



## **Seventh Annual U.S.-China CEO and Former Senior Officials' Dialogue**

### **JOINT STATEMENT**

The China Center for International Economic Exchanges (referred to as CCIEE hereafter) and the U.S. Chamber of Commerce (referred to as USCC hereafter) co-hosted the 7th U.S.-China CEO and Former Senior Officials' Dialogue from September 17 to 18, 2015 in Beijing. As in our previous dialogues, CCIEE and USCC, together with leading CEOs and former high-level officials from both sides, emphasized the important role played by both business communities in advocating before their governments to further strengthen and expand economic cooperation and openness, continuing to remove obstacles and restrictions on bilateral trade and investment, and creating new commercial opportunities through expanded trade and investment.

This session of the Dialogue occurred on the eve of Chinese President Xi Jinping's first State Visit to the United States as well as against the backdrop of significant changes in the world economy. While, the U.S. economy is still not performing as well as it could, it is now comparatively stronger and more stable than most other economies. The United States and its TPP partners are on the verge of an agreement that will impact trade and investment flows in the region. China is working to expand domestic demand and increase consumption. Through the One Belt, One Road, AIIB, and other initiatives, China is charting a new course in global development efforts, which aims to inject new impetus into the world economy. Europe continues to wrestle with issues inside the Eurozone. The global economy is entering a new round of adjustments and preparing for differential adjustment of monetary policy reflecting local economic fundamentals.

These and other developments underscore the need to expand the bilateral economic and commercial relationship to drive badly needed growth in our domestic economies and stability in the global economy. At this critical time CCIEE and USCC call upon the two presidents, supported strongly by the business communities in both countries, to take concrete steps to advance a mutually beneficial bilateral economic and commercial relationship, enhance regional economic integration and cooperation through openness and inclusiveness, ensure a positive policy environment for innovation, and deepen cooperation in areas such as financial services, healthcare, energy, clean and environmentally friendly technology, and infrastructure development. The economies, communities and livelihood of both countries will benefit from closer cooperation, not from steps that will erect obstacles to greater integration and reduce interdependence in the areas of technology, finance, investment, and trade.

CCIEE and USCC agree that the multiple challenges facing the global economy



require coordination among all major economies. However, CCIEE and USCC agree that the contributions that can be made by China and the United States, the world's two largest economies, are of particular importance. In this regard, both countries should strengthen cooperation, enhance communication and exchanges, carefully manage differences, and improve mechanisms that can sustain the long-term development of positive, constructive, and mutually beneficial relations between two of the world's most important powers.

CCIEE and USCC jointly propose the following major steps to advance economic relations between China and the United States:

- strive to conclude BIT negotiations this year;
- launch a cooperative study on the Bilateral Investment and Trade Treaty (BITT) at an appropriate time and start negotiations on it when conditions are ripe;
- intensify bilateral discussions regarding China's potential accession to the TPP and U.S. potential accession to the RCEP; and
- pursue the APEC goal of comprehensive free and open trade and investment in the Asia Pacific region that will create the largest such area in the world by around 2030.

CCIEE and USCC call on both governments to work closely to help ensure stability and growth of the global economy, and call on the governments of both countries to address broader bilateral relations from a strategic perspective and work to ensure that cooperation, rather than differences, prevail in this most important and complex bilateral relationship in the 21<sup>st</sup> century.

Recommendations:

### **Promote Two-Way Investment via a High-Standard Bilateral Investment Treaty**

Strong growth in two-way investment has provided great economic vitality and benefits to both countries, including job creation, more competitive consumer markets, and the most efficient supplier base for our globally active businesses. Two-way investment has significant potential for additional growth in both directions. One sign of this growth is that in recent years, the flow of Chinese FDI to the United States has surpassed that of U.S. FDI into China, demonstrating both the readiness of Chinese firms to operate on a global basis and the openness of the U.S. to capital from abroad. This era of two-way FDI flows is benefitting firms and consumers in both countries, but requires increased policy attention and more positive steps by both sides.

The two governments are committed to advancing negotiations on a BIT. Accelerating negotiations would further increase two-way FDI and economic benefits for both countries and lock in recent trends.



The two governments should continue to work hard to narrow the scope of and increase the specificity of their negative lists as well as ensure that the BIT rules create an open, transparent, and fair environment for each country's investors.

Further, and to ensure that the market-opening commitments of a BIT are credible and cannot be easily undermined, both governments should confirm the bedrock principle that in pursuing measures to protect national security, they should ensure that such measures are: (i) necessary to advance a legitimate security objective; (ii) narrowly-tailored to achieve that objective; and (iii) the least restrictive of open trade and competition as possible. Both sides should also affirm their commitment to refrain from using economic security justifications to advance industrial policy objectives and ensure that their national security and related laws clearly reflect that commitment.

