



Written by [Steve Bonta](#) on May 17, 2024

China Sells Record Amount of U.S. Debt in First Quarter

According to the latest [data](#) from the U.S. Treasury Department, the People's Republic of China sold off a record amount of U.S. Treasuries in the first quarter of this year. The latest offloading of U.S. government debt, totaling \$53.3 billion, continues a years-long trend of reducing Chinese exposure to U.S. dollar-denominated assets — even as the Chinese government builds up its gold reserves. Once a holder of more than \$1 trillion in U.S. government debt, China now holds less than \$800 billion — still a significant sum, but less than Japan, and only slightly more than the U.K.



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This is actually a positive sign for the United States, since it means that less U.S. government debt is controlled by a major adversary of the United States. China still controls enough U.S. debt to do enormous damage to the dollar, should it choose to sell off all or most of its debt at once. But the Chinese appear determined to set up a rival trade and financial system, anchored by the BRICS organization and the Shanghai Cooperation Organization, and to withdraw from the Western Europe, Japan, and North America-dominated global trade and financial order anchored by the U.S. dollar.

Still, the Chinese yuan has not been faring well lately, and there is still a possibility of China dumping U.S. Treasuries to secure more dollars and shore up its tottering currency. The U.S. Federal Reserve just agreed to a currency swap with Japan to prevent something similar happening with the faltering yen — but the Fed has no such arrangements in place with the People's Bank of China.

Let's hope China continues present trends until it is completely divested of U.S. dollars. It is long past time for Xi Jinping's terror state and the United States to part ways.



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