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China bans gold farming

Trade worth hundreds of millions of dollars

by Duncan Geere published on 30 June 2009

The Chinese government, amidst a crackdown on shady websites, has declared that virtual currency cannot be traded for real goods or services. It could, if fully enforced, bring an end to the practice of "gold farming" in online games.

Gold farming is particularly prevalent in World of Warcraft, Blizzard's smash hit massively-multiplayer online (MMO) game with more than 11.5 million subscribers worldwide, but it affects almost all online games in some form or another.

Buying the in-game currency from an external website is, in most MMOs, banned by the company behind it, but it still occurs, with the trade in China exceeding several billion Yuan each year (about 1% of the country's economy). 1 billion Yuan is worth \$146 million at current exchange rates.

In-game gear is not considered as "virtual currency", so the sale of a pair of "Valorous Dreamwalker Handguards", for example, would still be permitted for real cash, as would the sale of virtual crafting resources like stone, metal and wood.

Research from the University of Manchester suggests that between 80 and 85% of all gold farmers are located in China. The dent to the country's economy will likely be insignificant, as farmers ignore the ban or shift to legal methods, but the boom to the economies online games should be considerable and positive.

