

Combined Policy Outcomes of the 6th China-U.K. Economic and Financial Dialogue

12 September, 2014

Chinese Vice Premier Ma Kai and the UK's Chancellor of the Exchequer George Osborne concluded the meeting of the Sixth China-UK Economic and Financial Dialogue (EFD) on 12 September, 2014, in London. Both sides committed to strengthen their macroeconomic policy coordination, deepen their cooperation on trade, bilateral investment, infrastructure and urbanisation, enhance financial sector regulation, development and cooperation to enhance an economic relationship of common growth and inclusive development, and jointly promote strong, sustainable and balanced global economic growth. Both sides agreed the following policy outcomes:

Part I: Policy Outcomes

I. Strengthening Macroeconomic Policies and International Economic Policy Coordination, Promoting Bilateral Trade between China and the UK

1. The UK and China welcome the prospects for the global economy to strengthen in 2014, though remain vigilant in the face of important global risks and vulnerabilities. Considering the challenges facing the global economy and the fragile recovery, both sides are committed to strengthen economic policy coordination, and in particular to promote growth, increase employment, advance structural reform and maintain an open and strong world economy. China and the UK support the role of the G20 as the premier forum for international economic cooperation in this coordination process. Both sides reaffirmed the importance of ensuring the global recovery, and supporting the comprehensive growth strategy to be presented at the Brisbane summit, which aims to lift the collective G20 GDP by more than 2% above the trajectory implied by current policies over the coming five years. Both sides are willing to enhance coordination and cooperation within the framework of the G20, seek more consensus, promote the G20 to play a more active role in global economic governance, and to establish a closer partnership among members.
2. The UK and China agree to continue working closely on steps to address cross-border tax evasion and tax avoidance. Both sides commit to implement the new single global standard on tax transparency and work together to realise the goal of exchange of tax information automatically, as committed to by the G20 St Petersburg Summit and G20 Finance Ministers and Central Bank Governors meeting in 2014. Both sides commit to strengthen communication and cooperation under G20/OECD BEPS Program in order to establish a set of concerted and consolidated international tax rules. Both sides welcome and support the OECD's important work in establishing international standards and practice on tax transparency.
3. The UK and China both endorse the role of international financial institutions (the IMF and multilateral development banks (MDBs)) in promoting global financial stability and long-term investment in developing countries. This is reflected in the strong contributions of both countries to the World Bank's IDA17 replenishment. We agree that the MDBs should seek to strengthen their lending capacity and their effectiveness, including mobilising private sector financing and promoting South-South cooperation. We therefore welcome the recent steps taken by the World Bank Group that will double IBRD lending over the next decade and have agreed to deepen our dialogue on reform of the MDB system, including the World Bank's 2015 voice reform, MDB's capital adequacy and operational strategy. China and the UK commit to strengthening their cooperation in the International Monetary Fund and G20. Over the coming period, IMF members will consider how to continue improving the IMF's quota and governance structure. Both sides urge members who have yet to ratify the 2010 quota and governance reforms to do

so without delay to further enhance the voice of emerging markets and developing countries. Both sides committed all efforts to ensure the completion of the 15th general quota review. The two sides reaffirm the importance of maintaining a strong and adequately resourced IMF, as a quota-based institution.

4. The UK and China are committed to resisting protectionism in all forms. The UK and China are committed to help the membership find consensus to start ratification of the Trade Facilitation Agreement (TFA) and implementing the other Bali decisions agreed at the 9th Ministerial Conference (MC9) last year. In this regard, the UK welcomed China's recent notification of 'Category A' commitments relating to the TFA. Both sides are committed to strengthening communications and cooperation to advance the Doha Round negotiations. The UK and China are committed to working together towards a successful conclusion of the Environmental Goods Agreement (EGA), and both sides agreed to explore ways to factor into the DDA market access negotiations.
5. The UK and China emphasised their commitment to an inclusive, compelling and implementable post-2015 development agenda and goals that finish the job on, build on, and go beyond the Millennium Development Goals. Both sides are committed to focus on the eradication of extreme poverty and promoting common development through sustainable development, while taking into full account different national conditions and development paths, and thus to address the priorities of the developing countries, especially the least developed countries and their people. They acknowledged the importance of building on the work of the Open Working Group on Sustainable Development Goals to agree effective means of implementation, both financial and non-financial, for the post-2015 development goals. They agreed to maintain close consultation over the course of the next 12 months as the post-2015 development agenda is forged.
6. The UK and China welcome the Joint Climate Change Statement agreed on 17 June 2014. Under the framework of the Joint Climate Change Statement, as well as the Memorandum of Understanding on China-UK Climate Change Cooperation, and the Memorandum of Understanding Concerning Low-Carbon Cooperation, the two sides will strengthen our policy dialogue and pragmatic cooperation. The UK and China will continue the implementation of on-going bilateral cooperation projects, helping our work to achieve low-carbon and green development, increase energy efficiency, promote renewable energy and demonstrate carbon capture and storage, as well as exploring opportunities to undertake new cooperation projects.
7. Recent UK economic news has been encouraging. The recovery is balanced across all the main sectors of the economy, with manufacturing, services and construction all growing over the past year. GDP growth in the second quarter of 2014 was 0.8 per cent, following growth of 0.8 per cent in Q1 2014 and 0.7 per cent in Q4 2013. The government's long-term economic plan builds a stronger, more competitive economy, a fairer society, and secures a better future for Britain by: reducing the deficit to deal with UK's debts; cutting income taxes and freezing fuel duty; creating more jobs by backing small business and enterprise with better infrastructure and lower job taxes; capping welfare and controlling immigration; and delivering the best schools, skills and apprenticeships for young people. In order to safeguard the economy in the long term, the government is continuing to take decisive action through: monetary activism and credit easing, deficit reduction, reform of the financial system, and a comprehensive package of structural reforms.
8. Currently, the Chinese economy is generally stable, with major economic indicators staying within the rational range and positive progress being made in structural adjustments. The Chinese authorities will continue to coordinate the relations among

