

China-France Joint Fact Sheet on the 5th High Level Economic and Financial Dialogue

December 1, 2017

Providing new impetus for the close and durable Sino-French economic and financial strategic partnership

The China-France High Level Economic and Financial Dialogue (HED) is a key platform for bilateral communication and policy coordination on strategic, overarching and long-term issues in the economic and financial fields. The first, second, third and fourth Dialogue, which was held in November 2013, September 2014, September 2015 and November 2016, made an active contribution to expanding and deepening the Sino-French comprehensive strategic partnership.

At present, the 19th National Congress of the Communist Party of China decided to remain committed to the new development philosophy, develop a modernized economy and foster a high-quality economic development, while the new French Government is dedicated to rejuvenating the French economy. This presents new opportunities to the Sino-French economic and financial cooperation. In this context, Chinese Vice-Premier Ma Kai and French Economy and Finance Minister Bruno Le Maire co-chaired the 5th HED on December 1st, 2017 in Beijing. They were joined by a high-level delegation of senior officials from both countries. To constantly intensify the close and durable Sino-French economic and financial strategic partnership in an innovative manner, both sides held in-depth discussion on moving forward on macroeconomic policy cooperation and on global economic governance, on reinforcing cooperation on trade, investment and industry, on deepening China-France financial cooperation, and on tackling together the global challenges related to climate finance and infrastructure investment financing. During the 5th HED, both sides reached consensus as follows:

I. Moving forward on macroeconomic policy cooperation and on global economic governance

Implementation of G20 commitments

1. Both sides reaffirm that they will strengthen their communication and coordination under the G20 framework, support the critical role of the G20 as the premier forum for international economic cooperation and promote the G20 to play a more active role in global economic and

financial governance. Both sides are willing to work together with other G20 members at multilateral level to strengthen macroeconomic policy coordination, break a new path for world economic growth, improve further the global economic and financial governance, reduce excessive global imbalances in a way that supports global growth, revitalize trade and investment as engines of growth, while striving to ensure a level playing field, in particular a favourable environment for trade and investment in this regard, make the eleventh WTO Ministerial Conference a success, promote inclusive and interconnected development and tackle further significant global challenges affecting the world economy such as inequality, digitalization, climate change, terrorism, corruption, to continue to contribute to an innovative, invigorated, interconnected and inclusive world economy. Both sides reaffirm the importance of an open and resilient financial system with strong, effective and representative global economic and financial institutions, and of a globally fair and modern international tax system. Both sides agree on the critical role played by multilateral institutions in this regard and on the need to rally to our support other G20 partners on this approach. Both sides will work to advance international financial regulation, so that all financial markets, products and participants are regulated or subject to oversight, as appropriate.

2. The global economic growth prospects are encouraging, though growth remains weaker than desirable. Globalization and technological change have contributed significantly to driving economic growth and rising living standards across the globe. However, globalization has created challenges and its benefits have not been shared widely enough. In this context, both sides reaffirm their commitment to proactively implementing the consensus reached at the G20 Hangzhou Summit and reaffirmed at the G20 Hamburg Summit to use all policy tools — monetary, fiscal and structural, individually and collectively, to achieve our goal of strong, sustainable, balanced and inclusive growth. Both sides also reiterate the commitment to implementing the G20 Enhanced Structural Reform Agenda, and welcome the first OECD technical report on the G20's progress on structural reform as well as the new IMF pilot report on the Strong, Sustainable and Balanced Growth path. Both sides jointly reaffirm the importance they attach to the G20 commitments on exchange rate, including to refrain from competitive devaluation.

National economic policies

3. China's economy has been transitioning from a phase of rapid growth to a stage of high-quality development. Since the beginning of this year, the main macroeconomic indicators performance has been better than expected. In the years to come, China will remain committed to the new development philosophy, work hard for better quality, higher efficiency and more robust drivers of economic growth through reform, raise total factor productivity, and make efforts to address the prominent problems of imbalances and inadequacies in development. This will steadily strengthen the innovation capacity and competitiveness of China's economy.
4. France is promoting strong, sustainable and balanced economic growth within a rejuvenated EU Framework. The French government has been further implementing a three-pronged reform strategy that ensures the sustainability of public finances, boosts competitiveness and attractiveness, thanks to a marked improvement in the business environment, and enhances the flexibility of the labour market. This strategy also aims at combating inequalities, in particular through measures in favour of the education system and professional training.

Sovereign debt

5. Both sides reaffirm the Paris Club's role as the international forum for restructuring official bilateral debt and support its work on sovereign debt issues. Both countries welcome further expansion of the Paris Club to other emerging creditors. China intends to continue its regular participation in Paris Club meetings and to play a more constructive role, including through further discussions on potential membership.

To contain the build-up of sovereign debt in low-income countries while allowing adequate access to financing, both sides emphasise the need to promote sound and sustainable financing practices. Both sides therefore welcome the G20 Operational Guidelines for Sustainable Financing and encourage official and private creditors and debtors to implement such guidelines, taking into account national circumstances.

International Monetary Fund

6. Both sides commit to strengthening their cooperation in the International Monetary Fund (IMF), and to continuing to improve the IMF's quota and governance structure. Both sides are working expeditiously towards the completion of the 15th General Review of Quotas and support ongoing work to further enhance the effectiveness

of its lending toolkit. Both sides reaffirm that the realignment of quota shares should result in increased shares for dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole while protecting the voice and representation of the poorest. More broadly, both sides support work to further strengthen the Global Financial Safety Nets (GFSN), with a strong, quota-based and adequately resourced IMF at its center.

