

Combined Policy Outcomes of the 5th China-U.K. Economic and Financial Dialogue

Chinese Vice Premier Ma Kai and the UK's Chancellor of the Exchequer George Osborne concluded the meeting of the Fifth China-UK Economic and Financial Dialogue (EFD) on 15 October, 2013, in Beijing, China. Both sides committed to strengthening their macroeconomic policy coordination, promoting their trade and investment relationship, enhancing financial sector regulation, development and cooperation, to promote a forward-looking, mutually beneficial and growth-oriented China-UK economic and financial relationship, and support the global economic recovery. Both sides agreed the following policy outcomes:

I. Macroeconomic Situation and Policies, and International Economic Policy Coordination

1. Growth has picked up in some advanced economies and growth continues in emerging market economies, although it has slowed down in some of them. Serious challenges to the global economy still remain, which require active actions and greater economic policy coordination among countries to boost economic activity and job creation. Both sides recognise the support that has been provided to the global economy in recent years from accommodative monetary policy, and welcome the G20 St Petersburg Summit Leaders' Declaration commitment of remaining mindful of the risks and unintended negative side effects of extended periods of monetary easing. Central banks have committed at the G20 to continue carefully calibrating and clearly communicating future changes to monetary policy settings, and both sides agree on G20 cooperation to ensure that policies implemented to support domestic growth also support global growth and financial stability and to manage their spillovers on other countries. In emerging economies this includes, in the face of increased financial volatility, taking necessary actions to improve fundamentals, increase resilience and strengthen financial systems. We also agreed to strengthen the foundations for strong, sustainable and balanced long-term growth by restoring fiscal sustainability across advanced economies and implementing ambitious and targeted structural reforms.

2. Both sides support the role of the G20 as the premier forum for our 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. We will build on our open economies, support the multilateral trading system, foster the development of global value chains, and resist all forms of protectionism, including through an extension of the G20 standstill agreement to refrain from protectionist measures to 2016, and keep our markets open. We also agreed to work closely to take steps to address cross-border tax evasion and tax avoidance, including strengthened cooperation on tax transparency and information exchange through the Global Forum on Transparency and Exchange Information for Tax Purposes and the Joint International Tax Shelter Information Centre (JITSIC). We commit to work towards exchange of tax information automatically as early as possible, and to address base erosion and profit shifting in line with the Leaders' Declaration from the G20 St Petersburg summit. The UK looks forward to China hosting a forthcoming G20 summit.

3. The Chinese government is to focus on improving the quality and performance of economic growth, adhering to the overall tone of making progress while ensuring stability, strengthening and improving macro-adjustment, maintaining the continuity and stability of macro-economic policies, improving policy predictability and effectiveness, expanding domestic demand actively, increasing the strategic readjustment of the structure of the economy, further strengthening innovation-driven development, making efforts to secure and improve people's livelihood, further deepening reform and opening-up, and enhancing the inner vitality and driving force of economic development, so as to achieve sustained and healthy economic growth, and social harmony and stability.

4. Recent UK economic news has been encouraging, with tentative signs of a balanced, broad based and sustainable recovery. GDP growth in the second quarter of 2013 was 0.7 per cent and the factors which weighed on the economy between 2010 and 2012 appear to be easing. The Government has taken decisive action through: monetary activism and credit easing, stimulating demand, maintaining price stability and supporting the flow of credit in the economy; deficit reduction, returning the public finances to a sustainable position and ensuring that fiscal credibility underpins low long-term interest rates;

reform of the financial system, improving the regulatory framework to reduce risks to the taxpayer and build the resilience of the system; and a comprehensive package of structural reforms, rebalancing and strengthening the economy for the future, including an ambitious housing package and programme of infrastructure investment.

5. Both sides will continue to strengthen coordination of macroeconomic policies through the G20 and, in line with country-specific circumstances, promote strong, balanced and sustainable growth in the two countries. The People's Bank of China (PBOC) will continue to adopt a prudent monetary policy and maintain policy stability and continuity while making macro-control more targeted and preemptive so as to create stable monetary conditions for steady growth, structural reform and economic transformation and upgrading. The Bank of England will set and communicate monetary policy in order to achieve sustainable growth and price stability over the medium and long term while taking measures to boost economic recovery in the short term.

