. Its ultimate goal is to rewire the financial architecture of the trade, creating a global yuan-based system, analysts said.

"More yuan in global trade means lower transaction costs for Chinese firms, more monetary autonomy for Beijing, and greater influence over the terms of trade in commodities where China dominates as a buyer," said Genevieve Donnellon-May, a fellow at the **Pacific Forum**. "The most underappreciated consequence isn't about the currency itself – it's about which banks sit in the middle and which financial centres capture the fees and lending business from Australia's largest trading relationship."

Beijing has been [pushing to internationalise the yuan](#) in recent years, as it looks to reduce China's reliance on the US dollar. But its strategy has so far been gradualist, focusing on pragmatic expansion within key economic and geopolitical domains, according to Monique Taylor, a lecturer in world politics at the **University of Helsinki**.

"Greater yuan use in financing and settlement would give Chinese buyers more pricing power, lower their currency risks, and anchor more trade within Chinese financial systems," said Alicia Garcia-Herrero, chief economist for Asia-Pacific at **Natixis**. "For the global mining industry, it shifts some forex exposure to producers and could encourage yuan-based pricing benchmarks."

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