

China Builds Up Its Official Gold Reserves, Promotes Yuan as a Global Currency

By [Global Research News](#)

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[Zero Hedge](#)

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China Says It Must Add To Gold Reserves To Promote Yuan Globalization

Back in September, when we provided the monthly observation on what has become a record year to date surge in Chinese imports of gold from Hong Kong, we reminded readers that “in December 2009, the China Youth Daily quoted State Council advisor Ji as saying that a team of experts from Beijing and Shanghai have set up a “task force” last year to consider growing China’s gold reserves. “We suggested that China’s gold reserves should reach 6,000 tons in the next 3-5 years and perhaps 10,000 tons in 8-10 years,” the paper quoted him.

Has China managed to accumulated 6,000 tons yet?

We won’t know for sure until the official disclosure which will come when China is ready and not a moment earlier, but at the current run-rate of accumulation which is just shy of 1,000 tons per year, it is certainly within the realm of possibilities that China is now the second largest holder of gold in the world, surpassing Germany’s 3,395 tons and second only to the US.”

Two days ago we showed that the relentless importing of gold in China continues, yet what has been missing is an update direct from the horse’s mouth how China feels toward gold (because we certainly know how it feels toward US Treasury paper). Today, we finally got one straight from Beijing, and that during a very carefully supervised time when the 18th Communist Congress is still in session, and every word out of China has profoundly telegraphic implications.

From Bloomberg:

- China needs to add to its gold reserves to ensure national economic and financial safety, promote yuan globalization and as a hedge against foreign-reserve risks, Gao Wei, an official from the Department of International Economic Affairs of Ministry of Foreign Affairs, writes in a commentary in the China Securities Journal today.
- While gold prices are currently near record highs, China can build its reserves by buying low and selling high amid the short-term volatility, Gao writes in newspaper
- China’s gold reserve is “too small”, Gao says“

And there it is: while many have speculated that China, which has not given an update of its official holdings in nearly 4 years, is quietly building up its gold reserve holdings behind the scenes, there was no reason to worry. The time to worry would be when China was starting

to give indications it is prepared to tell the world what its true gold holdings are (by now certainly well over 1000 tonnes).

And the above piece from Wei is just that: because in saying very little, the Chinese official with a key political post has just given the first hint that China is preparing to give its official gold far greater focus. And from there, the time until China releases an IMF update on its official reserve holdings will be measured in days if not hours. Because all the gold will have long been accumulated.

And once that happens it will be too late to buy any incremental gold. Or tungsten.

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