Anti-money laundering and counter terrorist financing

7. Both sides reaffirm their commitment to comply with the anti-money laundering and counter terrorist financing standards defined by the Financial Action Task Force (FATF). Both sides support the transformation of the FATF into a legal person, recognizing that it plays a critical and sustained role in tackling AML/CFT threats. Both sides welcome the work on a bilateral MoU of anti-money laundering between the PBoC and ACPR. Both sides agree to promote the cooperation of anti-money laundering information exchange and supervision. Both sides commit to continue cooperation within frameworks such as the G20 Anti-corruption Working Group (ACWG).

Tax evasion and avoidance

8. Both sides agree to continuously maintain close cooperation and take measures in coping with cross-border tax evasion and avoidance. Both sides will continue to support G20 commitment on promoting tax transparency and implementing automatic exchange of information and call on all jurisdictions to comply with the internationally agreed standards of transparency and exchange of information in the tax area within the timeframe they have committed. Both sides will continue to support the OECD work aiming to keep updated a list of those jurisdictions that have not yet sufficiently progressed toward a satisfactory level of implementation of the agreed international standards on tax transparency. Defensive measures will be considered against listed jurisdictions.
9. Both sides are working on enhancing tax certainty and with the OECD on the tax challenges raised by digitalisation of the economy. Both sides agree to continuously strengthen communication and cooperation on the implementation of G20/OECD Base Erosion Profit Shifting Action Plans. The effectiveness of the project will be determined by its widespread and consistent implementation. Both sides are committed to helping developing countries, especially low

income countries, strengthen their capacity building in tax policy and administration through various forms.

2030 Agenda for Sustainable Development and Addis Ababa Action Agenda

10. Both sides agree to maintain close communication and cooperation in implementing the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, and commit to further align their actions with the 2030 Agenda for Sustainable Development and its integral part, the Addis Ababa Action Agenda on Financing for Development, domestically and internationally, including in support of developing countries and the provision of public goods.

Trade and investment

11. Both sides reaffirm their support to a rule-based, open, inclusive, transparent and non-discriminatory multilateral trading system with WTO at its core, and underline the political and economic necessity to ensure that international trade benefits are fairly distributed across and within countries, through the preservation of the core values and fundamental principles of the multilateral trading system, the concrete implementation of agreed disciplines, appropriate coordination of trade policies while being supported by ambitious trade adjustment fiscal policies nationally to make sure everyone benefits from globalization. Both sides commit to working together to improve the functioning of the WTO, to ensure full and transparent implementation and effective and timely enforcement of all WTO rules by all members. Both sides agree to push for the removal of all trade distorting practices.
12. Both sides agree that improving the level of compliance by all members with WTO requirements and disciplines, especially in the field of transparency and subsidies notification, should be strengthened in order to maintain the authority and efficiency of the multilateral system. Both sides agree to work constructively with all WTO members toward balanced, meaningful and concrete results for the next WTO Ministerial Conference in Buenos Aires.
13. Both sides agree that a common framework on officially supported export credits would participate in boosting international trade flows. Therefore, both sides reiterate their support to the International Working Group (IWG) in negotiating a new set of international guidelines for officially supported export credits. In this regard, they

fully support the work of the Secretary General with the agreed authorization and welcome the invitation to participate to the technical working groups to continue achieving progress on horizontal guideline negotiation in 2018 and beyond.

14. Both sides recognize that subsidies and other types of support from governments or government-sponsored institutions can cause market distortions and contribute to global excess capacity in industrial sectors. Both sides welcome the results of the Global Forum on Steel Excess Capacities ministerial meeting in Berlin and will take necessary actions in line with the consensus achieved in the Global Forum. Both sides reaffirm their commitment to continuing the work of the Global Forum on Steel Excess Capacities under the Argentinian presidency of the G20 in order to tackle these issues.

Multilateral Development Banks

15. MDBs:

(1) Both sides welcome MDB work on optimizing balance sheets, boosting investment in infrastructure and connectivity and crowding in private finance taking into account scarce public resources and the key role of private sector in sustainable economic development, while ensuring additionality and value for money.

(2) Both sides support the World Bank Group (WBG) to implement its Shareholding Review according to the agreed roadmap and principles, with the objective of achieving equitable voting power over time.

(3) Both sides agree to strengthen coordination and cooperation under the framework of Asian Infrastructure Investment Bank (AIIB), and commit to building the AIIB into a 21st century new Multilateral Development Bank together with other members. Both sides believe that the AIIB has a key role to play in fostering sustainable, low-carbon and climate-resilient economic development notably in the framework of the Paris agreement and improving infrastructure connectivity in Asia, in particular in collaboration with other MDBs and bilateral development banks such as AFD active in the region. In particular, both sides welcome the dialogue initiated between AFD and AIIB with a letter of intent signed on July 12th 2017. AIIB and AFD have mutual interest in promoting sustainable development, low-carbon and climate-resilient investments in line with the Paris Agreement on Climate and the SDGs agenda. They wish to collaborate to address the development challenges in the region more effectively and to enhance their cooperation including

through co-financing operations in countries eligible to their respective financing activities and that meet their respective strategies and policies.

