

# China Services Industry

Baron JC Pfetten-Iseux

October 2009

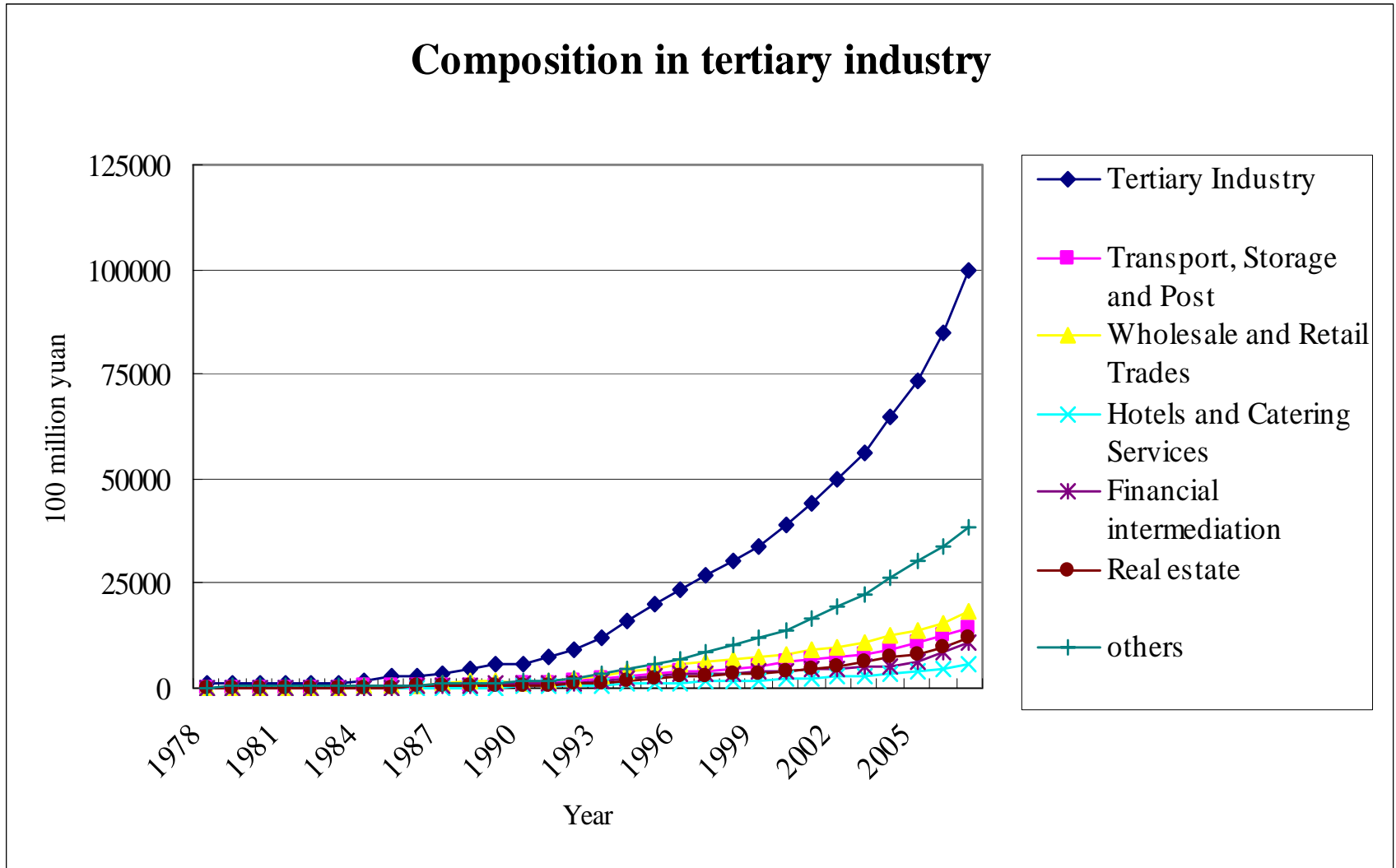
- Definition and landscape
- GDP contribution
- Employment contribution
- Characteristics
- Government's policies
- Sustainability conditions