stabilising growth, promoting reforms, making structure adjustments, improving people's livelihood and preventing risks in a comprehensive manner, ensure the continuity and stability of the macro-economic policy, make timely and appropriate pre-cyclical fine-tuning, and focus on targeted and ranged macro management to keep economic development on a proper track. At the same time, in accordance with the master plan of comprehensively deepening reform, Chinese government makes great efforts to push economic structure adjustment and transformation of the economic development model to ensure the quality and performance of economic growth.

9. The UK and China remain committed to further strengthening the UK-China trade and investment relationship, enhancing development and cooperation on trade and investment promotion in each other's markets, striving to achieve their bilateral trade target of \$100bn by 2015. The UK and China are delighted by the very rapid growth of bilateral trade. According to China's statistics, from 2010 to 2013, year-on-year bilateral trade grew by an average annual rate of 11.8%, with goods exports from the UK to China growing 19% annually. Similarly, according to UK statistics, UK goods exports to China have grown by over 60% since 2010. Both sides agreed that this reflected the increasing complementarity between the Chinese and British economies, as China transitioned towards a more consumption and services-driven economic model. Both sides looked forward to further growth in UK exports to China as China makes progress on implementing the economic reforms set out at the 3rd Plenum of the 18th CPC Central Committee in November 2013. Both sides agreed to hold the 12th meeting of the Joint Economic and Trade Commission (JETC) in the UK during 2015. Both sides recognised the contribution of small and medium sized enterprises to sustainable economic growth, innovation and job creation and welcomed exports from small and medium sized enterprises.
10. The UK and China support negotiations for an EU-China investment agreement to lift pragmatic cooperation to a new level, in particular, to facilitate mutually beneficial access to each other's investment and services markets. Both sides reaffirm their commitment to the long term goal of an ambitious and comprehensive EU-China free trade agreement, in accordance with the EU-China 2020 Strategic Agenda. In support of this goal, the two sides support China and the EU in launching a joint feasibility study on an EU-China trade agreement as early as possible when conditions are right.
11. The UK and China welcome the growing trade in animals and animal-origin products between the UK and China, including protocols since the last EFD to allow market access of live horses and pig semen from the UK to China. Both sides will work to expand trade and cooperation in this area. Both sides agree that the bilateral working group, established through the Memorandum on the Establishment of a Joint Working Group related to TSE initiated in 2014, will start to work on information exchange and study related to TSE.
12. The UK agrees to work to promote and facilitate bilateral high-tech trade with China for civil end uses and civil end users.
13. The UK and China recognise the importance of a well-functioning intellectual property (IP) system as a condition for sustainable trade and investment between the UK and China. Both sides value recent cooperation on trade marks under existing bilateral agreements, including the seminar held by China and the UK in early September, which aimed to enhance attention to and understanding of each other's trade marks systems. Both sides will continue to conduct exchanges and further deepen cooperation on issues related to trade marks systems.

