

China-France Joint Fact Sheet on the 4th High Level Economic and Financial Dialogue

Consolidating and developing a 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 and third Dialogue, which were held in November 2013, September 2014 and September 2015, made an active contribution to expanding and deepening the Sino-French comprehensive strategic partnership.

Chinese Vice-Premier Ma Kai and French Economy and Finance Minister Michel Sapin co-chaired the 4th HED on November 14, 2016 in Paris. They were joined by a high-level delegation of senior officials from both countries. France and China stress that the purposes of this dialogue are to jointly address the new situation and challenge in the field of economy and finance globally and in both countries, proactively explore cooperation in new areas, and constantly intensify the close and durable Sino-French economic and financial strategic partnership in an innovative manner.

I. Building on the G20 framework to promote a strong, sustainable, balanced and inclusive growth

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 governance. France commends China for the successful outcome of the G20 Summit in 2016. Both sides are committed to implementing the outcomes of Hangzhou Summit and promoting a strong, sustainable, balanced and inclusive growth. To achieve this goal, both sides are willing to work together with other G20 members to strengthen macroeconomic policy coordination, break a new path for world economic growth, improve further the global economic and financial governance, revitalize trade and investment as engines of growth, promote inclusive and interconnected development and tackle further significant global challenges affecting the world economy such as climate change and terrorism, to continue to contribute to an innovative, invigorated, interconnected and inclusive world economy. Both sides reaffirm the importance of maintaining international financial stability, improving global economic governance, and developing an

open world economy. 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 recovery continues, but still falls short of our expectations. The global economic environment is challenging and downside risks persist, highlighted by financial markets' potential volatility, fluctuating commodity prices, weak trade and investment, and slow growth of productivity and job creation. Geopolitical conflicts, terrorism and refugee flows continue to complicate the global economic environment. In addition, the outcome of the referendum on the UK's membership of the EU adds to the uncertainty in the global economy. In this context, both sides commit to proactively implementing the consensus reached in G20 Hangzhou Summit and determine 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 jointly reaffirm the importance they attach to the G20 commitments on exchange rate, including to refrain from competitive devaluation.

3. Both sides reiterate the essential role of structural reforms in boosting productivity and potential output, as well as promoting innovative growth. Both sides will actively implement the G20 Enhanced Structural Reform Agenda. Both sides will use the priority areas and a set of guiding principles identified in the Agenda to guide structural reforms, taking into account the diversity of country circumstances. Both sides will also use the set of agreed indicators to help monitor and assess the progress of structural reforms.

National economic policies

4. France is promoting strong, sustainable and balanced economic growth. The French government is fully committed to further implementing its reform strategy, aiming to ensure the sustainability of public finances, continue to boost competitiveness and modernise the business environment, and to improve the functioning of the labour market. This strategy also aims at combating inequalities, in particular through measures in favour of the education system.

5. China is implementing proactive fiscal policy and prudent monetary policy and steadfastly advancing supply-side structural reform, to put Chinese economy on a more sustainable growth path. China commits to fostering economic growth and promoting structural adjustment by expanding household consumption and the proportion of service sector to the economy. China's fiscal policy has played an active role in addressing shortcomings in economic and social development, including poverty reduction and ecological protection, and strengthening the management of local government debt. China will continue to implement

proactive fiscal policy to promote structural reforms and expand aggregate demand as appropriate, while ensuring financial stability. The Chinese authorities commit to communicating clearly their economic and financial policies. France welcomes progress made by Chinese authorities in enhancing economic and financial data and fulfilling the SDDS standard.

Paris Club

6. France and China reaffirm the Paris Club's role as the international forum for restructuring official bilateral debt and support its ongoing work and the expansion of its membership to include emerging creditors. Both countries welcome the admission of the Republic of Korea, the decision of Brazil to join the Paris Club, and the Paris Club's discussion of a range of sovereign debt issues. 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.

International Monetary Fund

7. France and China 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 strongly welcome the effectiveness of quota increases under the 14th General Review of Quotas and of the Seventh Amendment on the Reform of the IMF Executive Board. Both sides are working towards the completion of the 15th General Review of Quotas. 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. More broadly, both sides support work to further strengthen the Global Financial Safety Net (GFSN), with a strong, quota-based and adequately resourced IMF at its centre, equipped with a more effective toolkit. France welcomed the inclusion of the RMB into the SDR currency basket which came into effect on October 1, 2016. Both sides support the ongoing examination of the broader use of the SDR, such as the broader reporting in the SDR and the issuance of SDR denominated bonds, as a way to enhance resilience.