6. Both sides emphasised their commitment to doing all they can to meet the targets under the Millennium Development Goals. They agreed to maintain close consultation on the UN Post-2015 Development Agenda and Goals, ensuring that poverty eradication is its central objective.

7. We endorse the important work the G20 is undertaking to promote long-term financing for investment, including through private financing and capital markets and building on the ongoing work of the Multilateral Development Banks to develop new approaches in order to optimise the use of existing resources and to strengthen their lending capacity. The two sides advocate that Multilateral Development Banks increase their financial leverage where possible without undermining their financial soundness, strengthening their lending capacity, deploy their full range of lending and knowledge instruments, and support client country priorities thereby expanding global aggregate demand and promoting world economic recovery and growth.

II. UK-China Trade and Investment Relationship

8. Both sides remain committed to further promoting and facilitating bilateral trade and investment, striving to achieve their bilateral trade target of \$100bn in 2015. The UK agrees to work to promote and facilitate bilateral high-tech trade with China for civil end uses and civil end users. Both sides agreed to hold the 11th Meeting of the Joint Economic and Trade Commission (JETC) in China before summer 2014.

9. The UK reaffirmed its support for China's full market economy status at as early a date as possible and will continue to play a constructive role to encourage EU recognition.

10. The UK is one of China's largest investing countries within the EU. Both sides should strengthen cooperation in the investment area, promoting bilateral investment.

11. As one of the most open economies in trade and investment, the UK remains committed to fair and non-discriminatory investment policies, effectively protects the interests of foreign investors, and upholds a proportionate and stable regulatory framework.

12. The UK and China are delighted to see that, according to the latest statistics from the Chinese side, among European countries the UK attracted the largest volume of Chinese investment in 2012, with China-UK investment flows having increased by 95 percent year-on-year. China encourages and supports qualified Chinese businesses to invest in the UK. China is willing to work with the UK to provide guidance and services to Chinese businesses to invest in the UK, including through the publication of UK Investment Guidance by relevant research institutions in 2014. Both sides agreed that successful investment in the UK would support the expansion of Chinese companies into other advanced economy markets and the two sides are working actively to provide a favourable external environment for business investment.

13. Cooperation in the field of infrastructure construction: (1) 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; (2) 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; (3) the UK side agreed to support the use of applicable tax preferences by the projects invested by Chinese companies.

14. Manchester Airport City project: (1) 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; (2) international procurement will be involved in the project, and the UK side agreed to facilitate customs clearance for equipment and materials, within the context of the EU legal framework; (3) based on the project needs, Beijing Construction Engineering Group Co. Ltd (BCEGC) will set up a branch corporation or office in the UK. The UK side will provide support in this regard; (4) the UK side agreed to support the use of applicable tax preferences by the Chinese enterprises in the project zone after the project completes.

15. Both sides agreed that the UK's experience with public private partnership practices provides a useful reference for attracting greater levels of private finance into the delivery of public projects in China. Both sides welcomed ongoing technical collaboration between the UK's relevant agencies and China's National Development and Reform Commission (NDRC), Ministry of Finance and other related agencies.

16. Both sides reaffirmed the importance of, and renewed their commitment to, their partnership in infrastructure, including energy, transportation and sustainable urban development. Both sides agreed to encourage companies on either side to continue to work together to build long-term partnerships and collaborate in the UK, China and in third country markets. The UK welcomed recent significant investment from Chinese enterprises and their growing interest in the UK.

17. The UK and China are satisfied with progress in sustainable cities cooperation under the framework of the Sustainable Cities Initiative Memorandum of Understanding between China's Ministry of Commerce and the UK's Department of Business, Innovation and Skills. It is suggested to choose 1 to 3 national-level development areas within Wuhan, Chongqing, Changsha, and Hangzhou, the 4 pilot cities of the UK-China cooperation on sustainable cities, exhibiting the UK's developed products, techniques, and concepts in energy-saving and environmental protection industries, and through the Ecological Park cooperation, stimulating the export of the UK's energy saving products and techniques to China. Both sides, during the cooperation, may consider building on the experience, steadily pushing the cooperation forward, and gradually spreading to other cities, further promoting cooperation in low carbon, energy saving and environmental protection industries.