14. The UK and China recognised the importance of an effective, balanced and improved intellectual property system to promote innovation and economic growth. Both sides will work together to facilitate a better understanding of related legal systems and procedures to obtain and protect intellectual property rights by companies in each country. The bilateral IP Symposium held in China in early September, which had ministerial involvement, strengthened mutual understanding of each other's IP systems and concerns, and stimulated bilateral trade and technology exchanges.
15. The UK and China recognise that a robust intellectual property (IP) environment is important for the success of UK-China programmes in research and innovation. Both sides agree that participants in UK-China research and innovation cooperation projects will jointly discuss and arrange issues related to IP based on international cooperation conventions and relevance to individual projects. Ownership of and access to IP generated by UK-China research and innovation cooperation will be available to and jointly decided by all participants in the projects in accordance with UK and Chinese law, and international best practice.
16. The UK-China Research and Innovation Partnership Fund Work Plan 2014-2015 was signed during Premier Li Keqiang's visit to the UK in June 2014, further specifying a detailed work plan for the UK-China Research and Innovation Partnership Fund. Both sides will implement collaboration in fields of research, translation and people exchange, and promote joint-funding schemes in priorities including health, environmental technologies, food and water, urbanisation, energy, and education. Recognising the increased bilateral focus on innovation and its role in the economic agenda, the UK and China will discuss Research and Innovation Bridges. Both countries welcomed the news that joint investment from Research Councils UK (RCUK) and Chinese funding partners on collaborative research programmes has reached £64 million, and that further projected RCUK investment in collaborative UK-China programmes stands at an additional £68 million by 2018, with anticipated co-investment from Chinese partners. Both sides welcome the Chinese Academy of Engineering (CAE) and Royal Academy of Engineering (RAEng) launching the joint training and higher education partnership programme under the framework of UK-China Research and Innovation Partnership Fund. The UK and China recognised the importance of substantial investment in large-scale facilities for pioneering research and future technologies.

II. Promoting Cooperation on Infrastructure, Investment and Urbanisation

17. The UK and China support a fair and transparent business environment, including fair access to a transparent dispute settlement mechanism, in accordance with the principle of providing a level playing field for all investors and effectively protecting the interests of all investors.
18. The UK and China are delighted to see that the NDRC and BIS have signed a Memorandum of Understanding on Enhancing Cooperation in Bilateral Investment and a Memorandum of Understanding on Enhancing Cooperation in Sectoral Investment; and MofCom and BIS have signed a Memorandum of Understanding on the Establishment of the Mutual Investment Promotion Working Group under the framework of JETC in June 2014. The NDRC and UKTI jointly held the first meeting of China-UK Investment Cooperation Working Group so as to establish a bilateral mechanism of investment and cooperation. MofCom and BIS established the China-UK Infrastructure Working Group and held two working group meetings and one CEO round-table meeting. Both China and the UK highly regard these groups and will fully support further China-UK investment and infrastructure cooperation. China appreciates the UK's open and transparent investment environment and will continue to encourage and support qualified Chinese businesses to invest in the UK. Both sides welcomed the opening of the new British

Consulate in Wuhan, and the significant additional investment into UK Trade and Investment and the China-Britain Business Council announced since the last EFD that will substantially increase the support for British companies working with China. Both sides strongly welcomed the publication of “Chinese Enterprises Investment Guide to the UK” by an NDRC Research Institute in March 2014, which contains many practical suggestions for how Chinese firms can successfully invest in the UK.

19. Cooperation in the field of infrastructure construction:
 - the UK side confirmed that a range of business-friendly visa services exist in China to facilitate the applications of those wishing to work in the UK;
 - for projects in which Chinese companies invest, the UK side will facilitate the import of equipment and materials within the context of the EU legal framework;
 - the UK side agreed to support the use of applicable tax reliefs and allowances for the projects invested by Chinese companies.
20. The UK and China strongly welcome each other’s enterprises and financial institutions’ participation in their respective rail projects, including High-Speed Rail projects, in areas including design, engineering, construction, operation and maintenance, consistent with ensuring a fair and level playing-field for all international bidders. To this end, both sides welcomed the MOU on Collaboration in the field of Rail Transportation signed in June 2014, and welcomed the opportunity for cooperation and business that this would bring. Both sides agree to encourage businesses to meet as set out in the MOU and to promote bilateral rail cooperation and encourage their institutions to deepen research and exchanges on railway technical matters, investment and equipment. The UK welcomes Chinese participation in the HS2 supply chain conference in October 2014. Both sides agree to create a new working group, reporting into the UK-NDRC Ministerial Exchange, which will support further bilateral rail cooperation.
21. The Chinese side supports the development of CDB operations in the UK. The UK welcomes the CDB to establish a representative office in London.
22. The UK and China welcomed the fruitful collaboration between the UK and China on developing China’s FTZ, including through the research papers recently published by TheCityUK/CBBC’s FTZ International Experts Consultation Group. Both sides acknowledged the success of recent UK-China seminars and are willing to continue to deepen cooperation in the FTZ, including the holding of symposiums at an appropriate time. Both sides agreed that making swift progress on “afterwards regulation” would pave the way for further reform and opening-up in the FTZ.
23. The UK and China highly value the UK-NDRC Ministerial Exchange on Economic Growth and Cooperation, which is considered to have enhanced communication and exchange on macroeconomic policies and mid-to-long-term growth strategies, and have played an important role in accelerating China-UK joint growth and inclusive development partnership. Both sides have held 3 Ministerial Exchanges and will utilise this platform to deepen cooperation in a number of areas, including bilateral investment, urbanisation, PPP and emerging industries of strategic importance.
24. The UK and China agreed that sustainable urbanisation was a key element of promoting growth, tackling pollution, ensuring energy security and improving the lives of ordinary citizens; and that by working together they could more effectively tackle these challenges. In view of the UK’s long history of urbanisation, China’s rapid urban growth, and both countries’ desire to develop new and renewed cities, both sides agreed they were uniquely placed to cooperate in this area. Therefore, both sides agreed to deepen their urbanisation cooperation. Both sides will renew and expand their valuable programme of technical collaboration and joint research, as well as carrying out policy dialogue and