II. Reinforcing cooperation on trade, investment and industry

Trade and investment policy

16. China and EU enjoy one of the world's biggest and most dynamic trading relationships and are both committed to liberalizing world trade while fighting against unfair trade practices and sharpening the rule-based system with WTO at its core. Both sides reiterate their attachment to free and fair trade, based on reciprocal and mutual benefits and the principle of non-discrimination.
17. Both sides reiterate the important role that the Joint Commission on Trade and Investment plays in facilitating trade and investment, fighting protectionism, improving market access and framework conditions for companies and developing new bilateral sectoral cooperation, and look forward to its 25th session to be held in 2018. Both sides agree to continue encouraging two-way trade and to work towards finding solutions to lift obstacles to trade so as to promote exports.
18. To implement the consensus reached by the two Heads of State and further promote higher level cooperation for companies of both nations, China and France agree to launch a Sino-French Business Council, building a significant platform for top executives for companies in key cooperation areas, offering advice and suggestions, pushing forward pragmatic economic and trade cooperation through their regular participation to official visits and their involvement into the Sino-French Business Council meetings. The work of the Sino-French Business Council may be discussed during the High Level Economic and Financial Dialogue.
19. Regarding agribusiness, following the large cooperation on both sides and the multiple exchanges of information since two years now, China commits to deliver the results of the last audits and to grant approvals before the end of the year to the compliant French pig meat and infant formula companies audited by CNCA in November 2015. Recognizing the joint interest to have access to high-quality products, both sides agreed to make French products available to Chinese operators in the feed market. France welcomes the lifting-up of the BSE embargo by China. Taking stock of this decision and recognising the high level of French animal health control system, China commits to expedite the process of effective market opening for French beef meat.

20. Both sides agree that promoting mutually beneficial opening is critical to maintaining dynamic bilateral investment flows in the long run. Both sides reiterate the need to intensify their efforts in the ongoing negotiations towards an ambitious and comprehensive investment agreement between the China and EU, which shall include investment protection, market access and other elements further facilitating investment.
21. Both sides welcome meaningful foreign direct investments that create employment and growth. China reiterates its willingness to implement meaningful steps towards market liberalization in China for foreign investors. China will comprehensively implement the pre-establishment national treatment and negative list management system, to greatly widen market access, to fairly treat all the firms registered in China, in the wake of State Council documents number 5 and 39 and the 19th Party Congress. China will host the China International Import Expo starting from 2018 and would welcome the French side to participate.
22. Both sides agree to further strengthen communication and cooperation in the area of export control so as to facilitate, to secure and to boost the bilateral high tech trade.

Intellectual property

23. Both sides agree to further strengthen bilateral cooperation and mutual understanding in the field of intellectual property under the framework of China-France Cooperation Agreement on Intellectual Property, as well as other relevant bilateral cooperation agreements and mechanisms. This cooperation aims to build a better innovative environment and benefit the IP users and the public.

Both sides will organize the Joint Committee Meeting on Patents in China in 2018 to share the best practices in intellectual property creation, utilization, protection, management and service. Both sides agree to further help the enterprises from the other side to resolve the barriers in trademark registration in the local jurisdiction accordingly with the respective laws, and to provide a sound intellectual property right environment for the bilateral economic and trade development.

Both sides will continue to work together to provide better services for users of IP systems and the public from both countries. Both sides agree to help French companies protect and enforce IP in China as well as to help Chinese companies protect and enforce IP in France.

Both parties will cooperate to strengthen the legal protection and effective enforcement systems of geographical indications (GI) in China and France. Both sides are willing to actively promote the negotiations on the China-EU Agreement on GI.

Both sides agree to strengthen the cooperation on the protection and enforcement of IPRs. Both sides agree to strengthen exchanges about creating a digital environment based on trust by welcoming initiatives establishing online IPR protection standards. Both parties will continue to welcome initiatives with e-commerce and social media platforms and search engines to use reasonable best efforts to adopt appropriate, proactive and preventive actions against suspected IPR violations by relying on available information, technology and resources.

24. Energy cooperation:

(1) Both sides welcome the first meeting of the China-France Energy Dialogue between National Energy Administration of China and the Ministry for Ecological and Inclusive Transition of France held on November 30th. This dialogue allows to share experience in energy policy and to review industrial cooperation periodically. Both sides agree to hold this dialogue regularly in order to enhance the communication on energy topics, and to define more precisely the areas of the future energy cooperation. The outcomes of this Energy Dialogue are reported to the High Level Economic and Financial Dialogue. The NEA of China and the French Association for Design, Construction and In-service Inspection Rules for Nuclear Island Components (AFCEN) will sign the Cooperation Agreement on Nuclear Power Codes and Standards during the dialogue, in order to push forward the bilateral cooperation on nuclear power codes and standards.

(2) Both sides reiterate their commitment to supporting the development of nuclear energy usage for peaceful purpose in a responsible manner. They welcome the progress made in implementing the Joint Statement on Deepening Civil Nuclear Energy Cooperation which was issued by the two governments during Premier Li Keqiang's visit to France on June 30, 2015 in Paris. Both sides welcome the start of the construction works for the Hinkley Point C project and the beginning of the general design assessment of the Hualong One (HPR1000) reactor in the United Kingdom. France will continue to encourage EDF to provide support for the adaptation of the reactor design and its certification by the British regulatory

authorities. Both sides will continue to encourage discussions between industrials regarding nuclear power plant development in third countries on the basis of mutual benefit. Both sides will continue to work towards completion and operation of the first units of the Taishan nuclear power project and look forward to further developing this important energy cooperation project together.