18. Both sides welcomed the new Double Taxation Agreement and the Protocol between China and the UK, which will encourage greater flows of trade and investment, and look forward to their taking effect on 1 January 2014.

19. Under the frameworks of Memorandum of Understanding on China-UK Climate Change Cooperation and Memorandum of Understanding Concerning Low-Carbon Cooperation, both sides will continue to implement ongoing projects and those with consensus, and explore more cooperation opportunities so as to continuously strengthen bilateral policy dialogue and pragmatic cooperation in climate change. The UK side will look to continue to provide stable financial support to bilateral cooperation projects. Both sides reiterate the importance of climate change financing for the developing countries to combat climate change. The UK is scaling up climate finance support to provide a fair share of the developed countries' goal of \$100bn per year by 2020. China and the UK support the rapid operationalisation of the Green Climate Fund, and the UK stands ready to contribute to the Green Climate Fund as soon as it is effectively operationalised. Both sides welcomed the UK government's programme of bilateral low carbon co-operation projects in support of China's proactive policies and measures to mitigate and adapt to climate change. In particular China and the UK maintained a strong commitment to the development of carbon capture and storage technologies and agreed to a strategic exchange on policy, demonstration projects and commercial collaboration, building on the recent announcement of UK support for Asian Development Bank work in this area.

20. Both sides recognised the need for green, circular and low carbon development as a source of new economic growth. In this regard, the UK and China recognised the particular challenge posed by rapid urbanisation in China and agreed to deepen practical collaboration on sustainable urbanisation both

bilaterally and under the EU-China Urbanisation Partnership Framework. Both sides also recognised the important role that the public, private and financial sectors would need to play in funding a transition to a greener and low-carbon economy and acknowledged the importance of their collaboration in areas including carbon markets, green finance, and standards and regulation.

21. The UK Office of Fair Trading and the China NDRC agreed to further deepen the cooperation and exchange of experience in competition policies and law enforcement.

22. Both sides agreed to encourage China-UK business to cooperate in a more open and deeper way, strengthening innovation in their business models so as to promote industrial development in both countries. Both sides expressed interest in promoting the real-life application of innovative business models in both countries, through practical co-operation in sectors demonstrating vigorous innovation and tremendous growth potential, for example new-generation IT technology, IC (integrated circuit) technology, biotechnology, advanced materials, photovoltaic industry and other clean energy industries (including electric vehicles) and high-tech services. The two sides believe further communication and dialogue will enhance mutual trust and cooperation, and agree to encourage businesses, organizations and R&D industries to establish long term strategic cooperation relations.

23. Both sides will continue to explore cooperation, to extend dialogues and exchanges, and to strengthen research and technology cooperation, including in global development in the fields of water management, disaster prevention and mitigation, as well as coping with the challenge of the impact on water caused by climate change.

24. The Department of Health and the Department for International Development of the United Kingdom and the National Health and Family Planning Commission of the People's Republic of China agreed to expand dialogue and exchange, and continue the good cooperation in health reform and global health. The UK Medicines and Healthcare products Regulatory Agency (MHRA) will further strengthen collaboration with the China Food and Drug Administration (CFDA) and the China Chamber of Commerce for Import and Export of Medicines & Health Products on regulations and Good Manufacturing Practice (GMP) compliance to promote sound development of China-UK health collaboration.

25. The State Administration of Traditional Chinese Medicine of PRC (SATCM), the UK's Department of Health and MHRA agreed to continuously strengthen communication on the basis of the work already done, to promote rational application and scientific development of Traditional Chinese Medicine (TCM) in both China and UK.

26. Chinese and UK customs authorities have participated fully in the China-EU Smart and Secure Trade Lane (SSTL) pilot project since 2006, developing improved facilitation of bilateral trade in a secure environment across a number of Chinese and EU Member State ports. Following completion of the 1st and 2nd phases of the SSTL, both sides look forward to agreeing further meaningful collaboration for a 3rd phase that will be a significant step and move the pilot forward to deliver further contributions to supply chain security and trade facilitation. In the meantime, successful results have also been achieved in intelligence exchange, mutual administrative assistance as well as combating tobacco smuggling. Both sides are willing to enhance their cooperation through further exchange of customs declaration data, and information concerning illegal movement of hazardous materials, in order to protect the natural environment and create a favorable and orderly environment for trade. The two sides agree to strengthen information exchange on border enforcement of IP rights protection through the EU-China Customs IPR Action Plan, and on an ad-hoc bilateral basis where appropriate.

