

- [Front Page](#)
- [Taiwan News](#)
- [World News](#)
- [Editorials](#)
- [Sports](#)
- [Business](#)
- [World Business](#)
- [Bilingual Pages](#)

[Photo News](#)
[More Business](#)
[Johnny](#)



[Subscribe or Unsubscribe newsletter](#) **NEW**

• [Back Issue](#)

[<< Full List](#)

• [TaipeiTimes](#)

- [Subscribe](#)
- [Advertise](#)
- [Employment](#)

Search

[Story](#) [Most Viewed](#) [Photo](#)

[Advanced Search](#) [Most Read](#)

China's foreign currency reserves top US\$1 trillion

[Print](#)

[Mail](#)

[wiki links](#) **NEW**

CLIMBING FAST: The amount is more than double the US \$408.5 billion that the Asian Development Bank estimates the PRC needs to guard against external shocks

BLOOMBERG
 Tuesday, Jan 16, 2007, Page 11

China's foreign-exchange reserves topped US\$1 trillion for the first time at the end of last year, adding pressure on the government to let the yuan appreciate faster.

Currency assets excluding gold climbed 30 percent from a year earlier to US\$1.07 trillion, the People's Bank of China said on its Web site yesterday. The report confirmed previous statements by government officials.

A record trade surplus, foreign investment and speculative inflows have flooded the economy with cash, making it harder for

Advertising

外國人在台
生活服務
0800-024-111

自由廣場
國際會議中心
TAIPEI TIMES
EMPLOYMENT

• [FAQ](#)

• [About Us](#)

• [Contact Us](#)

• [Copyright](#)

Best View in [Mozilla](#)

Chinese Premier Wen Jiabao (•••) to cool an investment boom. A stronger yuan would help to rein in lending and defuse US and European complaints that China is keeping the currency artificially weak to spur exports.

Swelling reserves raise the risk of "inflation, asset bubbles and a rebound in investment," said Wang Qing (••), an economist at Bank of America Corp in Hong Kong. "Yuan appreciation has to be one of the solutions."

China's reserves climbed from US\$988 billion at the end of September and US\$819 billion at the end of 2005. The amount is more than double the US\$408.5 billion estimated by the Asian Development Bank as needed for the country to guard against external shocks.

China ended a peg to the US dollar in July 2005, revalued the yuan by 2.1 percent and allowed it to trade against a basket of currencies. The yuan rose 3.4 percent versus the dollar last year. By comparison, the Thai baht jumped 15.7 percent and the South Korean won rose 8.6 percent.

The nation's trade surplus swelled 74 percent to a record US\$177.5 billion last year as exports surged.

China keeps about two-thirds of its foreign reserves in dollars and is the second-largest owner of US treasuries after Japan, holding US\$344.9 billion in October. Concern that a weakening dollar may erode the value of the nation's holding is encouraging China to diversify. Central bank Deputy Governor Wu Xiaoling (•••) said in November that the

bank had been buying yen.

"Accumulating foreign exchange reserves is a cushion, but it can be costly," Masahiro Kawai, head of the Asia Development Banks's Office of Regional Economic Integration, said last month.

He expects a "slow continuous depreciation" of the US dollar.

US Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke visited Beijing last year to discuss ways to reduce the US' trade deficit with China, which stood at US\$130.8 billion in the first 11 months of last year. Paulson said China agreed to make its currency more flexible.

China's economy grew 10.4 percent in the third quarter from a year earlier, slowing from a decade-high expansion in the previous three months.

The central bank raised interest rates twice last year and is also selling treasury bills to soak up money and curb investment that could leave China with idle factories, rising bad loans and accelerating inflation.

People's Bank Governor Zhou Xiaochuan (•••) on Jan. 5 ordered commercial banks to set aside more money as reserves for the fourth time in seven months.

This story has been viewed 352 times.