

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Remarks of Secretary Lew at the 2014 Strategic and Economic Dialogue Economic Track Opening Session

7/9/2014 REMARKS OF U.S. TREASURY SECRETARY JACOB J. LEW AT THE 2014 STRATEGIC AND ECONOMIC DIALOGUE ECONOMIC TRACK OPENING SESSION

*As prepared for delivery*

**BEIJING** - On behalf of my U.S. colleagues, I would like to thank you, Vice Premier Wang, and your colleagues from across China's government for hosting this year's S&ED Economic Track meetings.

President Obama and President Xi have been clear that a strong U.S.-China economic relationship is their priority. We have worked hard together to establish a close relationship based on frank communication and exchange. And this has allowed us to deliver tangible benefits to our people, manage frictions, and work together to address global challenges that are important not only to our two countries but also to the world.

Both of our countries are confronting new challenges and seeking to grasp new opportunities.

For the United States, we are committed to continuing and strengthening our economic recovery, creating jobs, achieving fiscal sustainability, and making investments that promote future income growth. I look forward to speaking with you and your colleagues about the progress we have already made, and how we plan to build on it going forward.

We also meet at an important moment in China's economic transition. You are seeking to shift to a new growth model that is structured around household consumption – rather than on investment and exports – and one that increasingly relies on the market to foster new firms, industries, and technologies. In pursuit of these objectives, China unveiled an ambitious set of economic reforms at the Third Plenum last November, reforms that encourage competition and officially give the market a decisive role in the economy. Strong determination in the implementation of Third Plenum reforms will help China achieve sustainable and balanced growth in the future.

The United States supports this reform effort, and looks forward to your success. We are encouraged that the reforms China has outlined in the Third Plenum reflect many of the steps we believe are needed for China to have a prosperous future.

Measures to boost household income and mobilize the profits of state-owned enterprises to strengthen social welfare are a key part of the rebalancing. Greater exchange rate flexibility and adjustment would help raise household purchasing power, shift resources towards industries that meet domestic demand, and level the playing field.

Ambitious financial sector reform and opening, along with interest rate liberalization, will channel financial resources to the new, private enterprises of tomorrow. These reforms will give Chinese citizens higher returns on their savings and means to provide for old age and protect against uncertainty. Providing foreign financial institutions with greater access will help greatly in the development of a more developed and efficient financial services industry.

Opening the Chinese economy to greater foreign investment and strengthening the protection of intellectual property rights and trade secrets is also important to boost productivity growth. These measures will help open the door to new technologies, foster innovation, and support the entrepreneurs that will be critical to China's growth in the future.

A prosperous China that grows in a way that is consistent with international rules and norms will mark the further rise of your great nation, and will contribute to the strong, sustainable, and balanced growth of the global economy.

It also is important that we continue to make concrete progress on our respective priorities and issues of concern. And I am confident that we will.

Our discussions over the next two days will provide an important opportunity to further the open communication we have maintained over the course of this last year and engage in a series of candid discussions on how we can continue to build a fair, balanced, and mutually-

beneficial economic relationship. And, the conversations that we have will serve as a platform for many more informal discussions throughout the year.

Again, we thank you for welcoming us and we look forward to a candid exchange of views.

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