FACT SHEET: U.S.-China Economic Relations

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Briefing Room

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The United States and China recognize their shared interest in promoting a strong and open global economy, inclusive growth and sustainable development, and a stable international financial system, supported by the multilateral economic institutions founded at the end of World War II that have benefited the peoples of both nations. Both countries recognize and value the substantial contributions that the international financial institutions have made to global growth, higher incomes, the alleviation of poverty, and the maintenance of financial stability since their establishment. The rules-based international economic system has helped to propel China’s unprecedented economic growth over the past 35 years, lifting hundreds of millions of people out of poverty. The United States has also benefited from the emergence of a global middle class that, by 2030, is projected to include more than 3 billion consumers in Asia alone. U.S. exports of goods and services supported approximately 12 million jobs in the United States in 2014. China has a strong stake in the maintenance and further strengthening and modernization of global financial institutions, and the United States welcomes China’s growing contributions to financing development and infrastructure in Asia and beyond. The international financial architecture has evolved over time to meet the changing scale, scope, and diversity of challenges and to include new institutions as they incorporate its core principles of high standards and good governance. Both countries are committed to supporting this international architecture and welcome the greater role of the G-20 in global economic governance to ensure an inclusive, resilient, and constantly improving international economic architecture to meet challenges now and in the future. In light of China’s increased share of global economic activity and increased capacity, the United States welcomes China playing a more active role in and taking on due responsibility for the international financial architecture, as well as expanded bilateral cooperation to address global economic challenges. To this end:

- The United States and China commit to strengthening and modernizing the multilateral development financing system. Both countries resolve to further strengthen the World Bank, Asian Development Bank, African Development Bank, and Inter-American Development Bank by enhancing their financial capacity, reforming their governance, and improving their effectiveness and efficiency. Consistent with its development, in addition to being a shareholder and borrower, China intends to meaningfully increase its role as a donor in all these institutions. Both sides acknowledge that for new and future institutions to be significant contributors to the international financial architecture, these institutions, like the existing international financial institutions, are to be properly structured and operated in line with the principles of professionalism, transparency, efficiency, and effectiveness, and with the existing high environmental and governance standards, recognizing that these standards continuously evolve and improve.
- The United States and China reaffirm the importance of the MDBs in meeting the needs of the poorest countries through robust financial contributions to the
International Development Association, Asian Development Fund, and African Development Fund. China is to meaningfully increase its contributions to the MDB concessional windows, consistent with its capacity. Both countries commit that the MDBs should continue to explore options to increase their lending capacity, including through using existing resources, and regularly reviewing their capital with an assessment of whether a capital increase is warranted. Both countries commit to continued efforts on MDB balance sheet optimization. The United States and China commit to collaborate on the World Bank shareholding review roadmap, including development of a shareholding formula and review of the World Bank’s capital needs in 2017. Both sides also recognize that the middle income countries still face challenges in alleviating poverty and that the MDBs have a role in addressing those specific needs.

- The United States and China commit to strengthen their cooperation in the International Monetary Fund (IMF), and continue to improve the IMF’s quota and governance structure. The United States commits to implement the 2010 IMF quota and governance reforms as soon as possible and reaffirms that the distribution of quotas should continue to shift toward dynamic emerging markets and developing countries to better reflect the relative weight of IMF members in the world economy. The United States and China affirm the efforts of the IMF Executive Board to pursue an interim solution, which aims to converge quota shares to the extent possible to the levels decided under the 14th Review. However, the interim solution should not constitute or be seen in any way as a substitute for the 2010 reforms. The United States and China are to support the Executive Board’s work on the 15th Review of Quotas, including a new quota formula, using the 14th Review as a basis.

- The United States and China commit to development finance cooperation in a third country through the multilateral development banks, respecting the ownership of the recipient countries.

- The United States welcomes China’s commitment to release economic data following the IMF’s Special Data Dissemination Standards (SDDS) by the end of the year and welcomes China’s continued efforts to enhance transparency. China recognizes the importance to successful RMB internationalization of meeting the transparency standards of other major reserve currencies. The United States supports China’s commitment to implement further financial and capital market reforms, and accordingly the United States reiterates its support for the inclusion of the RMB in the SDR basket provided the currency meets the IMF’s existing criteria in its SDR review. Both countries commit to respect the IMF’s procedures and process in the SDR review, and to enhance their communication on this issue.

- The United States and China look forward to continuing to discuss mechanisms to facilitate renminbi trading and clearing in the United States.
The United States and China welcome the important progress that has been made in the negotiation of new international guidelines on officially supported export credits since the establishment of the International Working Group on Export Credits (IWG) through a joint high level commitment in 2012. The United States and China reaffirm their support for IWG guideline coverage of official export credit support provided by or on behalf of a government, including, but not limited to, official export credit support provided by official export credit policy financial institutions, and look forward to further discussing the scope of the guideline coverage at the next IWG meetings in October. The United States and China reaffirm that the guidelines should help ensure that governments complement commercial export financing, while promoting international trade.