Anti-money laundering and counter terrorist financing

8. France and China agree to comply with the anti-money laundering and counter terrorist financing standards defined by the Financial Action Task Force (FATF). In particular, both sides support the FATF's ongoing work to clearly identify and address the remaining weaknesses regarding the adoption and implementation of laws criminalizing terrorist financing and of targeted

financial sanctions regimes related to terrorism and terrorist financing. Finally, both sides reiterate their commitment to implement the G20 High-Level Principles on Beneficial Ownership Transparency and look forward to further progress on implementation, in order to ensure that the relevant authorities, including anti-corruption, financial and tax authorities, know who owns and controls companies and other legal arrangements, such as trusts.

Tax evasion and avoidance

9. 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 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 prepare a list by the G20 Leaders' Summit in July 2017 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. 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 provide support within their respective capability to developing countries in this regard.

Trade and investment

11. France and China welcome the progress that has been made by the International Working Group (IWG) in negotiating a new set of international guidelines on officially supported export-credit and will continue supporting the follow-up discussion under the IWG. Both sides support the assignment of a secretary general and commit to negotiating on a horizontal guideline text at the 12th IWG.

12. France stresses the positive results achieved by the G20 under the Chinese presidency in relation to trade and investment, especially the adoption of the G20 Strategy for Global Trade Growth and the endorsement of the G20 Guiding Principles for Global Investment Policymaking, which will help foster an open, transparent and conducive global policy environment for investment. France and China reaffirm their support to an open, inclusive and rule-based international trade system and underline the political and economic necessity to ensure that international trade benefits are fairly distributed across and within countries, through the implementation of agreed multilateral rules and appropriate coordination of trade policies.

Multilateral Development Banks

13. MDBs:

(1) Both sides agree to jointly support Multilateral Development Banks (MDBs) to optimize their balance sheets, support infrastructure investment, and promote south-south cooperation and tripartite cooperation with other developing countries.

(2) Both sides support the World Bank Group (WBG) to implement its shareholding review according to the agreed roadmap, timeframe 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 economic development and improving infrastructure connectivity in Asia, in particular in collaboration with other MDBs active in the region.

14. In line with the consensus reached by G20, both sides will push forward the MDBs to deliver the commitments from the Joint Declaration of Aspirations on Actions to Support Infrastructure Investment, including the quantitative ambitions for high-quality infrastructure projects, strengthening cooperation between existing and new MDBs as well as catalyzing private resources. Both sides will support the World Bank as the secretariat to further the implementation of the Global Infrastructure Connectivity Alliance Initiative launched by G20 in 2016 and look forward to contributing to the promotion of cooperation and synergy among different regional/national infrastructure connectivity initiatives by engaging in the main activities of the alliance.

15. Both sides welcome the G20 leaders' conclusion on tackling excess capacity, and will work with other G20 members and interested OECD members to form a Global Forum on Steel Excess Capacity facilitated by the OECD at the earliest opportunity.

16. Both sides are committed to strengthening communication and cooperation to show the political will, so as to advance negotiations on the remaining Doha Development Agenda issues in line with its existing mandates as a matter of priority, while addressing other issues of common interest and importance to today's global economy, in the view of strengthening the multilateral trading system and adapting it to the new economic realities. Both sides reaffirmed their commitment to work with all WTO members and achieve balanced, meaningful and development-oriented outcomes at MC11 with a sense of urgency and solidarity.

II. Using the Paris agreement and Chinese G20 presidency momentum to bolster a low-carbon climate-resilient development, the provision and mobilization of climate finance and the promotion of green finance

17. China and France welcome the historic achievement of COP21 and welcome the early entry into force of the Paris Agreement, which they have fully supported by having already concluded their respective domestic procedures for ratification. They affirm their determination to ensure the full and timely implementation of the Agreement reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, and to reach its long-term aims on mitigation, adaptation, finance, technology and capacity building by effective implementation of their nationally determined contributions, and by promoting increased ambition over time. 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. China and France 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 fulfill their commitment to mobilize \$100 billion per year by 2020 for climate change

adaptation and mitigation in developing countries. They urge developed countries to provide and mobilize enhanced financial support to developing countries for meaningful mitigation and adaptation actions, especially to countries that are particularly vulnerable to the adverse effects of climate change and encourage voluntary support by other countries in line with the Paris outcome.

18. China and France 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. China and France 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.