(3) Both parties value the importance of the closed nuclear fuel cycle for sustainable nuclear energy development and agree to strengthen their joint efforts on the project of a reprocessing-recycling plant in China with the goal of concluding trade negotiations as soon as possible. The upcoming visit of President Macron will be a key milestone to reaffirm this commitment. Both parties will continue to deepen their cooperation in the areas of nuclear research and development in the framework of 12th protocol between CEA and CAEA on the peaceful use of nuclear energy. Both parties welcome the signature of the Framework for Industrial and Commercial Cooperation Agreement (FICCA) between CNNC and AREVA New Co, which is an ambitious partnership that aims to extend the cooperation to all areas of the nuclear fuel cycle. Both parties will support the practical and quick implementation of this Agreement on the basis of balanced and mutual benefits.

(4) Both sides will further enhance the cooperation in the renewable energy field such as wind power and solar energy, and jointly promote low carbon development in both countries.

Industry and digital economy

25. France and China are both implementing cross-disciplinary programs in order to accelerate the modernization and the digitization of their industries and to foster innovation: *Industry of the Future* and *China Manufacturing 2025*. Both sides are committed to strengthening their exchanges within the framework of the French-China Committee on Industry between DGE and the MIIT to support China-France cooperation projects and experience in industry, as well as encouraging companies, academics and research institutes of the two sides to carry out practical communication and cooperation. This cooperation will be conducted on an equal and voluntary basis, respecting business confidentiality. They welcome the five industrial projects and two partnerships on training that have been recognized as joint pilot projects on industry of the future-China Manufacturing 2025. They note with satisfaction that a large number of industrial and academics pilot projects are under discussion. Both parties will

continue jointly identifying and publicizing the list of the new showcases. Both sides support the Center for International Economic and Technological Cooperation (CIETC) and the L'Alliance pour Industrie du Futur to jointly promote the establishment of Sino-French Strategic Alliance for Industrial Cooperation.

26. France and China welcome the deep ties and exchanges existing between innovative businesses of both countries, should they be start-ups or established industrial companies. Both sides welcome the F2 program led by the French Tech and encourage all interested start-ups, investors, researchers and corporates from both countries to participate.

Aeronautic and aerospace cooperation

27. Both sides underline the mutual benefits of bilateral cooperation in the aeronautic industry, which can be pictured by the presence of Airbus in Tianjin and welcome the inauguration in September 2017 of the A330 Wide Body Completion and Delivery Centre alongside the A320 Final Assembly Line. Both sides support the furthering of discussion between Airbus and its Chinese partners on promoting wide body jets cooperation that includes A330, A 350 and A380.

28. Both sides agree to complete the development of CFOSAT and SVOM satellites and ensure the satellites will be launched according to the schedule agreed upon in the last bilateral MOU signed in August 2014 for SVOM and January 2015 for CFOSAT. The 11th China-France Joint Committee on Space Cooperation successfully held in May 2017 provided the opportunity to focus on two cooperation themes: exploration and climate change. Both sides are dedicated to further seeking possible cooperation pattern in the space sector through a joint agreement to be signed in 2018. Particular emphasis should be placed on cooperation issues, including but not limited to the role of satellites in studying climate science and addressing climate change, a priority reinforced by both sides in the Paris Agreement of the COP21. Both sides will further promote the follow-up collaboration on space fields to improve the sustainable development of Sino-French space cooperation.

Automotive cooperation

29. The automotive industry plays a major role in the strengthening of the bilateral relationship between China and France. Both sides acknowledge the importance of transparent and fair principles in the implementation of industrial policy. Both sides are also committed to

encouraging the production and development of green and intelligent vehicles by facilitating the use in both countries of the best and most up to date technologies developed by Chinese and French industrial companies in the field of new energy vehicles and connected mobility. Based on reciprocity and in accordance with Chinese, French and European legislations, both sides agree to facilitate the implementation of the technical solutions developed by Chinese and French companies in these fields, including electric propulsion systems and technologies.

Both sides welcome the last meeting of the annual bilateral working group on automotive industry. They also welcome the deepening of relationships between China Automotive Technology and Research Centre and Bureau de Normalisation de l'Automobile on global standards and regulation and support them to sign the agreement which will stand for an important step towards the harmonization of both countries' positions in multilateral standardization bodies.

France and China also stress their mutual interest in exchanging on regulations regarding new energy vehicle and autonomous driving and look forward to deepen the discussions at the next bilateral meeting.

Cooperation in the field of standardization

30. Both sides will pursue cooperation in the field of standardization as initiated in 2013, with a special focus on the sectors of E-health, Silver economy, agro food, smart and sustainable cities and railway. Both sides will also explore partnerships in new sectors such as the new industrial revolution under the framework of the China manufacturing 2025/Industrie du future dialogue, civil aviation, e-commerce and new cooperation on climate and finance within ISO/TC207 "environmental management". SAC (Standardization Administration of China) and AFNOR (Association française de normalisation) will hold the next Sino-French standardization Seminar during the second half of 2018 in China. Based on the previous good experience, AFNOR will continue to provide its expertise to the Chinese authorities to help them adapt the Chinese standardization system to the new challenges raised by the upgrading and the internationalization of the Chinese economy through the appointment of its director general at the China Standardization Expert Committee.