- The United States supports China’s presidency of the G-20 in 2016 and looks forward to working closely with China to promote strong, sustainable and balanced global growth. The two sides support the G-20’s important role as the premier forum for strengthening international economic cooperation and coordination. The two sides are committed to working closely with other G-20 members (i) to strengthen macroeconomic policy cooperation to address the shortfall in global aggregate demand and the slow and uneven global recovery by promoting pro-growth fiscal and monetary policies, (ii) to increase potential growth rates through structural reforms and innovation, support a strong G-20 trade and investment agenda, and promote international trade and investment as engines of global growth, (iii) to implement the 2030 Agenda for Sustainable Development, (iv) to enhance dialogue and cooperation on the policy framework for infrastructure lending, including on environmental standards, (v) to phasing out inefficient fossil fuel subsidies by a date certain, and (vi) to strengthen cooperation to assist at-risk states to prevent, detect and respond to infectious disease threats.

- The United States and China recognize the positive progress of the ongoing bilateral investment treaty (BIT) negotiation. The Leaders reaffirm as a top economic priority the negotiation of a high standard BIT that reflects a shared commitment to the objectives of non-discrimination, fairness, and transparency, that effectively facilitates and enables market access and market operation, and that represents on each side an open and liberalized investment regime. In light of the progress made in the BIT negotiations and both sides’ improved negative list proposals in September, the United States and China commit to intensify the negotiations and to work expeditiously to conclude the negotiation of a mutually beneficial treaty that meets these high standards.

- The U.S. side reiterated its commitment to encourage and facilitate exports of commercial high technology items to China for civilian-end users and for civilian-end uses. Both sides commit to continue detailed and in-depth discussion of the export control issues of
The United States and China commit to limit the scope of their respective national security reviews of foreign investments (for the United States, the CFIUS process) solely to issues that constitute national security concerns, and not to generalize the scope of such reviews to include other broader public interest or economic issues. The United States and China commit that their respective national security reviews apply the same rules and standards under the law to each investment reviewed, regardless of country of origin. When an investment poses a national security risk, the United States and China are to use their respective processes to address the risk as expeditiously as possible, including through targeted mitigation rather than prohibition whenever reasonably possible. The national security review of each country is applicable only to investments completed after such review process is established. Once an investment has completed the national security review process of either country, the investment generally should not be subject to review again if the parties close the investment as reviewed under the respective national security review process. In their respective national security reviews, the United States and China commit not to use information, provided by entities not party to an investment, for the purpose, unrelated to national security, of promoting the commercial interests of a competitor of a party to that investment. The United States and China commit to continue exchanging views on issues regarding their respective national security reviews in the future, including the scope of each country's national security review process and the role in each country's national security review process for entities not party to an investment.

The United States welcomes investment from all countries, including China. The United States commits to maintain an open investment environment for Chinese investors, including state-owned enterprises, as with investors from other countries. The United States reaffirms its open investment policy and a commitment to treat all investors in a fair and equitable manner under the law. The United States and China commit to continue to communicate on bilateral investment issues, to promote development of bilateral investment.

The two sides welcome the promotion of U.S.-China sub-national economic and trade and investment cooperation. In that vein, U.S. Department of Commerce and the Chinese Ministry of Commerce endeavor to complete a memorandum of understanding highlighting the priority that each agency places on facilitating sub-national economic, trade, and investment cooperation at this year's U.S.-China Joint Commission on Commerce and Trade. As an example of such cooperation already taking place, the two sides are heartened by the role the Trade and Investment Cooperation Joint Working Groups established between Chinese provinces and cities and the U.S. states of California, Iowa, Texas, Michigan, and Washington and the city of Chicago and welcome the establishment of similar mechanisms.
The United States and China affirm the positive role that Select Reverse Trade Missions play in introducing U.S. advanced technologies to projects of mutual interest and promoting bilateral trade towards a more balanced direction. Both sides affirm that Select Reverse Trade Missions are conducive to promoting cooperation of both countries’ enterprises in priority areas including energy, environment, healthcare, aviation and agriculture, which serves the common interests of the United States and China. Based on the discussions at the 7th Strategic and Economic Dialogue, the Ministry of Commerce of China and the U.S. Trade and Development Agency commit to organize two targeted Select Reverse Trade Missions that bring two Chinese delegations to the United States to introduce them to U.S. goods and services, consistent with U.S. laws and policies, related to green infrastructure and green construction, including green engineering and design, green building and building efficiency, construction waste recycling, distributed energy, and smart city construction.

