Geithner To Visit China Over Currency Control Debate

Aijaz Ansari, Associated Press Writer

MUMBAI, India (AP) — U.S. Treasury Secretary Timothy Geithner will visit Beijing for talks with a Chinese vice premier for economic affairs on Thursday, Geithner's spokesman said, in a sign the two sides are moving toward settling a dispute over China's currency controls.

Geithner will meet with Vice Premier Wang Qishan, spokesman Andrew Williams said Wednesday, as the Treasury secretary ended a two-day visit to India.

"The secretary and the vice premier have been working together to find an opportunity to meet for some time," Williams told reporters in Mumbai, the Indian financial capital.

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

Washington and other Chinese trading partners are pressing Beijing to ease exchange rate controls that they say keep its yuan undervalued, giving China's exporters an unfair price advantage and swelling its multibillion-dollar trade surplus. Some American lawmakers want punitive tariffs on Chinese imports if Beijing fails to act.

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

"After a time of disturbance and unpleasantness, Chinese-U.S. 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 could promote understanding."

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

Obama vowed in February to press for an end to exchange rate systems that he said depress the value of currencies and harm U.S. companies.

Chinese Premier Wen Jiabao, the country's top economic official, and others have publicly rejected foreign pressure over the yuan, and Wen said in March the currency was not undervalued.

But economists expect Beijing to allow the yuan to rise some time this year in order to ease strains in its own economy. A stronger yuan would increase the buying power of Chinese consumers, helping to increase domestic consumption and reducing reliance on exports.

Beijing tied the yuan to the dollar for decades but broke that link in 2005 and allowed it to rise by about 20 percent through late 2008. The government slammed on the brakes after the crisis hit and has held its currency steady against the greenback to help exporters compete as a plunge in global demand wiped out millions of Chinese factory jobs.

The United States and Europe downplayed currency complaints as they worked together with Beijing to revive global growth. But facing pressure to create jobs, they and governments as farflung as Brazil have renewed demands for China to act.

On Tuesday, a Chinese foreign ministry spokeswoman, Jiang Yu, said Beijing never has manipulated the yuan's exchange rate for profit.

On his India trip, Geithner met with Prime Minister Manmohan Singh and his counterpart, Finance Minister Pranab Mukherjee and entrepreneurs and chief executives of leading companies.

Mukherjee and Geithner presided over the first meeting of the U.S.-India Economic and Financial Partnership to promote trade and investment. The initiative is part of the Obama administration's efforts to forge closer relations with India, a fast-growing economy, the most populous democracy and a stable ally in a complex region.

Associated Press Writer Cara Anna in Beijing contributed to this report.

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