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Good morning and thanks for being here today.

The relationship between the United States and the People's Republic of China is one of the most consequential of our time. As the world's two largest economies, our nations collectively represent 40 percent of the global economy. What we do -- both in the bilateral sphere as well as on the broader global stage -- shapes the lives and livelihoods of the people in our countries and beyond.

I have been intent on speaking about this relationship plainly and honestly: to address the challenges and opportunities that face us based on sober realities. The U.S. and China have significant disagreements. Those disagreements need to be communicated clearly and directly.



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But President Biden and I do not see the relationship between the U.S. and China through the frame of great power conflict. We believe that the world is big enough for both of our countries to thrive. Both nations have an obligation to responsibly manage this relationship: to find a way to live together and share in global prosperity.

Like Secretary Blinken, I came to Beijing to deliver on President Biden's directive to deepen bilateral communications after his meeting with President Xi last November. My objective during this trip has been to establish and deepen relationships with the new economic leadership team in place in Beijing. Our discussions are part of a broader concerted effort to stabilize the relationship, reduce the risk of misunderstanding, and discuss areas of cooperation.

Over the past two days, I have had the chance to do just that. I've met with Premier Li, Vice Premier He, Finance Minister Liu, People's Bank of China Head Pan, and other senior officials to discuss important pillars of our economic relationship. These conversations were direct, substantive, and productive. We were able to learn more about each other's economies and policy choices, which I believe is vital as the world's two largest economies. Even where we don't see eye-to-eye, I believe there is clear value in the frank and in-depth discussions we had on the opportunities and challenges in our relationship, and the better understanding it gave us of each country's actions and intentions. Broadly speaking, I believe that my bilateral meetings -- which totaled about 10 hours over two days -- served as a step forward in our effort to put the U.S.-China relationship on a surer footing.

Let me touch upon a few of our discussions in greater detail.

First, I communicated that President Biden and I seek a future of healthy economic competition between our countries. We believe it's possible to achieve an economic relationship that is mutually beneficial in the long term -- one that supports growth and innovation on both sides. Indeed, I noted that China's growth has lifted hundreds of millions out of poverty and made clear that the United States is not seeking to decouple from China. There is an important distinction between decoupling, on the one hand, and on the other hand, diversifying critical supply chains or taking targeted national security actions. We know that a decoupling of the world's two largest economies would be disastrous for both countries and destabilizing for the world. And it would be virtually impossible to undertake. We want a dynamic and healthy global economy that is open, free, and fair -- not one that is fragmented or forces countries to take sides.



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I also communicated to my counterparts that healthy economic competition is only sustainable if it benefits both sides. I pressed them on our serious concerns about China's unfair economic practices. That includes the breadth and depth of China's non-market policies, along with barriers to market access for foreign firms and issues involving intellectual property. Fair treatment is critical so American firms and workers compete on a level playing field -- and benefit economically from trade and investment with China and the huge market it presents for American goods and services. I also expressed my worries about a recent uptick in coercive actions against American firms.

Importantly, I believe that a shift toward a more market-oriented system in China would not only be in the interests of the U.S. and other countries. It would be better for the Chinese economy as well. During this trip, I met with U.S. business leaders who said they would like to see greater economic engagement with China. I also know that many businesses have expressed a range of concerns on the challenges that foreign firms can face here. It is important that we work together to make sure businesses understand there is a wide swath of economic interactions that are uncontroversial to both sides.

Second, we also spoke about national security and human rights. I emphasized to my counterparts the necessity of clear and direct communication on the actions we're taking -- and why we are taking them. Senior-level engagement is particularly vital during moments of tension. The U.S. will continue to take targeted actions that are necessary to protect our national security interests and those of our allies. As we do so, we adhere to a set of important principles like making sure our national security actions are transparent, narrowly scoped, and targeted to clear objectives. Importantly, these actions are motivated by straightforward national security considerations. They are not used by us to gain economic advantage.

I also raised the importance of ending Russia's brutal and illegal war against Ukraine. As we continue to monitor -- monitor the domestic situation in Russia, U.S. support for Ukraine will not change. And I communicated that is -- it is essential that Chinese firms avoid providing Russia with material support or assistance with sanctions evasion.

Third, we discussed areas where we can work together on global challenges -- from tackling the climate crisis to addressing sovereign debt sustainability. This is not a bilateral issue between China and the United States. It is about responsible global leadership. The world deserves and expects its two largest economies to work together on these global problems and help find solutions.



