



# HM Treasury

## FACTSHEET: UK-China 7<sup>th</sup> Economic and Financial Dialogue and surrounding events

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Today the Chancellor of the Exchequer George Osborne and Vice-Premier Ma Kai concluded the 7<sup>th</sup> UK-China Economic and Financial Dialogue (EFD), that this year took place in Beijing. The Chancellor and Vice-Premier Ma Kai agreed a number of outcomes:

### **Macroeconomic situation**

Both sides agreed:

- To continue to strengthen macroeconomic policy coordination, and take appropriate policy measures in line with the economic and financial situation at home and abroad.
- To promote strong, balanced and sustainable growth of both countries and of the global economy.

### **Trade and investment**

- The UK and China agreed to hold the first meeting of the China-UK Bilateral Investment taskforce in coming weeks, to facilitate further bilateral investment and optimise the investment environment.
- UK and China will strengthen discussion around the phase IV fuel efficiency regulation for cars, taking account of regulatory burdens on small volume automotive manufacturers.
- The UK and China are committed to addressing business concerns regarding market access and regulations.
- China welcomes the policy suggestions that the UK has provided to the Chinese Pilot Free Trade Zones and commits to replicating the success of our collaboration in Shanghai in the new Pilot Free Trade Zones in Guangdong, Fujian and Tianjin.
- China Development Bank and UKTI will build and oversee an investment/financing cooperation platform to include both UK and

Chinese financial institutions to serve both UK and Chinese investors in the areas of infrastructure and energy.

- The UK has approved a Guarantee worth up to £2bn for Hinkley Point C, paving the way for Chinese investment in UK nuclear and helping secure the UK's power supply into the future.
- The Eden Project will build its first development outside the UK in Qingdao, worth £6m over 3 years.
- Supergroup will formally launch its new partnership in China with Trendy International – this will involve a massive roll-out across China.

### **London as a major global centre for RMB business**

- The UK and China have an unparalleled financial partnership. China recognises that London is one of the most vibrant and important RMB trading centres and offshore RMB markets.
- China and the UK have agreed to extend and expand the RMB/Sterling swap line.
- The UK and China agreed to support the Shanghai Stock Exchange and London Stock Exchange Group to carry out a feasibility study on a stock connect.
- The PBOC will issue a RMB denominated central bank note in London in the near future, the first outside of China.
- Both sides welcome that the China Development Bank will open a Representative Office in the UK as soon as possible.
- Both sides support China Foreign Exchange Trading System's plans to establish a presence in London.
- The UK welcomes China's commitment to ease the quota restrictions on non-sovereign investment by qualified institutional investors.
- The UK welcomes the PBOC's support for granting Standard Chartered a license to underwrite non-financial entity debt in the inter-bank bond market.
- Both sides support the issuance of foreign currency and RMB-denominated green bonds in London by Agriculture Bank of China.
- Both sides welcome the new initiative to establish a working group on mutual fund recognition.

- The UK welcomes Aberdeen Asset Management (Shanghai)'s license to operate in China as a wholly foreign-owned enterprise, and its application to be registered with the Asset Management Association of China.

## **Culture and tourism**

- The UK has announced funding to bring new British cultural exports to China, including the British Museum's 'a history of the world in 100 objects'; the Tate Modern's 'Landscape of the Mind'; and Shakespeare's Globe's tour of the 'Merchant of Venice' - giving a boost to the 2015 Year of UK-China Cultural Exchange.

## **Strategic Cooperation**

- Both sides agree to strengthen cooperation in the G20 and to support the G20 as the premier forum for international economic cooperation. The UK looks forward to China successfully hosting the G20 Presidency in 2016, and will actively support, including through an agreed UK-China working group on international green finance.
- The UK and China agreed to deepen collaboration in the health sector, especially to advance global solutions and practical actions on antimicrobial resistance.
- Both sides will support the African Centre for Disease Control and work together on post-Ebola health system strengthening in Africa.
- The UK and China welcomed the launch of the Research and Innovation Bridges Programme, which will bring together UK and Chinese researchers and businesses to develop solutions to global challenges.
- The UK and China agreed two new UK-China space programmes: a £24m programme on remote sensing for agritech and a programme using space technologies for unmanned agricultural vehicles.
- The UK and China agree to further strengthen collaboration in emerging industries, such as life sciences, satellite applications and new energy vehicles.
- Both sides are committed to promote cooperation between Chinese city clusters and the UK's Northern Powerhouse.
- Both sides will continue to promote joint funding schemes in priorities including health, urbanisation and energy.
- China and the UK will launch a new joint research and innovation centre to share civil nuclear expertise.

## Infrastructure

- A session on public private partnerships was held this year, bringing select businesses into the Economic and Financial Dialogue for the first time.
- The UK welcomes China's initiative to set up the Asian Infrastructure Investment Bank, and China welcomes the UK's decision to be the first major Western country to become a prospective founder member.
- The UK committed to work with China on One Belt One Road, and China committed to supporting the UK's Northern Powerhouse.
- China and the UK agreed to discuss a China-UK Infrastructure Alliance to further boost cooperation on infrastructure in each others' countries and in third markets. The Alliance will include training and guidance for Chinese infrastructure enterprises investing in the UK, including in Northern Powerhouse regions; and promotion of UK-China commercial cooperation in each other's markets as well as in third markets, including areas covered by One Belt One Road.
- Both sides encourage British and Chinese businesses to cooperate in third-party markets, including on infrastructure construction.
- China Petroleum Engineering, Mott MacDonald, and China Zhongrong Guotuo Investment agreed to partner to target projects rolled out under the One Belt One Road initiative and projects supported by the Asian Infrastructure Investment Bank.

## Background facts about China and the UK

- China was the UK's 6th largest goods export market in 2014, up from 14th in 2003.
- The UK's stock of Chinese FDI was \$11.8 billion in 2013, more than France and Germany's stock of Chinese FDI combined.
- China is rapidly urbanising and it is predicted that there will be 1 billion people living in Chinese cities by 2030, up from 749 million now.
- The renminbi is now used for 2% of global payments, on a par with the yen and sterling. London accounts for around 2/3 of all RMB payments outside of China and Hong Kong.
- 35% of global smartphone sales take place in China. China's e-commerce market has grown by 70% per year since 2009.
- In 2014, the UK issued more than 413,000 visas to Chinese nationals, up 11% on the previous year.
- Almost 20,000 British nationals are registered as living in China.