

Hu defends Beijing's currency policy

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Hu Jintao, China's president, defended **Beijing's currency policy**, telling a business audience in Washington that the **Chinese economy** had helped create 14m jobs globally.

Speaking on Thursday after US congressional leaders complained about the **Chinese currency** being undervalued, Mr Hu said the export of "quality and inexpensive" products had saved US consumers \$600bn, although he did not specify over what time period.

Under pressure over claims that a cheap Chinese currency is leading to jobs being lost in western countries, Chinese leaders have started to point to the huge size of the country's domestic market in order to damp criticism. Speaking on a visit to Europe last week, Li Keqiang, China's vice-premier, stressed that Chinese imports would probably reach \$1,500bn in 2011. In his speech on Thursday, Mr Hu emphasised the role that Chinese growth had played in overcoming the global financial crisis.

After **Barack Obama** stressed on Wednesday the **role that the US military presence had played in underpinning prosperity in Asia**, Mr Hu said that the two countries should co-operate more closely in the region.

"We should turn Asia-Pacific into an important region where the US and China work closer together, on the basis of mutual respect," he said.

Following a meeting between US congressional leaders and Mr Hu, Nancy Pelosi, the former Democratic House speaker, said they had raised concerns about Liu Xiaobo, the jailed Nobel Peace Prize winner, and his wife, Liu Xia, who is in detention. Ms Pelosi said they were being punished "for peacefully exercising their rights to free expression".

Mr Hu, on a four-day visit to the US, was travelling to Chicago on Thursday for meetings on Friday which are expected to focus on business ties.

Cui Tiankai, one of China's vice-foreign ministers, said that China's currency policy "has not been substantially changed" as a result of Mr Hu meeting Mr Obama and China would continue with a policy of gradual appreciation of the renminbi against US dollar.

Eswar Prasad, a former economist with the International Monetary Fund who is now at Cornell University, said: "Hu's bottom line was that ... China intended to make progress in its reforms at a pace and style of its own choosing and would brook no external interference."

In Tokyo, in a rare speech dedicated to foreign policy on Thursday, Naoto Kan struck a markedly cautious tone on Beijing.

He expressed concern about "the lack of transparency" of China's growing military power and its "increasingly vigorous naval activity."

Mr Kan stressed the importance of Japan's alliance with the US, promising to push forward with a plan to relocate a US marines base on the island of Okinawa.

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Hu Jintao in Washington

President Obama sounded more like salesman-in-chief than commander-in-chief when he told Hu Jintao, his Chinese opposite number – "We want to sell you planes, we want to sell you cars, we want to sell you software."