

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Joint U.S.-China Economic Track Fact Sheet of the Fifth Meeting of the U.S.-China Strategic and Economic Dialogue

7/12/2013

As the Special Representatives of President Barack Obama and President Xi Jinping, U.S. Treasury Secretary Jacob J. Lew and Chinese Vice Premier Wang Yang led the fifth meeting of the Economic Track of the U.S.-China Strategic and Economic Dialogue (S&ED) in Washington, D.C., July 10-11. They were joined by a high-level delegation of Cabinet members, ministers, agency heads, and senior officials from both countries.

Early this June, President Obama and President Xi held a historic meeting in California, which set the strategic tone and direction for the development of the U.S.-China relationship. This meeting of the S&ED provided an opportunity to implement that strategic framework through concrete progress and to generate practical cooperation on issues across the economic relationship, for the benefit of our two economies and for the global economy.

The United States and China emphasized the importance of promoting a comprehensive U.S.-China economic relationship based on mutual respect and mutually beneficial cooperation. The two countries reaffirmed the important commitments pledged by both countries in previous Strategic and Economic Dialogues. The two countries announced further concrete measures to support strong domestic and global growth, promote open trade and investment, enhance international rules and global economic governance, and foster financial market stability and reform. The two countries reached consensus to work expeditiously to implement the commitments made and, as the Special Representatives of the Economic Track, directed their respective economic teams to take concrete steps before the next Strategic and Economic Dialogue to do so.

### I. Strengthening Economic Policy

Since the fourth meeting of the S&ED in May 2012, the United States and China have taken significant actions to strengthen growth and employment creation in both countries, foster a durable global recovery, and ensure that the pattern of their domestic growth supports strong, sustainable, and balanced global growth.

- Both sides commit to implement our G-20 commitments to move more rapidly toward more market-determined exchange rate systems and exchange rate flexibility to reflect underlying fundamentals, avoid persistent exchange rate misalignments, and to refrain from competitive devaluation. China is to continue exchange rate reform, increase flexibility of RMB exchange rate, and let market play a more fundamental role in the exchange rate formation.
- Both sides discussed the positive feedback between enhancing data transparency and financial stability and facilitating China's efforts to subscribe to the Special Data Dissemination Standard (SDDS). They noted this process could be facilitated by reporting reserve data in Special Drawing Rights (SDRs) and the inclusion of additional currencies in the SDR basket when they meet existing criteria. China is actively considering subscription to the SDDS.
- Consistent with its statutory mandate, the U.S. Federal Open Market Committee (FOMC) seeks to foster maximum employment and price stability. To support continued progress toward meeting its mandate, the FOMC has been pursuing a highly accommodative monetary policy, including the purchase of longer-term Treasury and agency mortgage-backed securities. In determining the size, pace, and composition of its asset purchases, the FOMC continues to take appropriate account of the likely efficacy and costs of such purchases as well as the extent of progress toward its economic objectives. The Federal Reserve is sensitive to the effects of its policies on the international financial system. A key goal of the Federal Reserve is to maintain financial stability both domestically and internationally.
- China commits to advance market-based interest rate reform, including by developing a market-based benchmark interest rate system, improving monetary policy transmission, expanding pricing flexibility and strengthening pricing capacity of market participants, and letting the market play a more important role in credit allocation.
- In order to increase rural and urban residents' income, gradually narrow the gap of income distribution, improve the way and pattern in which income is distributed, China is to deepen the reform of the income distribution regime, further improve the primary distribution mechanism, and accelerate the improvement of redistribution adjustment mechanism through fiscal and other policies. China is to increase social security and employment spending as a percent of fiscal expenditures by about two percentage points during the 12<sup>th</sup> Five-Year-Plan period. China is to reform the land acquisition system, guarantee farmers' legal rights and interests pursuant to law and raise the farmers' share in the distribution of land's value-added benefits.
- To support further rebalancing of the U.S. economy, the United States remains committed to moving toward a medium and long term pattern of growth characterized by increased investment and higher national savings, including through reduction of the federal budget deficit.
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- The United States remains committed to putting public finances on a sustainable path over the medium term. The Administration is committed to building on the more than \$2.5 trillion in already-enacted deficit reduction by replacing the sequester with a balanced package of additional deficit reduction measures. The Administration's deficit reduction plan would put the debt-to-GDP ratio on a declining path beyond 2015, and lower the deficit to about 2 percent of GDP by 2023.
- China remains committed to actively pushing forward the integration reform of the services sector business tax into the Value-Added Tax (VAT) and to extend the VAT reform nationwide to all service sectors. By the end of this year or early 2014, China is to extend the nationwide pilot scheduled to start August 1 to include the railway transport, postal, and communication sectors.
- China is to speed up the reform of its state-owned-enterprises (SOEs), and further spin-off social functions and the management of retired SOEs workers' benefits, etc. Based on the reform, and consistent with the requirements of the income distribution reform, China is to continue increasing the dividend payout ratio of central state-owned enterprises, and to increase the size of dividend revenue to be spent on social security and people's welfare.

