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Opening Remarks by Secretary Henry M. Paulson, Jr.

Henry M. Paulson Jr.

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U.S. DEPARTMENT OF THE TREASURY

Press Center

Opening Remarks by Secretary Henry M. Paulson, Jr.

12/3/2008

HP-1308

At the U.S. – China Strategic Economic Dialogue

Beijing – On behalf of the U.S. delegation, we are particularly pleased to be here with our distinguished Chinese counterparts in Beijing for two days of work on critical issues in the U.S. – China economic relationship. This will be the final SED meeting for me and my U.S. cabinet colleagues, and we are committed to a strong finish, to having perhaps our most productive and cooperative sessions to date. Thank you to Vice Premier Wang for his hospitality here today, and for the hard work he and his colleagues put into the SED and into building a stronger U.S.-China economic relationship that benefits both our peoples.

On behalf of the U.S. delegation, we are particularly pleased to be here with our distinguished Chinese counterparts in Beijing for two days of work on critical issues in the U.S. – China economic relationship. This will be the final SED meeting for me and my U.S. cabinet colleagues, and we are committed to a strong finish, to having perhaps our most productive and cooperative sessions to date. Thank you to Vice Premier Wang for his hospitality here today, and for the hard work he and his colleagues put into the SED and into building a stronger U.S.-China economic relationship that benefits both our peoples.

President Bush and President Hu formed the SED in late 2006, to foster direct engagement as the optimal way to build a mutually beneficial economic relationship. For more than two years the SED has brought together government leaders from the highest levels in both nations to prioritize and work on issues of the day, while also setting long-term objectives.

We have learned that engagement works, that engagement can help achieve meaningful, tangible results that would not have been possible otherwise.

Engagement has helped us manage the current financial market crisis. This crisis is a global event, and governments around the world have engaged directly and responded with actions to restore stability and address market developments. International cooperation and coordination have been robust, and we appreciate the responsible role China has played during the turmoil. We have welcomed China's active participation, along with other members of the G-20, in the Summit on Financial Markets and the World Economy, and in multilateral mechanisms for cooperation including the G-20, APEC, and the International Financial Institutions.

Engagement with China has helped both countries manage and address consumer and product safety issues. We have completed two Memoranda of Agreement, established three FDA offices in China, and developed a true culture of collaboration between our respective health ministries. Now we need to intensify our work further, to build quality into each stage of the manufacturing and distribution process, and engage stakeholders among the private sector, academia, and all levels of government.

During a period of trade tension, the SED has helped us manage difficult trade and investment issues. We have avoided harmful and counterproductive market-closing initiatives, and productive negotiations are underway on a new Bilateral Investment Treaty. Overall, we cooperate based on the common premise that countries benefit their citizens greatly when they open themselves to competition, reform their economies, and welcome foreign investment. Direct investment, such as manufacturing plants or service companies, is the ultimate vote of confidence in any economy.

We have developed a constructive and productive rhythm to our interactions. We have built trust, worked through misunderstandings and crises and, wherever possible, expanded common interests. We have built confidence that the United States and China can work together.

We have grappled with the most important and challenging issues, including the rule of law, transparency, innovation, rebalancing growth and intellectual property rights. Our discussions have been uniformly candid, meaningful, and respectful.

Our meetings this week will focus on the building blocks for an enduring U.S. – China economic partnership. We will continue to work on strategies for managing macroeconomic risks and promoting balanced growth, on open investment and trade policies, including strengthening product, food and drug safety; on our respective roles in international institutions and to strengthen cooperation in energy and the environment. And, for the first time during the SED, the U.S. and China will focus on how we can work together through international forums to strengthen the global economic system.

Mutual interest in jointly tackling energy and the environment issues has given rise to a hallmark SED achievement, the Ten Year Framework for Energy and Environment Cooperation, signed last June. This comprehensive framework promotes collaboration to

advance technological innovation, adopt highly-efficient clean energy technology, and promote natural resource sustainability.

We expect to reach substantive agreements this week, establishing short, medium and long-term deliverables in five areas: electricity generation, transportation, clean water, clean air, and protecting wetlands and other natural areas.

I am grateful to my cabinet colleagues for their contributions to, and support of, the SED these past two-plus years. And we are all grateful for the vision of President Bush and President Hu; by creating a structure focused on mutual success, they laid the foundation for what we have achieved thus far. These first years of the Strategic Economic Dialogue have demonstrated that direct engagement achieves results. Just as importantly, it has improved the relationship between our two countries so that we can effectively manage complex issues, such as the recent global financial turmoil. We have stood many tests so far, and I believe we can withstand many more. Thank you.

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