

China calls on US to keep dollar stable

By JOE McDONALD
The Associated Press
July 22, 2009

BEIJING — China will press Washington at high-level economic talks next week to protect Chinese assets in the United States by following policies that keep the dollar stable, a finance official said Wednesday.

The July 27-28 talks in Washington are the first meeting under the Obama administration of the United States-China Strategic and Economic Dialogue.

Beijing's delegation "will make the request that the U.S. side should adopt responsible policies to ensure the basic stability of the exchange rate of the U.S. dollar and protect the safety of Chinese assets in the United States," said Zhu Guangyao, an assistant finance minister, at a news briefing.

Chinese officials worry that massive U.S. stimulus spending might spark inflation that would erode the value of the dollar and China's holdings of U.S. government debt. China is Washington's single biggest creditor, with \$801.5 billion in Treasury securities, according to the U.S. Treasury Department.

U.S. Federal Reserve Chairman Ben Bernanke told Congress on Tuesday the American central bank is confident it can prevent a flare up of inflation once a recovery is firmly rooted.

Zhu said China had just received Bernanke's "very important policy testimony" and was not ready to comment but would give it "very careful study."

The U.S. side in the dialogue will be led by Secretary of State Hillary Rodham Clinton and Treasury Secretary Timothy F. Geithner. The Chinese side is led by Vice Premier Wang Qishan and State Councilor Dai Bingguo.

The two governments will discuss measures to respond to the global financial crisis and revive economic growth, Zhu said. He said China hoped the meeting would produce agreements to promote trade and oppose protectionism.

"The aim is to send out a positive signal that China and the United States are working together to overcome the difficulties at this time," Zhu said.

The two sides also plan to discuss strengthening cooperation in new and renewable energy and conservation, said He Yafei, a deputy foreign minister. He said he had no more details of the energy talks.

The U.S. commerce and energy secretaries visited Beijing last week to lobby China's government to help encourage private-sector development of clean energy.

Asked whether China would discuss recent protests in its northwestern Muslim region of Xinjiang, He said the issue might come up but repeated Beijing's insistence that it was China's internal affair.

He did not answer directly when asked whether Beijing might request that the United States extradite Uighur activist Rebiya Kadeer, whom Beijing has accused of instigating the protests. Kadeer, who lives in exile in Washington, has denied the accusation.

However, He said China hoped Washington "would not allow her to engage in separatist activities." Beijing has claimed that the protests were aimed at promoting independence for the Xinjiang region.

Zhu said China does not expect the issue of the detention of four employees of miner Rio Tinto Ltd., including an Australian citizen, on espionage charges to come up in the talks.

The deputy foreign minister, He, said he told Australia's foreign minister, Stephen Smith, at a meeting last week in Egypt that Beijing has "ample evidence" the Rio employees stole state secrets. He gave no new details of the case.

State media say the Rio employees are accused of paying bribes to obtain confidential information on China's negotiating stance in iron ore price talks.

"This will not and should not affect normal trade relations between the two countries," He said. "China would not want to see this. And I think the Australian side will treat this just as an individual case."

Copyright 2009, The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.