- China publishes reports on an annual basis containing relevant information on the state capital operational budget according to the Budget Law and relevant regulations on government information disclosure. China is to further improve the procedure of the state capital operational budget disclosure and provide more detailed information, including on budget allocation, in accordance with the requirement of government information disclosure.
- China remains committed to ensuring that economic entities under all forms of ownership have equal access to factors of production in accordance with the law, compete on a level playing field, and are treated equally by the law. China is to develop a mechanism for determining the prices of factors of production mainly by the market.
- The United States and China affirm the importance of the rule of law to protecting legitimate commercial expectations, providing economic stability in their commercial relationship, and establishing a foundation for development of an innovative economy. The United States and China affirm that legal cooperation and exchanges are in the interest of both countries and commit to work together to improve the legal environment in their countries.
- The United States and China commit to support the development of a sound, market based, green, and low-carbon economy through appropriate economic policies, and to strengthen communication and seek opportunities for cooperation on the following: fiscal policies that promote energy-saving and environment protection, price and fee reforms on resources products, and Public-Private-Partnership (PPP) to support low-carbon economic development.
- The two sides welcome opportunities for cooperation on their economic agendas. China is to promote the process of industrialization, urbanization, informatization and agricultural modernization, and welcomes information exchange, experience sharing, and practical cooperation with the United States as appropriate. The two sides commit to further strengthen macroeconomic communication and cooperation, and to discuss important economic policies with each other in a timely manner.
- The two sides are committed to maintain international economic and financial stability, and support the steady recovery and growth of the world economy. The United States and China are committed to continuing to exchange views on developments in European financial markets and encourage European leaders to further strengthen the foundations of their economic and monetary union. The two sides also exchanged views on economic developments in Japan and noted the importance of Japanese efforts to reinvigorate growth and escape deflation through policies that work through domestic demand, and emphasized that structural reform measures are a critical part of this process.

## II. Promoting Open Trade and Investment

The United States and China emphasized the importance of fostering an open and fair trade and investment relationship, recognizing that doing so is critical to economic growth and job creation in both countries and in the global economy. The United States and China commit to take the following measures to enhance our bilateral trade and investment relationship, to support an open and fair environment, and create greater opportunities for U.S. and Chinese companies and workers.

