

Remarks by Secretary of the Treasury Janet L. Yellen at Press Conference following Bilateral Meetings with Vice Premier He Lifeng of the People's Republic of China in San Francisco, California

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As Prepared for Delivery

Hello everyone and thank you for joining today.

I'm very glad to have had the opportunity to welcome Vice Premier He Lifeng to California. I'd like to speak now to our economic approach to China and how we've advanced it through two days of productive discussions.

The relationship between the United States and the People's Republic of China is one of the most important relationships of our time. The path it takes will shape opportunities and challenges for people in both our countries and around the world. As I said last week, President Biden and I are advancing a vision of the world grounded in values we share with our allies and partners across the globe. And while we will at times use economic tools to protect our national security interests, our vision also includes a healthy and stable economic relationship between the United States and China that benefits both sides and offers a level playing field for American firms and workers.

We know advancing this vision is not easy. But I believe that we have made significant progress since President Biden and President Xi's meeting in Bali almost exactly one year ago. Following President Biden's directive to deepen bilateral communications, I met with my former counterpart in January and then traveled to Beijing in July to build relationships with China's new economic leadership. There, I met with Premier Li, Vice Premier He, and other senior economic officials. We had candid and constructive meetings on issues from macroeconomic developments, to the nature of our economic relationship, to challenges from climate change to debt distress in low-income countries. In September, the United States and China launched the Economic and Financial Working Groups to provide ongoing channels for engagement on substantive economic and financial policy issues. Both Working Groups met for the first time in recent weeks and had their second meetings yesterday.

Over the past two days, Vice Premier He and I have built on this foundation with candid, direct, and productive engagements. There is no substitute for in-person diplomacy, and I was pleased to have had the opportunity to interact with the Vice Premier on a more personal level, as we did in our private meeting earlier today. During our discussions, we agreed that in-depth and frank discussions matter, particularly when we disagree. And I emphasized that the current uncertain global landscape makes it particularly crucial that we maintain resilient lines of communication going forward. This is not just communication for communication's sake. It allows us to avoid misunderstandings and unintended escalation, make informed decisions, and work toward specific policy outcomes.

Turning to the details of our discussions, I spoke to Vice Premier He about our goal of achieving a healthy economic relationship that benefits both our countries over time. We do not seek to decouple our economy from China's. This would be damaging to both the U.S. and China and destabilizing for the world. But a healthy economic relationship requires American workers and firms to be treated fairly. I raised concerns about the breadth and depth of the PRC's non-market policies and practices and their global spillovers. These are concerns that I hear frequently from U.S. businesses.

Vice Premier He and I also focused on the need for joint work on global challenges. The physical and economic impacts of climate change are mounting across the globe, including here in California. We discussed specific areas where we can enhance our cooperation on climate finance beyond our co-chairing of the G20 Sustainable Finance Working Group. I also underscored that too many countries continue to face high risk of debt distress and a debt architecture that does not work as it should to support them. I emphasized the need for us to build on our good recent progress in the Zambia case to make much faster progress on other debt restructuring cases. And we discussed the crucial roles we have to play in making the debt architecture work better and faster. We also spoke about our efforts to promote global financial stability as well as the importance of strengthening the World Bank, IMF, and other parts of the international financial architecture. Earlier this week, we took a positive step toward strengthening the IMF with the Executive Board's approval of an equiproportional quota increase. This would bolster the IMF's ability to fight crises at a critical time for the world economy.

Finally, the United States continues to clearly communicate how we are using economic tools to protect our national security interests and those of our allies: through transparent and narrowly scoped actions designed to achieve a clear national security objective. I reaffirmed

the importance of directly communicating the design and intentions behind our national security actions to avoid the risk of misunderstanding and miscalculation, as the United States has done with our rollout of the Executive Order on outbound investment. We exchanged information about our respective outbound investment regimes. I also specifically raised our concerns about the PRC's export controls on graphite and other critical minerals. And I stressed that companies must not provide material support for Russia's defense industrial sector and that they will face significant consequences if they do.

Today, Vice Premier He and I are also taking the important additional step of laying out specific areas of the bilateral economic relationship where we agree. My hope is that this understanding will serve as a foundation for future, mutually beneficial, progress. First, we agreed to intensify communication, including continuing a regular cadence of contact between me and the Vice Premier. Second, we committed to work together on global challenges from debt issues to climate change related economic issues. And third, both countries jointly stated that we welcome the objective of a healthy economic relationship that provides a level playing field for companies and workers in both countries and benefits the two peoples. Of course, there are many remaining areas of disagreement between our countries. And we know that there is an important difference between words and actions. But the United States will live up to the understandings that we reached – and we expect our counterparts to do the same.

As I said at the conclusion of my meetings in Beijing this summer, I believe that my trip to China helped advance our effort to put the U.S.-China relationship on surer footing. The past two days of meetings in San Francisco have served as another step forward. I am confident that our discussions have also helped lay further groundwork for a productive meeting between President Biden and President Xi.

Next week, we will also chair – and China will participate in – the APEC Finance Ministers' Meeting and Leaders' Meeting. In the coming months, our teams will continue deepening our communication through the Working Groups. And Vice Premier He also told me that he welcomes a return visit by me to China, and I look forward to traveling there next year.

With that, thank you again for being here. The United States may have begun as an Atlantic nation, but we have long been a Pacific one as well. California is a fitting place to mark the progress we are making in our economic approach to China and to affirm our commitment to the work ahead.

I look forward to your questions.

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