

U.S. DEPARTMENT OF THE TREASURY

Press Center



The First U.S.-China Strategic and Economic Dialogue Economic Track Joint Fact Sheet

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As special representatives of President Barack H. Obama and President Hu Jintao, U.S. Treasury Secretary Timothy Geithner and Chinese Vice Premier Wang Qishan concluded the first meeting of the Economic Track under the U.S.-China Strategic and Economic Dialogue in Washington today.

On the U.S. side, they were joined by the following Cabinet members and other senior officials:

- Secretary of Agriculture Thomas Vilsack
- Secretary of Labor Hilda Solis
- Secretary of Transportation Raymond LaHood
- Chair of the Council of Economic Advisors Christina Romer
- Director of Office of Management and Budget Peter Orszag
- U.S. Trade Representative Ronald Kirk
- Director of the National Economic Council and Assistant to the President for Economic Policy Lawrence Summers
- Chairman of the Federal Reserve Ben Bernanke
- Chair of the Federal Deposit Insurance Corporation Sheila Bair
- Chairman of the Securities and Exchange Commission Mary Schapiro
- Chairman of Commodity Futures Trading Commission Gary Gensler
- Chairman and President of the Export-Import Bank Fred Hochberg

On the Chinese side, they were joined by the following Ministers and other senior officials:

- Minister of Finance Xie Xuren
- Governor of the People's Bank of China Zhou Xiaochuan
- Chairman of the China Banking Regulatory Commission Liu Mingkang
- Chairman of the China Securities Regulatory Commission Chairman Shang Fulin
- Chinese Ambassador to the United States Zhou Wenzhong
- Deputy Secretary-General of the State Council Bi Jingquan
- Vice Minister of Foreign Affairs He Yafei
- Vice Minister of the National Development and Reform Commission Zhang Xiaoqiang
- Vice Minister of Human Resources and Social Security Wang Xiaochu
- Vice Minister of Transport Weng Mengyong
- Vice Minister of Agriculture Niu Dun
- Vice Minister of Commerce Ma Xiuhong
- Vice Minister of Health Yin Li
- Vice Chairman of the China Insurance Regulatory Commission Li Kemu
- President of the Export-Import Bank of China Li Ruogu

I. Sustainable and Balanced Economic Growth

The United States and China have responded to the global economic crisis with comprehensive stimulus measures that have played a critical role in boosting confidence and supporting global demand, and will respectively take measures to promote balanced and sustainable economic growth in our domestic economies both to ensure a strong recovery from the international financial crisis and to bring about more balanced and sustainable global economic growth after a global recovery is firmly established. To this end, both countries will enhance communication and the exchange of information regarding macro-economic policy, and will work together to pursue policies of adjusting domestic demand and relative prices to lead to more sustainable and balanced trade and growth. Both sides will also pursue forward-looking monetary policies with due regard for the ramifications of those policies for the international economy. In addition, they will encourage new approaches to infrastructure financing to assist with economic recovery.

The United States will take measures to increase national saving as a share of GDP. The U.S. household saving rate has already risen sharply as a result of the crisis, contributing to a significant decline in the U.S. current account deficit, and the United States will adopt policies that will continue to encourage household saving. The United States will also reform its health care system with the aim of

controlling rising health care costs for businesses and government while assuring high-quality, affordable health care for all Americans, and is committed to reducing the federal budget deficit relative to GDP to a sustainable level by 2013.

China will continue to implement structural and macroeconomic policies to stimulate domestic demand and increase the contribution of consumption to GDP growth. China will further enhance access in its service market and expand areas and channels for non-government investment, with a view to expedite the development of its services industry and increase the share of services in GDP. China will also deepen social safety net reform, including strengthening its basic old-age insurance system and enterprise annuities.

II. Foundations for a Strong Financial System

We acknowledge the critical role that strong, vibrant financial markets operating under transparent and market-based rules play in supporting balanced and sustained growth globally. We pledge continued close communication and coordination to promote financial stability and will work together to expedite the financial sector reform, to improve financial regulation and supervision, and to promote greater financial market transparency, so as to make our financial sectors more robust.

The United States will pursue comprehensive reform of financial regulation and supervision to create a more stable financial system and to help prevent and contain potential future crises. Regulation and supervision will be strengthened to ensure that all financial firms that pose a significant risk to the financial system will be well regulated, major financial markets will be strong enough to withstand system-wide stress and the failure of large institutions, and the government has the tools it needs to respond rapidly and effectively when problems arise. The United States pledges to continue to have strong oversight of the Government Sponsored Enterprises (GSEs). Through Congressional action, the United States remains committed to ensuring that the GSEs are able to meet their financial obligations. The United States is committed to undertaking a process of exploring the future of the GSEs, including through seeking public input, and the United States government resolves to report to Congress and the public by S&ED II.

To deepen its financial system reform and promote more efficient financial intermediation in support of domestic demand, China will promote interest rate liberalization and consumer finance; accelerate the allocation of QFII quotas to \$30 billion; continue to allow foreign-invested banks incorporated in China that meet relevant prudential requirements to enjoy the same rights as domestic banks with regard to underwriting bonds in the inter-bank market; gradually increase the number of qualified joint-venture securities companies that can participate in A-share brokerage, proprietary trading and investment advisory services subject to the condition of meeting relevant laws and regulations; support qualified overseas companies to list on Chinese stock exchanges through issuing shares or depository receipts and continuously support qualified Chinese companies to be listed abroad, including in the United States.

