

U.S. DEPARTMENT OF THE TREASURY

Press Center

Strategic and Economic Dialogue Opening Ceremony Statement Treasury Secretary Timothy F. Geithner Washington, D.C.

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As Prepared for Delivery

Thank you, Vice Premier Wang. It is a pleasure for me to join Secretary Clinton and our colleagues in welcoming you (Vice Premier Wang), Councilor Dai, and your delegation for the first meeting of the Strategic and Economic Dialogue. In London, President Obama and President Hu called on us to build a positive, cooperative, and comprehensive bilateral relationship. This Dialogue, which our presidents initiated, is a testament to the importance of that relationship and our commitment to it.

The Strategic and Economic Dialogue breaks new ground by bringing together our most senior officials across the full range of economic, diplomatic, and strategic responsibilities. The breadth of this Dialogue recognizes that many of the central issues of our time – ranging from meeting the challenge of sustaining global growth to addressing climate change – requires sustained political commitment and unprecedented cooperation.

Our joint response to the global financial crisis marks a turning point in our cooperation with China on global challenges. This crisis will be remembered not only for its severity and global reach, but also for the speed and the strength of the international response. The actions taken by the United States and China made a substantial contribution to our collective success in blunting the force of the crisis and restoring confidence. And both countries have made clear our commitment to maintain strong policy responses until recovery is firmly in place. At this moment of crisis, we acted together.

The Dialogue takes place at a critical juncture, when China and the United States as leading nations have the opportunity to act not just for the benefit of our own citizens but also for the global economy. For the crisis has also highlighted the need for a different global growth path going forward. Recognizing that close cooperation between the United States and China is critical to the health of the global economy, we need to design a new framework to ensure sustainable and balanced global growth and a smooth transition to a green global economy.

In the United States we have taken steps to repair our financial system and strengthen financial regulation. Already, savings are up and our external deficit has fallen, and we are committed to taking measures to maintaining greater personal saving and to reducing the federal deficit to a sustainable level by 2013. The President is also committed to making the investments in clean energy, education and health care that will make our nation more productive and prosperous. Together these investments will assure robust US growth and a sustainable current account balance.

China has clearly stated its intention to shift towards domestic-demand led growth and spur the growth of household consumption. Measures to raise household incomes and strengthen the social safety net will be instrumental in this effort, as will the continuation of China's program of financial sector development and reform.

China's success in shifting the structure of the economy towards domestic-led growth, including a greater role for spending by China's citizens, will be a huge contribution to more rapid, balanced, and sustained global growth. These efforts are also closely linked to our shared environmental goals. A shift toward domestic demand-led growth in China will be one of the most powerful and effective means for moving China's economy onto a less carbon intensive and more energy efficient path.

Similarly, the United States and China are among the biggest beneficiaries of the global trading system and share a special responsibility to ensure that global trade and investment remain open and rules-based in order to support global growth. As members of the G20, we have both committed to forswear protectionist measures and to create opportunities for our firms and workers to benefit from trade.

We meet at a moment of opportunity in reshaping the global economic architecture to address today's challenges and reflect today's realities. This is true no less in the areas of climate and diplomacy than in economics. The global economy has changed fundamentally since the visionary individuals at Bretton Woods designed the architecture for the 20th century economy.

In part owing to the stability underwritten by that far-reaching architecture, the world has welcomed the rapid growth of emerging markets along with rising incomes, vast flows of trade and investment, and huge numbers of people brought out of poverty. Today, we are working with China and other partners to ensure their full engagement and representation in the design of the key multilateral agreements and groupings, such as the G20, the Financial Stability Board, and the international financial institutions, that will chart a course of more balanced and sustainable global growth into the future.

These are huge, and hugely important, tasks. They will not be accomplished in a single meeting of this Dialogue. But we can begin that task today and tomorrow, and build on it over the course of the months and years ahead.

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