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**Council for Trade in Services
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THE PEOPLE'S REPUBLIC OF CHINA

Initial Offer

The following initial offer has been received from the delegation of China on 5 September 2003 with the request that it be circulated to the Members of the Council for Trade in Services

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1. China submits herewith its initial offer under the negotiations on trade in services, pursuant to paragraph 15 of the Doha Ministerial Declaration dated 14 November 2001 (WT/MIN(01)/DEC/1). The modification to the consolidated Schedule of Specific Commitments is inscribed following the editorial conventions as stipulated in the Secretariat document JOB(02)/88.
 2. This offer is conditional upon the outcome of the negotiations, including those on the development of further disciplines under the General Agreement on Trade in Services (GATS) underway, and the willingness and readiness of the negotiating partners to provide offers to the satisfaction of China.
 3. China reserves the rights to withdraw, modify, or reduce this offer, in whole or in part, at any time prior to the conclusion of the negotiations. China further reserves the right to make technical changes to this offer and to correct any errors, omissions, or inaccuracies.

THE PEOPLE'S REPUBLIC OF CHINA - SCHEDULE OF SPECIFIC COMMITMENTS

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>I. HORIZONTAL COMMITMENTS</p> <p>ALL SECTORS INCLUDED IN THIS SCHEDULE</p>	<p>3) In China, foreign invested enterprises include foreign capital enterprises (also referred to as wholly foreign-owned enterprises) and joint venture enterprises and there are two types of joint venture enterprises: equity joint ventures and contractual joint ventures.¹</p> <p>The proportion of foreign investment in an equity joint venture shall be no less than 25 per cent of the registered capital of the joint venture.</p> <p>The establishment of branches by foreign enterprises is unbound, unless otherwise indicated in specific sub-sectors, as the laws and regulations on branches of foreign enterprises are under formulation.</p> <p>Representative offices of foreign enterprises are permitted to be established in China, but they shall not engage in any profit-making activities except for the representative offices under CPC 861, 862, 863, 865 in the sectoral specific commitments.</p>	<p>3) Unbound for all the existing subsidies to domestic services suppliers in the sectors of audio-visual, aviation and medical services.</p>	

¹ The terms of the contract, concluded in accordance with China's laws, regulations and other measures, establishing a "contractual joint venture" govern matters such as the manner of operation and management of the joint venture as well as the investment or other contributions of the joint venture parties. Equity participation by all parties to the contractual joint venture is not required, but is determined pursuant to the joint venture contract.

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>The conditions of ownership, operation and scope of activities, as set out in the respective contractual or shareholder agreement or in a licence establishing or authorizing the operation or supply of services by an existing foreign service supplier, will not be made more restrictive than they exist as of the date of China's accession to the WTO.</p> <p>4) Unbound except for measures concerning the entry and temporary stay of natural persons who fall into one of the following categories:</p>	<p>4) Unbound except for the measures concerning the entry and temporary stay of natural persons who fall into the categories referred to in the market access column.</p>	

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>(a) Managers, executives and specialists defined as senior employees of a corporation of a WTO Member that has established a representative office, branch or subsidiary in the territory of the People's Republic of China, temporarily moving as intra-corporate transferees, shall be permitted entry for an initial stay of three years;</p> <p>(b) Managers, executives and specialists defined as senior employees of a corporation of WTO Members, being engaged in the foreign invested enterprises in the territory of the People's Republic of China for conducting business, shall be granted a long-term stay permit as stipulated in the terms of contracts concerned or an initial stay of three years, whichever is shorter;</p> <p>(c) Service salespersons – persons not based in the territory of the People's Republic of China and receiving no remuneration from a source located within China, and who are engaged in activities related to representing a service supplier for the purpose of negotiation for the sale of services of that supplier where:</p> <ul style="list-style-type: none"> (i) such sales are not directly made to the general public and (ii) the salesperson is not engaged in supplying the service: entry for salespersons is limited to a 90-day period. 		

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>II. SPECIFIC COMMITMENTS</p> <p>A. Professional Services</p> <p>(a) Legal Services (CPC 861, excluding Chinese law practice)</p>	<p>1) None</p> <p>2) None</p> <p>3) Foreign law firms can provide legal services only in the form of representative offices in Beijing, Shanghai, Guangzhou, Shenzhen, Haikou, Dalian, Qingdao, Ningbo, Yantai, Tianjin, Suzhou, Xiamen, Zhuhai, Hangzhou, Fuzhou, Wuhan, Chengdu, Shenyang and Kunming only.</p> <p>Representative offices can engage in profit-making activities. Representative offices in China shall be no less than the number established upon the date of accession. A foreign law firm can only establish one representative office in China. The above-mentioned geographic and quantitative limitations will be eliminated within one year after China's accession to the WTO.</p>	<p>1) None</p> <p>2) None</p> <p>3) All representatives shall be resident in China no less than six months each year. The representative office shall not employ Chinese national registered lawyers.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>Business scope of foreign representative offices is only as follows:</p> <ul style="list-style-type: none"> (b) to handle, when entrusted by clients or Chinese law firms, legal affairs of the country/region where the lawyers of the law firm are permitted to engage in lawyer's professional work; (c) to entrust, on behalf of foreign clients, Chinese law firms to deal with the Chinese legal affairs; (d) to enter into contracts to maintain long-term entrustment relations with Chinese law firms for legal affairs; (e) to provide information on the impact of the Chinese legal environment. <p>Entrustment allows the foreign representative office to directly instruct lawyers in the entrusted Chinese law firm, as agreed between both parties.</p>		

