
CHINA TAKES ON SKEPTICS OF AID TO EURO ZONE ARTICLE

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The Wall Street Journal, February 06, 2012 China's Premier indicates Beijing should help Europe with its debt crisis, but as WSJ's Dinny McMahon tells Deborah Kan, that message may be a tough sale to China's people. BEIJING [] Premier Wen Jiabao offered a forceful justification for helping Europe out of its debt crisis, in remarks that appeared aimed in part at countering public skepticism about the wisdom of using Chinese money to support rich world countries. In remarks published Sunday, Mr. Wen pointed out that it's in China's best interest to aid its largest export market. "Now that Europe is facing a [sovereign] debt crisis, we must consider our relations with Europe strategically, and preserve our national interests," Mr. Wen said, according to a statement on the central government's website. "On the one hand, our largest export market is Europe. On the other hand, Europe is our biggest source for importing technology. From this perspective, helping to stabilize the European market is actually also helping ourselves," Mr. Wen said, speaking in Guangdong province, the southern Chinese export hub. "We must let all parts of the society understand this," Mr. Wen said, in an apparent acknowledgment of the public controversy over the issue. Senior government officials privately say they are battling to sell the Chinese public on the idea of using China's vast foreign-exchange resources to help bail out European countries, which are widely perceived to have authored their own economic crisis with profligate spending. Management of China's reserves, the world's largest at \$3.181 trillion, is a politically charged issue in China, with a substantial portion of elite opinion already unhappy about how the reserves are used. Some popular scholars and economists have been criticizing the government for years for its investing in U.S. Treasuries. To many Chinese, the reserves represent fair reward from the toil of poor Chinese workers, and they resent the notion that they should be used to bail out rich Europeans. On Thursday, in a joint appearance with German Chancellor Angela Merkel, Mr. Wen said that China is considering deeper involvement in the euro zone's bailout funds, but he also stressed that Europe needs to address its own problems. The comments by Mr. Wen in Guangdong were added evidence that China intends to increase its investment in the bailout funds to help alleviate the continent's sovereign debt crisis. China has long been a buyer of bonds issued by the European Financial Stability Facility, although the exact amount of purchases hasn't been publicly disclosed. The country's exports have been hit by the European crisis, and Mr. Wen said that China must maintain a stable import and export policy in the face of severe global economic uncertainties. Chinese export companies must increase their competitiveness, adjust their export structure and open new markets, he added.