Joint Statement of the First China-France High Level Economic and Financial Dialogue

(November 26, 2013, Beijing)

1. During French President Francois Hollande’s visit to China in April 2013, President Xi Jinping and President Hollande decided to establish the China-France High Level Economic and Financial Dialogue, to strengthen economic and financial cooperations between China and France. The first China-France High Level Economic and Financial Dialogue was concluded by Chinese Vice Premier Ma Kai and French Minister for Economy and Finance Pierre Moscovici on November 26, 2013 in Beijing. A high-level delegation of senior officials from both countries attended the meeting.

2. The two sides emphasized that this Dialogue mechanism is an important platform for bilateral communication and policy coordination on strategic, overarching and long-term issues in the economic and financial fields. The two sides specified the important significance of the First Dialogue on the preparations for the exchanges of visits between the leaders of the two states next year, and for commemorating the 50th anniversary of diplomatic ties between the two countries. The two sides highlighted the importance of promoting a new type of comprehensive, mutually-beneficial, and sustainable China-France economic and financial partnership. The two sides are committed to strengthening macro-economic policy coordination, expanding bilateral trade and investment opportunities, intensifying financial interaction and regulation cooperation, in a bid to promote sound development of China-France economic and financial relations, create open, fair, rules-based trade environment and support global economic recovery and growth. During this Dialogue, the two sides reached consensus on the following:

I. Macro-economic situation, policies and global governance

3. The state of the global economy has slowly improved in the past few months and a gradual and multispeed recovery is under way. Recovery is strengthening in advanced economies. The emerging market economies continue to be the main driving force of the global growth, even if some have experienced a slowdown. In the same time, the level of unemployment has remained unacceptably high in many countries. Greater economic policy coordination among major economies along with actions aiming at supporting growth and job creation are required. Both sides acknowledge the positive impact on the global economy recovery of moderate monetary policies, remain mindful of the potential challenges related to changes in the settings of these policies and call for a clear communication and carefully calibrated approach in this regard. China and France support credible medium-term fiscal strategies flexible enough to be adjusted to economic conditions and to place government debt on a sustainable path. They agree on the need to implement well-designed structural policies to improve fundamentals, increase resilience and strengthen financial systems in both advanced and emerging economies. The two parties are promoting further policy adjustments toward internal rebalancing so as to realize global rebalancing.

4. Both sides agree that implementing necessary structural reforms and appropriate macroeconomic policies is conducive to long term stable growth of economy. Currently, the Chinese government keeps pursuing progress while ensuring stability, takes a series of innovative policies and measures focusing on improving quality and performance of economic growth, and promotes steady and sound national economic development. The just concluded Third Plenary Session of the 18th CPC Central Committee pointed out the direction of China’s comprehensively deepening reform for the next stage, and will
further propel China’s economic reform and development. The French government has initiated an ambitious and consistent set of structural reforms, aiming at putting the debt ratio on a downward trend in the medium term while preserving growth as well as boosting competitiveness and employment, with special attention given to fairness and social dialogue. French economy has been resilient to the European recession. Strengthening the recovery remains French government’s top priority.

5. Both sides acknowledge that current global economy still faces severe challenges, countries have to strengthen economic policy coordination, promote growth and increase employment together. Both sides support the role of the G20 as the premier forum for international economic cooperation, reaffirmed their commitments made at the G20 St Petersburg Summit in September, and agreed to fully implement the new measures set out in the St Petersburg Action Plan to secure strong, sustainable and balanced growth. China and France are looking forward to developing comprehensive growth strategies in the G20 Brisbane Summit to achieve this objective. France looks forward to China hosting a forthcoming G20 summit.

6. Both sides strongly support G20 commitments addressing tax base erosion and profit transfer, as well as those promoting tax transparency and automatic exchange of information. They encourage all jurisdictions to exchange tax information automatically and on demand. China and France will strengthen their cooperation in the Global Forum on Tax Transparency and Information Exchanges, enhance their bilateral dialogue on tax policy coordination and pay a special attention to the ability of developing countries to reap the benefits of a more transparent and fair international tax system.

