

Ninth 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 9th U.S.-China CEO and Former Senior Officials' Dialogue from June 20 to 21, 2017 in Beijing. The 9th Dialogue session occurred amidst the backdrop of a productive summit between President Xi Jinping and President Donald Trump at Mar-a-Lago in April 2017, at which the two sides launched a new China-U.S. Comprehensive Dialogue mechanism and agreed to work on a "100-Day Plan". These outcomes helped to stabilize China-U.S. relations, and should help to steer bilateral relations towards more constructive and sustainable development.

CCIEE and the USCC reaffirmed the consensus reached in the previous eight sessions, and expressed the shared view that the Dialogue is the foremost platform for exchanges between the Chinese and U.S. CEOs. The two sides look forward to seeing the "100-Day Plan" produce concrete results, and call upon both governments to work towards this same goal, and take more bold steps to reduce trade and investment barriers and promote real progress in bilateral economic cooperation.

Both sides agreed that the business communities of the two countries need to advocate before their governments to take a comprehensive view of bilateral trade and investment, further strengthen and expand economic cooperation and openness, enhance economic policy coordination and information sharing, reduce obstacles and restrictions on bilateral trade and investment, and jointly explore new areas of cooperation, including cooperation in third-party markets, to create win-win opportunities.

The participants in the Dialogue stressed that given the complementarity across many aspects of the two economies, trade and economic relations remain the anchor of China-U.S. relations, and are of special importance for the stability, growth and prosperity of the world economy. They believe that trade and investment are not "zero-sum" games. Implementation of protectionist measures or those aimed at providing advantages to domestic companies over their foreign competitors risks sparking a downward spiral in bilateral economic relations with severe damage to growth and jobs, which could spread to infect the global economy.

CCIEE and USCC call upon the leaders of the two countries to embrace openness in their domestic economies, provide stronger support for free and fair trade and investment globally, and, particularly, facilitate trade and investment in areas such as the high-tech and the Internet economy, manufacturing, financial services, oil and gas cooperation, energy products trading, environmentally friendly technology, and sustainable infrastructure development. The business communities and people of both countries will benefit from closer and greater mutually beneficial commercial cooperation.

CCIEE and USCC urge both governments to take the following steps:

Overall Relations

- address U.S.-China relations from a strategic perspective, and work to ensure that cooperation, rather than differences, prevail in this most important bilateral relationship in the 21st century.
- While maintaining a focus on concrete outcomes within the framework of the newly established Comprehensive Economic Dialogue (CED), continue to pursue exchanges and results via the most effective and the pre-existing bilateral mechanisms, including the JCCT and its working groups, with the goals of timely and effective implementation of prior commitments and of those to be reached subsequently.

Bilateral Trade and Investment

- oppose import substitution, unreasonable high-tech export restrictions, diverging regulatory policies, and protectionist policies in each economy and globally, and work to reduce trade barriers of all kinds to promote more balanced development of economic and trade relations;
- eliminate investment barriers and discriminatory investment policies on an accelerated basis, build a more open and transparent investment environment, and treat all investors fairly and equally and in accordance with laws and regulations that are designed to ensure that investors in both markets can have not only more reciprocal investment opportunities, but are able to compete fully;

- discuss international best practices and new experience in the fields of transportation and customs administration, including Single Window systems and simplified clearance of low-value shipments;
- strive to conclude bilateral investment treaty (BIT) negotiations as soon as possible, and explore launching negotiations on a broader, Bilateral Investment and Trade Treaty (BITT) when conditions are appropriate;

The Multilateral Trading System

- work jointly to strengthen the multilateral trading system and expand and sustain its prominence and effectiveness globally;
- ensure that the WTO has adequate resources to fulfill its mission and remain an effective venue for resolving international trade disputes;
- support regional, plurilateral and other agreements that will facilitate greater trade and investment flows; and
- strengthen efforts to promote trade and investment liberalization globally.

Market-Based Financial Reform

- promote market-based financial reforms, as development of the financial sector will help to promote economic growth, facilitate two-way trade and investment, allocate resources more efficiently, and drive technological progress and innovation in both countries;
- strengthen bilateral financial cooperation, enhance market access, provide national treatment, and increase consumer choices to include banking, securities, insurance and e-payments.

