

Factsheet: 10th UK China Economic and Financial Dialogue

17 June 2019

The Chancellor of the Exchequer Philip Hammond and Chinese Vice Premier Hu Chunhua concluded the tenth UK-China Economic and Financial Dialogue in London.

The UK and China reaffirmed their support for multilateralism and a shared goal of strong, sustainable and inclusive global growth, and committed to working together to strengthen their economic co-operation, boost bilateral trade and investment, and deepen financial links.

Both sides agreed that the Economic and Financial Dialogue has delivered significant successes to the benefit of both economies over the past decade. Over the course of ten dialogues, the UK and China have reached valuable agreements in areas including macroeconomic cooperation, trade and investment, financial sector regulation and development, RMB internationalisation, infrastructure, urbanisation and industrial strategy, energy and climate change, and science and innovation.

The outcomes agreed by the Chancellor and Vice Premier in the tenth Economic and Financial Dialogue are set out in the Policy Outcomes Paper. These include:

Macroeconomy and Global Economic Governance

- A reaffirmed commitment on both sides to the rules-based international economic system, and the organisations that underpin it, and agreement to continue to work together to address major global economic challenges.
- Agreement by the UK to consider supporting the proposed Multilateral Cooperation Centre for Development Finance (MCDF) Financing Facility, subject to continuing discussions on governance, project standards, and development impact, including its impact on the wider system of Chinese overseas lending.

Trade, Investment and Major Project Cooperation

- China agreed to expand market access in a number of areas, including the export of British beef to China, with first exports expected by the end of 2019, and the approval of exports of UK pork to China.
- The UK and China also committed to work together to make progress on market access for cosmetics.

Financial Reform and Financial Market Development

Both sides committed to deepen the UK-China financial services relationship, building on the third meeting of the UK-China Financial Services Summit. Achievements at this dialogue included:

- The launch of the London-Shanghai Stock Connect, with Huatai Securities the first issuer of Global Depositary Receipts on the London Stock Exchange.
- Agreement to next steps on a feasibility study into a UK-China Bond Connect, which will include exploring extending Chinese bond trading hours while UK markets are open.
- Establishing a new £1 billion private sector UK-China Cooperation Fund, being delivered in partnership by HSBC, Charterhouse and CIC, to invest in UK SMEs with growth plans linked to China.

- Welcoming the first ever green loan facility from a Chinese bank which complies with the Green Loan Principles – Industrial and Commercial Bank of China – to be managed from London by BNP Paribas and HSBC and worth up to \$400m.
- Welcoming China’s commitment to consider issuance of new sovereign bonds, and RMB PBOC bills, in London.
- Confirming the launch of the UK-China Green Finance Centre in London, following significant progress made by the UK-China Green Finance Taskforce, with a commitment to support further initiatives to green infrastructure investments.

Strategic and New Area Cooperation

- The UK and China agreed further ways to partner on infrastructure and third market cooperation, including the Belt and Road Initiative. Both sides agreed to facilitate market-led cooperation in third markets in line with G20 Principles for Quality Infrastructure Investment and the Debt Sustainability Framework for Participating Countries of the Belt and Road Initiative, including by:
 - Encouraging the sharing of information about potential projects for UK-China cooperation in third markets, through the signing of the DIT-NDRC MoU on third market cooperation.
 - Welcoming the appointment Dr. Zhu Min, as China’s counterpart to Sir Douglas Flint, HM Treasury’s Professional and Financial Services Envoy for the Belt and Road Initiative.
 - Endorsing the recommendations of the UK BRI Expert Board with plans to work towards the development of a BRI asset class by:
 - Developing a new emerging markets infrastructure platform to consolidate and access a pipeline of bankable infrastructure projects; and
 - Collaborating on a financing mechanism to crowd-in private finance.
- Both sides welcomed the convening of the 6th UK-China Energy Dialogue and committed to the joint implementation of the Clean Energy Partnership Work Plan for 2019-2020. The UK and China reaffirmed mutually beneficial and pragmatic cooperation in the area of clean energy.

Alongside the Economic and Financial Dialogue, the UK secured commercial agreements across a range of sectors, including financial services, creative, education and technology. These agreements total more than half a billion pounds and will create new jobs and boost the UK economy.

HM TREASURY