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>(b) Accounting, auditing and bookkeeping services (CPC 862)</p>	<p>The representatives of a foreign law firm shall be practitioner lawyers who are members of the bar or law society in a WTO member and have practiced for no less than two years outside of China. The Chief representative shall be a partner or equivalent (e.g., member of a law firm of a limited liability corporation) of a law firm of a WTO member and have practiced for no less than three years.</p> <p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) None 2) None 3) Partnerships or incorporated accounting firms are limited to Certified Public Accountants (CPAs) licensed by the Chinese authorities.</p> <p>4) Unbound except as indicted in horizontal commitments.</p>	<p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) None 2) None 3) None</p> <p>4) Unbound except as indicted in horizontal commitments.</p>	<ul style="list-style-type: none"> - Foreign accounting firms are permitted to affiliate with Chinese firms and enter into contractual agreements with their affiliated firms in other WTO Members. - Upon accession to the WTO, Issuance of licenses to those foreigners who have passed the Chinese national CPA examination shall be accorded national treatment. - Applicants will be informed of results in writing no later than 30 days after submission of their applications. - Existing contractual joint venture accounting firms are not limited only to CPAs licensed by Chinese authorities. - Accounting firms providing services in CPC 862 can engage in taxation and management consulting services. They will not be subject to requirements on form of establishment in CPC 865 and 8630.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
(c) Taxation services (CPC 8630)	1) None 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. None, within six years of China's accession, foreign firms will be permitted to establish wholly foreign-owned subsidiaries. 4) Unbound except as indicated in horizontal commitments.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments.	
(d) Architectural services (CPC 8671)	1) None for scheme design Co-operation with Chinese professional organisations is required except scheme design . 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. Within five years after China's accession to the WTO, wholly foreign-owned enterprises will be permitted. 4) Unbound, except as indicated in horizontal commitments.	1) None 2) None 3) Foreign service suppliers shall be registered architects/engineers, or enterprises engaged in architectural/engineering/urban planning services, in their home country. 4) Unbound, except as indicated in horizontal commitments.	
(e) Engineering services (CPC 8672)			
(f) Integrated engineering services (CPC 8673)			
(g) Urban planning services (except general urban planning) (CPC 8674)			
(h) Medical and dental services (CPC 9312)	1) None 2) None 3) Foreign service suppliers are permitted to establish joint venture hospitals or clinics with Chinese partners with quantitative limitations in line with China's needs, with foreign majority ownership permitted. 4) Unbound, except as indicated in horizontal commitments and as follows:	1) None 2) None 3) The majority of doctors and medical personnel of the joint venture hospital and clinics shall be of Chinese nationality. 4) Unbound, except as indicated in horizontal commitments.	

Modes of supply: 1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>B. Computer and Related Services</p> <p>(a) Consultancy services related to the installation of computer hardware (CPC 841)</p> <p>(b) Software implementation services (CPC 842)</p> <p>- Systems and software consulting services (CPC 8421)</p> <p>- Systems analysis services (CPC 8422)</p> <p>- Systems design services (CPC 8423)</p> <p>- Programming services (CPC 8424)</p> <p>- Systems maintenance services (CPC 8425)</p> <p>(c) Data processing services (CPC 843)</p> <p>- Input preparation services (CPC 8431)</p>	<p>Foreign doctors with professional certificates issued by their home country shall be permitted to provide short-term medical services in China after they obtain licenses from the Ministry of Public Health. The term of service is six months and may extend to one year.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) None</p> <p>2) None</p> <p>3) Only in the form of joint ventures, with foreign majority ownership permitted. None</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Qualifications are as follows: certified engineers, or personnel with Bachelor's degree (or above) and three years of experience in these fields.</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Qualifications are as follows: certified engineers, or personnel with Bachelor's degree (or above) and three years of experience in these fields.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<ul style="list-style-type: none"> - Data processing and tabulation services (CPC 8432) - Time sharing services (CPC 8433) 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Qualifications are as follows: certified engineers, or personnel with Bachelor's degree (or above) and three years of experience in these fields. 	
D. Real Estate Services	<ul style="list-style-type: none"> 1) None 2) None 3) None except for the following: Wholly foreign-owned enterprises are not permitted for high standard real estate projects², such as apartments and office buildings, but excluding luxury hotels. 4) Unbound except as indicated in horizontal commitments. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 	
(a) Real estate services involving own or leased property (CPC 821)	<ul style="list-style-type: none"> 1) None 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. 4) Unbound except as indicated in horizontal commitments. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments. 	
(b) Real estate services on a fee or contract basis (CPC 822)	<ul style="list-style-type: none"> 1) None 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. 4) Unbound except as indicated in horizontal commitments. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments. 	