# Three Strata of Industry in China

Primary industry	Secondary industry	Tertiary industry (also known as service industry)
agriculture, forestry, animal husbandry and fishery and services in support of these industries	mining and quarrying, manufacturing, production and supply of electricity, water and gas, and construction.	<b>1. Consumer services (leisure, hotel)</b>  <b>2. Producer services (financial, real estate)</b>  <b>3. Distribution services (logistic, storage, wholesale)</b>  <b>4. Public services</b>

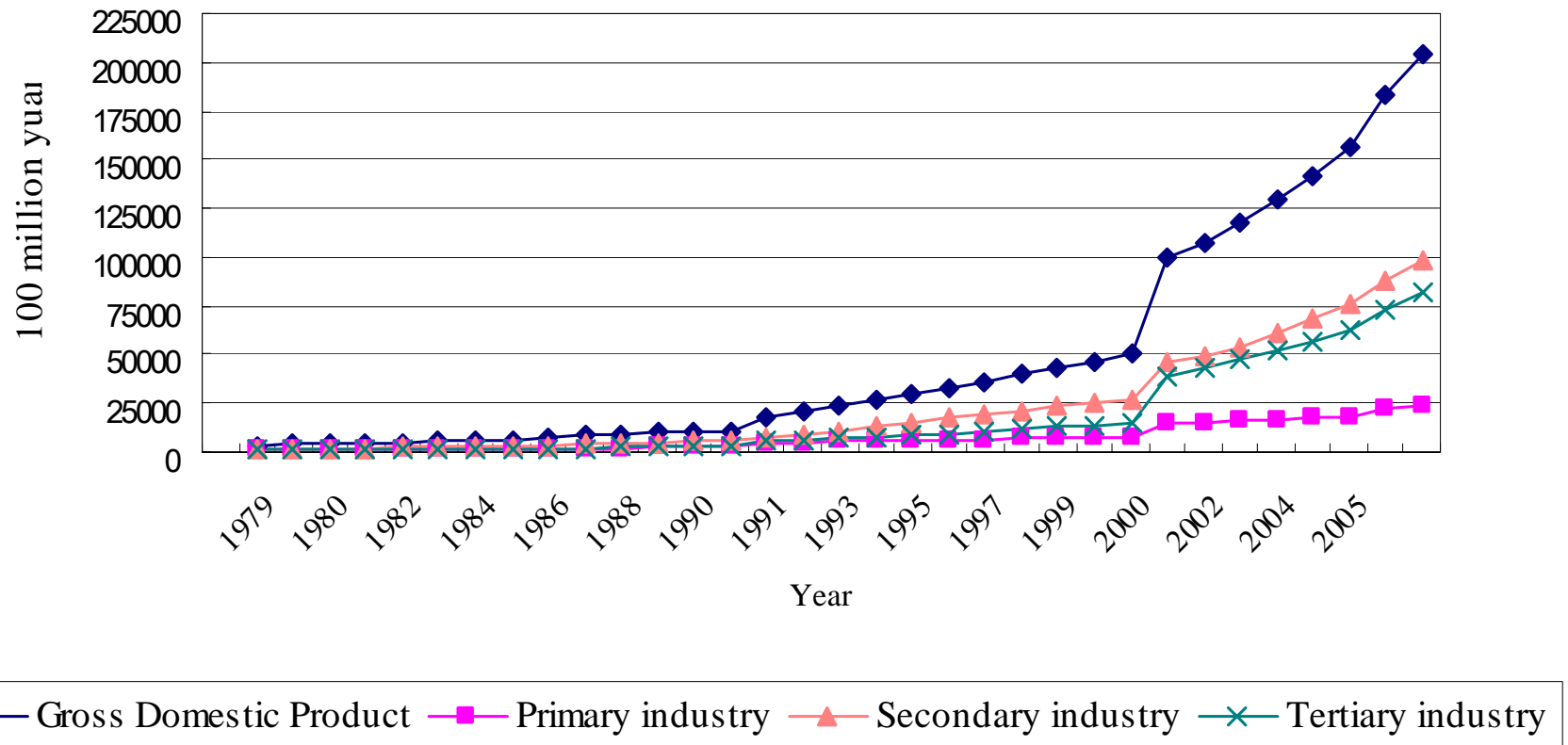
Source: China statistical yearbook 2008, NBS

