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**HD** Secret path revealed for transfer of **China's** billions; Bank denies money-laundering charges levelled against it by government broadcaster  
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For years, wealthy **Chinese** have been transferring billions worth of their money overseas, snapping up pricey real **estate** in markets including Vancouver, New York and Sydney despite their country's currency restrictions. Now, one way they could be doing it is clearer. Last week, when **China** Central Television levelled money-laundering allegations against the Bank of **China**, the state-run broadcaster's report prompted the revelation of a previously unannounced government program that enables individuals to transfer their yuan and convert it into dollars or other currencies overseas.

Offered by some banks in the southern province of Guangdong, across the border from **Hong Kong**, the trial program was introduced in 2011 for overseas **property purchases** and emigration and doesn't constitute money laundering, Bank of **China** said in a statement. The transfers were allowed by regulators and reported to them, the bank said.

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"What it shows is the government has been trying to internationalize the renminbi for a lot longer than we thought," said Jim Antos, a Hong Kong-based analyst at Mizuho Securities, referring to policy-makers' long-stated goal of allowing the yuan to become freely convertible with other currencies. **China's** foreign-exchange rules cap the maximum amount of yuan that individuals are allowed to convert at about \$50,000 US each year and ban them from transferring the currency abroad directly.

Policy-makers have taken steps in recent years, including allowing freer movements of capital in and out of **China**, as they seek to boost the global stature of the not-yet-fully convertible yuan.

"There's a silver lining in this incident as it may force the regulators to address the issue in a more open and transparent way," said Zhou Hao, a Shanghai-based economist at Australia New Zealand Banking **Group**. "This is an irreversible trend."

The issue came to light after CCTV said Bank of **China** helped customers transfer unlimited amounts of yuan abroad through a product called Youhuitong, which means "superior foreign-exchange channel."

The program is another sign that **China** is testing methods to allow outward yuan flows before full convertibility, said May Yan, a **Hong Kong**-based analyst at Barclays. The goal has been announced by policymakers since the 1990s, and is a step toward stated plans to make Shanghai a global financial capital by 2020.

The central bank in February unveiled rules to make it easier for companies with operations in Shanghai's free-trade zone to move yuan in and out of the country, a further loosening of controls on currency flows.

The yuan surpassed the euro as the world's second most-popular currency in trade finance in 2013, according to the Society for Worldwide Interbank Financial Telecommunication.

The Guangdong branch of **China's** currency regulator, the State Administration of Foreign Exchange, picked Bank of **China**, **China** Citic Bank and a foreign lender to let individuals transfer yuan abroad in a

trial the banks were told not to promote, Time Weekly reported in April 2013. A Beijing-based Citic Bank media officer declined to comment on the program.

While the Bank of **China** didn't provide figures, the 21st Century Business Herald estimated the lender has moved about 20 billion yuan (\$3.2 billion US) abroad through Youhuitong, citing people with knowledge of the trial program. "Many **commercial** banks" in Guangdong offer a similar service, Bank of **China** said in its statement, without naming them.

On CCTV's website, the report on Bank of **China** hasn't been viewable since at least July 12.

Today, the story link led only to a series of advertisements. A spokeswoman for CCTV's international relations department, which handles foreign media inquiries, didn't immediately respond to an emailed request for comment on why the story wasn't available.

The People's Bank of **China** and SAFE didn't reply to requests for comment. The central bank is "verifying" facts related to media reports of bank money-laundering, the official Xinhua News Agency reported, citing a PBOC spokesman.

A delegation from Bank of **China** which was due to visit Frankfurt this week to discuss issues including a planned yuan clearing service in the city has cancelled the trip amid the controversy over the CCTV report, the newspaper Handelsblatt reported.

Youhuitong has been suspended while the PBOC and its anti-money laundering bureau request records of all previous **transactions**, according to a person familiar with the product.

"We know the demand to move abroad is there," said ANZ's Zhou.

"Even if you impose various restrictions, the money will find its way out of the country, via underground banks and other means."

**ART** Greg Baker, AFP, Getty Images / **China**'s foreign exchange rules cap the amount of yuan that individuals are allowed to convert at about \$50,000 US a year, but the country's state broadcaster has charged that the Bank of **China** is helping wealthy **Chinese** skirt the rules to **buy property** overseas.; Greg Baker, AFP, Getty Images / **China**'s foreign exchange rules cap the amount of yuan that individuals are allowed to convert at about \$50,000 US a year, but the country's state broadcaster has charged that the Bank of **China** is helping wealthy **Chinese** skirt the rules to **buy property** overseas.  
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