31. China Customs and French Customs have made notable progress in law enforcement cooperation including intelligence exchange, mutual administrative assistance and combating commercial fraud. Both sides will increase personnel exchanges, implement the Technical

Cooperation Agreement of 2017-2021 between China and French Customs, and strengthen cooperation in fighting against commercial fraud, counterfeits and hazardous wastes, in order to foster a sound and orderly trade environment. Meanwhile, both sides will continue to actively participate in the 3rd Phase implementation of China-EU Smart and Secure Trade Lane Pilot Project, intellectual property rights protection and the mutual recognition of Authorized Economic Operators (AEO) and will enhance the custom cooperation on cross-border e-commerce, so as to secure and facilitate China-EU and China-France trade.

Joint research

32. Both sides agree to continue the communication and cooperation between the think tanks of the two countries in the financial field. Both sides welcome the Development Research Center (DRC) of the State Council of China and France Strategy (CGSP) to continue to hold the China-France Workshop in China and France in rotation, discussing issues of common interest such as international coordination of macroeconomic policies.

III. Deepening China-France financial cooperation

33. Both sides underline that Paris financial marketplace is a leading financial marketplace and a prime gateway for investing in the Eurozone. The ongoing initiatives by both public authorities and French financial actors will further foster its competitiveness. Both sides welcome the adoption of a Joint Financial Action Plan setting the main features of their cooperation in the financial field for the years to come, on the basis of expertise sharing and mutual benefits.

Development of Paris as a leading hub for RMB-denominated activity

34. Both sides welcome the on-going development of an off-shore RMB market in Paris, as a major and leading hub for RMB-denominated activity in the euro area. Both sides welcome the issuance of RMB-denominated bonds by Chinese and French issuers of all kinds respectively on the Chinese on-shore market and the French off-shore market. French institutional investors and corporates are encouraged to take advantage of RMB-denominated banking and financial services developed in Paris by Chinese and French financial institutions to increase their activities in RMB. Both parties encourage Paris EUROPLACE's action to promote, among French financial institutions and corporates including SMEs, the use of RMB in not

only trade finance, but also in market transactions, Forex and trade, including between China and Africa, in order to strengthen the position of Paris as one of the leading European offshore RMB centers. Both sides invite Chinese financial institutions and corporates to increase their offshore issuance in RMB denominated securities in Paris.

35. Intermediaries and financial market infrastructures in the Chinese interbank and exchange market, such as China Foreign Exchange Trade System (CFETS), Shanghai Clearing House, Shanghai Stock Exchange, Shenzhen Stock Exchange, China Central Depository Clearing Co. Ltd. (CCDC), are encouraged to take part, in collaboration with French market infrastructures and intermediaries, in the development of the off-shore RMB market in Europe, using Paris as a hub for RMB-denominated activity in the euro area. French and Chinese market participants issuing off-shore securities in RMB are encouraged to use the services provided through the collaboration between Chinese infrastructures and French infrastructures, such as Euronext and Euroclear France.

Internationalization of the bond market

36. France very much welcomes the opening-up of the Chinese Interbank Bond Market (CIBM) pursuant to PBoC circular n°3. France recognizes the great potential of the Panda Bond market and will encourage French institutions to issue Panda Bonds. Both sides very much welcome the fruitful cooperation between NAFMII and Paris EUROPLACE and the organization in Beijing on the 1st December 2017 of the fourth Sino-French Financial Forum co-hosted by the PBoC/Banque de France and by the China Securities Regulatory Commission (CSRC) and the Autorité des marchés financiers (AMF) on strengthening cooperation concerning the following three aspects, namely macro prudential policies and the opening up of financial markets, asset management: new investment solutions for financing the real economy, and new finance: green finance, fintech, etc. France therefore very much welcomes the first underwriting license granted to an active French bank in the Chinese inter-bank bond market and welcomes that based on market-based evaluation conducted on the principles of fairness, openness, impartiality, China will positively consider granting French banks the underwriting licenses, including the lead underwriting license of panda bonds in the Chinese inter-bank bond market.

37. Chinese financial institutions and corporates are encouraged to take advantage of the leading role played by the Paris Financial Centre in the Eurozone and to issue Euro-denominated bonds.
38. Both sides recognize that French institutional investors are among the biggest QFII and RQFII players and agree to continue to cooperate to help French investors take full advantage of the QFII and RQFII scheme. In particular, China welcomes more applications from French institutions and agrees to increase the RQFII quota of France when appropriate. Both sides remain committed to the positive operation of the agreement on Qualified Domestic Institutional Investors (QDII) signed between the AMF and the CBRC in 2014 in relation to the overseas wealth management business of Chinese commercial banks. China welcomes the registration of qualified French banks as QFII custodians, so that they can establish domestic custodian functions and therefore increase their securities investment in China, especially in stocks.