Innovative Industries, Digital Economy, and Cybersecurity

- ease restrictions on high-tech exports, while taking into full consideration each country's legitimate national security concerns, and create the kind of policy environment that will lead to increased cooperation in innovative industries;
- recognize the growing set of converging interests and major cooperation projects between the two countries in the field of innovation; enhance cooperation on intellectual property (IP) issues, and strengthen protection and law enforcement of intellectual property rights (IPRs) across the board,

including patents, trademarks, trade secrets and copyrights, to ensure that the innovation gains of businesses on both sides are not undermined;

- avoid restrictions of trade and investment activities based on the nationality of the IPR or a manufacturer, and promote innovation and bilateral cooperation in new technology areas; uphold the non-discrimination principle, remove digital trade barriers, including for cross-border flows, and create mutually beneficial opportunities for information and communications technology (ICT) companies on both sides;
- promote advanced manufacturing by encouraging innovation and investment in more sustainable manufacturing processes; support IP protection and enforcement for mutually beneficial innovative development of new manufacturing products; and work jointly to build the best enabling environment for manufacturing including regulatory cooperation.
- increase transparency in regulatory development, pricing and related policies for healthcare products and services;
- continue to build on the two presidents' September 2015 agreement not to undertake nor support cyber theft of commercial information for commercial gains, and work to remove this issue completely as a source of concern in the bilateral relationship.

Energy and Environment

- reduce trade and investment barriers for energy companies and technologies of all kinds;
- promote the use of natural gas and other cleaner energy, continue the international cooperation in oil and gas upstream sector and deepen the reform of the market based pricing mechanism, gas distribution and downstream sectors;
- strengthen all-round cooperation in environmental protection and sustainable growth, with focus on clean technology and green finance.

CCIEE and the USCC share the view that the two sides' efforts to develop new models for undertaking cooperative projects or practical cooperation can contribute significantly to bilateral economic relations. Both sides have decided to undertake

the following set of joint activities to demonstrate cooperative outcomes to the leadership of the two countries and provide strong support to the goals we jointly advocate:

I. Sharing Best Practices in ICT Security in the Financial Services Sector

Financial services are of vital importance for global economic security. In response to the increase in cyber breaches in scope and frequency, representing a threat to security, privacy and IPRs, the Chinese and U.S. governments have taken active actions to address these concerns, but with different approaches. Both sides believe that a positive and constructive approach to this issue can improve the overall ICT security in this critical sector and achieve win-win outcomes.

Agreed Action:

Over the coming 12 months CCIEE and USCC will organize a seminar in China or the United States that will allow the sharing of best practices in the area of ICT security for the financial services sector. Participants will include company and industry experts, and representatives from regulatory authorities who oversee this sector. Following the seminar, the two sides will decide, as appropriate, whether or how to continue these exchanges.

II. Strengthening Investment Cooperation under the Framework of “Belt and Road” Initiative and Through Other Means

Investment is an important driver of China-U.S. trade relations and growth of the two economies. There is great potential for the two sides to further expand mutual investment.

China’s “Belt and Road” (B&R) initiative, which has spurred investment in infrastructure building, will considerably broaden the space for Chinese and U.S. investment, and open many opportunities for Chinese and U.S. companies to cooperate in third countries. Significant participation by U.S. companies, including in partnership with Chinese companies, can make new contributions to the furtherance of China-U.S. economic and trade relations. In certain areas, U.S. companies can offer the world’s best technology and management capability, thereby helping to ensure smooth and efficient completion of B&R projects.

Infrastructure building in the U.S. will generate an enormous need for investment, and the new U.S. Administration has indicated that this is a major priority. China

has strong capabilities and cost advantages in infrastructure building, including the building of urban roads, expressways, flyovers, high-speed rail and ports. Chinese companies and financial institutions are ready to contribute to this effort through financing and provision of goods and services. Chinese investment in certain areas of U.S. infrastructure development has the potential to help to strengthen business relations between the two sides, and, in some cases, speed up completion of the needed projects at lower cost and with greater efficiency.