- The United States and China recognize that a Bilateral Investment Treaty (BIT) that sets high standards, including openness, non-discrimination, and transparency, would be important to both sides, and welcome the progress made in the BIT negotiations to date. The two sides reaffirm their shared commitment to enhance openness, accord fair and equitable treatment, and contribute to the reduction or elimination of discriminatory practices and market barriers. After nine rounds of technical discussions, China is to enter into substantive BIT negotiations with the United States. The BIT will provide national treatment at all phases of investment, including market access ("pre-establishment"), and be negotiated under a "negative list" approach.
- Recognizing the importance of trade secret protection to maintaining fair competition and to the development of an innovative economy, the United States and China commit to provide vigorous protection and enforcement of trade secrets, and to strengthen procedures and remedies according to law. The United States and China also commit to strengthen cooperation and exchange of information, including relevant enforcement data, through the JCCT.
- The United States commits to give fair treatment to China during its export control reform process and to consider China's concerns seriously by promoting and facilitating bilateral high-tech trade with China of commercial items for civil end uses and civil end users. Both sides reaffirm to work through the U.S.-China High Technology Working Group (HTWG) to discuss export control issues.
- China is to further promote the use of legal software by SOEs, including by strengthening supervision of central SOEs and large state-owned financial institutions by establishing software asset management systems (SAM); enforcing China's requirement to purchase and use legitimate software by these SOEs; providing budget guarantees for software and promoting centralized procurement. The United States and China are to strengthen cooperation to address technical implementation issues, in order to consolidate the software legalization achievements.
- The United States and China commit to continuing to consult through the appropriate JCCT working group in a cooperative manner to work toward China's Market Economy Country Status in an expeditious and comprehensive way.
- China is to establish a policy review mechanism, under which the U.S. Trade Representative and Department of Commerce may convey at any time to the Chinese Ministry of Commerce (MOFCOM) any regulations, rules, and regulatory documents, at the central and local governments, that contain language that the United States believes is inconsistent with China's multilateral or bilateral commitments. MOFCOM is to engage with the relevant Chinese agencies to investigate and make any corrections, if necessary.
- China affirms that the National Leading Group on Combating IPR Infringement and the Manufacture and Sales of Counterfeit and Substandard Goods is to take effective measures to push forward improvements of legislation, improve cross-regional and inter-agency enforcement cooperative mechanisms, and strengthen actions to fight counterfeiting and piracy. The United States and China affirm, with a particular focus on combating Internet piracy, to crack down on all kinds of illegal activities of infringement and counterfeiting, foster a better environment for the increased sales of legitimate IP intensive products and services, including software, and jointly study and exchange information on how to accomplish this objective.
- The United States and China commit to discuss issues concerning China raised in the Consolidated and Further Continuing Appropriation Act, 2013.
- China is to submit a new revised offer to the WTO Government Procurement Committee by the end of 2013, which responds to U.S. and other GPA parties' requests including lowering thresholds, increasing coverage of sub-central entities, and improvements in other areas. China is to submit a new revised GPA offer with broader coverage as soon as possible, based on the domestic reform progresses in relevant areas, which will take the requests of the GPA parties into consideration. The United States and China is to exchange lists of questions on both countries' procurement systems and the requirements of the GPA that will form the basis for on-going technical discussions beginning this summer.
- China reaffirmed its commitment made in S&ED IV to implement a more proactive opening up strategy for foreign investment. China is now actively studying measures on further proactively opening up of services sectors, including establishing the Shanghai Free Trade Zone pilot, which is to implement a new foreign capital administrative model on a trial basis, and create a market environment that provides equal access for all types of enterprises, domestic and foreign. In addition, China is actively considering to further open up more areas including e-commerce and commercial factoring.

