

## “Yuan Moves to Topple Dollar”



Photographer: AFP via Getty Images - A clerk with stacks of Chinese 100-yuan notes at a bank in Suining, southwest China's Sichuan province.

China took another step to boost the yuan's global usage, saying it will start direct trading with the Swiss franc, as the nation pushes its case for reserve-currency status at the International Monetary Fund.

The link will start on Tuesday, the China Foreign Exchange Trade System said in a statement, making the franc the seventh major currency that can bypass a conversion into the U.S. dollar and be directly exchanged for yuan. The rate will be allowed to fluctuate a maximum 5 percent on either side of a daily fixing, according to CFETS.

“This is an important step in strengthening bilateral economic and trade connections between China and Switzerland,” the People's Bank of China said in a statement on its website on Monday. The link will help lower conversion costs and facilitate the use of both currencies in bilateral trade, it added.

The announcement, which confirmed an earlier report, comes as the IMF prepares to meet this month to review its Special Drawing Rights. The executive board of the Washington-based institution will gauge whether the Chinese currency has fulfilled the criterion of being "freely usable," after rejecting its bid in 2010. The other major currencies that can be directly converted into yuan are the U.S., Australian and New Zealand dollars, the British pound, the Japanese yen and the euro.

The PBOC this year extended Switzerland a 50 billion yuan (\$7.9 billion) quota under the Renminbi Qualified Foreign Institutional Investor program, which allows yuan raised offshore to be used to buy securities in China's domestic markets. In 2014, the Swiss and Chinese central banks signed a three-year currency-swap agreement that can be used to borrow as much as 150 billion yuan.