27. Both sides agreed to work more closely to protect intellectual property under existing criminal enforcement legislation, improving information sharing and aiming for joint enforcement actions against IP crime. The UK recognised the contribution of Chinese IP enforcement efforts to the successful holding of the 2012 London Olympic and Paralympic Games.

28. Both sides committed to ensuring a level-playing field in IP protection and enforcement for domestic and foreign companies. They agreed to work together under existing bilateral agreements to reduce bad

faith trade mark applications and improve opposition, cancellation and other review procedures in such cases through the implementation of the revised Chinese Trademark Law.

29. Both sides agreed to strengthen China-UK cross-border e-commerce regulatory exchanges to enhance coordination between Chinese and UK regulatory authorities, which helps to promote China's high-quality enterprises to provide good products and services through cross-border e-commerce transactions, effectively combating cross-border e-commerce fraud, and establishing a favourable business order for cross-border e-commerce transaction.

30. Both sides re-affirmed the commitment made at the 2011 Science and Innovation Joint Commission to work together to strengthen high quality research and innovation collaboration. We recognised the expansion of research collaboration between the UK and China, noting that cumulative bilateral research funding between Research Councils UK and key Chinese partners has now reached over £47 million. We welcomed the news that the UK is now China's second biggest global partner in terms of co-publications. We agreed to deepen our co-operation, highlighting the joint UK-China £3 million fund for sustainable manufacturing collaborative research and development (funded by the UK Technology Strategy Board, the Chinese Ministry of Science and Technology and Research Councils UK) as an important new model of funding joint innovation that we will build on. We will establish an Experts' Group to jointly study how to strengthen bilateral innovation collaboration and enhance our respective innovation systems, and explore how open and business-driven innovation systems can deliver economic growth. We agreed that a possible subject for this group to explore is how financial models and institutions can strengthen the technology commercialisation process and enhance technological innovation collaborations between the two countries.

31. China and the UK agreed that the China (Shanghai) Free Trade Zone (FTZ) pilot represents an opportunity for increased co-operation. Both sides agreed to include support for policy and business development in the FTZ as part of their extensive portfolio of co-operation projects. This reflects China and UK's commitment to free trade. The two sides believe the experience of British professional and commercial firms operating across the world would contribute to the sides' cooperation in the FTZ. China and the UK agreed to hold a symposium to consider how to promote bilateral co-operation on free trade and on the service sector development in the FTZ, and to explore the opportunities for British engagement.

32. Both sides expressed their willingness to foster increased cooperation in their respective domestic markets and third country markets through investment, deployment of technology and expertise and the construction of civil nuclear energy projects, and welcomed the signing of a new MOU on Civil Nuclear Cooperation between our two countries.

33. Both sides recognised that diversifying their energy mixes would benefit their energy security and help tackle environmental pollution including air pollution. Both sides welcomed existing commercial and policy collaboration on the development of environmentally sound shale gas and hoped that this would lead to rapid increase in shale gas production. China and the UK agreed to deepen collaboration in development and commercialisation of offshore wind in the UK and China and welcomed the signing of an MOU earlier in the year.

34. Both sides recognised the valuable work of a joint study on geographical indications by the UK Foreign & Commonwealth Office and the China International Association for Urban and Rural Development affiliated to the Development and Research Center of the Chinese State Council, for the mutual benefit of Chinese and British producers and consumers.

35. Both sides welcomed applications by the other's airlines to operate new and increased air services and will provide assistance and support to this end on a mutually beneficial basis. We welcome China Southern Airlines' new Guangzhou-Heathrow service and BA's new Chengdu-Heathrow service, and agreed to encourage the aeronautical authorities of both sides to meet and explore ways in which we can facilitate the growth of more UK-China air services.

36. Both sides agreed that global trade requires open markets with fair competition in ports and maritime

transport and related maritime services, and the removal of unwarranted administrative and legal barriers to trade. They are committed within the framework of the Maritime Agreement between the European Union and its Member States, and China, and the Bilateral Maritime Agreement between China and the UK, to continuing dialogue to remove existing barriers, and co-operating on other areas of mutual interest such as piracy, innovative fuels and environmental performance and transport of dangerous goods. The increased capacity of large container vessels currently entering UK ports is welcomed and supports continued UK-China growing trade and brings them into line with China's main ports.