- China is to actively promote reform of its administrative review and approval system, transform government functions, and reduce micro-affair management. China is to gradually decrease and decentralize its foreign investment reviews and approvals as an important part of the reform. China is to minimize the scope for such reviews and approvals, promote independent investment decision making by enterprises and individuals, and further improve the level of investment facilitation.
- The United States and China are to explore common interests in multilateral and regional contexts, including the WTO and the Asia-Pacific Economic Cooperation (APEC), and continue strengthened information exchange on issues in the WTO and on the process of FTA development.
- The United States commits that all investment reviews by the Committee on Foreign Investment in the United States (CFIUS) focus exclusively on national security, not economic or other national policies. When a transaction poses a national security risk, CFIUS works to resolve it as expeditiously as possible, including through targeted mitigation rather than prohibition whenever possible. In its public Annual Reports, CFIUS generally describes national security considerations presented by transactions it has reviewed, as well as the perceived adverse effects of transactions on the national security or critical infrastructure of the United States that CFIUS will take into account in its deliberations during the next reporting period, to the extent possible. The two sides commit to continue to discuss key concepts and factors in the U.S. foreign investment review including discussion in the U.S.-China Investment Forum.
- The United States welcomes investment from all countries, including China. The United States reaffirms our open investment policy and a commitment to treat investors in a fair and equitable manner under the law. The United States commits to maintain an open investment environment for Chinese investors, including SOEs, as with investors from other countries.
- The United States and China commit to administer anti-dumping and countervailing duty investigations in a fair, objective and transparent manner. Both sides recognize that it is critical to follow WTO rules when undertaking trade remedy investigations or imposing trade remedy measures, to prevent their abuse.
- The United States and China commit to resume and continue regular meetings at the vice minister and working levels beginning no later than mid-December 2013 and preparatory working level engagement a month in advance, to promote transparency by identifying ways to enhance predictability for market participants and promote confidence in our economies.
- The United States and China confirm that all administrative licensing regimes at the central and sub-central government levels are to be based on applicable laws, regulations, and rules, and that all such measures establishing administrative licensing regimes are to be publicly available.
- The United States reaffirms its commitment to upholding the open and non-discriminatory principles toward sovereign wealth funds as described in the Declaration on Sovereign Wealth Funds and Recipient Country Policies announced by the OECD in June 2008. China reaffirms its commitment to follow the generally accepted principles and practices of Sovereign Wealth Funds.
- The United States and China recognize the potential for their firms to play a positive role in infrastructure financing in each country, and commit to explore opportunities for deepening cooperation, including through the U.S.-China Investment Forum. To that end, the United States and China commit to continue to utilize the U.S.-China Investment Forum as a platform to strengthen communication and exchanges between U.S. and Chinese investment policy makers.
- The United States and China are committed to supporting and facilitating sub-national cooperation at the city and local levels. Such cooperation between the two countries at the sub-national level can lead to mutually beneficial trade and investment opportunities. Building on the two successful U.S.-China Conferences on City-Level Economic Cooperation, The United States and China commit to support continued engagement that promotes investment cooperation between cities and enterprises of the two countries, including holding a 3rd U.S.-China Conference of City-Level Economic Cooperation as soon as possible, preferably this year.

### III. Enhancing Global Cooperation and International Rules

The United States and China committed to enhance cooperation, including under the G-20 and other multilateral frameworks. The two sides recognize the importance of international rules governing trade and finance that reflect the evolving global economic system and commit to take the following concrete steps to deepen our cooperation in this area.

- The two sides commit to strengthen coordination and cooperation within the G-20, seek more areas of common interest as well as to promote the G-20 as the premier forum for international economic cooperation. The two sides support prioritizing growth and jobs at the G-20 Summit in St. Petersburg and promoting strong, sustainable and balanced growth for the world economy by strengthening G-20 members' macro-economic policy cooperation with due regard to the ramifications of those policies for the national and international economy. The two sides are committed to the G-20's statements, including the commitments on growth, fiscal sustainability, structural reform, and IMF quota and governance reform, and exchange rates, and are to work with other G-20 members to meet the G-20 commitments. The two sides oppose all forms of protectionism, and support the G-20 in extending the standstill commitment with regard to measures affecting trade and investment as well as the pledge to roll back any new protectionist measures that may have arisen.
- The two sides commit to strengthen their cooperation in the IMF and G-20, continue to improve IMF's quota and governance structure, ensure the completion of the 15<sup>th</sup> general quota review, and support the IMF executive Board's decision to integrate the process of reaching a final agreement on a new quota formula with the 15<sup>th</sup> general quota review, and further enhance the voice of dynamic emerging markets and developing countries. The United States commits to implement the 2010 IMF quota and governance reforms. (2) Multilateral Development Bank (MDB) Reform: the two sides commit to strengthen their cooperation under the framework of the G-20, support governance and operational efficiency reforms together with the voice and representation reforms of the World Bank and other regional development banks, in order to ensure the MDBs' relevance, accountability, effectiveness and legitimacy. (3) Selection of heads and management of the international financial institutions: the two sides support an open, transparent, and merit-based selection of heads and management.
- The two sides advocate that multilateral development banks increase their financial leverage ratio where possible without undermining their financial soundness, strengthening their lending capacity, deploy their full range of lending and knowledge instruments, and support client country priorities thereby expanding global aggregate demand and promoting world economic recovery and growth.
- The two sides commit to further strengthen coordination and cooperation in the APEC forum, in order to jointly promote economic growth and prosperity in the Asia-Pacific region. They commit to seek a closer partnership in APEC to ensure that the 2014 APEC Economic Leaders Meeting hosted by China promotes trade and investment liberalization and facilitation, strengthens regional economic integration and coordination, and carries out capacity building by providing practical and effective economic and technical cooperation in the Asia-Pacific region.
- The two sides reiterate their support for the multi-lateral trading system by upholding the principles of transparency, inclusiveness, multilateralism and fighting against trade protectionism. The two sides commit to intensifying communication and coordination to jointly advance the talk on the early harvest package and approaches to move forward negotiations on the remaining elements of the Doha Round, with a view to successfully concluding negotiations.

