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Treasury chief to meet with Chinese leaders

- Story Highlights
- Treasury Secretary Tim Geithner to discuss ways to improve relations with China
- Senate Finance Committee chairman: Economic relations with China a priority
- Treasury has backed away from statements about China "manipulating" its currency

(CNN) -- Treasury Secretary Tim Geithner is set to meet with several high-ranking members of the Chinese leadership this week, marking the Obama administration's first major overture to the powerhouse nation.

Geithner left Saturday for meetings in Beijing, where he'll discuss ways to strengthen relations between China and the United States, according to the Treasury Department.

China is one of America's most important trading partners, and its economy is tightly intertwined with efforts to reverse the global downturn.

But the relationship is also often a source of tension. Chinese exports to the United States have dominated trade between the two nations since the 1980s. The U.S. trade deficit with [China](#) rose again in March to \$15.6 billion, the Commerce Department reported.

Senate Finance Committee Chairman Max Baucus, D-Montana, said recently that U.S. economic relations with China should top Treasury's international agenda.

Baucus, speaking during Neil Wolin's confirmation hearing as deputy treasury secretary, complimented former Treasury Secretary Henry Paulson for making a "good start" in improving relations.

"But it was only a start," Baucus said. "I think it can be much more focused, more aggressive, more comprehensive than it has been."

Paulson made several trips to China during his tenure, before the United States' financial crisis deepened last summer.

During [Geithner's](#) confirmation hearings in January, he told lawmakers that President Obama believes China has been "manipulating" its currency. The Treasury Department later backed away from the comments, though it maintained in an April report that China's currency is "undervalued."

The trip "presents an opportunity for Secretary Geithner and for the new administration to reach out and start an engagement with the Chinese," said Eswar Prasad, a global economics expert at the Brookings Institution.

"This is quite important in putting that relationship back on an equal footing."

Earlier this year, Chinese officials had suggested they were uncomfortable with the Federal Reserve's rapid expansion of its balance sheet. Premier Wen Jiabao said he was worried about his country's holdings of vast amounts of U.S. debt and asked for a guarantee of safety for Chinese assets.

CNN's Jennifer Liberto contributed to this report.

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