Cooperation between financial market authorities

39. China welcomes French regulator's partial exemption of prudential requirements on Chinese bank branches established in Paris. Further exemption of prudential requirements on the capital adequacy ratio may be considered, subject to the principle of reciprocity, with respect to the prudential requirement applicable to Chinese branches of French credit institutions.
40. Both sides welcome the achievements to date under the enhanced cooperation between the China Securities Regulatory Commission (CSRC) and the Autorité des marchés financiers (AMF), particularly in the fields of asset management as well as information sharing with a view to ensuring market integrity and investor protection. The CSRC and the AMF recognize the importance of remaining vigilant in the face of important and emerging risks and vulnerabilities in the financial system. They reiterate their commitment to cooperate further on assessing and monitoring such risks and vulnerabilities on a bilateral basis as well as in international fora. The CSRC and the AMF agree to share experience in the fields of market surveillance and enforcement with a view to preventing and fighting market abuses. In addition to the regulation of asset management activities, the authorities agree to pursue their dialogue and facilitate greater mutual understanding on other areas including derivative markets, listed companies and their financing on the markets, innovation in financial services and investor protection. The CSRC and the AMF further

agree to share experience in the field of green and sustainable finance and discuss their respective approaches on matters such as disclosure of non-financial information.

Asset management

41. Both sides welcome the fruitful relationships developed between the authorities and the Chinese and French asset management industries. They support the dialogue going forward between the AMF and the CSRC in order to facilitate mutual assistance and cooperation in the perspective of developing asset management activities in each country. China welcomes France to share its experience in delegation of asset management activities. The CSRC and the AMF are encouraged to further collaborate on facilitating such activities in France as well as in China under the relevant schemes. Both sides agree to strengthen communications and facilitate mutual understanding on asset management industries and regulation systems so as to promote and create favorable conditions for the mutual recognition of funds between China and France. Both sides also commit to continue facilitating the establishment of their asset management industry participants, respectively in China and in France. As an effort to implement the plans on further opening up the Chinese economy laid out by the 19th CPC National Congress, China has decided to raise the cap on direct/indirect equity ownership by single/multiple foreign investors in joint venture securities, fund management and futures companies to 51%. There will be no equity cap limit on such investments three years after the implementation of aforementioned measures. France welcomes efforts made by China to ease market access to China's securities and fund management industries according to its own timetable and road map, and expects that French Asset Management companies will thus be enabled to participate in the Qualified Domestic Limited Partnership (QDLP) and Qualified Domestic Investment Enterprise (QDIE) schemes, when appropriate. Both sides welcome French Asset Management companies established as qualified wholly foreign owned enterprises (WFOE) to register with the Asset Management Association of China (AMAC) as private fund management entities to engage in private fund management business.

Cooperation between banking associations

42. Both sides welcome the signature of the MoU on May 2017 between the China Banking Association (CBA) and the French Banking Federation (FBF) to foster cooperation.

Securities and securitization

43. France welcomes the announcement of China's decision on majority foreign ownership of JV securities and futures companies and looks forward to its early implementation. France believes that allowing qualified French banks to develop derivatives business in China through the establishment of joint venture securities and futures companies, participating in the securities and futures markets, will enrich the investment choices for Chinese investors, thus contribute to the better serving of the real economy.
44. China welcomes French Banks to share their securitization expertise, provide advice and contribute to the healthy and sustainable development of the Chinese securitization market.
45. To support the deepening of mutually beneficial cooperation, both sides agree to enhance cross-border regulatory dialogues and to strengthen regulatory cooperation mechanisms for securities and futures markets. Both sides agree to promote personnel exchange, and support and facilitate short-term personnel exchange programs between financial authorities.

Cooperation between authorities

46. Both the Chinese and the French banking supervisory authorities agree to further enhance supervisory cooperation and communication, especially in the area of guarding against systemic and regional risks, enhancing compliance management of banking institutions and promoting supervisory staff training.
47. CIRC is willing to strengthen communication and experience sharing with ACPR on insurance supervision, and further intensify cooperation on international insurance regulatory reform within relevant fora. Both sides agree to continue reinsurance cooperation on long-term care and management of major risks.
48. Both sides agree to promote the cooperation on audit oversight based on mutual respect for the national sovereignty of each country and each other's domestic laws and regulation. Both sides started consultation on the draft of a bilateral audit regulatory cooperation agreement, with arrangements that may include elements of mutual reliance or information exchange, etc., at the present stage with the aim of signing it after the adoption of a decision recognizing the adequacy of the Chinese auditor oversight authority by the European Commission. Chinese and French regulatory authorities agree to reach

bilateral audit regulatory arrangements, with the aim to promote bond markets connectivity and facilitate cross-border bond issuance.

Fintech and banking sector

49. Both sides acknowledge the potential for innovation and growth in the financial sector offered by financial technologies (“Fintech”), and welcome closer regulatory and intergovernmental cooperation as well as cooperation between industry bodies, which aims at providing an appropriate environment for Fintech firms and incumbent players to develop innovative services to do business based on reinforced risk prevention according to relevant laws and regulations, fostering sound development of this industry, and delivering effective protection for investors.
50. Both sides are willing to further intensify communication and cooperation on important issues on conduct supervision and consumer protection, which include conduct supervision frameworks and tools, financial ombudsman regime, financial literacy and education, evaluation for the performance of financial consumer protection, as well as consumer protection in the context of FinTech.

