

READOUT: Secretary of the Treasury Janet L. Yellen's Bilateral Meeting with the Leadership of the U.S.-People's Republic of China Economic and Financial Working Groups

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Washington - U.S. Secretary of the Treasury Janet L. Yellen met with the Economic Working Group (EWG) and Financial Working Group (FWG) on April 16. Following her trip to Beijing and Guangzhou last week, Secretary Yellen and the leads of the two groups had productive conversations about how the working groups can continue to advance the bilateral relationship across areas of both cooperation and disagreement. In particular, the Secretary received updates from the EWG on their work on the Intensive Exchange on Balanced Growth in the Domestic and Global Economies and from the FWG on the new Joint Treasury-People's Bank of China Cooperation and Exchange on Anti-Money Laundering (AML), as well as upcoming plans for technical exercises on financial stability. Secretary Yellen closed the meeting by welcoming further communication to stabilize the economic relationship.

Today's EWG meeting was its fourth meeting since its establishment last fall, and the first in the United States since November. Senior officials from the U.S. Treasury and China's Ministry of Finance continued their conversations on the latest macroeconomic situation in China and the United States, shared global challenges including debt issues, as well as areas with divergent views. The teams also engaged in discussions on balanced growth in the domestic and global economies that Secretary Yellen and her counterpart Vice Premier He Lifeng announced in Guangzhou earlier this month. Both sides agreed to discuss economic policies that support balanced growth of the domestic and global economies at a regular cadence. The U.S. delegation continued to express concerns about China's non-market practices and industrial overcapacity. Both sides agreed to further discuss these issues.

The FWG also met for the fourth time on Tuesday, led by senior officials from the U.S. Treasury and the PBOC, with participation by other agencies. The meetings began with a review of the latest technical exchange in March, which discussed each jurisdiction's approach to financial stability oversight. The meeting sessions included discussions on banks' liquidity risk management, financial stability and market developments, swap arrangement practices, cross-border payments and data, and sustainable finance, among other topics. As agreed in

Beijing, the first Joint Treasury-PBOC Cooperation and Exchange on AML also met under the auspices of the FWG to discuss several priority AML/CFT issues, including virtual assets and beneficial ownership. The meetings again concluded with both sides agreeing to continue to meet regularly and to hold additional technical exercises on operational resilience in the financial sector, supervision and regulation on cross-border supply of financial services, and on the financial stability implications from the insurance sector's exposure to climate risk.

Secretary Yellen also welcomed new progress in the FWG on sustainable finance. The U.S. Treasury and the PBOC have agreed to mutual areas of interest in this space. Both sides agreed on the importance of transition finance to support the decarbonization of various sectors, including through the voluntary commitments financial institutions make to decarbonize. Both sides also recognized that degradation of ecosystems and loss of biodiversity represent economic challenges, and that financial support for conservation and restoration is critical. Treasury and PBOC see the value of sustainable finance in supporting low-carbon climate resilient development, including through renewable energy expansion, capacity building, and adaptation financing around the world.

The EWG and FWG were formed by Secretary Yellen and Vice Premier He last September. The EWG is co-led by Jay Shambaugh, Under Secretary for International Affairs at the U.S. Treasury, and Liao Min, Vice Minister of China's Ministry of Finance. The FWG is co-led by Brent Neiman, Assistant Secretary for International Finance at the U.S. Treasury, and Xuan Changneng, Deputy Governor of the People's Bank of China. Both working groups build on President Biden's guidance following the Bali and Woodside Summits to deepen communications between the two countries.

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