² High standard real estate projects refer to the real estate projects with construction costs per unit two times more than the average construction costs per unit in the same city.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
(e) Technical testing and analysis services (CPC 8676) and freight inspection covered by CPC 749, excluding statutory inspection services for freight inspection services	1) None	1) None	
(f) Services incidental to agriculture, forestry, hunting and fishing (CPC 881, 882)	1) None 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted.	1) None 2) None 3) None	
(m) Related scientific technical consulting services (CPC 8675)	4) Unbound except as indicated in horizontal commitments.	4) Unbound except as indicated in horizontal commitments.	
- Offshore oil-field services geological, geophysical and other scientific prospecting services (CPC 86751) Sub-surface surveying services (CPC 86752)	1) None 2) None 3) Only in the form of petroleum exploitation in cooperation with Chinese partners 4) Unbound except as indicated in horizontal commitments.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments.	

Modes of supply: 1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
- Onshore oil-field services	1) None 2) None 3) Only in the form of petroleum exploitation in cooperation with China National Petroleum Corp. (CNPC) in the designated areas approved by the Chinese government. In order to carry out the petroleum contract, the foreign service supplier shall establish a branch, subsidiary or representative office within the territory of the People's Republic of China and go through registration formalities in accordance with the laws. The domiciles of the said offices shall be determined through consultation with CNPC. The foreign service supplier shall open its bank account with a bank approved by the Chinese authorities to engage in foreign exchange business within the Chinese territory. 4) Unbound except as indicated in horizontal commitments.	1) None 2) None 3) The foreign service supplier shall furnish CNPC accurately and promptly with the reports on the petroleum operations, and shall submit to CNPC the data and samples as well as various technological, economic, accounting and administrative reports related to petroleum operations. CNPC shall have the ownership of all of the data records, samples, vouchers and other original information acquired during the implementation of the petroleum operations. The investment of foreign service suppliers shall be made in US dollars or other hard currencies. 4) Unbound except as indicated in horizontal commitments.	
(o) Building-cleaning services (CPC874)	1) Unbound* 2) None 3) None 4) Unbound except as indicated in horizontal commitments.	1) Unbound* 2) None 3) None 4) Unbound except as indicated in horizontal commitments.	

* Unbound due to lack of technical feasibility.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
(p) Photographic services (CPC 875)	1) None 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. 4) Unbound except as indicated in horizontal commitments.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments.	
(q) Packaging services (CPC 876)	1) None 2) None 3) Foreign service suppliers will be permitted to establish joint venture in China. Within one year after China's accession, foreign majority ownership will be permitted. Within three years after China's accession, foreign service suppliers will be permitted to establish wholly foreign-owned subsidiaries. 4) Unbound, except as indicated in horizontal commitments.	1) None 2) None 3) None 4) Unbound, except as indicated in horizontal commitments.	
(s) Convention services (CPC 87909)	1) None 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. 4) Unbound except as indicated in horizontal commitments.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments.	
(t) Translation and interpretation services (CPC 87905)	1) None 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. None	1) None 2) None 3) None	

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<ul style="list-style-type: none"> - Maintenance and repair services (CPC 63, 6112 and 6122) - Maintenance and repair services of office machinery and equipment including computers (CPC 845 and 886) - Rental and leasing services (CPC 831, 832, excluding CPC 83202) 	<p>4) Unbound except as indicated in horizontal commitments</p> <p>1) None 2) None 3) Only in the form of joint ventures Within one year after China's accession, foreign majority ownership will be permitted. Within three years after China's accession, and wholly foreign-owned subsidiaries will be permitted.</p> <p>For Rental and Leasing services, service suppliers will have global assets of US\$ 5 million.</p> <p>4) Unbound, except as indicated in horizontal commitments.</p>	<p>4) Qualifications are as follows: three years of experience in translation or interpretation and a good command of the working language(s).</p> <p>1) None 2) None 3) None</p> <p>4) Unbound, except as indicated in horizontal commitments.</p>	
<p>2. COMMUNICATION SERVICES</p> <p>B. Courier Services (CPC 75121, except for those currently specifically reserved to Chinese postal authorities by law)</p>	<p>1) None 2) None 3) Upon accession, fForeign service suppliers will be permitted to establish joint ventures. with foreign investment not exceeding 49 per cent. Within one year after China's accession, fForeign majority ownership will be permitted. Within four years after China's accession, foreign service suppliers will be permitted to establish wholly foreign-owned subsidiaries</p>	<p>1) None 2) None 3) None</p>	

