

China Finally Diversifying Out of the Dollar?

By [Global Research](#)

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Everyone knows that China has \$2 trillion in foreign reserves. Two-thirds of those reserves are [said](#) to be denominated in dollars.

But - after years of speculation - there are increasing signs that China is diversifying out of the dollar.

For example, the head of China's energy bureau [said](#) in comments published on Monday "China should use part of its nearly \$2 trillion in foreign exchange reserves to buy more gold, oil, uranium and other strategic commodities".

And as Bloomberg [writes](#) today:

"We have lent a huge amount of money to the United States," [Chinese premier] Wen said at a press briefing in Beijing today "Of course we are concerned about the safety of our assets. To be honest, I am a little bit worried. I request the U.S. to maintain its good credit, to honor its promises and to guarantee the safety of China's assets."

China should seek to "fend off risks" as it diversifies its \$1.95 trillion in foreign-exchange reserves and will safeguard its own interests, Wen said. Chinese investors held \$696 billion of U.S. Treasuries as of Dec. 31, an increase of 46 percent from the prior year.

"We have adopted a principle of diversification with our foreign-exchange investments," said Wen. "So far, our holdings are generally safe. China will mainly use the reserves for outbound investments and trade."

There it is, straight from the horses mouth. China appears to finally be diversifying out of the dollar.

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