- The United States and China welcomed the second meeting of the International Working Group on Export Credits (IWG) in May, where the group began negotiating in earnest robust international export credit guidelines for the ships and medical equipment sectors. Building on this progress, and following the commitment made in the Joint Fact Sheet on Strengthening U.S.-China Economic Relations in February 2012, the United States and China reaffirm their support for the IWG to negotiate sectoral guidelines for ships and medical equipment so as to make concrete progress towards a set of international guidelines on the provision of official export financing that, taking into account varying national interests and situations, are consistent with international best practices, with the goal of concluding an agreement by 2014.
- Both sides commit to make best efforts to reach an intergovernmental agreement on the implementation of the Foreign Account Tax Compliance Act (FATCA) in advance of the January 2014 deadline in the legislation. To seek a cooperative solution to the implementation of FATCA, officials from the U.S. Department of the Treasury, the IRS, China's Ministry of Finance, State Administration of Taxation, and the People's Bank of China will hold the next round of discussions as early as practicable this summer.
- China is to continue improving the timeliness, completeness, and reliability of energy data based on its G-20 commitments. China is to carry out studies on oil and natural gas geologic reserve data and publish the data. The United States and China commit to strengthen exchanges and communication, and expand cooperation in oil inventory policies, management, and technologies. The United States and China reaffirm their commitment to closer information sharing and cooperation to help avoid excessive price volatility and ensure the smooth functioning of global energy markets.
- China intends to accelerate the development of the legal and regulatory framework covering unconventional oil and natural gas. The framework is expected to: (1) include better coordination among the relevant agencies; (2) include regulatory incentives to build natural gas infrastructure (e.g., treatment facilities and pipelines); (3) include measures to move toward market-based natural gas pricing to promote domestic production; (4) include stronger regulation over fugitive methane emissions during production and distribution of natural gas and water usage during production; and (5) welcome foreign companies to participate in China's unconventional oil and gas industry following commercial principles. In order to speed China's progress toward cleaner fuels and reduce emissions in power generation, the United States and China commit to actively promote technical and environmental protection cooperation in unconventional energy resources such as shale gas, including through a series of shale gas development technical workshops in China. The United States commits to inform China about the statutory process required by the Natural Gas Act which governs the evaluations of LNG export applications, to FTA countries and to non-FTA countries such as China. The NGA directs the U.S. Department of Energy to evaluate LNG export applications to non-FTA countries. To date, two applications have received conditional approval to export LNG to non-FTA countries. The DOE is currently evaluating pending applications on a case-by-case basis.
- The two sides support the IMF's review of the Special Drawing Rights (SDR) basket by the end of 2015. The United States reiterates its support for the inclusion of RMB into the SDR basket when it meets the IMF's existing inclusion criteria.