7. The two sides welcome the implementation of the G20 commitments to ensure that all financial institutions, markets and participants are regulated and subject to oversight in an internationally consistent and non-discriminatory way. Both sides will continue to strengthen their co-operation on financial sector reform in multilateral fora through enhanced bilateral dialogue at technical and political levels. The two sides jointly encourage competent international organizations to assess the impact of financial regulatory reforms on global growth and on the availability of long-term finance for investment.

8. The two sides attach the highest priority to the IMF governance and quota reform to enhance the Fund’s credibility, legitimacy and effectiveness. Both parties urge all members who have yet to ratify the 2010 reforms to do so without delay. China and France look forward to the review of some key IMF lending instruments and the finalization of the review of the IMF debt limits policy. France emphasizes dialogue and cooperation on financial issues, as held recently during the October 23rd conference that was organized jointly by the Paris Club and the Russian presidency of the G20.

9. The two sides agree to strengthen cooperation on the development field and reiterated their support for the MDGs and the willingness to support the development of developing countries, especially the African countries. The two sides call for that the international community to expand development financing, foster infrastructure development and overall economic progress in developing countries, and upgrade indigenous development capacity.

10. Long-term financing for infrastructure, at the national or regional level, is a prerequisite to ensure strong, sustainable and balanced growth. The two sides agree that multilateral development institutions, including the World Bank, should continue their efforts in the development field, including by strengthening their lending capacity, optimizing the use of existing resources and increasing their
financial leverage where possible without weakening their financial soundness, so as to expand global aggregate demand and inject lasting vitality to poverty reduction and global economic growth.

11. The two sides reiterate that the UNFCCC and its Kyoto Protocol is the main channel for international cooperation on climate change. Under that framework, the two sides will, in accordance with the principles of common but differentiated responsibilities, equity and respective capabilities, jointly and with others push forward international climate change negotiation, with the view to adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all and guided by the Principles of the Convention at its December 2015 session in Paris.

12. Both sides attach priority to mutually agreed fair trade rules. Both sides support negotiations in the international working group on export credits. China and France reaffirm the aim of setting new international guidelines for a fair international trade, especially towards a set of international guidelines on export credit that take into account varying national interests and situations, and are consistent with international best practices, in accordance with the IWG’s working goals.

13. Both sides welcome Commissariat Général à la Stratégie et à la Prospective (CGSP) and Development Research Center of the State Council of China (DRC) exchanges on strategic research on macroeconomic issues and social development.

II. Fiscal and financial cooperation

14. The two sides recognize the importance of a robust and stable financial system to achieving sustainable and balanced growth. The two sides are committed to deepen communication and cooperation in financial regulation reform, promptly inform each other of the latest significant developments and policy measures adopted in domestic financial regulatory reform, enhance cooperation under G20, FSB, multilateral forum and other frameworks, and support global financial stability.

15. Consistently with their G20 commitments, both countries will take action to raise standards and implement consistently the global standards agreed to date. In particular, they commit to:

- tackling systemic risk, through building more resilient financial institutions, making substantial progress towards ending too-big-to-fail, increasing transparency and market integrity, filling regulatory gaps and addressing the risks from shadow banking;

- effectively protecting financial consumers’ legitimate interests and rights and promoting continuously functioning financial markets by making derivatives markets safer, strengthening market infrastructure and reforming credit rating agencies and financial benchmarks; and

- fully realizing the benefits of an open, integrated and resilient global financial system, through continuing to take necessary actions in our jurisdictions to fully implement the agreed reforms in a consistent and non-discriminatory way and enhancing cooperation and information sharing.

16. Both sides attach particular importance to maintaining a level playing field among jurisdictions and to the settlement of issues related to overlapping cross-border regulatory regimes and regulatory arbitrage. China and France support the establishment of equivalence arrangements to assess whether each other’s OTC derivative market participants and infrastructures are regulated in a manner that
achieves similar regulatory goals, in line with FSB and G20 progress on equivalence, and apply substituted compliance accordingly.