# Landscape



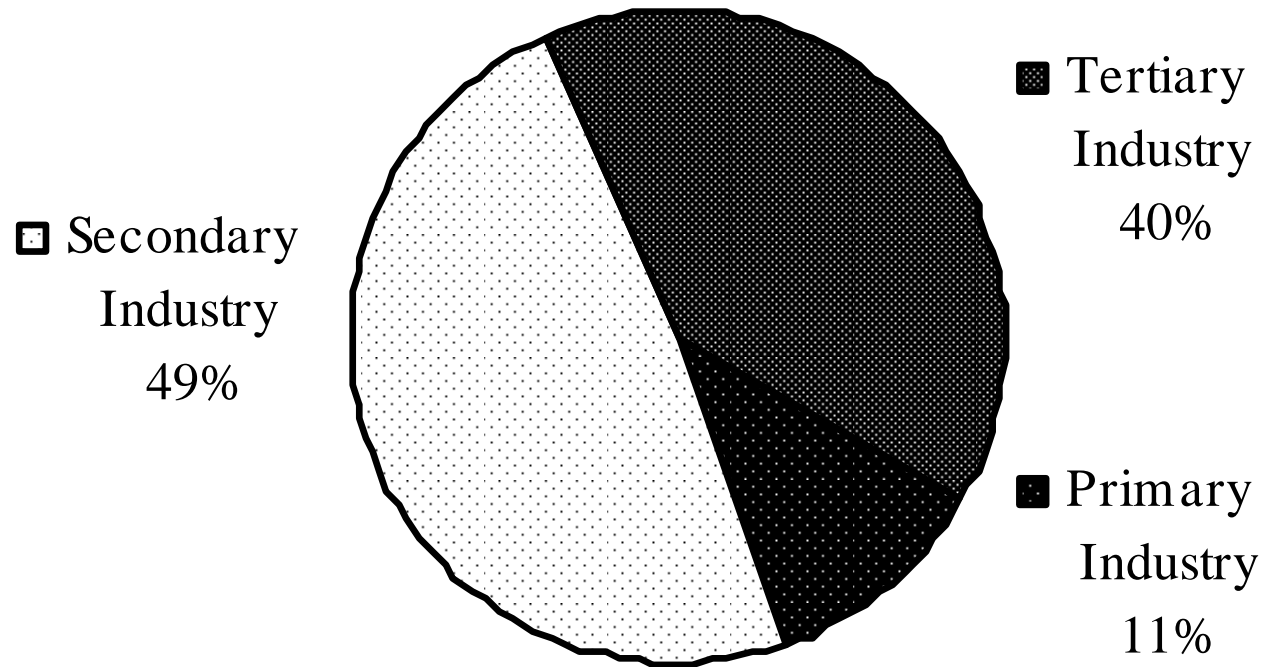
Source: China statistical yearbook 2008, NBS

