

Information Clearing House

NEWS YOU WON'T FIND ON CNN

 E-MAIL TO A FRIEND

Australian Treasurer Seeks Orderly Withdrawal From U.S. Dollar

By John Garnaut

Economics Correspondent

10/19/06 "SMH" -- -- TREASURER Peter Costello has called on East Asia's central bankers to "telegraph" their intentions to diversify out of American investments and ensure an orderly adjustment.

Central banks in China, Japan, Taiwan, South Korea and Hong Kong have channelled immense foreign reserves into American government bonds, helping to prop up the US dollar and hold down American interest rates.

Mr Costello said "the strategy had changed" and Chinese central bankers were now looking for alternative investments.

"Of course you can have an orderly adjustment," he told reporters. "And what I would recommend is that these matters be telegraphed well in advance. I think we should begin preparing ourselves for it."

Mr Costello said the "re-emergence" of China as the world's greatest economy "is not something to be feared".

Asked if a muscular China would be a force for good, however, Mr Costello said it would be good for growth and stability. "With the growing economic strength you will see growing influence in diplomacy in the regional architecture, as you would expect.

"I am sure it will be a force for economic development and I am sure that in partnership with other global powers, China wants to see a stable East Asian region."

Earlier, in a speech to open the Australian National University's East Asian Bureau of Economic Research, Mr Costello said Australia's involvement in the region was

broader than economics.

"It is a key ingredient of who we are as a people," he said. "While Australia has its own unique culture, we are also a people who confidently enjoy the cultures of Asia, with seven of our top 10 overseas travel destinations being in the region."

Ahead of next month's G20 meeting in Melbourne, Mr Costello called on regional leaders to reform their anachronistic financial systems.

He said underdeveloped financial markets were to blame for the emerging economies of East Asia sending 94 per cent of outward portfolio investment to "ageing" countries outside the region.

He said the region needed to improve poor macroeconomic frameworks, inadequate regulatory systems, uncompetitive markets and insufficient investment in health and education

Copyright © 2006. The Sydney Morning Herald.

Click on "comments" below to read or post comments

[Comments \(18\)](#)

Comment Guidelines

Be succinct, constructive and relevant to the story. We encourage engaging, diverse and meaningful commentary. Do not include personal information such as names, addresses, phone numbers and emails.

Comments falling outside our guidelines – those including personal attacks and profanity – are not permitted.

See our complete [Comment Policy](#) and [use this link to notify us](#) if you have concerns about a comment.

We'll promptly review and remove any inappropriate postings.

In accordance with Title 17 U.S.C. Section 107, this material is distributed without profit to those who have expressed a prior interest in receiving the included information for research and educational purposes. Information Clearing House has no affiliation whatsoever with the originator of this article nor is Information ClearingHouse endorsed or sponsored by the originator.)

 E-MAIL TO A FRIEND

Join our Daily News Headlines Email Digest

Fill out your email address
to receive our newsletter!

[Subscribe](#) [Unsubscribe](#)

[Powered by YourMailinglistProvider.com](#)

Hi
Please help support
Information Clearing
House. Click here now



amazon honor system
[Learn more.](#)

[HOME](#)

[COPYRIGHT NOTICE](#)