

WORLD TRADE ORGANIZATION

RESTRICTED

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Committee on Trade in Financial Services

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COMMUNICATION FROM JAPAN

Transitional Review Mechanism in connection with Paragraph 18
of the Protocol on the Accession of the People's Republic of China ("China")

Japan's Comments on Trade in Financial Services

Addendum

The attached communication has been received from the delegation of Japan with the request that it be distributed to Members of the Committee on Trade in Financial Services as an addition to the document S/FIN/W/21.

I. BANKING

Licensing Measures

Japan notes that, paragraph 308 of the Report of the Working Party on the Accession of China (WT/ACC/CHN/49) provides that "upon accession China would ensure that China's licensing procedures and conditions would not act as barriers to market access and would not be more trade restrictive than necessary" and further that "if an application was terminated or denied, the applicant would have the possibility of resubmitting, at its discretion, a new application that addressed the reasons for termination or denial." However, Article 20 of the Implementing Rules of the Regulation on Administration of Foreign Financial Institutions, published as of 29 January 2002, stipulates that if the applicant (foreign financial institution) receives refusal of an application to establish commercial presence in one city, it is not allowed for one year to submit a new application to establish commercial presence in the same city. This restriction under Article 20 of the Implementing Rules obviously contradicts China's commitments under paragraph 308, and constitutes serious barriers to market access. Japan requests Chinese authorities to clarify the administrative objectives of this restriction and present their views on its consistency with China's commitments (especially paragraph 308).