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Geithner to focus on trade in China

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Treasury Secretary Timothy F. Geithner will meet top Chinese officials next week as part of high-level talks designed to strengthen economic ties between the United States and China - a move that holds broad political ramifications.

Mr. Geithner's visit to Beijing, which includes meetings with Chinese President Hu Jintao, Prime Minister Wen Jiabao and Vice Prime Minister Wang Qishan, also will focus on efforts to end the current global economic recession, the Treasury Department said Wednesday.

The trip will be the secretary's first to the communist country since taking office in January, although Mr. Geithner has held several discussions in the United States and abroad with top Chinese officials - most recently at last month's Group of 20 meeting in London.

U.S. officials hope the visit will soothe a sore spot between the two countries over the United States' skyrocketing trade deficit with China, which American manufacturers blame on unfair Chinese trade practices and artificially depressing the value of its currency.

Treasury officially has declined to say that China manipulates currency. But Mr. Geithner, in written testimony to the Senate Finance Committee earlier this year, said the Obama administration will use diplomatic avenues to change China's currency practices.

The Bush administration adopted a more cautious stance toward China. Mr. Geithner's immediate predecessor, Henry M. Paulson Jr., urged China to revalue its currency but stopped

short of accusing the country of manipulating its currency for fear of offending Beijing.

China's central bank also has been pushing for the dollar to be replaced as the world's key reserve currency with an alternative currency or basket of currencies. Mr. Geithner has said he doesn't foresee such a scenario occurring in the near future.

Treasury didn't say whether Mr. Geithner will bring up currency issues during the Beijing talks.

With China holding much of the U.S. debt, the secretary is not in a good position to bargain, some economists say.

"Geithner is going to China with no cards to play," said Daniel Mitchell, a senior economist with the Cato Institute, a Washington free-market think tank. "The U.S. has become the Argentina of industrialized world, with our reckless monetary policy and irresponsible fiscal policy."

But Eswar Prasad of the liberal Brookings Institution said that although the talks are unlikely to result in any substantive deals, they are important for building a constructive relationship.

"Right now there are enormous concerns on both sides of the relationship and pressures building up from the domestic political constituencies," said Mr. Prasad, a global economist. "At one level, this trip is necessary to smooth some ruffled feathers on both sides."

He added that neither side is in a position to demand anything.

"The two countries have become locked in a fairly tight embrace, and this embrace if anything is going to become tighter over time," Mr. Prasad said.

The secretary's schedule includes delivering a speech on U.S.-China economic relations at Peking University.

The secretary also is scheduled to take part in an event at the Beijing Capital Museum to highlight the role of U.S. companies in China's economic development efforts, including on clean energy, and demonstrating how both countries need to be global leaders in coping with climate change, Treasury said.

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