37. Both sides welcome the UK-NDRC Ministerial Exchange on Economic Growth and Cooperation, which enhances communication and exchanges on macro-economic policies and mid- to long-term growth strategies. The Exchange has now been held for the second time. Under this framework, the two sides will continue to conduct complementary and mutually beneficial policy exchanges and practical cooperation. Both sides agreed that the overall objectives of the Exchange were to: develop strong, mutually beneficial policy cooperation in areas of UK-Chinese economic complementarity; support the development of the Chinese economy, and economic prosperity in both China and the UK; and increase the two-way flow of trade and investment, and the creation of jobs, in both the UK and China as a result of bilateral cooperation.

38. Both sides recognise the benefits of co-operating in the health and social care sector in important areas such as primary care, elderly care and pharmaceutical policy, hospital funding and pay, Public Private Partnerships (PPP) and IT integration.

39. Both sides reiterated their support for the multilateral trading system by upholding the principles of transparency, inclusiveness, multilateralism and fighting against trade protectionism. Both sides committed 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.

III. Financial Sector Regulation, Development and Cooperation

40. Both sides pledged to enhance communication and dialogue in financial regulatory reform, and promptly inform each other of the latest significant developments and policy measures adopted in domestic financial regulatory reform. The Bank of England will further share with PBOC new theories and experience in improving financial macro-control and strengthening macro-prudential policy frameworks. Both sides agreed to further improve and implement regulatory policy frameworks, such as macro-prudential management, the regulation of systemically important financial institutions and resolution mechanisms, through exchange of views and cooperation in the Financial Stability Board and other international standard-setting institutions. Both sides agreed to maintain a regular dialogue and cooperation over financial regulatory reforms. The Bank of England will continue to share with PBOC best practice advice on macro-prudential policy implementation and micro-prudential supervision.

41. Both sides welcomed the growing supervisory ties between the UK's Bank of England, Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) 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 expand their annual dialogue in order to support increasing links between their financial markets and promote growth and financial stability. The PRA, PBOC, and CBRC look forward to further cooperation on recovery and resolution, and consolidating existing work on stress testing, liquidity regulation and cross border supervision.

42. The PBOC and the Bank of England celebrated their outstanding working relationship, in particular the recent establishment of a reciprocal Sterling/Renminbi currency swap line. The swap line may be used to promote bilateral trade between the two countries and to support the domestic and financial stability in London's offshore RMB market. The agreement is the first of its kind between China and a G7 country, and both sides welcomed this as an important step that cements London's major role as one of the most important global centers for RMB trading.

43. Both sides agreed to strengthen the communication and exchange on regulatory reform between the insurance regulators of the two countries and continue their cooperation on prudential regulation and other issues of common interest.

44. Both sides will continue to strengthen their co-operation on international financial sector reform in multilateral fora. Both countries will take action to raise standards and implement consistently the global standards developed to date, and do so in a way that ensures a level playing field. 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;
- promoting continuously functioning financial markets by making derivatives markets safer, strengthening market infrastructure and reforming credit rating agencies; and
- fully realising 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.

45. The UK and China welcome the implementation of the G20 commitment to centrally clear standardised OTC derivatives, to reduce systemic risk, improve transparency, and protect against market abuse, and subsequent international regulatory frameworks and standards. The UK and China 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.

46. Both sides agreed to enter into a consultation on a bilateral cooperation agreement on public audit oversight. Separately discussion will be needed with the European Commission on whether the necessary "adequacy" assessment under the Audit Directive can be prioritised and progressed.

47. The UK regulatory authorities have agreed to consider applications from Chinese Banks to establish branches in the UK, on the basis that any such branches would only carry out wholesale banking activities. This would offer capital and liquidity efficiencies enabling these banks to better serve bilateral economic and trade activities. In Europe, the Basel III Liquidity Capital Requirements (LCR) will be implemented through a delegated act put forward by the European Commission. The UK recognises that Chinese treasury bonds are likely to be included in Level 1/Level 2a of the definition of liquid assets in the Basel III LCR text, seeks the Commission's agreement to have regard to this in drawing up the delegated act, and will endorse the decision if the mentioned delegated act qualifies Chinese treasury bonds as such.