17. Both parties welcomed the joint investment fund between Caisse des dépots et consignations (CDC) and China development bank (CDB) dedicated to SME financing. This EUR 150m innovative fund has already proceeded to crossed investments in China and in France. China and France welcomed the signature of the MOU between CDC and CDB, strengthening the cooperation between both bodies.

18. Both parties welcomed the signature of the "Agreement for the Avoidance of Double Taxation and the Prevention of Tax Evasion" and its affiliated protocol, which will favour greater flows of trade and investment between China and France, and look forward to its taking effect. The new Agreement will also strengthen the fight against tax evasion thanks to the anti-abuse clauses and provisions on the exchange of information. The SAT (State Administration of Taxation, China) and DGFIP (Public Finances Directorate-General, France) formalized their bilateral cooperation in tax matters through a "Memorandum of Understanding". The signing of the MOU will further strengthen cooperation and exchange between China and France in the field of taxation issues.

19. The two sides welcome the recent bilateral swap line established between PBOC and ECB. This swap line will support, through the strong liquidity backstop it offers to banks established in the euro-area, notably in Paris, the stable development of an important Paris’ offshore RMB market. China recognizes the active role played by Paris in promoting the cross-border use of RMB. The two sides agree on further cooperation to support the development of the Paris offshore RMB market, including the assessment of the need for and the modalities of specific clearing and settlement arrangements in Paris. China will also actively consider supporting Paris for its offshore RMB business development through RQFII arrangement with reasonable timeframe ahead.

20. China and France agreed on the important role of China’s National Association of Financial Market Institutional Investors (NAFMII) and Paris Europlace in the financial market, and agreed that self-regulatory organizations should coordinate with government authorities to strengthen communication and cooperation between Chinese and French financial market. Through the bilateral Memorandum of Understanding, NAFMII and Paris Europlace will continue to develop concrete cooperation and promote multi-area cooperation in information sharing, training, research and market players interaction.

21. Both sides agreed to strengthen dialogue and exchange regularly on significant developments in the financial sector including on regulatory reforms. Both sides welcomed the stream of initiatives between the Banque de France, Autorité de contrôle prudentiel et de résolution (ACPR), Autorité des Marchés Financiers (AMF) and the PBOC, China Banking Regulatory Commission (CBRC), China Securities Regulatory Commission (CSRC), China Insurance Regulatory Commission (CIRC) and State Administration of Foreign Exchange (SAFE). Both sides agreed to build on this dialogue in order to further develop links between their financial markets and promote growth and financial stability.

22. AMF and CSRC agreed to carry on developing their longstanding relationship and cooperation both within the international bodies in which the CSRC and the AMF participate and in particular International Organization of Securities Commissions, as well as on a bilateral basis. In particular they will carry on their dialogue with the view to facilitate greater mutual understanding on their respective markets, regulatory frameworks and best practices in the field of investor protection and market
integrity. They agreed to pursue their cooperation in the area of asset management in order to foster exchanges of expertise and to facilitate cross-border access to their respective asset management firms. The two sides agreed to have professional exchanges on institutional investors’ cross-border asset management activities.

23. Both sides will study the possibility of signing the agreement on Qualified Domestic Institutional Investors (QDII) between AMF and CBRC, and seek to sign the agreement in the near future. The agreement is in relation to the overseas wealth management business of Chinese commercial banks and its signing will be beneficial to both markets. Both sides welcome the promotion of insurance companies and asset management firms already Qualified to invest in France.

24. China and France welcome financial institutions to have establishments in one another country, conduct businesses and enhance strategic cooperation with counterparts, in line with relevant laws and regulations.

III. Bilateral Trade and Investment

25. Following the November 2013 China EU Summit and in the context of the China EU 2020 Strategic Agenda for cooperation, both sides stress the importance of an open and fair trade and investment relation, based on balanced and mutual benefits, recognize its importance to both countries and the world economic growth and employment creation. Both sides support enhancing multilateral trade mechanism, oppose protectionism in various forms, implementing G20’s commitment to prolong the period of not adopting new trade and investment protection measures to the year of 2016. Both sides will continue close communication on regional trade arrangements such as Transatlantic Trade and Investment Partnership or Trilateral agreement, and stress the relevant regional trade arrangements are conducive to global multilateral trade system development.