The United States and China highly value the important role the U.S.-China Joint Commission on Commerce and Trade (JCCT) plays in promoting bilateral economic relations and expanding mutually beneficial cooperation. Both countries are to ensure the success of the 26th JCCT by making progress on key trade matters of their business communities.

Technology is one of the pillars of the bilateral economic relationship between the United States and China. Creating the conditions for expanded two-way trade and investment in the technology sector and avoiding measures that restrict it are critical to sustaining positive momentum in the economic relationship between our countries.

○ Both countries affirm the value of adopting technology-product international standards that have been developed in an open, transparent, market-driven, and balanced manner that allow for due process. Furthermore, both countries recognize that industry’s participation in standards development without undue government influence is fundamental to rapid innovation and technology development.

○ Both countries affirm the importance of competition policy approaches that ensure fair and non-discriminatory treatment of entities and that avoid the enforcement of competition law to pursue industrial policy goals.

○ Both countries commit that generally applicable measures to enhance information and communication technology cybersecurity in commercial sectors (ICT cybersecurity regulations) should be consistent with WTO agreements, be narrowly tailored, take into account international norms, be nondiscriminatory, and not impose nationality-based conditions or restrictions, on the purchase, sale, or use of ICT products by commercial enterprises unnecessarily.
Both countries affirm that generally applicable measures regulating technology products in the commercial sector benefit from meaningful consultation with the private sector, governments, and other stakeholders to encourage innovative, flexible, and cost-effective solutions.

The United States and China affirm the importance of developing and protecting intellectual property, including trade secrets, and commit not to advance generally applicable policies or practices that require the transfer of intellectual property rights or technology as a condition of doing business in their respective markets.

Both countries affirm that states should not conduct or knowingly support misappropriation of intellectual property, including trade secrets or other confidential business information with the intent of providing competitive advantages to their companies or commercial sectors. Both countries affirm that states and companies should not by illegal methods make use of technology and commercial advantages to gain commercial benefits.

The United States and China commit to conduct high-level and expert discussions commencing in early 2016 to provide a forum to support and exchange views on judicial reform and identify and evaluate the challenges and strategies in implementing the rule of law. U.S. participants are to include leading members of the U.S. judiciary, U.S. government legal policy experts, and officials from the Departments of Commerce and Justice and the Office of the United States Trade Representative. Chinese participants are to include officials from the Central Leading Group on Judicial Reform, leading members of the Chinese judiciary, and Chinese government legal policy experts. This dialogue is to result in an improvement in the transparency and predictability of the business environment. This dialogue does not replace, duplicate or weaken existing regular bilateral legal and human rights dialogues between the United States and China.

With strengthening policies to promote agricultural innovation and food security and to advance sustainable development as the themes of the Strategic Agricultural Innovation Dialogue (SAID), the two sides discussed food security, agricultural biotechnology, big data and information technology innovation, environmental management and sustainable development, agricultural and support programs, and plans for future bilateral dialogue and cooperation. Both countries commit to strengthen cooperation and create an enabling environment for agricultural innovation in the two countries and the world at large.

China’s Minister of Agriculture and the U.S. Secretary of Agriculture held a bilateral meeting on agricultural cooperation and renewed the Memorandum of Understanding between the Department of Agriculture of the United States of America and the Ministry of Agriculture of the People’s Republic of China on Cooperation in Agriculture and Related
Fields, to promote comprehensive, sustained, and balanced development of agricultural cooperation between both countries.

- The United States and China conducted in-depth discussions on the administration of agricultural biotechnology, and committed to further improve approval processes. Both sides reaffirmed the importance of implementing timely, transparent, predictable, and science-based approval processes for products of agricultural biotechnology, which are based on international standards. Both sides committed to strengthen policy formulation and information exchange, share experience in and practices of research and development, regulatory administration, and safety approval of agricultural biotechnology; further revise and improve regulation, based on comprehensive consultations with domestic and international stakeholders; and, enhance capabilities in safety administration and safety approval of agricultural biotechnology products.

- The United States and China reiterate their support for efforts to enhance the connection between their financial markets, consistent with their respective laws and requirements.

- The Financial Intelligence Units (FIUs) of the United States and China are to sign a memorandum of understanding (MOU) concerning cooperation in the exchange of information related to money laundering and terrorist financing. According to the MOU, the two FIUs commit to cooperate on the collection, analysis and exchange of financial information related to money laundering, terrorist financing, and related crimes on a reciprocal basis.

- The United States and China acknowledge that green finance can be of great significance to environmental protection, pollution reduction, and sustainable development. Both sides welcome efforts that further green finance and cooperation in this field.