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Yuan may be allowed for overseas investment

By Hu Yang (chinadaily.com.cn)

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China will continue to loosen restrictions on cross-border yuan flows and consider allowing companies to use yuan for overseas investments, Hu Xiaolian, vice governor of the central bank, People's Bank of China (PBOC), said Tuesday.

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She also said China will approve the "Mini QFII (qualified foreign institutional investor)" scheme, which allows institutions to channel overseas yuan deposit into investments in China within certain limits, the National Business Daily reported Wednesday.

Liu Yuhui, an economist with the Institute of Finance and Banking under the Chinese Academy of Social Sciences, said the key for renminbi's overseas investment is whether the destination country accepts renminbi and how the central bank would get the yuan to

flow back.