Both sides agreed that the two countries can engage in full cooperation under the “Belt and Road” initiative and through a number of other means, including the AIIB, World Bank and other multilateral investment and financing institutions.

Agreed Action:

Within the next 12 months, CCIEE and USCC will organize a conference on B&R in China or the United States, which will allow the Chinese side to brief the U.S. side on the B&R plans, including initiative content, current progress and projects that might be appropriate for U.S. company participation, including in partnership with Chinese companies. The U.S. side will brief the Chinese side on the latest infrastructure developments in the United States and share reflections on pathways for Chinese companies to participate in U.S. infrastructure revitalization initiatives.

III. Promoting the Digital Economy and Global Trade

A. Cross-Border Data Flows

Participants on both sides agreed on the need to promote policy coordination on regulation of cross-border data flows. Given the attention the protection of cyber security and privacy has received, both sides agreed on the need to work together to promote increased cross-border data flows, and enhance sectoral confidence and trust in the digital economy.

Agreed Action:

CCIEE and USCC will hold a conference or seminar on regulation of cross-border data flows between the two economies, to include e-commerce, cross-border payments, electronic authentication, and on-line trading and credit systems.

B. Internet of Things

The development of ICT is revolutionizing all aspects of human society. Areas such as e-government, healthcare, transportation, utility networks, integrated building management, and others can all stand to benefit from the intelligent application of ICT. China is focusing its attention on promoting urbanization, and both China and the U.S. are vigorously building infrastructure and pursuing sustainable development. To develop ICT and speed up the growth the Internet of Things (IoT) is, therefore, of great importance to both countries.

Agreed Action:

CCIEE and USCC over the coming 12 months will organize one seminar in the United States or China, and invite business and government experts to exchange ideas on the intelligent and secure use of ICT in the following areas:

- Internet of Things;
- modern intelligent transportation/logistics;
- advanced manufacturing and resource efficiency;
- e-government;
- healthcare;
- energy management, including automated demand response and technologies to give building operators and tenants greater intelligence, data and control over their facilities' operations
- utility smart meters and software; and
- cloud services.

C. Trade Facilitation Best Practices

E-commerce presents unprecedented opportunities to increase trade between the U.S. and China, especially among small- to medium-size businesses. Both China and the United States have globally competitive e-commerce companies that would benefit from greater facilitation of e-commerce. The implementation of the WTO Trade Facilitation Agreement presents an opportunity to strengthen China-U.S.

discussions on trade facilitation best practices, with special emphasis on simplified clearance of low-value shipments.

Agreed Action:

CCIEE and USCC will convene two conferences of leading Chinese and U.S. e-commerce-related companies, along with relevant government representatives, to discuss best practices for trade facilitation for the digital economy. Discussions will highlight the role that technology and data can play in facilitating and securing cross-border e-commerce, including the role of single window clearance systems and simplified clearance of low-value shipments.

D. Multilateral Trading System

The WTO has served as the central mechanism for enforcing global trade rules and resolving trade disputes since its establishment in 1995. It has provided the primary venue for multilateral trade negotiations since it superseded the General Agreement on Tariffs and Trade.

Yet the WTO is under increasing strains. Some countries are expressing concerns regarding perceived excessive use of trade remedies in the global trading system. Other countries are voicing concerns about the WTO's inability to effectively curb state involvement in shaping the terms of trade as well as exceptions that allow governments to advance policies that distort trade and competition. Meanwhile, as the WTO-sponsored Doha round of multilateral trade talks has fallen through, major countries have shifted the focus of their trade policies toward negotiations for bilateral and regional trade deals. Meanwhile, the Appellate Body is voicing concerns (as WTO often does) about inadequate resources and funding to handle a growing caseload.

Agreed Action:

CCIEE and USCC will convene a conference to discuss the future of the multilateral trading system with attention to the above issues. The conference will bring together Chinese and U.S. experts to discuss opportunities for joint work to strengthen the multilateral trading system, and expand and sustain its prominence and effectiveness globally. The conference will also explore how the United States and China can work together to ensure that the WTO has adequate resources to fulfill its mission and remains an effective venue for resolving international trade disputes.