We recognize the importance of ensuring sound regulation in our own countries and globally. The United States and China are undertaking IMF Financial System Assessment Programs (FSAPs) and will complete them in a timely manner. Both countries will continue to promote convergence towards a single set of high quality global accounting standards and will continue discussions on financial reporting matters. The United States and China welcome continued dialogue between the bilateral competent authorities on the oversight of accounting firms providing audit services for public companies in the two countries based on mutual respect for sovereignty and laws. The United States and China will conduct technical exchanges on the development of private pensions, and will share experiences and strengthen cooperation with regard to improvement of insurance regulation.

III. Trade and Investment

The United States and China are among the beneficiaries of and participants in the global trading system. Both countries are committed to work for a more open global trade and investment system and jointly fight protectionism.

The United States and China agree to call upon all other WTO members to work together for an ambitious and balanced conclusion to the Doha Development Agenda in 2010, consistent with its mandate, building on the progress already made, including with regard to modalities. Both sides re-affirm that, at a time of economic uncertainty, the ongoing bilateral investment treaty (BIT) negotiations, could contribute to the implementation of G-20 Summit commitments to an open global economy.

To promote trade and investment, China will further decentralize approval authority and streamline approval procedures for foreign investment, including by increasing over time the threshold for central government review. China agrees to commit itself to the implementation of the Generally Accepted Principles and Practices governing Sovereign Wealth Funds.

In addition, the United States confirms that the Committee on Foreign Investment in the United States (CFIUS) process ensures the consistent and fair treatment of all foreign investment without prejudice to the place of origin. The U.S. reaffirms its commitment to the open and non-discriminatory principles for recipients of sovereign wealth fund investment as identified by the Organization for Economic Cooperation and Development. The United States also recognizes the continued progress China has made in its market reforms and will earnestly consider China's concerns, and will consult through the JCCT in a cooperative manner to work toward China's Market Economy Status in an expeditious manner. The United States and China agree to accelerate the implementation of "Guidelines for China-U.S. High Technology and Strategic Trade Development" and expeditiously formulate the Action Plan on Expansion of China-U.S. High Technology and Strategic Trade Cooperation in Priority Sectors.

The United States and China recognize the importance of non-discriminatory government procurement policies. To that end, the U.S. and China agree to strengthen their cooperation in order to accelerate China's accession to the WTO Government Procurement Agreement (GPA). This will include China's submission, to the WTO Government Procurement Committee before the Committee's October 2009 meeting, of a report that sets out the improvements that China will make in its revised offer. Moreover, China commits to treat, under its Government Procurement Law, products produced in China by foreign invested enterprises the same as products produced in China by Chinese enterprises. The United States confirms that products produced in the United States by an enterprise established in the United States are treated under its procurement regulations as domestic products regardless of the ownership of the enterprise.

Both sides also recognize the importance of trade financing for accelerating sustainable economic growth and the Export-Import Banks of the two countries will continue cooperation in this area. The two countries will strengthen their cooperation on anti-money laundering and countering the financing of terrorism, including counterfeiting.

IV. International Economic/Financial Institutions

The United States and China are committed to working together constructively and cooperatively, in this economic dialogue and the G20 as well as other multilateral institutions and fora. Both sides will continue to take steps to fully implement the consensus reached in the previous two G20 summits and will work together in the G20 to ensure that the Pittsburgh Leaders summit will deliver concrete, positive results. The United States supports China's continuation and strengthening of its exchange with the Paris Club and the Global Forum on Taxation.

The international financial institutions (IFIs) play an important role in ensuring sustainable global growth. The United States and China agree that to strengthen the effectiveness and legitimacy of the IFIs we must enhance their governance and ensure it fully reflects changes in the world economy. In this regard, emerging and developing economies, including China, should have greater voice and representation.

The United States and China agree to work together to reform international financial institutions in order to ensure they are responsive to the needs of developing countries, and strengthen their capacity to prevent and respond to future crises, including through improving their governance structure, enhancing their financial capacity and strengthening policy surveillance in the IMF's areas of core competency.

The United States and China support maintaining the IMF's central role in promoting global financial stability and growth. As two of the world's major economies, the United States and China share an interest in the IMF undertaking strong, even-handed and independent multilateral and bilateral surveillance.

The multilateral development banks (MDBs) need to have the right tools in place to help their members, especially the poorest, successfully promote sustainable poverty reduction and economic growth. MDB support should be based on a country-driven approach and include both financial and technical assistance to help build capacity for the attainment of Millennium Development Goals (MDGs).

The United States and China welcome the conclusion to the first Strategic and Economic Dialogue, and note the success of the Economic Track under the Dialogue led by Secretary Geithner and Vice Premier Wang. Both countries will continue to work together to build a positive, cooperative and comprehensive relationship for the 21st Century.

Annex: Institutional Arrangements and Exchanges

The United States and China agree that, in order to jointly address the challenges posed by the international financial crisis, promote economic and financial stability in both countries, and advance the development of bilateral economic relations, it is necessary to institutionalize bilateral economic cooperation between relevant agencies of both countries to a greater extent.

Both sides encourage cooperation through other bilateral economic dialogue mechanisms, including holding the banking supervisors' conference on a regular basis, undertaking dialogue between and the U.S. Department of Labor and China's Ministry of Human Resources and Social Security under the framework of existing Letters of Understanding (LOUs), conducting regular exchanges in domestic health and medical system reforms on the basis of on-going multi-level and multi-stakeholder health care cooperation, strengthening cooperation in agriculture and related fields on the basis of the existing and proposed bilateral agreements, continuing to work on the Memorandum of Understanding on Collaboration in Integrative and Traditional Chinese Medicine (2008), and holding the third U.S.-China Investment Forum, the U.S.-China Communications and Information Policy Consultation, the Second Meeting of the U.S.-China Transportation Forum and the Third U.S.-China Symposium on Postal Reform and Express Delivery Services at an appropriate time.

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