# GDP composition in China



Source: China statistical yearbook 2008, NBS

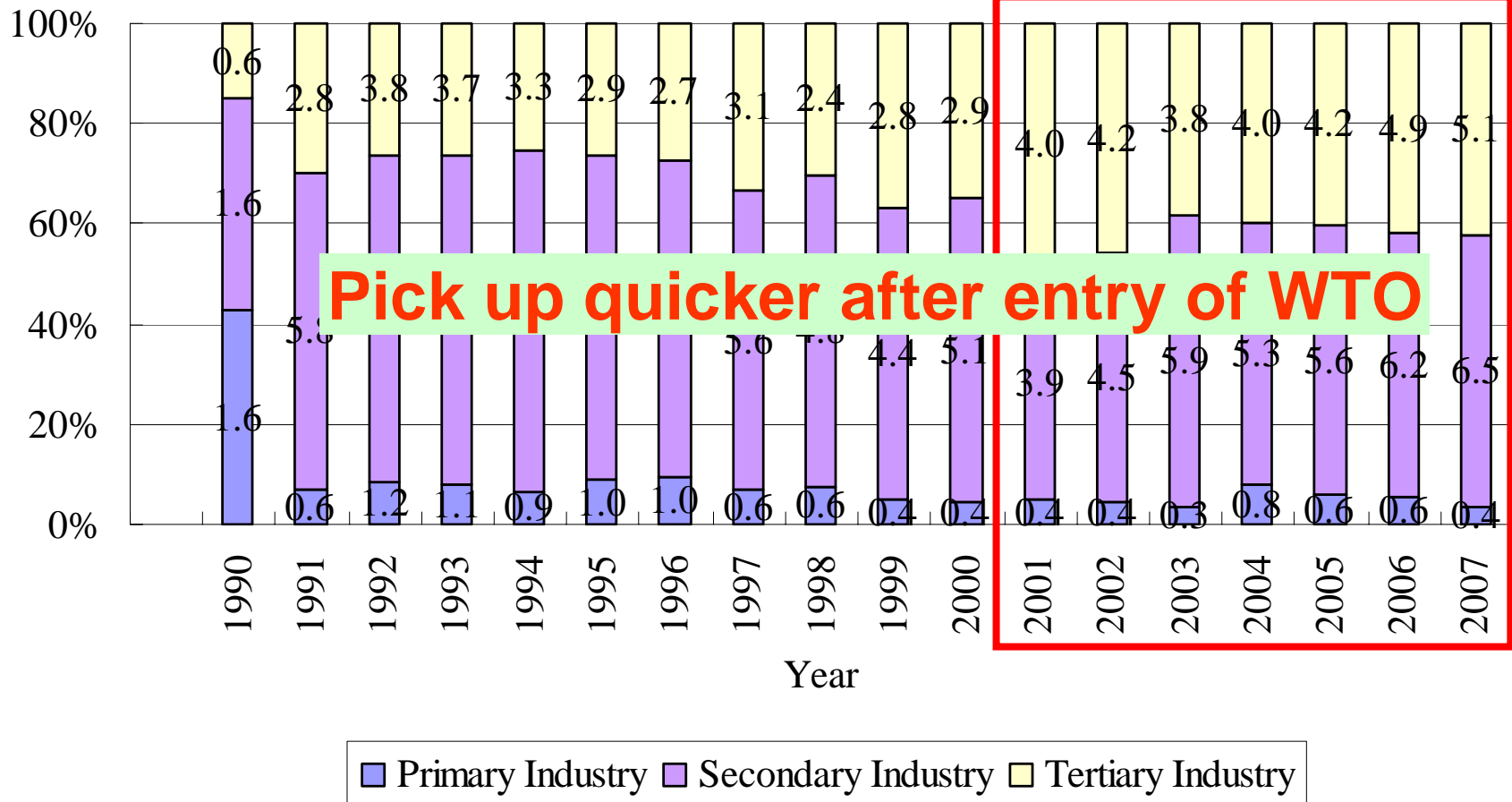
