

# Geithner: China Needs To Move Faster On Its Currency

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WASHINGTON (AP) — Treasury Secretary Timothy Geithner said Tuesday that China needs to make more progress on economic issues vital to America's interests, including speeding up the rise of its currency against the dollar.

Critics say an undervalued yuan is swelling China's trade surplus. Geithner said a stronger yuan would help reduce trade imbalances and bolster China's efforts to restrain inflation.

In remarks to the U.S.-China Business Council, Geithner previewed the administration's goals ahead of the countries' annual talks next week on economic and foreign policy issues. The administration has sought to pressure China to boost its currency and open up its market to U.S. goods and services such as financial services to trim America's massive trade deficit with the nation.

He called on Beijing to honor commitments that Chinese President Hu Jintao made in a January meeting with President Barack Obama in such areas as protecting American firms' intellectual property rights and technology.

The Treasury secretary said the administration also will press for reforms of China's financial system in ways that will make it easier for foreigners to invest in China and for Chinese citizens to invest abroad.

Geithner said that if China moves forward on economic issues important to the United States, it will help Beijing win support for its economic goals. Geithner cited China's desires to purchase U.S. high-technology products and win expanded investment opportunities for Chinese companies in the United States.

"We are willing to continue to make progress on these and other issues that matter to China, but our ability to do so depends on how much progress we see from China on the issues that matter most to us," Geithner said.

Geithner and Secretary of State Hillary Clinton will head the U.S. delegation for the annual meetings of the U.S.-China Strategic and Economic Dialogue to be held May 9-10 in Washington.

These discussions were begun in 2006 by then-Treasury Secretary Henry Paulson as a way to bring pressure on China to move more quickly to allow its currency to rise in value against the dollar. Under the Obama administration, the talks have been expanded to include foreign policy issues.

American manufacturers contend that the Chinese yuan is undervalued by as much

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as 40 percent, making Chinese goods cheaper in the United States and American products more expensive in China.

Geithner noted during his address that since last June, Beijing has allowed the yuan to rise in value by about 5 percent against the dollar. He said that Chinese leaders are beginning to acknowledge that a stronger yuan would help the country fight its own rising inflation pressures.

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