19. Both sides recognize that the development of green industry is a major challenge to meet the COP 21 commitments. In that view, both sides encourage their enterprises to cooperate with each other in building green factories and green parks and to exchange views on policies and standards within the DGE – MIIT Working Group on Green Industry.

20. 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 agrees to closely cooperate to address challenges and difficulties that may hinder the sound development of green finance in collaboration with the private sector. France and China will continue to support the work program of G20 Green Finance Study Group during German presidency of the G20.

21. France and China recognize each other as a major “green financial centre” and both sides recognize the benefit of further collaboration. Drawing on their experience gained in their respective markets, China and France will further share their experience in “green financing” and agree to encourage French and Chinese financial institutions to further cooperate when implementing domestic and international initiatives on “green finance” and to support the French and Chinese agenda on energy transition. This should include the implementation of energy transition green fund projects and the design of relevant solutions to decarbonize the portfolios of the institutional investors. Both sides will encourage French and Chinese institutions to offer energy transition-related credits. 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 closely cooperate in the context of the G20 and the COP22 to further promote green finance. As part of the COP22, Paris EUROPLACE will organize the second Climate finance day in Casablanca and looks forward to the participation of Chinese financial institutions and authorities in this event.

22. Both sides agree to closely collaborate to facilitate the growth and internationalisation of robust green bond markets involving Chinese and French market participants. China and France's marketplaces represent respectively the first and the third country in terms of "green bonds" issuance, and both sides are strongly committed to facilitating the development of the French and Chinese markets. French and Chinese financial institutions are committed to supporting the underwriting of green bonds both in France and in China.

23. China and France 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-modelling techniques by organizing workshops.

24. 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 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. China and France look forward to considering the outcomes and recommendations of the FSB's Taskforce on Climate Financial Disclosures.

III. Relying on an enhanced framework to foster trade, investment and industrial cooperation between France and China

Trade and investment policy

25. Both sides recognize the important role that the Joint Commission on Trade and Investment plays in facilitating trade and investment, improving market access and framework conditions for companies and developing new bilateral sectoral cooperation. Both sides agree that the Joint Commission is instrumental

to fighting protectionism, in line with the Hangzhou G20 Leaders' Communique. They agree to give new impetus to this Commission and discuss its future orientations during its 25th session in 2017, in a spirit of mutual and reciprocal benefit.

26. Both sides acknowledge the greater interdependence between France and China and renew the pledge formulated by our country leaders in April 2013 to rebalance our trade relations. Both sides agree to continue encouraging two-way trade and to accelerate ongoing discussions aiming at finding solutions to lift obstacles to trade so as to promote exports, in particular in the agricultural and health sectors. In line with the discussions held at the 24th session of the Joint Commission, both sides carried out technical discussions, including on-site information exchange, and China commits to lifting the BSE embargo on French beef exports as early as possible, on the basis of ensuring safety. China commits to granting approvals to French pig meat and infant formula companies audited by CNCA in November 2015.

27. 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.

28. Both sides adhere to the EU-China 2020 Agenda and welcome the progress made by the EU and China, who are determined to intensify their efforts in the ongoing negotiations towards an ambitious and comprehensive investment agreement, which shall include investment protection, market access and other elements further facilitating investment. Negotiating and concluding such a comprehensive EU-China Investment Agreement will convey both sides' joint commitment towards stronger cooperation as well as their willingness to envisage broader ambitions including, once the conditions are right, towards a deep and comprehensive FTA, as a longer term perspective.

29. France supports the EU's compliance with its international obligations under WTO law, including on the issue of Article 15 of China's accession protocol. In principle, France supports the current EU work towards a country-neutral, transparent and efficient trade defense framework.

30. The China-France local economic and trade cooperation possesses favorable foundation and huge potential. Both sides agree it is necessary to strengthen the local cooperation for consolidating the China-France comprehensive strategic partnership. Both sides decide to take actions to push forward the bilateral local trade and investment cooperation in compliance with the bilateral regional

development strategy. They also stress the importance of their bilateral cooperation on sustainable urban development, notably in Wuhan and Chengdu, which should provide examples of low-carbon projects.

31. France welcomes China's One Belt One Road initiative and China's willingness to step up productive investment in Europe, in a mutually beneficial way.

32. *PPP*

(1) Both sides agree to develop technical cooperation on the legal and institutional framework of PPP.

(2) Both sides agree to develop technical cooperation on PPP issues including concession models on a bilateral basis, as well as in the multilateral context.

