

Sarkozy and EU pressure Beijing to revalue Chinese currency

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European leaders are mounting more pressure on China to allow the yuan to appreciate faster amid a rising trade deficit with the world's fourth largest economy.

Peter Mandelson, the European Union trade commissioner, warned of anti-dumping measures if Beijing failed to reduce an "unsustainable" trade deficit, according to the Britain-based Financial Times.

China should "manage its currency better" for its own economic good and address the widening trade gap, Mandelson was reported as saying.

French President Nicolas Sarkozy will also raise the currency issue during talks with Chinese leaders this weekend in Beijing, according to the Reuters.

Sarkozy plans to call for an "equitable and fair" relationship among four major currencies – the dollar, euro, yen and yuan, a senior French official was quoted as saying.

The lobbying for a stronger yuan is set to intensify when an EU delegation led by Luxembourg Prime Minister Jean-Claude Juncker and European Central Bank President Jean-Claude Trichet visit Beijing at the end of this month.

In the first nine months, China's trade surplus with the EU reached US\$94.89 billion, an increase of 39.7 percent from a year earlier, according to statistics from the Chinese Ministry of Commerce. The EU is China's largest trade destination ahead of the United States.

To address the widening surplus, a commerce ministry spokesman Thursday urged the EU to ease restrictions on high-tech exports to China.

So far this year, the Chinese currency, the yuan, has appreciated more than five percent against the US dollar. However, that was far less than the euro's 11 percent growth against the greenback.

By Thursday, the yuan has depreciated seven percent against the European single currency from the end of last year, prompting Europe to join the chorus of China's major trade partners in demanding the yuan to rise faster in value.

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