

Press Room

---

To view or print the PDF content on this page, download the free [Adobe® Acrobat® Reader®](#).

June 18, 2008  
HP-1037

**Closing Statement by Secretary Paulson at the Fourth Meeting of the U.S.  
China Strategic Economic Dialogue**

**Washington, DC--** Good afternoon. We have reached the conclusion of our fourth meeting of the Strategic Economic Dialogue. Thank you to my Cabinet colleagues for your active participation at this meeting. And, of course, I thank our Chinese colleagues for their continued commitment to the SED. To my counterpart, Vice Premier Wang Qishan, it has been our pleasure to host you and your countrymen here. I know that I will talk to you many times before then, yet I also look forward to seeing you later this year for our fifth SED meeting.

Our discussions these last two days covered a wide range of priority issues for both our nations. I believe I speak for all of my Cabinet colleagues when I say that the SED has fostered broad, productive relations. Our discussions have gained momentum, leading to progress on a number of fronts this week, and creating a foundation for timely progress going forward. While these direct discussions may suspend for a day or two as our Chinese colleagues return home, the break will not last much longer than that, as intensive work continues between these biannual meetings.

Through the SED, we deal with long term strategic issues important to the prosperity of the American people, the Chinese people, and the global economy. At this meeting we grappled with the most important, strategic issues in our economic relationship. In particular, I believe we've begun two initiatives that over time will enable significant progress on two shared priorities – investment and energy and the environment.

Today, my colleague Vice-Premier Wang and I will sign a 10-year Energy and Environment Cooperation Framework, through which we will address some of

the most important and difficult challenges facing our nations and the world today – energy security, environmental sustainability, and climate change.

China and the United States are the two largest net importers of oil. Together, the United States and China account for more than half of global coal consumption. And we are the two largest emitters of green house gasses. China's rapid development has relied on a rapid increase in energy use, particularly oil and electricity. Last year, China accounted for almost 50 percent of total growth in world oil demand.

Our interests in this area are very aligned. We seek energy security -- which is so vital to our economic security -- while taking the necessary steps and making the necessary technological advances to preserve the health of our planet. Success in this area will require a sustained long-term effort by our two countries. And although there are no short-term fixes or easy answers, we are making progress and the 10-year Framework provides a vehicle for us to achieve more tangible results this year while laying the foundation for a long-term productive engagement between our two nations, which is essential if we are to meet this challenge.

To address these long-term issues requires more than government to government cooperation. Through this 10-year Framework, our two governments will engage businesses, academics, and leading research facilities in both our nations to jointly explore new ideas, share knowledge, and commercialize new technology. Working in a multidisciplinary format will enhance the productivity of this collaboration between our nations.

The 10-year Framework will center around five areas -- electricity, air, water, transportation, and conservation of forest and wetland ecosystems. We will pursue the concept of EcoPartnerships as a potential vehicle for voluntary cooperative initiatives across public and private entities.

Trade and open investment are key sources of economic growth. Both nations renewed their commitment to work actively toward a positive conclusion of the Doha negotiations. We also established a Transportation Forum between our two countries that will identify important infrastructure needs across all modes of transportation and enable the free flow of trade in these areas between the US and China. We discussed the importance of open investment to both our countries.

I am particularly pleased that we agreed to launch negotiations of a bilateral investment treaty (BIT). The conclusion of a BIT would send a strong signal

that our two nations welcome investment and will treat each other's investors in a fair and transparent manner. The US will pursue a comprehensive treaty based on the US model BIT, which reflects high standards of investor protection and provides legal protections for all economic sectors. Our two governments will begin these negotiations soon, and expect to have several rounds of discussions before the next SED meeting. We will work for a high-standard BIT, which is clearly in the mutual economic interests of both our nations.

During our meetings, we discussed the state of the US, Chinese and global economies. I provided an update on US financial markets, and described the steps we have taken to address immediate market stresses as well as medium-term steps we are taking to address policy issues arising out of recent market turmoil. We agreed that while the turmoil of recent months has created difficulties, the future prosperity of all our people requires that we fully participate in global financial markets, to balance our economies and fuel growth. The Chinese discussed several important incremental steps they are taking to open their financial markets. We also discussed the role of currencies in the global economy, and I told the Chinese I welcome the recent increased pace of appreciation of the RMB, and urge China to continue its move toward greater exchange rate flexibility, a crucial tool in controlling inflation and managing the domestic economy.

I am pleased that we continue to build stronger relationships between our leaders and our countries – that this innovative effort to strengthen a unique economic relationship is a success. We have managed through times of tension, and through leadership transition. And we will no doubt face future challenges. The mutual respect, trust and candor fostered through the SED will enable us to manage those challenges as well. Thank you.

-30-

## REPORTS

- [U.S. Fact Sheet](#)
- [Joint U.S. – China Fact Sheet](#)
- [Joint U.S. – China Fact Sheet on 10-Year Energy and Environment Cooperation Framework](#)