

## FACTSHEET: 9<sup>th</sup> UK China Economic and Financial Dialogue 16 December 2017

The Chancellor of the Exchequer Philip Hammond and Chinese Vice Premier Ma Kai concluded the ninth UK-China Economic and Financial Dialogue in Beijing. The UK and China reiterated their commitment to the 'Golden Era' in UK-China relations. They agreed to work closely together on strengthening their respective economies and to achieve the shared ambition of strong, sustainable and inclusive global growth, including by building on commitments to bolster openness and free trade.

The outcomes agreed by the Chancellor and Vice Premier are set out in the Policy Outcomes Paper. These include:

- Commitments to **deepen the UK China financial services relationship**, building on the second meeting of the UK-China FS Industry Summit, and to expand cooperation to innovative areas. These include:
  - Deepened capital market links including:
    - An agreement to accelerate the final preparation and to review, when conditions permit, the timeline for launching the London-Shanghai Stock Connect, by listing depositary receipts in each other's market.
    - Agreement to launch a working group and feasibility study to establish a UK-China bond market connect.
    - A new partnership between Shenzhen Stock Exchange V-Next Alliance and the LSE ELITE programme to support bilateral start-up and SME investment.
  - Agreement to jointly host a UK China RMB internationalisation dialogue in London in 2018.
  - Financial firms of both countries will conduct pilot projects on environmental information disclosure consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
  - The establishment of the Green Investment Group's presence in Beijing.
  - Agreement to deepen cooperation in the area of asset management by launching a feasibility study on Mutual Recognition of Funds.
  - Welcoming China's decision to grant further qualified British banks an underwriting licence to lead underwriting of panda bonds in the China interbank bond market. HSBC was the first foreign financial institution to receive such a licence in November.
  - China welcoming qualified UK-invested banks in China to apply for custodian licences. China will review regulations related to custodian licences including giving appropriate consideration to parent companies' overseas assets.
  - The establishment of UK fintech firm World First's office and wholly foreign-owned enterprise in Shanghai.
  - Deeper cooperation on the FCA's Sandbox approach to FinTech regulation and to explore opportunities to develop a similar approach in China.
  - The UK and China also discussed regulatory cooperation, financial stability and green finance, at the first meeting of the PBOC-Bank of England Symposium.
- **Further ways in which the UK, and specifically London as a global financial centre, can partner with China on the Belt and Road Initiative** (BRI), including:
  - Agreement from the UK and China on important aspects of collaboration in this area, and also to jointly identify BRI pilot projects, and to jointly conduct a research and feasibility study on a mechanism to help attract private capital investment into the Belt and Road.

- Announcement of the Chancellor's Financial and Professional Services Envoy to the Belt and Road, Douglas Flint, and of a Financial and Professional Services BRI Expert Board, supported by an Infrastructure Financing Exchange. The envoy and board will convene UK infrastructure financing, professional and emerging market expertise.
- UK Export Finance affirmed its capacity to support new business in BRI countries in Asia, up to £25bn.
- Agreements to further boost **trade and investment** and lay foundations for a deeper future trading and economic relationship. Specifically:
  - Alongside the EFD, the UK and China held a Trade Working Group to discuss the future trade and investment relationship ahead of the UK leaving the EU;
  - The UK welcomed China's commitments on opening and reform and discussed their practical implementation, particularly on financial and insurance services and a reduction in tariffs on a range of food, retail and pharmaceutical goods.
  - New progress towards UK beef exports to China, with China to conduct an on-site evaluation in the UK by spring 2018, and follow up in other areas, including UK pork exports to China.
  - Commitment to broaden and deepen their two-way investment partnership, and ensure a more level playing field for British businesses, including specific discussion of intellectual property.
  - Both sides reaffirmed support for the global trade system and to enhance dialogue on the digital economy, where there is scope to help companies from both countries engage more.
  - Agreement to deepen discussions and new expertise-sharing on economic reform.
  - Both sides pledged to continue efforts to tackle the underlying causes of steel overcapacity and to continued engagement with the Global Forum on this issue.
- Creating **new partnerships on industrial strategy and wider economic issues** to support innovation, growth and employment. In particular:
  - The UK and China discussed opportunities to collaborate on the UK's new Industrial Strategy and welcomed the launch of a new UK China Science, Technology and Innovation Strategy on 6 December 2017.
  - Both sides agreement to work collaboratively on Ultra Low Emission Vehicles (ULEVs), including:
    - Agreement to establish an ongoing dialogue on achieving zero carbon transport in both countries;
    - Commitment to developing elements of the ULEV supply chain in the UK to facilitate the manufacture and supply of these vehicles;
    - Chinese institutional investors, including China Development Bank, will promote China-UK cooperation in a number of sectors and projects including the UK's electric vehicle £400m Charging Infrastructure Investment Fund;
  - Both sides welcomed the proposal for a bilateral UK-China investment fund with an initial round of \$1bn. The fund will be led by a number of institutions in the UK and China, with the involvement of the Rt Hon David Cameron, to invest in innovative, sustainable and consumption-driven opportunities in the UK, China and third markets.
  - The UK and China launched an Action Plan for the UK-China Clean Energy Partnership at the UK-China Energy Dialogue, both sides committing to further policy and commercial cooperation on clean technology, reducing coal, market reform, low carbon transport and smart grids.

- Both sides also welcomed progress on construction of Hinkley Point C, the entry into the second phase of the Generic Design Assessment (GDA) for the Chinese HPR1000 reactor, and further capital investment into Scottish offshore wind.
- The UK formalised its commitment to contribute \$50m to the AIIB's Special Fund for Project Preparation.

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