exchanging experience on sustainable urbanisation. To further support cooperation in this area, both sides agreed to sign a UK-China Memorandum of Understanding on Green and Low Carbon Urbanisation and to support fully the related programme of UK-China collaboration. Both sides additionally welcomed the training aspects of this collaboration as a concrete follow-up to training commitments made by the UK side at the 2013 UK-NDRC Ministerial Exchange.

25. The UK and China recognised that the development of sustainable cities was inextricably linked with the promotion of Smart Cities. Both sides have begun a new strand of collaboration on Smart Green cities. Both sides commit to continue to support this activity, and further to exchange experience on smart city construction, support joint academic research and personnel training on smart cities, and deepen cooperation in the area of smart city development.
26. The UK and China agree that the technical cooperation on Public Private Partnerships (PPP) between relative agencies has made positive achievements. Both sides will continue to enhance communication and cooperation in PPP policy making, project development and capacity building. Both sides recognised the complementary strengths of their companies, including the experience of UK companies in delivering PPP and infrastructure projects around the world, as well as China's experience of infrastructure projects, including high speed rail and civil nuclear power. Both sides encouraged financial institutions and non-financial corporations to participate in PPP projects of each other's infrastructure and public utilities arenas through investment and undertaking projects, consistent with open, fair and transparent procurement processes. The urbanisation process in China provides good opportunities for private expertise and capital to participate in the delivery and financing of infrastructure.
27. The UK and China will implement the Joint Statement issued by the two governments during Premier Li Keqiang's visit to the UK in June 2014. And both sides will discuss further mutually beneficial collaboration on environmental protection. Following the successful water trade mission from the UK to China in December 2013, work continues to develop trade and innovation opportunities, including through visits and meetings at official and Ministerial levels, a planned mission from China to the UK in September and a planned trade mission from the UK to China in December 2014. Defra are working with the China Energy Conservation and Environmental Protection Group (CECEP) to identify opportunities for collaboration on research and business in the environment sector (including but not limited to water).
28. The UK and China reaffirmed their commitment to building a deep collaboration in the health and social care sector. We will take forward collaboration in health care reform, with a particular focus on policy, mode and evaluation of public hospital management. We will further expand exchanges and cooperation on a number of different areas including hospital quality standards, pharmaceutical policy, antimicrobial resistance (AMR) and elderly care. On AMR we will work together with the World Health Organization and other member states to actively support the new Global Action Plan. Both sides agreed on the importance of exchanging views in the future on the economics of antimicrobial resistance and financial models to stimulate the development of new antibiotics and diagnostics. On dementia, both sides reiterated their commitment to maintain an exchange of best practice in the treatment of dementia following a bilateral conference held in Beijing in January 2014. We are willing to strengthen cooperation to engage each other in global health.
29. Under the framework of the Memorandum of Understanding on Regulatory Cooperation of Medicines and Medical Devices, China Food and Drug Administration, the UK Department of Health, MHRA and the Home Office will further strengthen their

cooperation in medicines and medical devices, including animal and alternative testing regulations, in order to improve the product safety of medicines, medical devices and cosmetics.