#### IV. Fostering Financial Stability and Reform

Both sides recognize the importance of strong, stable financial systems to achieve sustainable and balanced growth. Both sides commit to further promote reforms and enhance supervision in their respective financial sectors, promote bilateral cooperation, and enhance cooperation under the G-20, Financial Stability Board and other multilateral frameworks, so as to support global financial stability.

- In order to further promote and enhance audit oversight, the United States and China welcome continued dialogue between the Public Company Accounting Oversight Board (PCAOB) and competent authorities in China about the oversight of auditing firms for public companies in the two countries. Building upon the recent memorandum of understanding on enforcement cooperation signed by the PCAOB, the China Securities Regulatory Commission (CSRC), and the Chinese Ministry of Finance, these authorities commit to continuing consultation on cross-border audit oversight cooperation, and accelerating efforts towards establishing a regulatory cooperation mechanism that is consistent with applicable laws and regulations.
- In order to better protect the integrity of their respective markets, strengthen investor confidence, the United States and China commit to enhance the cooperation between their respective agencies in enforcement investigations in the securities sector through the use of information-sharing mechanisms provided for under existing international cooperation arrangements.
- The United States and China commit to strengthening cooperation in enhancing understanding of the shadow banking system and sharing information on shadow banking activities in both countries, developing policy tools to mitigate shadow banking risks, and undertaking peer review based on the FSB's final recommendations. China is working to strengthen information disclosure, transparency and financial statistics on shadow banking activities. The United States is actively taking steps to monitor and address potential risks to financial stability emanating from the shadow banking system, including policy measures to improve transparency and address the structural vulnerabilities of money market funds, the tri-party repo market, and securitization activities.
- The United States remains committed to apply the same prudential supervisory and regulatory standards to Chinese banks and securities institutions as to other foreign financial institutions in the United States, in like circumstances. When proposing changes to rules and regulations concerning foreign financial institutions, the United States commits to provide timely public notice of such proposals, consistent with applicable laws. U.S. financial regulators remain willing to meet or otherwise communicate with Chinese counterparts concerning such proposals.
- Both sides commit to improve cooperation on issues related to evidence taking, the provision of notice to interested parties and enforcement of a U.S. restraint, seizure, or forfeiture judgment or order in China involving financial institutions located in China through the application of the relevant international agreements, bilateral arrangements and other bilateral, multilateral or international cooperation mechanisms.
- China is assessing the outcome of opening up policies of its financial sector, and is to continue to improve the related regulations and prudential supervisory standards. Under these circumstances, China is to continue to further open up its financial sector to foreign participation.
- The United States welcomes foreign investment in all sectors, including the financial sector. The United States also welcomes prudentially qualified foreign financial institutions, including Chinese financial institutions, to establish branches, where permissible. Pending applications by Chinese banks, securities firms and other financial institutions with federal financial regulatory authorities are under active review and consideration, and such authorities endeavor to act expeditiously.
- The United States is reviewing the comments received on its proposed Volcker Rule. U.S. banking and market regulators are considering measures to address the concerns expressed by foreign market participants and foreign governments, including clarifications to provisions affecting foreign banking activities and foreign sovereign bonds.
- The United States and China are to carry out discussion and share experience on the development of the life insurance sector, understanding the value of an active and competitive market.
- China intends to advance market oriented reform and create a positive institutional environment for an efficient and transparent bond market, including by improving the transparency of bond market operations, and promoting consensus among regulatory agencies on standards of access and supervision. The People's Bank of China intends to

improve the management of the underwriting of financial bonds and to promote the healthy development of the inter-bank bond market. China welcomes qualified foreign-funded financial institutions to participate in the underwriting of Non-financial Enterprises Debt Financing Instruments. The National Association of Financial Market Institutional Investors (NAFMII) is to facilitate further evaluations of underwriters in a fair and open process. China also intends to promote the connection and communication between the listed and over the counter markets.