Partnerships in third markets

33. France and China consider their developing partnerships on third markets as an evidence of the great trust and ambition that govern their bilateral relationship. Both sides agree to set up a steering committee and welcome the signature of the related agreement between the NDRC and DG Treasury on November 14th, 2016. Both sides support its selection of one project in Asia and one in Africa to launch the first concrete realization of this cooperation and will promote cooperation on more projects in third markets to achieve substantial progress in line with the principle of "matured projects could be implemented first" while respecting a geographical balance.

Both sides welcome the signature on November 14th, 2016 of the Memorandum of Understanding establishing a co-investment platform in third markets by CDC International Capital (subsidiary of Caisse des Dépôts) and CIC Capital (subsidiary of China Investment Corporation), which will aim to invest in projects offering development opportunities for Chinese and French economic players in third markets.

34. From 2017 onwards, both sides agree to continue promoting the implementation of co-investment in the geographical area of Greater Paris in the field of real estate and infrastructure particularly, in connection with the co-investment Partnership signed between CIC Capital and CDC International Capital.

Intellectual property

35. Both sides agree to further strengthen bilateral cooperation in the field of intellectual property under the frameworks of China-France Cooperation Agreement on Intellectual Property, as well as other relevant bilateral cooperation agreements and mechanisms. Both sides recognize the important role of intellectual property in promoting innovation and economic growth and underline the mutual benefits of bilateral cooperation in this field. Both parties expect significant progress in sharing information on the creation, use, protection and enforcement of Intellectual Property Rights (IPR), including but not limited to improving patent protection system, patent operations (valorization, commercialization), patent evaluation standards, trademark and design protection, law enforcement and judicial practice. Both parties agree to strengthen the protection of geographical indications and hope to actively promote the negotiations on the EU-China Agreement on Geographical Indications. Both sides recognize the economic and social damage caused by intellectual property infringing goods and agree to strengthen exchanges about creating a digital environment based on trust by online protection of IPR and encourage more cooperation on e-commerce standards. Both parties welcome initiatives undertaken between Chinese e-commerce and social media platforms on the one hand, and major French companies on the other hand, to implement and experiment preventive solutions (filters) tackling automatically IPR infringements and counterfeiting. Both sides will keep eyes on the implementation of the preventive solutions, and exchange views in time.

36. Energy cooperation:

(1) 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. In particular, both sides welcome the signature of the agreements on UK's new-built nuclear power projects, including the signature of the agreements on Hinkley Point C and the development of Sizewell C and Bradwell B projects. France will continue to encourage EDF to provide support for the adaptation and the certification (Generic Design Assessment) of the Hualong One (HPR1000). France is currently implementing the refoundation of its nuclear power industry, which brings major opportunities for consolidating and strengthening the French-Chinese nuclear energy cooperation. China, noting the expected schedule of this refoundation, will continue to encourage its industrials to engage in the restructuring of AREVA group. Both sides will encourage

discussions between industrials regarding NPP development in third countries on the basis of mutual benefit. Both sides will continue to work towards early completion and operation of the Taishan nuclear power project, which is an important energy cooperation project between two countries, while ensuring the project is of high quality. Both parties value the importance of the closed nuclear fuel cycle for sustainable nuclear energy development and agree to strengthen their joint efforts on discussions related to the project of reprocessing-recycling plant. Both parties will strengthen the cooperation in other areas of science, technology and industry, regarding nuclear energy, including on the area of uranium resources development, conversion, fuel and related components fabrication, high and medium power reactors, and back end of nuclear fuel cycle.

(2) Both sides will further enhance the cooperation on technology and equipment in the renewable energy field such as wind power and solar energy, and to jointly promote the development of renewable energy and the sustainable development of energy in both countries.

(3) Both sides welcome the establishment of a France-China Energy Dialogue, which will be held jointly by National Energy Administration and Ministry of Environment, Energy and the Sea. This dialogue will allow to share experiences in energy policy and to review industrial cooperation periodically. The outcomes of this Energy Dialogue will be reported to the High Level Economic and Financial Dialogue.

Industrial cooperation

37. In accordance with the commitment of both sides to encouraging industrials from the two countries to cooperate on the basis laid by the plans of “China Manufacturing 2025” and “Industry of Future”, exchange and cooperation have been greatly enhanced between enterprises of the two countries. Both administrations in charge of industry have facilitated and will continue to facilitate such exchange, especially through meetings and roundtables organized during and between their annual joint committee. They will also summarize, publicize and promote established practical cooperation projects between China and France as well as related successful practices and experiences in a timely manner.