Market infrastructures

51. PBoC and Banque de France agree to strengthen their cooperation in the field of payment systems. As one of the central banks of the Eurosystem involved in the design and operational functioning of TARGET 2, Banque de France is willing to assist, where appropriate, PBoC in the preparation of phase 2 of CIPS (China International Payment System) drawing on its experience in designing payment systems with liquidity saving features (PNS, TARGET 2). China recognizes that Paris is a leading FX market in the Eurozone. Both sides agree to discuss how possible synergies between Chinese and French FX market stakeholders can be best organized. Both sides agree to support strengthened cooperation between the China UnionPay and its French partner institutions, wider acceptance of UnionPay card and small-amount payment of UnionPay card, including issuing UnionPay business cards and cards for small-scale trade to specific groups and customers. France will encourage French bank, while respecting their autonomy of decision, to provide convenient and secure environment for UnionPay card holders.
52. Both sides are committed to strengthening cooperation on the regulation of OTC derivatives markets, including enhancing cross-border collateral management services through a cooperation between

Chinese partner institutions and Euroclear, facilitating the realization of mutual recognition of Qualified Central Counterparties (QCCPs) between China and the EU and sharing experience in the development and regulation of the OTC derivatives market. Both sides support more solid cooperation between China and France on promoting regulatory policy dialogue, and major theoretical research. Recognising the importance of sound risk management practices, processes and tools, both sides commit to working together to further allow the sound development of the derivatives markets with a view to providing efficient hedging mechanisms for corporate and financial institutions to mitigate risk exposures.

Cooperation between financial centers

53. Both sides support the development of innovative SMEs, and would like to encourage a fruitful cooperation between the Shenzhen Stock Exchange and Euronext in the field of market finance for small and mid-caps. Such a co-operation could be based in the near future upon the exchange of good practices, and further development of their collaboration regarding indexes and investors roadshows such as the one organized in Beijing in 2016. Euronext is also willing to develop its collaboration with Dalian Commodity Exchange. The AMF and the CSRC welcome the enhanced cooperation between Euronext and the Shenzhen Stock Exchange and stand ready to facilitate joint initiatives, as appropriate.
54. The Shanghai Municipal Financial Services Office and Paris EUROPLACE commit to continue exchanges for a deeper and broader financial cooperation. Both parties are intending to mobilize Chinese and French market participants to further support cross-border and portfolio's investments (including in the Shanghai FTZ) and expand the financial cooperation through the development of respective capital markets.
55. Both sides welcome the decision of the State Council of People's Republic of China to establish the Chongqing Pilot Free Trade Zone, with the objective for Chongqing to be a pioneer in the western region. In the framework of the cooperation agreement they signed, Paris EUROPLACE and the Chongqing Financial Development Service Centre (CQFDSC) initiated preliminary discussions on different issues that could be developed between Chinese and French market professionals and academics: financial innovation with appropriate supervision, two-way RMB financing services between the FTZ and overseas, cross-border corporate financing within the FTZ.

Financial intelligence

56. Both sides encourage the CAMLMAC of PBOC and the Traitement du renseignement et action contre les circuits financiers clandestins (Tracfin) of the French Ministry of Economy and Finance to strengthen their exchange of financial intelligence on anti-money laundering and counter terrorist financing. As such, both sides warmly welcome the seminar that was held in Beijing at the end of November 2016 and closer contacts that followed. They also encourage their financial intelligence units to establish a proper follow up, in order to facilitate a better mutual understanding and foster cooperation.

IV. Tackling together the global challenges related to climate finance and infrastructure investment financing

Addressing the challenges related to climate change

57. Both sides welcome the international momentum in order to achieve the full and effective implementation of the Paris Agreement and commit to completing the work program related to the implementation of Paris Agreement by 2018. In this framework, they commit to advance the work program in a balanced manner regarding all elements of the Paris Agreement including (i) mitigation and adaptation actions, (ii) finance, technology and capacity building supports, and (iii) transparency for action and support. They reaffirm that the Paris agreement is to enhance the implementation of the United Nations Framework Convention on Climate Change, including its objective, and will not be renegotiated. This Agreement will be implemented to reflect equity and the principles of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances. Both sides commit to effectively implement their Nationally Determined Contributions (NDCs) together with other parties which will represent a progression over time and reflect their highest possible ambition, while recognizing the need to support developing country Parties for the effective implementation of this Agreement. They will formulate and communicate respective mid-century, long-term low greenhouse gas (GHG) emission development strategies as early as possible in line with the Paris outcome. In enhancing the implementation of the Convention, including its objective, they also insist on the importance of making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development in the context of sustainable development and efforts to eradicate poverty. Both sides recognize that developed countries shall provide financial

resources to assist developing countries with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention, and that other countries are encouraged to provide or continue to provide such support voluntarily. They reiterate their call on developed countries to fulfil their commitment to jointly mobilize \$100 billion per year by 2020 for climate change adaptation and mitigation in developing countries.