- To support interest rate liberalization and to meet the risk management needs of bondholders, China is to introduce government bond futures. China intends that qualified locally-incorporated foreign and domestic banks and securities firms are to be permitted to participate on the China Financial Futures Exchange to trade government bond futures. To support liquidity of the government bond market, China is to encourage investment by foreign and domestic institutional investors in government bonds and government bond futures.
- China intends to study promoting qualified foreign institutions to issue RMB-denominated bonds in China.
- China is to make active efforts to assess the outcome of the consumer finance company pilot program and continue to improve relevant rules and regulations to increase the availability of consumer finance services to Chinese households. The pilot program will be open to additional qualified foreign and domestic institutions and be expanded to more geographic locations.
- China welcomes participation by qualified locally-incorporated foreign banks in RMB settlement of cross-border trade and investment transactions. China is actively considering reducing the waiting period for a foreign bank branch to apply for an RMB license.
- China is to further develop the enterprise annuities sector, and is to open up the licensing process, when appropriate, to qualified entrants based on the size of enterprise annuity market. China affirms that all qualified foreign and domestic funded financial enterprises have equal and fair treatment in the annuity licensing process pursuant to its laws and regulation.
- China intends to actively promote the development of tax-deferred insurance pension products, on a pilot basis, plans to expand the pilot to additional cities and provinces, and is to treat foreign-invested and domestic enterprises on an equal basis, including with regard to participation, in the pilot and any future expansion.
- The United States and China commit to implement the G-20 commitment to centrally clear all standardized derivatives as soon as possible, in order to reduce systemic risk, improve transparency, and protect against market abuse. The United States and China further commit to actively consider applying substituted compliance to each other's derivative market participants, infrastructures, and transactions, subject to each of our respective laws, rules, and supervision and enforcement regimes, as well as core policy objectives. In addition, both sides seek to ensure that national regulatory frameworks on OTC derivatives avoid, to the extent possible, the application of conflicting rules to the same entities and transactions. China is to promptly finalize mandatory clearing requirements for standardized OTC derivatives, and China is to remove barriers to trade reporting by market participants. The United States Commodity Futures Trading Commission (CFTC) has implemented reporting requirements for market participants, and commenced mandatory clearing requirements for certain interest rate and credit derivatives in March 2013. The United States commits to continue to review swaps to determine whether additional classes of swaps should be subject to mandatory clearing, including commodity and other financial derivatives.
- Both China and the United States support the goal of one single set of high quality global accounting standards and convergence efforts of our respective national standard setters with International Financial Reporting Standards. Both parties commit to strengthen communication and cooperation on accounting and to share observations about accounting practices within their respective markets.

#### ANNEX:

#### I. Participants in the Economic Track of the Fifth Strategic and Economic Dialogue

##### U.S. Participants:

1. Jacob J. Lew, Secretary of the Treasury
2. Penny Pritzker, Secretary of Commerce
3. Ernest Moniz, Secretary of Energy
4. Gary Locke, U.S. Ambassador to China
5. Sylvia Burwell, Director of the Office of Management and Budget
6. Michael Froman, U.S. Trade Representative
7. Alan Krueger, Chairman of the Council of Economic Advisors
8. John P. Holdren, Assistant to the President for Science and Technology, Director of the White House Office of Science and Technology Policy
9. Gene Sperling, Director of the National Economic Council and Assistant to the President for Economic Policy
10. Ben Bernanke, Chairman of the Federal Reserve
11. Martin Gruenberg, Chairman of the Federal Deposit Insurance Corporation
12. Mary Jo White, Chairman of the Securities and Exchange Commission
13. Gary Gensler, Chairman of the Commodities Futures Trading Commission
14. Fred Hochberg, Chairman & President of the U.S. Export-Import Bank
15. Lael Brainard, Under Secretary of the Treasury for International Affairs
16. Robert Hormats, Under Secretary of State for Economic Growth, Energy, and the Environment
17. Darci Vetter, Acting Under Secretary of Agriculture for Farm and Foreign Agricultural Services
18. Caroline Atkinson, Deputy Assistant to the President and Deputy National Security Advisor for International Economic Affairs
19. Leocadia Zak, Director of the U.S. Trade and Development Agency
20. James Doty, Chairman of the Public Company Accounting Oversight Board
21. Michael McRaith, Director of the Federal Insurance Office
22. William White, Commissioner of the District of Columbia Department of Insurance, Securities and Banking