The two governments should aim to complete BIT negotiations by the end of 2015.

### **Promote Trade Liberalization and Facilitation in the Asia Pacific Region**

The two governments should continue to pursue the APEC goal of comprehensive free and open trade and investment in the Asia Pacific region. The TPP is near completion, and RCEP negotiations are ongoing. China and the United States should intensify discussion on China's potential accession to the TPP and U.S. potential accession to the RCEP, and other mechanisms to avoid the emergence of competing regional trade blocs.

China and the United States should also continue efforts to contribute to the rules-based trading system, including by broadening and strengthening commitments under the WTO. As with the TPP, the terms of all trade agreements in the Asia Pacific should be "WTO-plus". Such agreements should be ambitious and aim to set a high standard.

Once the two governments have concluded a BIT, they should quickly take the additional step of pursuing a BITT that would go even further to promote free and open trade and investment between them, provide institutional support for deepened economic and trade cooperation, and advance the process of realizing free trade and open investment in the Asia Pacific.

### **Promote Market Based Approaches to Financial Reform**

The financial sector, including banking, securities, insurance, derivative markets, exchanges, and electronic payment services, is a critical engine of economic growth facilitating two-way trade and investment and driving innovation in both countries. Cooperation and sound regulation in this sector is critical to continued growth and transition to new economic drivers in both countries. Both governments should continue to strengthen financial cooperation, enhance market access, provide national treatment and a level-playing field, increase consumer choice, and facilitate



market-based, rational allocation of various resources.

### **Promote Business Cooperation and Coordination Under G-20**

China's hosting of the G-20 in 2016 provides new opportunities for the business communities of China and the United States to work to strengthen the business sector's engagement with G-20, in the preparation of the agenda as well as follow up on implementation. The Chinese and U.S. business communities can work to strengthen role of the B20 to ensure the maximum contribution by the business sector to G-20 objectives. The two organizations call on both governments to attach the greatest importance to the views of the business communities under the G-20 process.

### **Promote Innovation and Enhance Cooperation on Energy, Environment, Healthcare, High Technology, Infrastructure Development and Connectivity**

Both organizations recognize that innovation and sustained economic growth require continuous cross-border collaboration and communications. Measures that erect obstacles to greater integration and reduce interdependence in the areas of technology, finance, investment, and trade are very damaging to this goal, whether through unnecessarily restrictive export controls or policies by one government that discriminate against technologies from the other. Both organizations agree that the development of each country's innovative industries in the other should not be impeded by discriminatory policies or measures that seek to displace foreign-owned products or technologies. CCIEE and USCC urge both governments to avoid selection of technologies and standards based on nationality of the IPR or of manufacturer, and work together to create an open and cooperative environment for innovation. Both governments should take accelerated steps to address the issue through consultation.

CCIEE and USCC urge both governments to endeavor to place the high-tech trading relationship on a more stable and sound footing, as the ICT sector is critical to both economies and is a substantial contributor to the overall trading relationship with substantial room for additional growth. Both governments should continue to work to facilitate mutually beneficial commercial opportunities in the ICT area as well as reduce the barriers that are restricting its potential.

With both China and the United States interested in cleaner energy development and application, both governments should focus on ensuring access to their respective markets. With particular attention to alternative and unconventional energy resources, both countries should continue to actively encourage cooperation and dialogue on technology, environmental protection, regulatory frameworks and best practices through workshops, information sharing and forums.

Both countries should increase transparency in their regulatory development, pricing structure and other policies for healthcare products and services in order to expand access to, reduce the cost, and improve the quality of healthcare available to their



populations.

As two major trading powers, China and the United States have a shared stake in promoting efficient and competitive transportation services and integrating multi-modal infrastructure and digital connectivity. The two countries should expand and deepen dialogues on international best practices in the fields of transportation and customs administration, and deepen discussions designed to facilitate ubiquitous digital connectivity.

### **Enhance Agricultural Cooperation**

Access to affordable, safe and healthy food in sufficient quantities is important for all people. There is much more that can be done by both countries to promote China-U.S. cooperation and thus help promote this goal. CCIEE and USCC urge both governments to deepen cooperation in all aspects of agriculture. This should include ensuring that regulatory regimes produce timely and science-based decisions for approvals of cutting-edge technologies.

### **Make Progress on Cyber and Information Security Issues**

Both organizations believe that as leaders in the Internet sector, China and the United States have extensive common interests on the issue of cyber security and face many of the same challenges, though differences in their views remain. We call on the two governments to work hard narrow differences in this area. We urge both governments to exert best efforts to cooperate in areas where they already have consensus e.g. battling cyber-enabled criminal activities. CCIEE and USCC also call on both governments to reaffirm their commitment to open ICT markets, recognizing the benefits both countries enjoy from integration into global ICT industry value chains.