48. We note that the Supreme Audit Institutions (SAIs) of China and the UK have developed a very positive working relationship, particularly through their membership of the UN Board of Auditors and the International Organization of Supreme Audit Institutions (INTOSAI), and we encourage them to develop this relationship further in the future.

49. Following the support of China and the UK at the fourth EFD in September 2011, both sides welcomed strong growth of London's RMB markets, making London the most active RMB centre in the world outside of Greater China as recognised by SWIFT data. Both sides agreed to support and grow the private sector leadership and engagement by the City of London RMB Initiative members with the People's Bank of China. China recognised London's major role in increasing the international use of the RMB, and both sides agreed to continued collaboration to support London's offshore market. Both sides welcomed the strong partnership between HM Treasury and the Hong Kong Monetary Authority.

50. Both sides agreed to work with the Bank of England, the People's Bank of China and the private sector to support London having continued access to ample liquidity, including through appropriate additional settlement and clearing arrangements in London. Both sides noted that the bilateral currency swap arrangement between the Bank of England and the People's Bank of China provided a liquidity backstop.

51. The UK welcomed the extension of the RMB Qualified Foreign Institutional Investor (RQFII) quota to the UK and looked forward to UK institutions receiving licenses before the end of 2013. The Chinese authorities agree to an initial UK RQFII quota of 80 billion RMB. The extension of RQFII will deepen China's financial markets and strengthen RMB activity in the offshore market. China agreed to further develop capital inflow and outflow channels for RMB, including for RMB trapped onshore, overseas direct investment and the development of Qualified Domestic Institutional Investor (QDII) quota to support liquidity in the offshore market. Both sides welcome the development of a London market for RMB denominated investment products and commodities.

52. Both sides welcomed the issuance of a landmark RMB bond by China Construction Bank in December 2012. Both sides agreed to support further RMB bond issuance in the UK by Chinese as well as international firms and the development of London as an offshore RMB debt issuance centre.

53. 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. Both sides agreed to look at safe and reliable payments systems to mitigate settlement risk in the offshore RMB markets.

54. The UK welcomed the decision by CSRC to allow foreign firms to increase their stake in Chinese securities firms from 33% to 49% in October 2012. The Chinese side will assess the implementation of this policy, and conduct research on the feasibility of adopting further opening-up measures in accordance with the result of such assessment and the demand of its market.

55. Both sides noted the growing importance of institutional investors in Chinese 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 recognised the expertise of Chinese asset managers and the strengths of the UK as the fund domicile and investment management centre of choice for Chinese firms looking to establish UCITS and other funds within Europe. 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.

56. China and the UK reiterated their support for Chinese firms listing on London Stock Exchange. Both sides also support the cooperation between the London, Shanghai, and Shenzhen stock exchanges. China welcomes applications from qualified foreign insurance companies and Chinese banks to form bancassurance partnerships in China in accordance with relevant laws and regulations.

57. The UK welcomes Chinese financial institutions seeking independent regulatory approval to conduct business in the UK, and China agrees to support the expansion of qualified UK financial institutions in China. In particular:

- Both sides agreed that the UK financial services firms could help broaden and deepen China's capital markets. 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 welcomed the decision to award HSBC a gold-import license in 2013, and China supports, based on current rules and regulations, further gold import licenses for foreign financial institutions including those from the UK;
- Both sides welcomed the license for HSBC and Standard Chartered to distribute mutual fund products within China; and
- Both sides welcomed the opening of a London office of Shanghai Pudong Development Bank in October.

58. Both sides welcome the direct trading between the Renminbi and the British pound on the China Foreign Exchange Trade System in Shanghai and offshore market in London.

59. Both sides agreed to renew and expand their unparalleled programme of technical collaboration and joint research on financial sector reform and development, specifically on:

- asset management strategy;
- insurance and reinsurance;
- RMB cross-border use;
- reform of VAT in the financial sector;
- microfinance and green credit;
- development of foreign exchange markets;
- financing mechanisms for infrastructure investment;
- establishment of alternative dispute resolution mechanisms for financial consumer protection; and
- bond market development.

In addition, both sides also welcomed their cooperation programme on green procurement.