# GDP composition in 2008



2008 I-IV

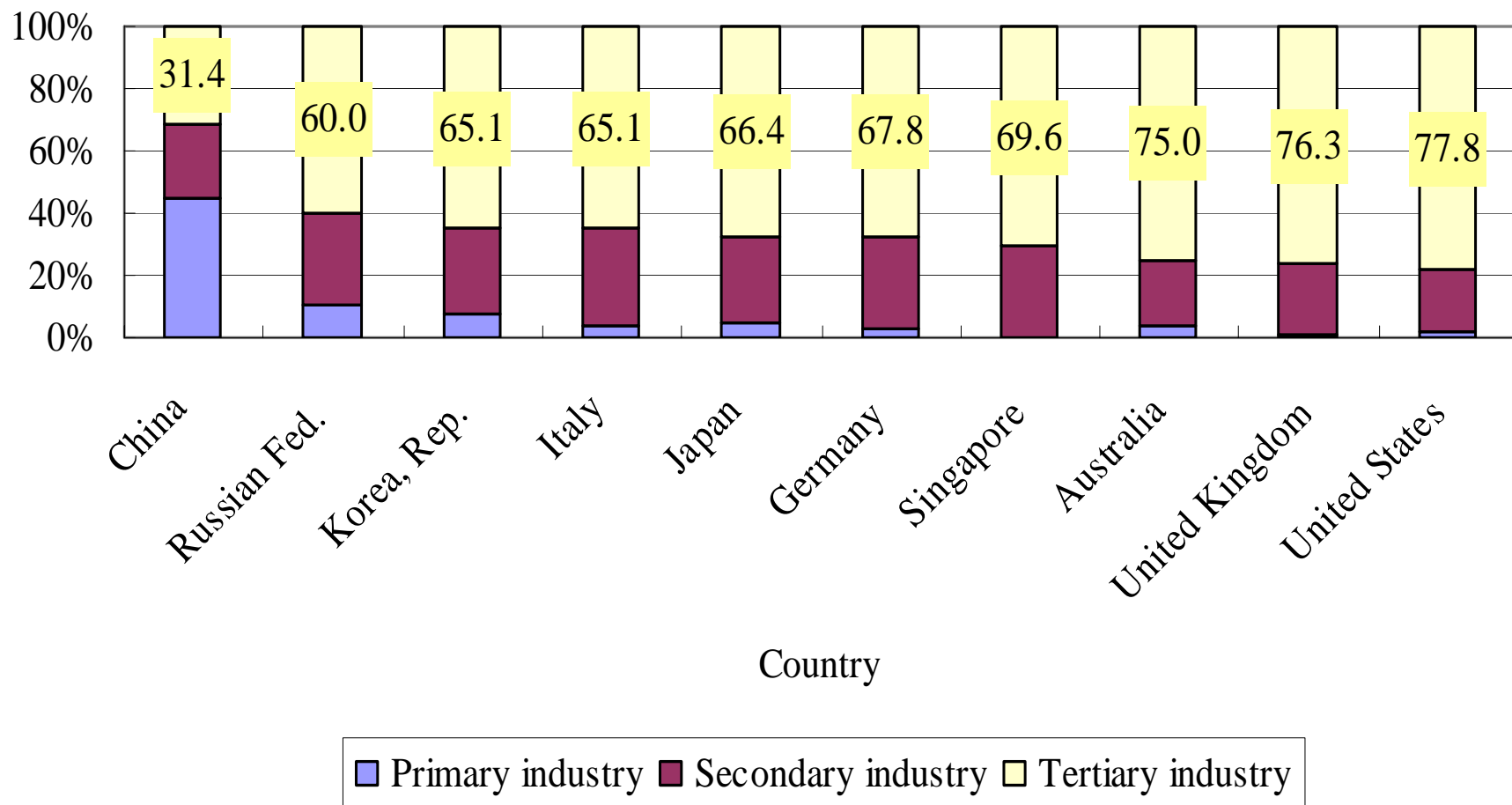
Source: China statistical yearbook 2008, NBS

