

US, China see progress on investment treaty

July 12 2013, by Shaun Tandon



Chinese Minister of Finance Lou Jiwei pauses while speaking during a briefing at the US Department of the Treasury July 11, 2013 in Washington, DC. The United States and China said Thursday they had moved forward on a treaty that would ramp up investment but the two countries clashed over hacking and the case of fugitive Edward Snowden.

The United States and China said Thursday they had moved forward on a treaty that would ramp up investment but the two countries clashed over hacking and the case of fugitive Edward Snowden.

Despite sometimes strained ties, US officials said China had agreed for the first time to put on the table all areas—not just those it selects—in negotiations on a treaty that governs investment rules.

US Treasury Secretary Jacob Lew said in a statement that such a treaty would "work to level the playing field for American workers and businesses by opening markets for fair competition."

"The commitment made today stands to be a significant breakthrough and marks the first time China has agreed to negotiate a bilateral investment treaty, to include all sectors and stages of investment, with another country," he said.

The United States and China first started talks on a treaty in 2008 and the two sides remained vague on the extent of progress, not giving any timeframe for the conclusion of [negotiations](#).

And for the second day in a row, the United States raised charges that China has waged a vast hacking campaign to steal American trade and government secrets, costing the economy billions of dollars through [counterfeit products](#).

Deputy Secretary of State William Burns also criticized China for not handing over Snowden, the 30-year-old American who fled to Hong Kong after revealing details of vast US surveillance over the Internet.

He said the decision to let Snowden head to Russia, where he remains in limbo, went against agreements between Presidents Barack Obama and Xi Jinping to cooperate more closely when they met last month at the Sunnylands resort in California.

"That is why we were very disappointed with how the authorities in Beijing and Hong Kong handled the Snowden case, which undermined

our effort to build the trust needed to manage difficult issues," Burns said.



Chinese Vice Premier Wang Yang (L) and US Secretary of the Treasury Jack Lew wait for a roundtable meeting at the US Department of the Treasury on July 11, 2013, in Washington.

"We have made clear that the handling of this case was not consistent with the spirit of Sunnylands," said Burns, who was filling in for Secretary of State John Kerry whose wife is ill.

However State Councilor Yang Jiechi, speaking next to Burns, said Hong Kong enjoyed autonomy and that the special administrative region's decisions were based on its laws and "beyond reproach."

The talks, however, have been dominated by economic issues, with the

mooted investment treaty holding incentives for both countries.

The United States often complains of Chinese restrictions on foreign investors, while China, in turn, has been alarmed by repeated US efforts to limit investment in sectors seen as critical to national security.

Telecoms giant Huawei recently became the latest Chinese firm to lose hope over the US market after a congressional report charged that its equipment could be used for spying.

However, a US official signaled progress, noting that the Chinese side had spoken of developing a model free trade zone in Shanghai.

"The United States pledges to treat Chinese investment equally and fairly," Vice Premier Wang Yang said at the close of the talks.

Wang said the United States agreed to accept investment by Chinese state-owned enterprises and sovereign wealth funds.



US Deputy Secretary of State William J. Burns (lower R) and other officials meet with Chinese counterparts at the US Department of State July 11, 2013 in Washington.

A bilateral investment treaty would need approval by two-thirds of the US Senate, where many members are critical of China's activities in areas from copyright protection to its currency rate to human rights.

Lew separately called on China to allow a rise in its currency, the yuan, which US manufacturers charge is kept artificially low to boost exports.

But pressure has eased as the yuan has risen by more than 15 percent against the dollar in recent years, mostly due to China's inflation concerns.

Despite the range of disputes, both sides have been eager to keep tensions from getting out of hand.

In a sign of the importance he attaches to managing ties with the rising Asian power, Obama—who generally meets only leaders from other nations—received the Chinese delegates at the White House.

The United States and China—which together pump out more than 40 percent of carbon blamed for the planet's warming temperatures—also pledged to step up cooperation on climate change.

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