38. Both sides underline the mutual benefits of bilateral cooperation in the aeronautic industry, which can be pictured by the presence of Airbus in Tianjin (A320 Final Assembly Line and A330 wide body completion and delivery centre), the increasing participation of Chinese industry in Airbus supply chain

and the collaboration of Avic and Airbus Helicopters for the development and the production of the Z15/H175. The Aeroengine Corporation of China and the French company Turbomeca are joining forces in making WZ16. Both sides encourage industrials to deepen their ties according to their mutual interest.

39. Both sides agree to achieve the development of CFOSAT and SVOM satellites and ensure the satellites will be launched right on time following the last bilateral MOU signed in August 2014 for SVOM and January 2015 for CFOSAT. Both sides are dedicated to further seeking possible cooperation pattern through a joint working group, the conclusions of which will provide a long-term cooperation plan in early 2017. Particular emphasis should be placed on cooperation issues, such as CFOSAT, linked with the role of satellites in studying climate science and addressing climate change, 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.

40. The automotive industry plays a major role in the strengthening of the bilateral relationship between France and China. Both countries' car manufacturers are making significant investments as an acknowledgement of the strength of their relationship: Renault-Dongfeng and PSA-Dongfeng have opened a new plant each this year in China. Both sides welcome the deepening of relationships between the French and Chinese experts on global standards and regulation. Both countries are also committed to encouraging the production/development of greener and/or connected vehicles. These important issues will be discussed through the annual meeting of the bilateral working group on automotive industry.

Cooperation in the field of standardization

41. 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. SAC (Standardization Administration of China) and AFNOR will hold the next Sino-French standardization Seminar during the second quarter of 2017 in France. Through the appointment on a personal basis of its director general at the China Standardization Expert Committee, AFNOR will 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. SAC and AFNOR will also encourage the development of partnerships on standardization between local authorities from the two countries.

Statistical cooperation

42. Both sides welcome the continued statistical cooperation between the National Bureau of Statistics of China and the National Institute of Statistics and Economic Studies of France on the updating and maintenance of business register and the macroeconomic analysis and forecast.

Customs

43. 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 2015-2016 and 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), so as to secure and facilitate China-EU and China-France trade.

IV. Promoting further China-France financial cooperation, Paris as a key Eurozone RMB financial centre and the development of the Chinese financial markets

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.

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

44. Both sides welcome the ongoing development of an off-shore RMB market in Paris, as a major and leading hub for RMB-denominated activity in the euro area. Further to the issuance of a RMB-denominated bond by CADES, a French public agency, on the French off-shore centre, both sides welcome the issuance of RMB-denominated bonds by Chinese and French issuers of all kinds respectively on the French off-shore market and the Chinese on-shore market. French institutional investors and corporates are encouraged to take advantage of RMB-denominated banking and financial services developed in Paris by French and Chinese financial institutions. 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 centres.

45. Chinese interbank market intermediaries, such as China Foreign Exchange Trade System (CFETS), Shanghai Clearing House, China Central Depository Clearing Co. Ltd. (CCDC), are encouraged to take part 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 market infrastructures and French infrastructures, such as Euronext and Euroclear France. 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 infrastructures can be best organized.

Bond market

46. 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. China very much welcomes the issuance by VEOLIA on 1st September of the second corporate Panda Bond on its on-shore market and takes note of the key role of French banks in providing financial advice for the underwriting of those bonds. France and China very much welcome the fruitful cooperation between NAFMII and Paris EUROPLACE and the organization in Paris on 22nd July 2016 of a joint conference on green finance and bond markets, to update the current bond market developments and to discuss the opening-up of the access to Chinese onshore markets. Paris EUROPLACE, NAFMII, Shanghai Stock Exchange and Shenzhen Stock Exchange will enhance the new opportunities offered by the Chinese bond markets and also the process governing the issuance of Panda Bonds (registration, settlement arrangements...), in training and stimulating market players' interaction, as well as develop longer-term maturities to cope with project financing. China welcomes the active participation of French banks in the Chinese Bond Market. China intends to grant non-financial enterprises' debt financing instruments underwriting licences to the most active French banks on the bond market based on objective criteria.

47. France welcomes China's decision to ease the RMB Qualified Foreign Institutional Investors (RQFII) rules. Both sides recognize that the French institutional investors are among the biggest RQFII players and agree to

continue to cooperate to help French investors take full advantage of the RQFII scheme under the new rules. In particular, China welcomes more applications from French institutions and agrees to increase the RQFII quota of France when appropriate, based on the market development and investors' demand. Both sides look forward 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, as well as to the positive effects on both markets that were expected from its signing.