## Contribution to GDP growth



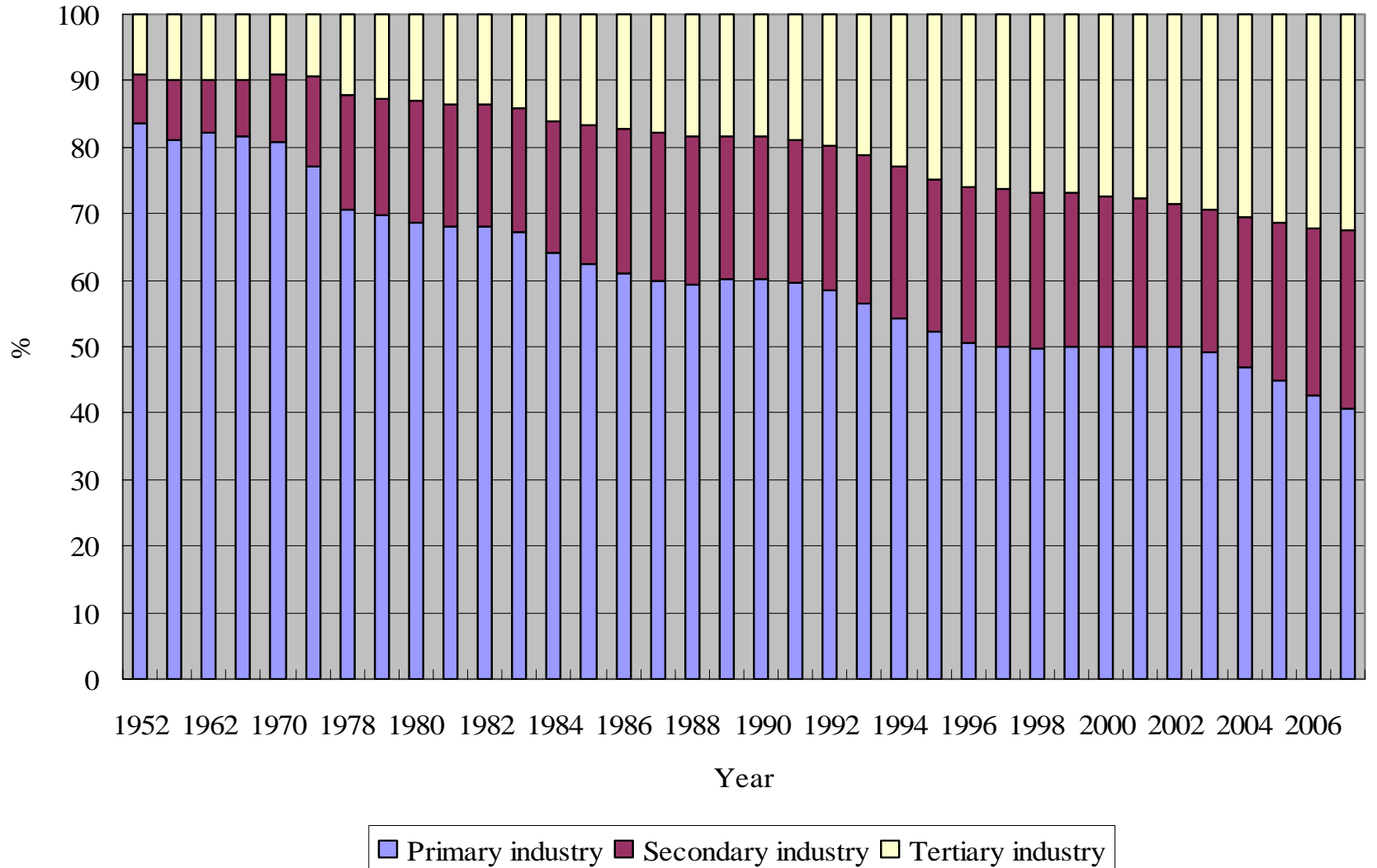
Source: China statistical yearbook 2008, NBS

## GDP structure in 2005 (by country)



Source: China statistical yearbook 2008, NBS

# Employment by industry



Source: China statistical yearbook 2008, NBS

# Characteristics

- Need for improvement in both quality and quantity
- Not competitive enough in global market
- Especially for the high-end service sector (e.g. producer services 生產性服務業 → financial, insurance, banking, legal, accounting, real estate etc)
- No coalition of service industries
- No centralised governmental institution

# Recent government's policies

- 1. China's 11th Five-Year Program in 2006**
  - Stressing on the importance of service industry in China's economy
- 2. Opinion of the State Council on Expediting Development of Service Industry in 2007**
  - Target: service industry will have to account for >50% of GDP in 2020

# Sustainability Conditions

- Market reforms
- Further opening up of the economy
- Promote competition and market efficiency
- The role model of **Hong Kong** to play (where 90% of GDP derived from service industry)

However,

- Protection of the state-owned and domestic enterprises (for the total fixed investment in service industry 60% is contributed by the government)
- Poor legal system and national security issues