58. Two years after the COP21, the French President will convene a new summit in Paris on December 12th 2017 to take stock of the initiatives launched to address climate change. France looks forward to the participation of high-level Chinese authorities and financial institutions to this event and to the events organized in its ramp-up.
59. Both sides recall their bilateral partnership on climate change established by the Joint Declaration on Climate Change of 2007 and their agreement to enhance their coordination and cooperation on climate change as stated in their Joint Presidential Statement on Climate Change of 2015. Both sides emphasize the importance of carbon pricing which can take different forms and consider in this respect that the development of a national carbon market in China is an important milestone and a strong and encouraging signal. Both sides agree to stimulate initiatives promoting the enabling environments, including regulatory frameworks, that can incentivize the transition towards a low-carbon and resilient economy, such as inter alia carbon pricing schemes and the phasing down of financing for emission intensive projects.
60. Both sides recognize the importance of low-carbon and climate-resilient investments, in particular in infrastructure, and will make efforts to encourage financial flows to resource efficient, sustainable, low-carbon and climate-resilient projects. Both sides stress and agree to further promote the critical role to be played by national and multilateral development banks in this regard, in particular to further leverage public and private investments.

Green industry

61. Both sides recognize that the development of green industry is a major challenge to meet the COP 21 commitments. Within the renamed Working Group on Green Manufacturing set up by DGE and MIIT, both sides encourage the enterprises and research institutes to participate in the construction of green parks and factories. Both sides will strengthen Franco-Chinese cooperation in extended producer responsibility sectors and technical cooperation for the development

of high-performance sorting centers, promote recycling of metals from batteries and accumulators and support the development of the circular economy of sewage treatment plants.

Green finance

62. Building on the momentum provided by the COP21 French Presidency in mobilising the financial sector, France very much welcomes the highly impactful work by the G20 Green Finance Study Group under the G20 Chinese Presidency and its follow-up under the German Presidency. Both sides agree to closely cooperate to address challenges and difficulties that may hinder the sound development of green finance in collaboration with the private sector. Both sides will continue to support the work program of G20 on related issues under the aegis of the Argentinian Presidency of the G20.
63. Both sides recognize each other as a major “green financial centre” and the benefit of further collaboration. Drawing on the experiences gained in their respective markets, both sides will further share their experience in “green financing” and agree to encourage Chinese and French financial institutions to enhance cooperation to implement domestic and international initiatives on “green finance”, to support green investments between China and France and to improve the assessment and management of the climate and environmental risks. Both sides very much welcome the MoU to be signed between a French asset manager and a Chinese bank to that end. Both sides will encourage Chinese and French institutions to offer energy transition-related credits, and explore further cooperation on energy efficiency credit, including exchanges on energy efficiency financial products, experience of risk management and best practice in energy efficiency credit. For this purpose, both sides agree to involve French and Chinese financial institutions in their steering process on green finance. Banque de France, PBoC together with Paris EUROPLACE, NAFMII, and the Green Finance Committee of China Society of Finance & Banking agree to strengthen their close co-operation and further promote green finance.
64. Both sides agree to closely collaborate to facilitate the growth and internationalization of robust green bond markets involving Chinese and French market participants. Both sides’ marketplaces represent respectively the first and the third country in terms of “green bonds” issuance, and both sides are strongly committed to fostering the development of the Chinese and French markets. Chinese and French financial institutions are committed to supporting the underwriting of green bonds both in China and in France. Besides, the two parties

agree to co-operate to the development of green asset securitization, in particular with the launch of a dedicated Working Group bringing together market participants and regulators.

65. Both sides are committed to further enhancing the analysis and management of environmental risks by financial institutions such as banks, insurance companies and asset managers, and sharing their experience in developing risk-modeling techniques by organizing workshops with market participants with a sound track-record in that field.
66. France requires its institutional investors to disclose how they take into account 'Environmental, Social and Governance (ESG)' criteria into their investment strategies, with a particular focus on climate-related risks and how asset allocation is consistent with the low-GHG transition. China, in its recent Guidelines for Establishing the Green Financial System, has outlined its roadmap towards establishing mandatory requirements for listed companies and bond issuers to disclose environmental information. Both sides agree to work on common guidelines to be applied to co-funded green investments in third countries. Both sides agree to facilitate the development and implementation of disclosure requirements, and will develop options to better utilize existing and develop new environmental data for risk analysis and management. Both sides welcome the recommendations of the FSB's Taskforce on Climate Financial Disclosures and look forward to contributing to their global implementation.
67. Both sides encourage the financial institutions of two countries to promote financial cooperation in the areas of sustainable infrastructure, clean energy, environmental and ecological protection, climate-adaptable agriculture and ecological parks.

Partnerships in third markets

68. Both sides consider their developing partnerships on third markets as an evidence of the great trust and ambition that govern their bilateral relationship. Both sides welcome the first meeting of the steering committee and look forward to the implementation of the projects selected at this meeting in Asia and in Africa. Both sides agree to let the steering committee associate their business communities, to the identification and mutual implementation of such projects.
69. Both sides look forward to co-investments in third markets by CDC International Capital (subsidiary of Caisse des Dépôts) and CIC Capital (subsidiary of China Investment Corporation) which shall, in accordance with market conditions, focus on the relevant economic

sectors agreed in the MoU and especially support the internationalization of both Chinese and French firms.

70. Both sides also welcome the MoU to be signed between AFD and China Development Bank to further promote cooperation and provide joint answers to new challenges arising from the international development finance agenda, specifically focusing on climate change issues as well as enhanced collaboration in the framework of the International Development Finance Club (IDFC), the largest network of national, regional and international development banks worldwide. IDFC is currently chaired by AFD; China Development Bank acts as Vice-Chair and member of the Club's Steering Group.

The Belt and Road Initiative

71. France welcomes the Belt and Road Initiative. Both sides agree to explore ways for concrete cooperation between our two governments.