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We exchanged views on macroeconomic and financial developments in both of our countries. And we shared a common understanding that sustained engagement on these issues was important to maintaining global financial stability. On debt distress in developing countries and emerging markets, we welcomed recent progress on individual cases such as Zambia. I reiterated the importance of timely and comprehensive participation by all bilateral official creditors in other urgent cases. Our Administration believes that improving the debt restructuring process is crucial for the world economy. In addition, we believe that China, as the world's largest bilateral creditor, can gain from the greater certainty provided by those improvements.

We also spoke about the opportunity to work together to mobilize private financing for climate action. And I was able to meet with a group of climate finance leaders in Beijing at a roundtable event. The U.S. Treasury and the People's Bank of China co-chair the G20 Sustainable Finance Working Group, a concrete example of our ability to work together and lead on global challenges. We also spoke about important efforts to modernize our international development finance system.

No one visit will solve our challenges overnight. But I expect that this trip will help build a resilient and productive channel of communication with China's new economic team. Over the past two years, there has been significant public coverage of meetings between our two sides, including my and Secretary Blinken's visit -- visits to China. My hope is that we can move to a phase in our relationship where senior-level diplomacy is simply taken as a natural element of managing one of the world's most consequential bilateral relationships.

Let me end by saying this: Navigating the contours of the relationship between the United States and China is no easy task. But we must never forget that, despite the challenges, our path is not predestined. During this trip, I had the opportunity to meet with a group of Chinese women economists. These economists grew up an ocean away from America, but they share much in common with the American economists I've worked with throughout my career: a desire to do good work and secure a better future for themselves, their families, and the world. Ultimately, what road we go down in our bilateral relationship is a choice that both countries make. I believe that our two countries must make the right choice for our people and the world: one that advances our shared interest for peace and prosperity.

And with that, I'm happy to take your questions.



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Mod: First question goes to Alan Rappaport.

Q: Thanks so much, Secretary Yellen. How do you think these discussions can make real progress when both countries appear equally determined to put national security first? And do you think that proceeding with some of the targeted actions that you mentioned risk further acrimony with China?

Secretary Yellen: So, I do believe that it's possible to both -- for both countries to be attentive to, and to take actions to protect, their national security interests. That's what the United States has done and will continue to do. But I do think it's important that we be transparent about the actions we're taking, that they be clearly focused on national security, and that we try to anticipate and avoid unnecessary repercussions of these actions. I also believe it's important to explain clearly to the other side, what we're doing, what the motivation is, and to listen to concerns about possible consequences of these actions that may be harmful and unintended.

So, we've had a chance during these meetings to discuss a set of concerns, to listen to one another, and to pledge to maintain that openness in our communication. So, I do think we've made some progress, and I think we can have a healthy economic relationship that's benefit - - benefits both of us and the world and work together where we recognize very common concerns, even -- even taking these national security steps.

Mod: Next question goes to Andrea Shalal from Reuters.

Q: Thank you.... The Russian government has announced that the -- it -- it will launch a BRICS currency in August. And I wonder if you had a chance to speak with the Chinese about that effort. You've spoken here and --and in other venues about not wanting to see any countries being forced to choose sides. This particular move would create essentially a [uncertain] of currency to the U.S. as the world's reserve currency. Can you, you know, did that come up in your conversations? Then, you also talked about the head of the PBOC [People's Bank of China]. The Chinese government has not yet announced that he will be taking place. Is it your understanding that Pan will take over as central bank governor? Thank you.

Secretary Yellen: So, on the currency issue, I just want to reiterate what I've said in the past, which is I think the United States can rest assured that the dollar is going to play the dominant role in international transactions, in facilitating international transactions, and serving as a reserve currency in the years ahead. I don't see that role being threatened by



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any development, including the one -- one that you've mentioned. I've said previously and would reiterate that because of the role of the dollar and its ability to enable us to implement sanctions, there certainly is motivation in countries around the world to find an alternative. But all the data of which I'm aware shows that the dollar is overwhelmingly -- close to 90% -- used in international transactions. And I don't think that there is an alternative that could possibly displace that for the foreseeable future.

Q: And on [the question of Pan?]

Secretary Yellen: Oh, well, I...don't know. I will let you know. It's up to the Chinese side to decide and announce their decision. But I -- I did meet with the acting governor -- or head of the PBOC at this point [Pan Gongsheng], and we had very good discussions.

Mod: Next question goes to [unclear] from [unclear].

