

# News story: Economic talks herald Golden Era in UK-China relations

Around £1.4 billion worth of commercial deals, an agreement to accelerate the final preparations for the London-Shanghai Stock Connect initiative and new commitments to develop work on the Mutual Recognition of Funds and a bond connect, have been announced as part of the [9th UK-China Economic and Financial Dialogue \(EFD\)](#) held in Beijing this weekend. And in a boost to UK businesses operating along the Belt and Road in Asia, up to £25 billion in financial support – such as loan guarantees – has also been announced.

The wide-ranging dialogue further strengthened the Golden Era in UK-China relations, successfully boosting cooperation across the two countries' strategic partnership.

The Chancellor of the Exchequer, Philip Hammond said:

These successful talks are an example of Global Britain at its best, demonstrating that we can work with our friends and partners across the world to support jobs, businesses and prosperity. This is testament to our strong and dynamic economy, and the world class talent and expertise we have to offer.

These talks show the UK is truly open for business and we look forward to continuing the Golden Era of UK-China relations.

The [Economic and Financial Dialogue](#) involved a series of events over a two-day period, where agreements were reached on areas of trade and investment, deepening the financial services relationship, new partnerships on industrial strategy, and further ways in which the UK can partner on infrastructure initiatives.

These included:

## **Financial services**

Final preparations for the London-Shanghai Stock Connect initiative, which will mean investors in each country will be able to trade shares listed on the other's stock exchange, are to be accelerated. Building on this, the first steps were also taken in establishing a bond connect, with a view to opening up the bond market to mutual trading. There was also an agreement to progress Mutual Recognition of Funds work with the launch of a feasibility study, opening up China to the UK's unrivaled asset management sector. The UK and China also engaged in deeper regulatory cooperation, including on financial stability, through the first meeting of the PBOC-Bank of England Symposium.

## **Belt and Road Initiative (BRI)**

The EFD set out further ways in which the UK, and specifically London as a global financial centre, can partner on the Belt and Road Initiative. To showcase the expertise the UK has to offer, Douglas Flint, former Chairman of HSBC Group, was announced as the Chancellor's City Envoy to the BRI, and a City Expert Board will be established to bring together infrastructure financing, professional and emerging market expertise. Together these initiatives will facilitate further cooperation with China and create commercial opportunities for UK firms. In support of this Standard Chartered Bank also announced its support for the BRI by committing to facilitate financing to the value of at least \$20 billion by 2020.

UK Export Finance affirmed up to £25 billion capacity to support new business in BRI countries in Asia, in a boost to UK businesses selling their goods and services. The UK and China also agreed to identify specific BRI projects to act as pathfinders for UK and Chinese collaboration, and to conduct research on mechanisms to support private sector financing of infrastructure development across the BRI. China recognises the UK's world leading reputation in this area and greater partnership will increase global investment in UK infrastructure firms and enable them to export this expertise globally.

## **Trade and investment**

Showing that the UK is open for business, the EFD saw a range of commercial announcements, worth around £1.4 billion. These include an agreement between Smiths Interconnect and Huafeng to establish a new joint venture working on products for High Speed Rail and commercial aviation; the establishment of UK fintech firm World First's office and wholly foreign owned enterprise in Shanghai; and a partnership agreement between Tsinghua X-lab and Future Planet Capital to invest in innovative companies. The EFD also made substantial progress on issues which could unlock billions of pounds worth of agreements in the future. And in order to boost trade and investment and lay the foundations for a deeper future trading relationship ahead of the UK leaving the EU, the inaugural meeting of the new UK-China Trade Working Group took place. Progress was also made on implementing a reduction in tariffs on a range of food, retail and pharmaceutical goods, and the talks also built on previous EFDs in taking steps towards China lifting its ban on UK beef exports, put in place following the BSE crisis of the 90s.

## **Industrial Strategy**

The UK and China discussed opportunities to collaborate on the UK's new [Industrial Strategy](#) and welcomed the launch of a new UK China Science, Technology and Innovation Strategy. The UK are world leaders in innovative technologies like electric vehicles, so to build on the next generation electric vehicle package set out by the Chancellor at Budget and ensure Britain remains at the front of the pack in this market, a new collaboration was launched on zero carbon transport and Ultra Low Emission Vehicles (ULEVs). This includes cooperation on the £400 million Charging

Infrastructure Investment Fund announced at the recent Autumn Budget. Discussions were also held with China's most influential electric vehicles think tank, EV100, about collaborating more closely with Chinese automotive leaders to make it easier for UK and Chinese businesses to work together, boosting investment and creating more jobs.

## **Energy**

The accompanying Energy Dialogue with China's National Energy Administration saw the signing of an Action Plan to further cooperation between the UK and China on clean energy. Agreements were made between UK and Chinese businesses and research organisations to further develop renewable energy cooperation. The UK's offshore Renewable Catapult will be linking up with TusPark Newcastle and TusWind to further offshore wind technology development between the UK and China, and UK-based engineering consultancy Mott Macdonald and the China Energy Engineering Corporation to work together in third countries on renewable energy projects.

The Exchequer Secretary to the Treasury, Andrew Jones said:

Britain is an innovative hub, home to skills and services that are in high demand around the world. We are world leaders in electric vehicle technology and working with China will enable us to export this expertise globally.

Deepening our trade and investment links will help create an UK economy fit for the future by generating new jobs and modern skills across the country.

The Economic Secretary to the Treasury, Stephen Barclay said:

The relationship between the UK and China has brought real benefits, not just for our financial districts in the City, the Bund and Financial Street, but for our businesses and people across both nations.

I'm incredibly proud of what our two countries have achieved together so far, and I'm excited to build on our growing partnership to build economies of the future.

Minister for Investment, Mark Garnier said:

The Belt and Road Initiative is an ambitious initiative that will increase opportunities for global trade and it's only right we support British businesses in making the most of this.

We're putting export finance at the heart of trade promotion by making up to £25 billion available for projects in these markets.

The capacity will ensure that no viable company fails for a lack of funding and means they can take advantage of growing economies and secure deals that will boost the UK's exports and safeguard jobs at home.