

PECC and ADBI  
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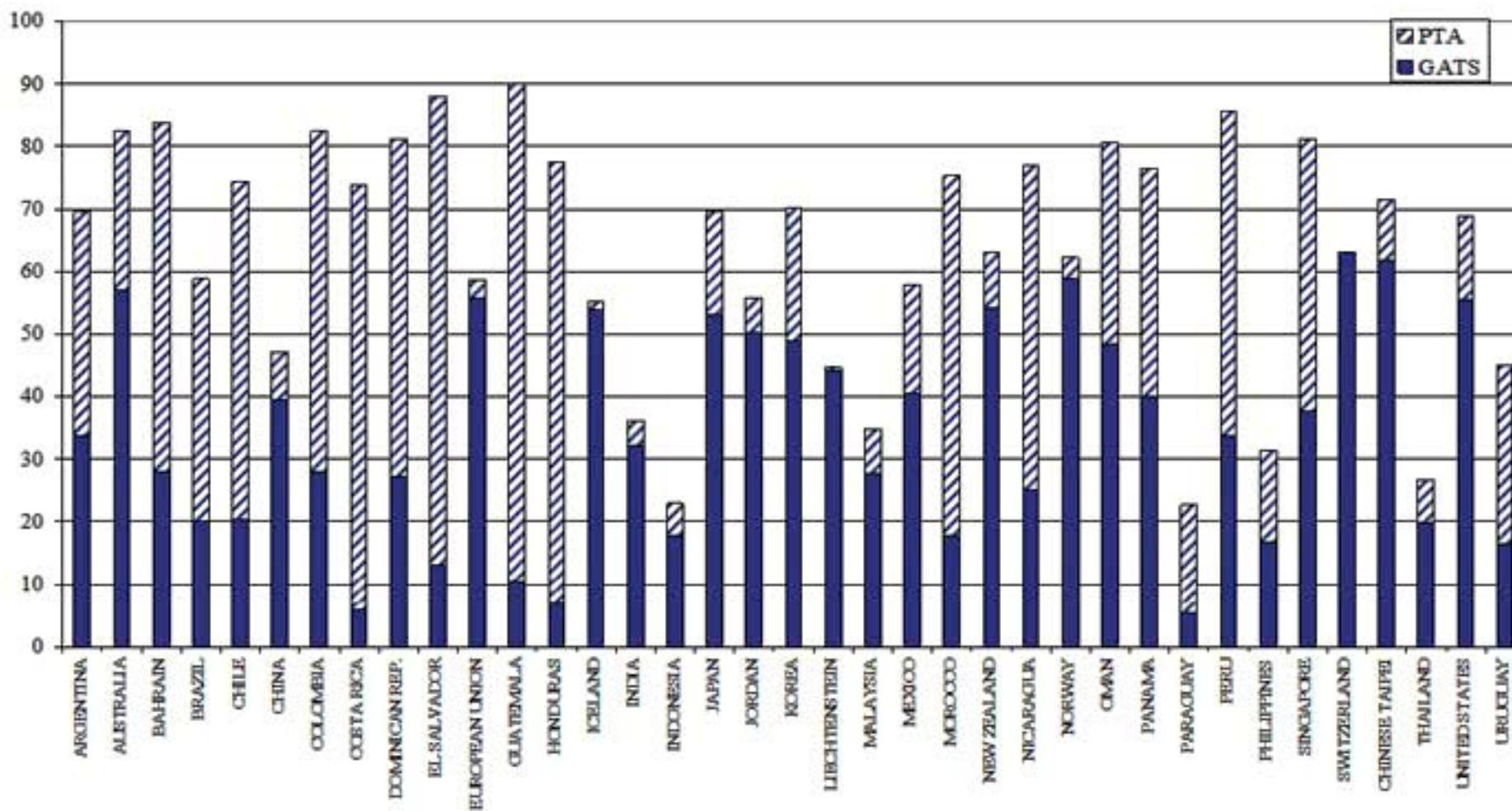
## Comments on Ying Fan’s paper

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# 1. Services liberalization in China

- China has yielded a considerable effort to liberalize services based on the WTO accession agreement.
  - GATS commitment level is not low compared with incumbent developing countries.
- However, trading partners would like China to commit and implement further liberalization due to its importance.

## Members' overall scores for market access commitments under GATS and in RTAs



Source: Adapted from Chapter 2 of Opening Markets for Trade in Services: Countries and Sectors in Bilateral and WTO Negotiations, p. 82.

Note: The index score is brought within a scale of 0 to 100, with 100 representing full commitments (i.e., without limitations) across all sub-sectors. "GATS" reflects the index value for both GATS commitments and services offer in the ongoing Doha Development Agenda. "PTA" reflects the index value for a Member's "highest" RTA commitments across all RTAs concluded, for each sub-sector. The index value is for both mode 1 (cross-border trade) and mode 3 (commercial presence).

Source: [http://www.wto.org/english/tratop\\_e/serv\\_e/dataset\\_e/dataset\\_e.htm](http://www.wto.org/english/tratop_e/serv_e/dataset_e/dataset_e.htm)

## 2. China's vital role

- Services liberalization is slow in developing countries
  - Due to weak international competitiveness; political economy of quasi-mercantilism
  - However, protection pulls down competitiveness of other industries, particularly in cases of “infrastructure services,” resulting in poor investment climate.
- China must be a respected leader in the world and lead WTO services negotiation.

# 3. Trade Policy Review (2010) by WTO

- Quote from Summary:
  - Since its previous review, China has relaxed restrictions on FDI in services, notably in telecommunications and tourism, and the Central Government has been delegating to local governments licensing authority for the establishment and modification of operations of "encouraged" foreign-invested enterprises (FIEs) and certain selected sectors, as well as certain types of FIEs, such as foreign-invested joint-stock companies. Nonetheless, there are still significant restrictions, such as foreign participation limits, on foreign investment in some sectors and private-sector activities.
  - In banking, stringent qualification requirements remain, including high minimum asset requirements on sole or controlling shareholders and high minimum paid-up capital amounts, restrictions on the supply of credit-card services, and restrictions on the business scope of foreign banks branches. The stock market in China has continued to develop during the period under review, and the process of converting shares of SOEs to be traded in the market has progressed.

- Detailed evaluation is provided for the following sub-sectors:
  - Financial services
  - Telecommunications
  - Transport services
  - Postal and courier services
  - Tourism
  - Other services

## 4. Report by METI-Japan

- Reform based on the accession agreement is appreciated.
- However, some issues in implementation are pointed out.
  - Distribution services (wholesaling, retailing, and franchising)
  - Construction, architecture and engineering
  - Telecommunication services
  - Finance
  - Postal/courier services

# References

- Ministry of Economy, Trade, and Industry (METI), Government of Japan (2011) *2011 Report on Compliance by Major Trading Partners with Trade Agreements: WTO, FTAs/EPAs, BITs.*
- World Trade Organization (WTO) (2010) *Trade Policy Review: Report by the Secretariat: China.* WT/TPR/S/230, 26 April 2010.