



## FACTSHEET: UK-China 8<sup>th</sup> Economic and Financial Dialogue

10 November 2016

Today the Chancellor of the Exchequer Phillip Hammond and Chinese Vice Premier Ma Kai concluded the eighth UK-China Economic and Financial Dialogue in London.

The UK and China reiterated their commitment to building a global comprehensive strategic partnership for the 21<sup>st</sup> century. They will continue to work closely together to achieve the shared goal of strong, sustainable and inclusive growth of the global economy, including through continued commitment to global trade and an open international economy.

As part of the strategic global partnership between the two countries, the Chancellor and Vice Premier agreed the following outcomes:

### **A strategic plan for the next phase of UK-China financial services cooperation**

- A **new strategic plan for UK-China financial services cooperation** will provide strategic direction for UK-China financial services cooperation in the coming years, including to progress reciprocal market access, and deliver even closer financial services collaboration.
- This plan will be underpinned by:
  - i) a new private sector-led group of senior Chinese and UK market participants ('**UK-China Financial Services Industry Summit**'), which will be tasked with providing recommendations ahead of each EFD – the inaugural meeting of this group took place in the margins of this year's EFD; and
  - ii) a four year UK government programme with China, worth up to £20 million, that will support China's sustained economic development through stronger financial services.
- The London and Shanghai Stock Exchanges will now proceed with the preparation of implementation arrangements to deliver the **London-Shanghai Stock Connect**.
- A commitment to strengthen communication between the FCA and China Securities Regulatory Commission to progress work on the **mutual recognition of funds**.
- UK welcomes **China's decision to grant qualified British banks an underwriting licence** to allow lead underwriters of Panda bonds in the China interbank bond market.
- China's agreement to work towards **raising the limit to foreign ownership of UK and foreign life insurance firms** operating in mainland China to above 50%, affording greater opportunity to UK firms wishing to operate in China.
- China's agreement to gradually **raise the limit of UK and foreign ownership of securities and mutual fund companies** operating in mainland China to above 50%, affording greater opportunity to UK firms wishing to operate in China.

- China's agreement to gradually **raise the limit to foreign ownership of UK and foreign securities and mutual fund firms** operating in mainland China to above 50%, affording greater freedom to UK firms wishing to operate in China.
- Establishment of a **UK-China FinTech Bridge**, which will strengthen regulatory cooperation and boost reciprocal market access for both UK and Chinese FinTech firms.
- Agreement on a number of initiatives aimed at promoting closer collaboration between the UK and China on **green finance**, including a commitment to work together to establish platforms and channels to allow international investors direct access to China's green bond market.
- Commitment to explore increased participation of qualified foreign firms in domestic and **cross-border custodian business**.
- **Chinese financial institutions office openings/branch licences** – we announce the opening of a number of representative offices of Chinese firms and financial institutions in London:
  - China Life (China's largest life insurer) will open its first representative office outside Asia in London in 2016.
  - China Foreign Exchange Trade System (CFETS) has committed to opening a representative office in London.
  - Shanghai Clearing House (SHCH) will open a representative office in London in 2017.
  - China Investment Corporation and China Banking Association have both reaffirmed their commitment to establish their European HQs in London.
- China will positively consider the application submitted by **Heng An Standard Life for a pensions licence**.

#### To establish a trade working group and improve investment links

- The UK and China will establish a **trade working group** under existing dialogues to enhance our trade discussions, including options for the future trading relationship following the UK's decision to leave the EU, consistent with its current membership obligations.
- The Economic and Financial Dialogue, and in particular our financial services collaboration, will be used as a model for collaboration to deepen trade.
- A **new exchange** will begin between the UK government and China's Ministry of Industry and Information Technology (MIIT) to support deeper trade links and industrial strategy dialogue.
- The UK launched the **Northern Powerhouse investment portfolio**, with 13 large-scale property and infrastructure development projects comprising more than £5bn of investment ready projects in the North.
- The UK and China welcomed news that **CITIC and Chinese Developer ABP will together invest £320 million** in Phase 1 of the £1.7 billion London Royal Albert Docks project. CITIC Construction will also establish its UK HQ at Royal Albert Dock. When complete,

the project is expected to create 30,000 jobs and become a commercial hub of a comparable scale to the City of London and Canary Wharf.

- Both sides welcome the opening of a **Representative Office in the UK by the ARM-HOPU Innovation Fund**, between UK high-tech leader ARM and Chinese financial management firm HOPU. This investment platform will focus on growing UK frontier technologies in ARM ecosystems and internet of things, and facilitate further market access into China.

### Infrastructure collaboration

- The UK and China welcome great progress made in delivering the **UK-China Infrastructure Alliance**:
  - An Infrastructure Alliance hub has been established in Beijing, to support UK-China collaboration in third markets and promote 'win-win-win' outcomes, with expected 'satellite' hubs in East Africa as part of our future collaboration.
  - A private-sector Infrastructure Academy will be launched in coming months to strengthen capabilities of Chinese infrastructure and regeneration companies to participate in the UK infrastructure market.
  - This follows training on Public Private Partnerships already delivered by the Infrastructure and Projects Authority in China, which is supporting China in delivering high-quality projects.
- The UK has announced it will invest up to US\$50 million in the Asian Infrastructure Investment Bank (AIIB) for a **fund to help developing countries to prepare infrastructure programmes**. The UK is only the second contributor to the fund after China, which aims to accelerate much-needed development in the poorest Asian countries. The UK's contribution will also cement our reputation as China's key partner in developing the AIIB as a 21st century international financial institution that meets global standards.
- Agreement by the London Metal Exchange and Henry Bath (with support from its shareholder CMST Development Co Ltd, the leading Chinese state-owned warehousing company) to launch in Mainland China the **LMeshield system**, which will provide secure electronic receipting services for commodities stored in Chinese warehouses."

### Energy, climate change and wider economic cooperation

- The UK and China welcome progress on **the UK-China Clean Energy Partnership**, underpinned by:
  - Welcoming Hinkley Point C moving to the construction phase, following the positive decision to proceed with the project.
  - The UK's acknowledgement that China's Hualong reactor will shortly enter the Generic Design Assessment.
  - The signing of a global framework agreement between Atkins and CNNC for UK-China cooperation in civil nuclear energy in China and other third markets.

- Agreement to support further Chinese investment into UK offshore wind, following the successful investment of £420m by China's State Development Investment Corporation earlier this year.
- The UK and China welcomed the establishment of a **UK-China Smart Cities Development and Investment Hub by Arup and HSBC**; a report on city cluster development produced by Arup and New Economy Manchester under the UK-China City Clusters Partnership
- UK and China agreed to **strengthen Intellectual Property (IP) cooperation** and hold exchanges on improvements to patent and design systems, IP in emerging technologies and the registration and enforcement of trade-marks. They also reinforced commitment to cooperate on IP protections on e-commerce and social network platforms.
- The UK and China agreed to **enhance cooperation in regional and industrial strategy**, including through a new governmental exchange and collaboration and sharing of research on the transformation of old industrial bases.