



Coalition of Service Industries

PRESS RELEASE

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U.S. Service Industry Underlines China's Continued WTO Compliance Issues

WASHINGTON - Coalition of Service Industries (CSI) President Bob Vastine testified today at the Trade Policy Staff Committee hearing on China's implementation of its World Trade Organization (WTO) commitments in services sectors. "I regret that many issues identified in last year's CSI statement remain outstanding," said Vastine. "We can only ask that the agencies represented here continue to use all forums available to intensify their efforts to remove barriers to services trade with China."

"Among cross-sectoral issues, China continues its erratic application of regulatory and licensing transparency, continues to require excessive capitalization, and continues restrictions on the form of establishment," said Vastine.

On government procurement, he noted that China has yet to begin negotiations to join the WTO Government Procurement Agreement (GPA). He also cautioned against the negative effects of China's highly discriminatory, precedent-setting draft regulations on government procurement in software.

On IPR protection, China's piracy remains rampant due to lenient penalties, weak enforcement, and the lack of transparency. Vastine suggested that trade barriers in audiovisual, software and IT services, and a lengthy censorship process contribute to IPR infringements.

Mr. Vastine expressed the service industry's concern with China's efforts to adopt unique national technology standards, which will become a significant barrier to foreign competition because they differ from accepted international standards.

On services safeguards, Vastine affirmed that CSI strongly opposes any efforts to employ a services safeguard mechanism stipulated by China's Foreign Trade Law.

Mr. Vastine commended China's announcement to eliminate its geographical restrictions in insurance and to permit foreign entities to provide health, group, and annuity insurance. "However, CSI remains concerned about China's restrictions on foreign insurance operations, such as branching rights and capitalization requirements," he said.

Vastine identified sector-specific market access issues in other key sectors, including banking, securities, asset management, pensions, payment services, express delivery, freight forwarding, logistics, telecommunications, and audiovisual services.

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The U.S. Coalition of Service Industries is the leading U.S. business association representing companies across a broad spectrum of service sectors. CSI is dedicated to reducing barriers to U.S. services exports and mobilizing support for domestic U.S. policies, including tax policies, which enhance the global competitiveness of its members. CSI was formed in 1982 to ensure that U.S. trade in services would become a central goal of U.S. trade policy and trade negotiations. It played a major role in the General Agreement on Trade in Services (GATS) and in the advocacy effort leading to the 1997 World Trade Organization (WTO) Basic Telecommunications and Financial Services Agreements. CSI's knowledge of the process of services trade negotiations, its ties to the WTO and its network of relationships with governments and industry in other countries are unmatched. For a complete list of CSI members, visit our website at www.uscsi.org.