##### Chinese Participants:

1. Wang Yang, Vice Premier
2. Lou Jiwei, Minister of Finance
3. Wan Gang, Minister of Science and Technology
4. Gao Hucheng, Minister of Commerce
5. Zhou Xiaochuan, Governor of the People's Bank of China
6. Cui Tiankai, Chinese Ambassador to the United States

7. Xie Zhenhua, Vice Chairman of the National Development and Reform Commission
8. Xiang Junbo, Chairman of the China Insurance Regulatory Commission
9. Bi Jingquan, Vice Secretary-General of the State Council
10. Zhang Xiaoqiang, Vice Chairman of the National Development and Reform Commission
11. Zhu Guangyao, Vice Minister of Finance
12. Niu Dun, Vice Minister of Agriculture
13. Li Ganjie, Vice Minister of Environmental Protection
14. Wang Zhaoxing, Vice Chairman of the China Banking Regulatory Commission
15. Liu Xinhua, Vice Chairman of the China Securities Regulatory Commission
16. Huang Shuhe, Vice Chairman of the State Asset Supervision and Administration Commission
17. Gan Zangchun, Vice Minister of the State Council Legislative Affairs Office
18. Yi Gang, Director of the State Administration of Foreign Exchange
19. Li Ruogu, Chairman of the Export-Import Bank of China
20. Zhang Yuqing, Vice Administrator of the National Energy Administration
21. Zheng Zeguogang, Assistant Minister of Foreign Affairs

## II. Institutional Arrangements

The United States and China will continue to pursue economic cooperation through a range of additional dialogues and initiatives with the aim of enhancing the bilateral relationship and strengthening the global economy.

Our areas of cooperation include:

- Cooperation Between the U.S. Department of the Treasury and China's General Administration of Quality Supervision, Inspection, and Quarantine and the Certification and Accreditation Administration
- Cooperation on Issuing Certificate for Wine Exported from the United States to China
- Safeguarding the Financial System from Illicit Finance Threats
- Cooperation Between the U.S. Department of Labor and the Ministry of Human Resources and Social Security of China
- Cooperation Between the U.S. Department of Labor and China's State Administration of Work Safety
- Cooperation Between the U.S. Department of Labor and China National Coal Association
- Seminar on Risk Management
- U.S.-China Transportation Forum
- Cooperation between Chinese and American Railway Authorities
- Cooperation on Customs Enforcement of Intellectual Property Rights
- Enforcement of Intellectual Property Rights
- IP Legislation Reform Efforts
- Joint Liaison Group's IP Criminal Enforcement Working Group
- Strengthen the Cooperation between USTDA and the Ministry of Commerce of China
- U.S.-China Small and Medium-sized Enterprises Policy Dialogue
- Cooperation on Oceans/Fisheries Issues in APEC
- Cooperation on Rules of Origin
- Continuing Discussions on Policies to Foster Innovation and Entrepreneurship through the U.S.-China Innovation Dialogue
- U.S. China Investment Forum
- Agricultural Cooperation
- Traditional Medicine Cooperation
- Anti-Counterfeiting Currency Cooperation
- Bilateral Banking Supervisors' Conference
- Cooperation between China Exim-Bank and the U.S. Export-Import Bank
- The Development of Crude Oil Futures Market
- Cooperation between the U.S. Department of Transportation and The General Administration of Quality Supervision, Inspection and Quarantine
- Civil Aviation Cooperation
- Cooperation on Sino-U.S. Technical Exchange and Cooperation of Trade Statistics

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