



Trade Facts

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United States Launches Negotiations Of An Investment Treaty With China

The United States and China agreed to launch negotiations of a bilateral investment treaty (BIT) on June 18 during the fourth meeting of the United States-China Strategic Economic Dialogue.

In negotiating the BIT, the United States would seek to secure for U.S. companies important legal protections, including the right to:

- non-discriminatory treatment
- fair and equitable treatment, including the right to due process
- compensation in the event of expropriation or nationalization
- free transfers of capital
- transparent regulation
- submit disputes to independent international arbitration

These protections would help level the playing field for U.S. companies. Chinese investors in the United States already enjoy these protections under U.S. law. In addition, many of the European and Asian competitors of U.S. companies also enjoy these protections in China under BITs that their governments have already signed with China.

A BIT would strengthen the rule of law and support market-oriented reforms in China. A BIT would require China to abide by clear, certain and agreed rules on investor protection and transparency of investment-related laws and regulations.

A BIT with China would not interfere with the ability of the United States to take any action necessary to protect the national security. All U.S. BITs include an “essential security” exception that allows the United States to take any action that is necessary to protect the national security, including action by the Committee on Foreign Investment in the United States (CFIUS) to condition or block a Chinese acquisition of control over a U.S. company.

BACKGROUND:

Today’s announcement follows 17 months of exploratory discussions between the two governments regarding the possibility of negotiating a BIT. Those discussions have identified many common provisions in our respective BITs but also important differences that must be addressed during negotiations. The Administration will push forward promptly but the timetable for concluding negotiations will be determined by the quality of the agreement. The Office of the U.S. Trade Representative and the Department of State co-lead U.S. BIT negotiations.