48. China very much welcomes the decision of the ACPR in line with the conclusions of the 3rd High Level Dialogue to partially waive prudential requirements for Chinese bank branches established in Paris. In compliance with the applicable prudential framework, France is committed to facilitating the establishment of new Chinese stakeholders in Paris. France very much welcomes the establishment of a branch of BOCOM in Paris.

Asset management

49. France and China welcome the achievements to date under the enhanced cooperation between the CSRC and the AMF, particularly in the fields of asset management and 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 and especially those associated with asset management. They reiterate their commitment to cooperate further on assessing and monitoring such risks and vulnerabilities. France and China support the dialogue going forward between these two authorities in order to facilitate mutual assistance and cooperation in the perspective of developing asset management activities in each country. The AMF and the CSRC commit to further exploring opportunities to facilitate the establishment of their asset management industry participants, respectively in China and in France. The CSRC welcomes the AMF to share its experience in delegation of asset management activities. Both authorities agree to explore ways to facilitate such delegation in France, as well as in China under the QFII and RQFII schemes. Both sides agree to strengthen communications under the bilateral dialogue mechanism, and facilitate mutual understanding on asset management industries and regulation systems, in the context of mutual recognition of funds. Both sides welcome the fruitful relationships developed between the authorities and the Chinese and French asset management industries as part of the Sino-French

Asset Management Forum held in Paris in November 2016 and in Beijing last year.

50. 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 support the enhancement of communication on asset management and OTC markets between the financial industries and financial institutions of the two countries. Both sides agree to promote personnel exchange, and support and facilitate short-term personnel exchange programs between financial authorities.

51. 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.

52. 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.

Audit oversight

53. 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. This cooperation should aim at promoting high quality auditing standards and practices, ensuring accuracy, transparency and accountability of corporate management and accounting. As a first step, the Chinese side and the representatives of the audit regulating authority in France have met. They will now proceed with informal discussions on their respective features pending the adoption by the European Commission of a decision recognizing the adequacy of the Chinese auditor oversight authority. Both sides agree to consider the signing of a bilateral regulatory cooperation agreement once the decision is adopted. Both sides welcome bilateral talks between the Chinese and the French regulatory authorities on establishing relevant bilateral audit regulatory arrangements.

Fintech and banking sector

54. France and China acknowledge the potential for innovation and growth in the financial sector offered by financial technologies (“Fintech”), and welcome closer regulatory and intergovernmental cooperation, which aims at supporting Fintech firms 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.

Payment systems

55. 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). France congratulates that CCP12 has completed its legal registration in Shanghai. Both sides are committed to strengthening cooperation on the regulation of OTC derivatives markets, including 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 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 of customers. France will encourage French banks to provide convenient and secure environment for UnionPay card holders. Both sides support more solid cooperation between China and France on promoting regulatory policy dialogue, and major theoretical research.

Cooperation between financial centres

56. Both sides welcome the cooperation between Euronext and Shenzhen Stock Exchange. The Pan-European Days of Euronext held in Beijing on 27 September 2016 with the support of Bank of China have been instrumental in promoting investment in European companies listed on Euronext. Paris EUROPLACE will very much welcome the organization in Paris of “Chinese Days” in 2017 to foster investment in products listed on the Chinese securities exchanges. Both sides support the development of innovative SMEs, and welcome the cooperation between the Shenzhen Stock Exchange and the Euronext in the field of market finance for SMEs.

57. 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.

58. The Shanghai Financial Services Office and Paris EUROPLACE encourage partnerships between both financial centres, and accompany the French and

Chinese financial players to further develop their business in the Shanghai FTZ and in Paris. Paris EUROPLACE is ready to develop similar partnerships with the FTZ in Tianjin, Fujian and Guangdong.

59. France and China welcome the signature of the MOU agreement on September 2016 between Paris EUROPLACE and the Chongqing Financial Development Service Centre (CQFDSC) to foster the development of domestic important functional financial centre in Chongqing. Both sides are willing to build a common program to accelerate the pace of development of the Paris and Chongqing financial centres.

Financial intelligence

60. 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 Finance to strengthen their exchange of financial intelligence on anti-money laundering and counter terrorist financing. Both sides welcome the next seminar to be held in Beijing and support their financial intelligence units in taking concrete steps to foster their cooperation.