30. The UK and China will continue to deepen cooperation in the healthcare sector, in particular technology transfer on biopharmaceutical and advanced medical products, and expand the cooperation from low-end products to high-end technologies. China and UK will, through each other's healthcare industry associations, including the International Health Exchange and Cooperation Centre and Healthcare UK, establish a mechanism on a regular basis for training on regulatory affairs and personnel, and share greater levels of advice on hospitals systems development with the aim to inject more vigour into bilateral trade and investment.
31. The UK and China agreed that energy collaboration was a key pillar of the bilateral relationship. The June 2014 Energy Dialogue highlighted UK-China extensive policy and commercial cooperation on nuclear, oil and gas, including shale, renewables and international energy governance. Going forward both sides agreed to increase our policy cooperation on the regulation and reform of the oil and gas industry. The UK and China also agree to continue our strong collaboration on offshore wind under our existing Memorandum of Understanding, with a view to welcoming Chinese investment into a UK offshore wind farm in the near future. On solar PV, we agree to explore opportunities in solar for commercial collaboration, including Chinese investment in the UK, and for collaborative research. Both sides will continue to work together closely on international energy governance reform, including on International Energy Agency (IEA) Associate Membership. This is in the interest of UK and China energy security. We are delighted that in January 2015 the UK will support, with co-funding by BP, the IEA-NEA joint Emergency Response Exercise in Shanghai. This training will be a key moment for our energy governance cooperation.
32. The UK and China welcomed the progress achieved since the signing of the Civil Nuclear Co-operation MOU in October 2013, in particular the Joint Statement on Civil Nuclear Energy Co-operation signed during the Prime Ministerial Summit in June. Both sides reiterated their willingness to work together for mutual benefit on nuclear new build projects in the UK and to support the safe and sustainable development of nuclear energy in China. The UK welcomed Chinese investment and participation in the Hinkley Point C project and progressive involvement more generally in the UK's new build nuclear energy programme, which could include leading the development of other nuclear power station site(s) in the UK and the potential deployment of Chinese reactor technology, subject to meeting the stringent requirements of the UK's independent regulators.
33. The UK and China recognised the progress achieved to date and looked forward to furthering collaboration under the Memorandum of Understanding on Enhancing Co-operation in the Field of Civil Nuclear Industry Fuel Cycle Supply Chain signed on June 17 2014. Both sides welcomed the signing of the work plan in July, and look forward to rapid progress this year in the agreed programme.
34. The UK and China will work together to ensure work visa routes and procedures promote visa facilitation and support economic growth. Both sides welcomed the introduction of new UK visa measures introduced since the last EFD, including: refurbished visa application centres across China and improved service; further alignment of the UK and Schengen visa application process; greater choice to meet the needs of customers, including implementation of the new super priority 24 hour visa service to complement the optional 3-5 day priority service and standard service; an expansion of the mobile visa service; the launch of a new online application form; and an increased

communication campaign to raise awareness of the UK visa service amongst all potential Chinese customers, including via social media. China welcomes the UK to send 80,000 students to China for study by 2020 under the Generation UK programme. Both sides welcome intern students from the other party.

35. The UK and China expressed their willingness to foster exchange and cooperation in the field of cultural and creative industries, encourage and support increased cooperation in the areas of policy dialogue, professional training, programme and academic exchange. Both sides are expected to enhance their innovative and creative strengths through collaboration and increase their domestic and international market opportunities. This joint activity should have the main aim of supporting the translation of national creativity into economic and social benefit for the UK and China. Both sides welcomed the forthcoming UK-China Cultural Exchange Year in 2015 to strengthen cooperation in this area.
36. The UK and China agree to strengthen cooperation on emerging industries of strategic importance, including areas of mutual benefit and complementarity between China's seven Strategic Emerging Industries and the UK's Eight Great Technologies and Industrial Strategy. Both sides welcomed ongoing project work between the British Embassy in Beijing and the NDRC's State Information Centre to identify areas and mechanisms for collaboration.

III. Financial Sector Regulation, Development and Cooperation

37. Both sides will work with the Financial Stability Board and the Basel Committee on Banking Supervision (BCBS) to agree a strong standard for gone-concern loss absorbing capacity and further strengthen the regulatory requirements for global systemically important banks, while ensuring that regulation is appropriate to the circumstances of individual jurisdictions.
38. The Bank of England and the People's Bank of China (PBOC) agree to further deepen exchanges and cooperation. The Bank of England will share with PBOC its experience in using interest rates and other price-based tools to conduct macroeconomic management under its monetary policy framework.
39. Both sides will actively advance bilateral engagement on cross-border supervision of OTC derivatives. The PBOC and relevant counterparties in the UK will enhance communication, advocate the establishment of direct coordinating mechanisms between regulatory agencies, and are supportive of mechanisms to recognise supervisory frameworks for qualified central counterparties, based on implementation of CPSS-IOSCO standards, and implement substituted compliance in line with G20 and FSB commitments.
40. Both sides will strengthen the supervisory cooperation on international payments services, advocate the establishment of supervisory cooperation and information sharing mechanisms to promote cross-border and offshore payments services, and facilitate bilateral trade settlements.
41. Both sides recognise the importance of the London RMB market which is at the forefront of RMB business among European countries. Both sides welcomed the deepening collaboration between the UK and China on financial market issues and agree to cooperate in cross-border Renminbi transfers.