26. Both sides commit to further improve investment environment, abide by fair and non-discriminatory investment policies, effectively protect the interests of foreign investors. Both sides encourage and support qualified enterprises to invest in other side’s market, and willing to provide relevant guidance and services. Both countries have reaffirmed their commitment to promote bilateral crossed investment and job-creating investment projects over the longer term. They have agreed that successful crossed investments would support the expansion of both country companies. Both sides will promote efforts to solve the issues met by one another companies, with respect to the relevant laws, and aim at offering each other’s investors a business-friendly climate. France and China highlight that, according to the latest statistics from the Chinese side, France is already one of the leading recipients of Chinese investment in the European Union. According to statistics from the French side, in 2012, France was the largest recipient in Europe of job-creating investment from China, attracting 21% of Chinese projects in Europe.

27. China and France agreed to exchange on their experience on corporate social responsibility issues.

28. Both sides reiterate their support for the multilateral trading system by upholding the principles of transparency, inclusiveness, multilateralism and fighting against trade protectionism. Both sides agree that a rules-based system is efficient and instrumental, lifts market access barriers and fosters trade.
Both sides commit to concluding the early harvest package at the Ninth Ministerial Conference (MC9) of the WTO, and exploring approaches to move forward negotiations on the remaining elements of the Doha Round, with a view to successfully concluding the negotiations. Both sides support the further development of multilateral trade rules. Both sides commit to reinforce cooperation and emphasize the need to refrain from adopting protectionist measures and support monitoring by the World Trade Organization (WTO) and OECD. Both sides agree to explore to develop the work on green goods liberalization under the framework of WTO based on the APEC initiative.

29. The Standardization Administration of China (SAC) and AFNOR pursue their close cooperation in standardization activities. They decided to concentrate their efforts on 4 issues of common interest: Agro food, Railway, E-health / silver economy and Sustainable cities, in order to identify main issues to be focused on by the joint commission. Regular meetings are planned in 2014 for cooperation implementation.

30. France welcomes the efforts made by China to complete the process leading to its accession to the WTO Government Procurement Agreement based on a meaningful offer.

31. Both sides agree to strengthen cooperation in the field of nuclear energy, aviation and space, railway, urban mass transit, new energy, modern agriculture, sustainable development of urban city, infrastructure, utility, environmental protection technology, health and information technology, etc. Both sides agree to promote economic and trade cooperation in China-France eco cities. Both sides agree to encourage both countries’ enterprises to expand cooperative areas and build long term partnership based on mutual interest.

32. Civil nuclear field is an historical strategic partnership between China and France and has been reinforced by the collaboration between Chinese and French companies to carry out in the United Kingdom the first nuclear reactor project decided since the Fukushima accident. Our cooperation in civil nuclear energy is driven by the aim of a mutual interest between both countries, should take advantage from this project, so as the construction of two EPR Taishan 1 & 2. Collaboration will continue and intensify with regard to fuel processing in China, in accordance with the highest standards of safety, security, environmental protection and on the basis of a mutual interest.

33. Both sides underline the mutual benefits of bilateral cooperation in the aeronautic industry. The deepening industrial cooperation can be pictured by the Airbus final assembly line Tianjin, the participation of French industrials in Comac C919 program, and the partnership on civil helicopters.

34. Both sides agree that global trade requires open markets with fair competition in ports and international maritime transport and related services, and the removal of unwarranted administrative, fiscal and legal barriers to trade. They are committed within the framework of the Maritime Agreement between China and France and the Maritime Agreement between the European Union and its Member States, and China, to continuing dialogue to remove existing barriers.

35. The two sides reiterate the importance of the China-France High Level Economic and Financial Dialogue, and agree to hold the second China-France High Level Economic and Financial Dialogue in France in 2014.