

# China promises more flexibility on currency, trade

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GENEVA — China said Wednesday it would make its foreign exchange regime more flexible and boost domestic demand so as to reduce massive trade surpluses which have sparked US and European complaints.

"We will enhance the flexibility of the RMB (renmenbi/yuan) exchange rate," Chinese Deputy Minister of Commerce Qiu Hong told a World Trade Organisation meeting here.

"The Chinese government will continue its efforts in pushing forward the reform of the RMB exchange rate regime in the future," Qiu Hong said.

"RMB appreciation has accelerated (in) 2008," she said, adding: "The Chinese government has been doing everything possible to reduce the trade surplus."

The United States and the European Union have repeatedly complained that China keeps its yuan currency undervalued so as to gain an unfair export advantage which has allowed it to rack up huge trade surpluses.

China's trade surplus rose to 16.7 billion dollars in April from 13.4 billion dollars in March and 8.6 billion dollars in February, according to official figures released earlier this month.

At the meeting, the US ambassador to the WTO Peter Allgeier said China had become the world's third strongest trading power since it joined the WTO in 2001 and it had to live up to its responsibilities to promote liberalisation.

"In the United States' view, it is now incumbent upon China to become fully engaged in WTO processes," Allgeier said, calling on Beijing to play a full role in the Doha trade talks which have been stalled by differences between developed and developing countries.

"China has the responsibility to play a leadership role in the Doha Round negotiations," he added.