42. Respecting the sovereignty, laws and regulations of each country, both sides will work together to promote the establishment of a regulatory cooperation mechanism that is based on mutual reliance to enhance cross-border audit regulatory cooperation.
43. Both sides welcome each other's banking institutions, in compliance with relevant rules and regulations, to set up establishments or develop business operations in their respective markets. Having undertaken considerable work since the last EFD, the CBRC and PRA have reached agreement on the division of responsibilities for branch supervision and understanding of the activities that will be undertaken in Chinese wholesale branches. The UK authorities have found the CBRC sufficiently equivalent, and have gained an appropriate level of assurance over how these branches would be resolved and both authorities are committed to further cooperation on developments in respect of recovery and resolution. Under this framework, PRA has approved the branch application by ICBC. The UK and China welcome any subsequent branch applications from Chinese banks such as China Construction Bank. China Construction Bank announced its intention to issue an RMB bond in London. Both regulators will continue to keep abreast of regulatory developments in each other's markets.
44. The UK confirms there are no nationality restrictions within the FCA's approved persons regime for asset management or any other regulated activity and welcomes qualified Chinese asset managers to establish in the UK.
45. The UK welcomes applications by qualified Chinese financial institutions for listings of ETFs under its fund authorisation recognition and listings requirements and the UK and Chinese authorities agreed to closer cooperation to facilitate cross-border fund management activity and to explore recognition of funds in both directions.
46. The UK and China agreed that issuance of RMB denominated government and quasi-government bonds in the UK would support the development of the RMB offshore markets and agreed to explore ways to support liquidity and efficiency in offshore RMB bond markets. As a first step, the China Development Bank today has successfully issued a 2 billion RMB bond in London, and the UK announced its intention to issue an RMB bond and to use the proceeds to finance the UK government reserves of foreign currency.
47. Securities Market Cooperation:
 - According to market development, the Chinese side will study at an appropriate time the necessity and feasibility of improving relevant rules and regulations on foreign institutions' participation in commodity futures delivery.
 - Both sides welcomed the discussion on Chinese Banks to become members of LCH.Clearnet.
 - Both sides welcomed the successful development of well-regulated internationally tradable futures contracts, based on a range of indices, which support access for global investors into Chinese capital markets. Both sides will work closely together to support future development in these markets.
 - China today announces the completion of the UK RQFII quota approval process for HSBC Global Asset Management and BlackRock as well as the licence approval for Investec. The UK side commended China for the efficiency of the process they had developed for granting permission. Both sides were pleased to hear that the first product using the UK RQFII quota has been launched by Ashmore Group. China welcomes more applications from UK-based investors and has agreed to allow eligible UK asset managers to apply RQFII quota for their existing collective investment funds. China agrees to increase the UK RQFII quota when appropriate, in accordance with the market development and investment demand.

- The UK welcomes the visit of senior Chinese Asset Managers to the UK following the EFD. Both sides welcome the proposed MOU between AMAC and IMA, and recognise the collaborative work of both organisations to produce Chinese language guidance on UK fund management structures.
- Both sides welcomed the decision to award Standard Chartered Bank a gold import licence.

48. Both sides noted the growing importance of institutional investors in China's financial markets and agreed to work together to explore opportunities to facilitate the growth of cross border fund management activity. UK and Chinese regulators will work closely and openly to share best practice, facilitate greater mutual understanding, and explore options to improve authorisation and recognition processes. Both sides have been pleased with the increased activity from asset management firms in both directions. China recognised the UK as a global investment management centre sighting its unrivalled double taxation treaties, competitive tax environment for fund domicile, strong regulation, skilled workforce, and flexibility in fund structure, including the ability to develop UCITS compliant structures. China welcomed the development of a new UK one-stop-shop service to support Chinese asset managers wishing to establish in the UK or find UK partners.

49. Bonds:

- China welcomes applications from foreign non-financial enterprises, including UK enterprises, under the registration-based system of NAFMII, to issue RMB Debt Financing Instruments in China's interbank market.
- Both sides agreed that UK financial services firms could help broaden and deepen China's capital markets. The National Association of Financial Market Institutional Investors (NAFMII) agreed to actively consider the application of foreign banks, including UK banks, for underwriting bonds in China.
- Both sides agreed that further cooperation between UK and Chinese financial services firms would benefit the development of China's capital markets, and welcomed the creation of a new private sector working group chaired by the International Capital Markets Association and NAFMII. By bringing together experts from financial institutions in London and China to share expertise on processes, market access and practices as well as the associated market infrastructure, the international input provided by this group will assist in further developing China's onshore bond market including on foreign enterprise debt financing instruments and municipal bonds as well as the domestic ABS market and repo.

