

Economy

Geithner heads to Beijing for talks

By Xin Zhiming and Tan Yingzi (China Daily)

Updated: 2010-04-08 06:55

Visit 'to address currency issue'

BEIJING - US Treasury Secretary Timothy Geithner will visit Beijing for talks on economic issues with Vice-Premier Wang Qishan on Thursday, Geithner's spokesman said, in a sign that the two sides are moving toward settling a dispute over China's currency.



Timothy Geithner says the yuan will take a broader role.

"The secretary and the vice-premier have been working together to find an opportunity to meet for some time," spokesman Andrew Williams said on Wednesday, as Geithner ended a two-day visit to India.

Williams gave no details of the agenda, but the decision to hold such a high-level encounter suggested Washington and Beijing are moving toward resolving the currency dispute, which has threatened to overshadow cooperation on the global economy, Iran's nuclear program and other issues.

Speaking in India on Wednesday, Geithner said the yuan will take a broader international role, calling it a "healthy, necessary adjustment".

Washington is pressing Beijing to ease exchange rate controls that it says keep the yuan undervalued, allegedly giving China's exporters an unfair price advantage and swelling its trade surplus. Some US lawmakers are calling for punitive tariffs on Chinese imports if Beijing does not act on the issue.

Mei Xinyu, a researcher at the Chinese Academy of International Trade and Economic Cooperation affiliated to the Ministry of Commerce, said the yuan issue could top the agenda of Geithner's meeting with Chinese officials.

"It is normal for the two countries to conduct exchanges given the many frictions between them," Mei said.

□

Related readings:

- ✦ [Geithner's report delay will pay dividends](#)
- ✦ [FM: China's currency policy not for trade benefits](#)
- ✦ [US may tread softly on key currency issue](#)
- ✦ [Geithner: US cannot force China to change exchange rate](#)
- ✦ [US delays yuan report 'to prevent showdown'](#)

"But the timing of the visit is very unusual."

"The purpose of the trip is to try to finalize the deal apparently reached over the exchange rate," said Heritage Foundation research fellow Derek Scissors.

"If successful, China can announce and implement changes at its preferred time, rather than being rushed due to political pressure and the schedule of bilateral and multilateral meetings."

"After a time of disturbance and unpleasantness, Chinese-US relations are entering a track of getting closer to one another," said Liu Jiangyong, a professor

at the institute of international studies at Beijing's Tsinghua University. "I hope the Geithner visit promotes understanding."

Philip Levy, a scholar at the American Enterprise Institute for Public Policy Research, said the Geithner visit to Beijing is a "very positive development".

"As Secretary Geithner has said, the United States and China have a common interest in seeing China's currency adjust to a more appropriate level. The best way to achieve this is

through cooperative dialogue, not ultimatums and threats. The visit will allow just such dialogue," Levy said.

Pieter Bottelier, professor of China Studies of Johns Hopkins University, said the bilateral relationship has indeed been under a lot of stress lately.

But he said he believes that "China's exchange rate policy is mainly China's business".

"I hope that Secretary Geithner and Vice-Premier Wang Qishan will be able to solve the issues in a professional and statesmanlike manner. It is in the interest of both countries and it is also in the interest of other countries".

In another sign of warming bilateral ties, President Hu Jintao is due to hold talks with US President Barack Obama during an April 12-13 visit to Washington for a nuclear security summit.

Obama will raise the currency issue with Hu on the sidelines of the nuclear summit, the White House said on Tuesday.

The Obama administration delayed a report to the US Congress due April 15 in which it had the option of citing Beijing as a currency manipulator, a designation that could lead to possible trade sanctions. The White House denied the delay had anything to do with seeking Chinese support for penalties over Iran's nuclear program.

Zhou Shijian, a senior economist at the China-US relations research center of Tsinghua University, said that although the US Treasury delayed the release of its foreign exchange report, it will continue to press China in that respect.

"The delay does not mean the pressure has disappeared," he said. Instead, he said it will continue to pressure China to revalue the yuan in the upcoming China-US Strategic and Economic Dialogue in May and the G20 meeting in June.

The delay is part of US strategy to win China's support in the Iran nuclear issue, Zhou said.

Premier Wen Jiabao has also publicly rejected foreign pressure over the yuan and said in March the currency was not undervalued.

Similarly, Foreign Ministry spokeswoman Jiang Yu said on Tuesday Beijing has never manipulated the yuan's exchange rate for profit.

The National Development and Reform Commission (NDRC), the country's top economic planner, has said China will monitor exchange rate risks facing exporters.

"We should keep the yuan basically stable at a balanced and reasonable level, while strengthening analysis and monitoring and making announcements about risks in a timely manner to reduce exporters' risks and losses," the NDRC said in a policy overview.

On his India trip, Geithner met with Prime Minister Manmohan Singh and his counterpart, Finance Minister Pranab Mukherjee.

Mukherjee and Geithner presided over the first meeting of the US-India Economic and Financial Partnership to promote trade and investment. The initiative is part of Obama's efforts to forge closer ties with India.

AP and Reuters contributed to the story