

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks of Treasury Secretary Jacob J. Lew at the Close of the Fifth U.S.-China Strategic and Economic Dialogue

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As prepared for delivery

WASHINGTON - My thanks and my compliments to Vice Premier Wang Yang, State Counselor Yang Jiechi and his colleagues, as well as to my U.S. colleagues. Our discussions have been informative, insightful, and sometimes direct—as discussions among friends are.

During their recent meeting at Sunnylands, President Obama and President Xi set the framework that defined our discussions over the last two days, emphasizing the historic opportunity to advance U.S.-China relations in ways that promote global growth and stability, and that leads to a more balanced and beneficial U.S.-China relationship.

The mission of the Strategic and Economic Dialogue is to make concrete progress on the issues that matter to each and every one of us, on both sides of the Pacific and beyond.

Over the past four years, we have made significant advances in deepening and strengthening our economic relationship with China.

U.S. exports to China have doubled since early 2009, growing more than twice as fast as exports to the rest of the world.

And the RMB exchange rate has appreciated. As a result, China's current account surplus has begun to adjust, falling from a peak of over 10 percent of GDP before this Administration took office to less than 3 percent today. While this is welcome, more progress is needed.

It was clear from our discussions over the past two days that China's leaders understand that China's growth and development challenges of the future will not be met by China's growth model of the past. China's new leaders have turned to an ambitious set of reforms that will reorient China's economy towards domestic consumption, and away from exports, heavy industry, and investment.

China's reform process is in early stages.

But already we are starting to see some positive changes, including through progress we have made over the course of our discussions.

Let me give a few examples.

China announced its intention to negotiate a high-standard bilateral investment treaty (BIT) with us that will include all stages of investment and all sectors, a significant breakthrough and the first time China has agreed to do so with another country.

We had a healthy discussion among our senior economic officials about growing U.S. concerns with cyber-enabled theft and the need to address this issue head on.

As part of its broader reform agenda, China has committed to open further to foreign investment, including through the recently-announced Shanghai Free Trade Zone pilot for services.

China announced that it intends to submit a revised offer to join the WTO Government Procurement Agreement by the end of 2013, and that it will begin intensive technical discussions with the United States this summer to ensure that its offer is commensurate with the coverage of other GPA Parties.

China is committed to further exchange rate reform and is actively considering joining the international standard for public reporting of reserves data, the IMF's Special Data Dissemination Standard (SDDS), a standard that has played a major role enhancing foreign exchange reserve transparency.

China's securities regulator announced that it will begin providing certain requested audit work papers to our market regulators, an important step towards resolving a long-standing impasse on enforcement cooperation related to companies that are listed in the United States.

Going forward, China's leaders have indicated that they will continue to make significant changes to the exchange rate system, the financial system, state-owned enterprises, and the existing mix of taxes on businesses.

We welcome the important steps that China's leaders have taken and encourage them to follow through on the commitments they have made.

We want China to succeed in implementing these reforms because a prosperous China is not only good for China but also good for the United States, and for the world as a whole.

While today's commitments do not resolve all of the concerns of either side, they do represent real progress, progress that will create new opportunities for U.S. workers and companies in an expanding Chinese market.

Finally, I want to thank the delegations on both sides for their candor and openness during our conversations. Clear communication is critical for a successful bilateral relationship. And I want to personally thank Vice Premier Wang for his wisdom and leadership in guiding these discussions.

While strongly defending China's interests, he demonstrated a commitment to building a relationship based on mutual trust. I look forward to working with the Vice Premier in the future, and with his colleagues to continue the good progress we have made here.

Thank you very much.

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