50. The UK welcomes that at the launching of the RMB Qualified Domestic Institutional Investor (RQDII) scheme it will allow domestic institutional investors in China to invest overseas, including into the UK's financial markets, in RMB. Both sides welcome the innovation of RMB financial instruments in the UK's financial markets, which provides diversified RMB-denominated investment products.

51. Both sides welcome UK Export Finance's decision to consider providing guarantees for offshore RMB-denominated loans used to finance supplies of UK goods and services to Chinese buyers – among the first export credit agencies in the world to do so.

52. The UK and China agreed to support the development of China International Payments System and that the qualification criteria for participation would provide a level playing field for foreign banks to enter.

53. Both sides agree to strengthen communication and cooperation in the insurance sector, deepening cooperation in technical and regulatory fields, including on product research,

solvency systems, professional training programmes, and the Lloyd's of London business model.

54. Both sides look forward to CIRC's publication of clarification on the provision of insurance over the internet in China. This will give increased business certainty to both UK and Chinese firms operating in the expanding Chinese market.

55. Cooperation in the Insurance Sector:

- Subject to relevant rules and regulations, the UK welcomes China Reinsurance Group to set up an underwriting agency company, expanding its business presence in UK.
- The UK welcomes applications from Chinese insurance firms interested in entering the UK market. Similarly, China welcomes applications from UK insurers interested in entering the Chinese market. Both sides agreed that UK and Chinese insurers operating in their markets would be subject to non-discriminatory regulatory treatment.
- China recognises the positive contribution of Lloyd's of London to the development of an insurance market in the Shanghai (Pilot) Free Trade Zone. China announces that it has awarded a branch licence to Lloyd's China in Beijing which will enhance local access to international specialist (re)insurance expertise.

Part II. Annex

1. China and the UK are important investors and trading partners with Africa. Both countries also provide substantial and increasing support for economic development in Africa, including infrastructure, private sector development and other areas. Reflecting our common aims, the two sides agreed to deepen our partnership for economic development in Africa, within the framework of the China-UK Partnership for Development Cooperation and Achievement of the Millennium Development Goals. This will build on other recent initiatives, including the Memorandum of Understanding between the UK DFID and China Development Bank on investment in Africa and cooperation to strengthen African trade performance.
2. The UK side welcomed the work of the State Council Leading Group for Promoting Medium and Small Enterprise Development in supporting China's small businesses; and the Chinese side welcomed the UK Government's additional support to the China-Britain Business Council to increase the help for British companies seeking to do business in and with China, and UK Trade and Investment's offer of tailored trade advice and support to mid-sized business in the UK to help them start exporting or break into new markets, including China.
3. The UK and China reaffirmed the commitment made during the Science and Innovation Joint Commission and the Prime Ministers' Summit in 2014, to implement the UK-China Research and Innovation Partnership Fund, enabling research and innovation collaboration in the agreed priority areas of health, environmental technologies, food and water, urbanisation, energy and education. Both sides acknowledged that the UK-China research partnership had progressed significantly over the last year. The joint investment from Research Councils UK (RCUK) and Chinese funding partners on collaborative programmes has supported world-leading research in areas such as food security, energy, health and the sustainable cities. Both sides will promote collaboration under the Memorandum of Understanding on Science and Technology Financing Cooperation between the Department for Business, Innovation and Skills of UK and the Ministry of Science and Technology of China, establishing working groups for science financing and holding cooperation workshops in the latter half of this year. By doing so, both sides will strengthen the combination of S&T innovation with financing, and encourage supports from China and UK investments to the translation and industrial application of innovation and research findings in both countries. China agreed to join the UK to promote the Square Kilometre Array.
4. The UK and China welcomed the recent Air Service Talks between the UK and China and the deal that was signed. This will help pave the way for the ongoing development of air services between the UK and China (improving people-to-people links, and benefitting the wider economies of both countries). Both aeronautical authorities agreed to maintain communication with a view to facilitating the ongoing expansion of China/UK bilateral air services arrangements as the market develops. Both sides have agreed to meet again before the end of 2016 to review and/or update air services arrangements.
5. China and the UK Customs are committed to participate in the China-EU Smart and Secure Trade Lane (SSTL) Pilot project for a more secure and facilitated bilateral and EU trade. Based on the progress of the 1st and 2nd phases of the SSTL, both sides agree to continue their participation of the 3rd phase as soon as possible, so as to make further contribution to trade security and facilitation. In the meantime, successful results have been made in law enforcement cooperation. Both sides are willing to strengthen information exchange concerning hazardous waste, tobacco and other key commodities, in order to promote trade facilitation, protect the ecological environment, and create a favourable and orderly environment for trade. In particular, Chinese and UK customs

authorities will continue to strengthen bilateral engagement and enhance cooperation in combatting tobacco smuggling through the mutual exchange of information and data subject to the China-EU Customs Mutual Administrative Assistance Agreement, including information regarding results obtained from mutual assistance.