Q: And Secretary Yellen, [unclear] from [unclear] media. Oh, yes. Sorry. [Unclear] media. So my question is in China-U.S. phase one trade deal, we agreed to establish a trade framework group to facilitate the implementation of the trade deal and to hold macroeconomic meetings to discuss overall economic issues between China and the United States. So where are we in terms of the...establishment and daily work of this trade frame -- framework group? And did you discuss how to revive such a bilateral regular working group mechanisms between China and U.S. with the Chinese counterpart during your trip? Thank you.

Secretary Yellen: So, I'm not aware that the group that you described was formed or exists. We discussed a range of concerns on both sides -- and tariffs was included in that list. With respect to the tariffs, the United States is currently undertaking a four year required review of -- of the tariffs and the 301 action that motivated them. And the results are not -- not yet in.

Mod: Next question to Victoria from Bloomberg.

Q: Hi, thank you. Partly as a follow up, on your engagement did you discuss and agree to any specific next steps on how you're going to take forward this relationship? Are you going to reestablish some kind of structured dialogue? And just more broadly, I mean, you've talked a lot about the importance of communication. Is improved communication the only real deliverable the U.S. can hope for as it seeks to revive this relationship? Or do you, down the line, you know, see some kind of recalibration of policies by either side? Thank you.



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Secretary Yellen: Well, certainly this was an opportunity for a new team in Beijing, a new economic team, to meet with us and for us to establish a desire and willingness to work together to discuss issues where we have disagreements and to see deeper engagement on the part of our staffs. So certainly, I -- I expect our staffs to be in much more regular communication about the full range of issues that we discussed that require greater -- greater work. And in that sense, I, while I don't have anything specific about future process to announce, I feel confident that we will have more frequent and regular communication and that there will be benefits that come from that.

Mod: Next question goes to Demetri from the Financial Times.

Q: Good morning. Thank you. You've said several times that essentially the U.S. and China need to both understand that national security issues shouldn't interfere with the broader economic relationship. So I have two questions. One, do you think you managed to convince your Chinese counterparts of that argument? And if not, how do you see the two countries putting a floor under the relationship? Because if you can't bridge that divide, how can you bridge anything else?

Secretary Yellen: Well, certainly I've heard my Chinese counterparts express skepticism about decoupling and...you know, have expressed some of the concern that de-risking amounts to decoupling. And I felt that it was extremely important for me to address this issue and assure my Chinese counterparts that these are by no means the same thing -- that de-risking in -- involves attention to clearly articulated and narrowly targeted national security concerns, as well as a broader concern with diversifying our supply chains, which the United States is doing in a few -- in a few important sectors, but that we will continue even in those sectors to have trade and investment between our countries, that a great deal of our economic interaction with respect to trade and investment is unproblematic, uncontroversial, brings benefits to us, brings benefits to China, and that we want that to continue. And I think they have certainly heard that this is something that I am trying to communicate and believe very strongly myself. And certainly I think that message was -- was received.

Q: But do you think they -- do you think they -- have they accepted that they [unclear].

Secretary Yellen: Well, look, you know, we will continue to interact over time. I'm sure that they will be closely monitoring our actions. We have agreed that when they have concerns that our actions go beyond what I've described, that they can let us know that. And we want to open up channels so that they can express concerns about our actions and we can explain,



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and possibly, in some situations, respond to unintended consequences of our actions if they're not carefully targeted.

Mod: Next Our final question will go to [unclear] from AFP.

Q: Thank you, Secretary Yellen, for taking your question. Both sides have raised concerns with each other during the latest meetings, and the Chinese in particular have talked about, you know, brought in the concept of national security, how it's not good for economic ties. And I was wondering if there is any sense after your talks that, you know, with potential upcoming orders on outbound investment curbs from the U.S. side, you know, could such further restrictions or further orders take on a slightly different form after you have heard from the Chinese concerns during your visit to Beijing. Thank you.

Secretary Yellen: Well, I -- we certainly did discuss U.S. actions -- and outbound investment was a topic that was raised. As I've said publicly, the Administration is considering implementing a policy pertaining to outbound investment, and no final decisions have been made or final decisions on timing. But I was able to explain to my Chinese counterparts that if we do implement such restrictions that we will do so in a transparent way through a notice of proposed rule making with comments part of the normal process of adopting rules in the United States. And I emphasize that it would be highly targeted and clearly directed narrowly at a few -- a few sectors where we have specific national security concerns. I want to allay their fears that we would do something that would have broad based impacts on the Chinese economy. That's not the case. That's not the intention. And I think this is an example of what I said about how to address national security concerns.

Mod: That concludes today's press conference. Thank you for joining.