6. The UK and China will further deepen cooperation and exchange in terms of copyright legislation and enforcement under the Memorandum of Understanding on copyright strategic cooperation between the National Copyright Administration of China and the UK Intellectual Property Office including sharing detailed information on Collecting Society regulation and operating best-practice.
7. New UK-China projects announced this year in the health and social care sector include projects on hospital assessment and evaluation; standardising evaluation of medicines for China's essential drug list; elderly care quality; and a study on how to monitor use of antimicrobials in Chinese hospitals and contain drug resistant infections. UK and China are implementing Global Health Support Programme (GHSP), which was launched in January 2013.
8. The State Administration of Traditional Chinese Medicine of PRC (SATCM), the UK's Department of Health and Medicines and Healthcare Products Regulatory Agency (MHRA) agree to continuously strengthen communication and collaboration on the basis of the work already done, to promote rational application and scientific development of TCM in both China and the UK.
9. The UK and China commit to continue to enhance exchange on green procurement.
10. The UK and China agree to promote the development and standardisation of green bonds. Both countries recognise the development of a common standard will enable green bonds to develop at a faster rate and reduce the cost of capital for the low carbon transition in the UK and China. China and the UK agree to strengthen the cooperation between government, regulators and the banking sector for the development of green credit guidelines. Both countries recognise the importance of the disclosure of quantitative environmental data in facilitating the effective assessment of environmental risks in bank lending and promoting the development of the sustainable economy. Both sides are willing to deepen research on green bonds, green investment banks, establishing an environmental cost assessment system, promoting the development of green funds mainly financed by private capital, and establishing green exchange traded funds (ETFs).
11. The UK and China have wide space to cooperate in space field. Both sides agree to establish the China-UK space cooperation steering committee under the framework of the Memorandum of Understanding on Space Cooperation between CNSA and UKSA to guide and promote the space cooperation. Both sides agree to seek ways to enhance cooperation in the fields of micro satellite, deep space exploration and so on, and make full use of the space science and technology joint laboratory as a platform to actively promote the intent of cooperation reached during the 9th China-UK workshop on space science and technology cooperation, and to jointly improve the space technology.
12. The Ministry of Agriculture of the People's Republic of China (MOA) and the Department for Environment, Food and Rural Affairs of the United Kingdom (DEFRA) agree to develop a Memorandum of Understanding between MOA and Defra on Further Cooperation in Agriculture, and carry out more pragmatic cooperation.
13. The UK and China agree to strengthen the collaboration between think tanks of both countries. Both sides will actively give impetus to the implementation of the consensus

delivered by paragraph 3 in “The Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China”, by designating certain think tanks to jointly organise a “Sino-UK Reform and Innovation Forum”.

14. Both sides agree to launch a new dialogue to explore the scope for further cooperation on anti-money laundering and anti-terrorism financing, including consideration of signing a Memorandum of Understanding between the UK and Chinese financial intelligence units on anti-money laundering and anti-terrorism financing intelligence sharing.
15. Both sides will continue collaboration on consumer financial protection issues including financial consumer education, effective dispute resolution mechanisms, and strengthen cooperation in promoting the development of inclusive finance and improving financial services for disadvantaged groups.
16. Both sides commit to enhancing communications and cooperation in the field of banking supervision on bilateral and multilateral platforms, and pledge to re-sign the Memorandum of Understanding on Banking Supervision at an appropriate time. Both sides welcome each other's banking supervisors to participate in general and core supervisory colleges of relevant cross-border banks. Both sides commit to enhancing exchange and cooperation on banking consumer protection under the overall bilateral banking supervisory framework.
17. China and the UK intend to enhance information sharing and regulatory cooperation in cross-border trade and business in the futures markets. Both sides are committed to strengthen exchange and communication between derivative regulatory agencies. Chinese agencies welcome the British counterparts to share experience in regulation of the OTC derivative market.
18. Both sides agree to collaborate in joint research on, areas including but not limited to:
 - Development of foreign exchange market;
 - Development and opening up of bond market;
 - Financing mechanisms for infrastructure investment;
 - Coordination of monetary policies;
 - Development of macroeconomic forecasting model;
 - Cooperation and supervision of internet finance;
 - Payments and financial market infrastructure;
 - Legislation on financial statistics, practices of financial statistics and monitoring of systemic financial risks;
 - Development of insurance markets;
 - Financial consumer protection.