Modes of supply: 1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>C. Telecommunication Services³ Value-added Services Including the following:</p> <p>(h) Electronic mail (i) Voice mail (j) On-line information and database retrieval (k) Electronic data interchange (l) Enhanced/Value-added facsimile services (including store and forward, store and retrieve) (m) Code and protocol conversion (n) On-line information and/or data processing (including transaction processing)</p>	<p>4) Unbound, except as indicated in horizontal commitments.</p> <p>1) See mode 3 2) None 3) Foreign service suppliers will be permitted to establish joint venture value-added telecommunication enterprises, without quantitative restrictions, and provide services in the cities of Shanghai, Guangzhou and Beijing. Foreign investment in joint venture shall be no more than 30 per cent.</p> <p>Within one year after China's accession, the areas will be expanded to include Chengdu, Chongqing, Dalian, Fuzhou, Hangzhou, Nanjing, Ningbo, Qingdao, Shenyang, Shenzhen, Xiamen, Xi'an, Taiyuan and Wuhan and foreign investment shall be no more than 49 per cent.</p> <p>Within two years after China's accession, there will be no geographic restriction and fForeign investment shall be no more than 50 per cent.</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>4) Unbound, except as indicated in horizontal commitments.</p> <p>1) None 2) None 3) None</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>China undertakes the obligations contained in the Reference Paper in Annex I attached hereto.</p>

³ China's commitments are scheduled in accordance with the following: Notes for Scheduling Basic Telecom Services Commitments (S/GBT/W/2/REV/1) and Market Access Limitations on Spectrum Availability (S/GBT/W/3) attached hereto.

All international telecommunications services shall go through gateways established with the approval of China's telecommunications authorities, which will act as an independent regulatory authority in accordance with the principles of paragraph 5 of the Reference Paper.

Further liberalization of this sector, including with respect to the level of equity participation permitted, will be discussed in the services negotiations during the new round of trade talks.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
Mobile Voice and Data Services:	1) See mode 3	1) None	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
- Domestic Services	1) See mode 3	1) None	

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>Modes of supply: 1) Cross-border supply</p> <p>3. CONSTRUCTION AND RELATED ENGINEERING SERVICES (CPC 511, 512, 513⁴, 514, 515, 516, 517, 518⁵)</p>	<p>2) Consumption abroad</p> <p>1) Unbound* 2) None 3) Only in the form of joint ventures, with foreign majority ownership permitted. Within three years after China's accession to the WTO, wholly foreign-owned enterprises will be permitted. Wholly foreign-owned enterprises can only undertake the following four types of construction projects.</p> <p>1. Construction projects wholly financed by foreign investment and/or grants. 2. Construction projects financed by loans of international financial institutions and awarded through international tendering according to the terms of loans. 3. Chinese-foreign jointly constructed projects with foreign investment equal to or more than 50 per cent; and Chinese-foreign jointly constructed projects with foreign investment less than 50 per cent but technically difficult to be implemented by Chinese construction enterprises alone.</p>	<p>3) Commercial presence</p> <p>1) Unbound* 2) None 3) None except for the following:</p> <p>(a) The existing registered capital requirements for joint venture construction enterprises are slightly different from those of the domestic enterprises. (b) Joint venture construction enterprises have the obligation to undertake foreign-invested construction projects. Within three years after China's accession to the WTO, none.</p>	<p>4) Presence of natural persons</p>

⁴ Including dredging services relating to infrastructure construction.

⁵ Coverage of CPC 518 is limited only to the rental and leasing services of construction and/or demolition machines with operator which are owned and used by foreign construction enterprises in their supply of services.

* Unbound due to lack of technical feasibility.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>4. DISTRIBUTION SERVICES (as defined in Annex 2)</p> <p>A. Commission Agents' Services (excluding salt, tobacco)</p> <p>B. Wholesale Trade Services⁶ (excluding salt, tobacco)</p>	<p>4. Chinese invested construction projects which are difficult to be implemented by Chinese construction enterprises alone can be jointly undertaken by Chinese and foreign construction enterprises with the approval of provincial government</p> <p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) Unbound 2) None 3) Within one year after China's accession to the WTO, foreign service suppliers may establish joint ventures to engage in the commission agents' business and wholesale business of all imported and domestically produced products, except those products that immediately follow. For these products, foreign service suppliers will be permitted to engage in the distribution of books, newspapers, magazines, pharmaceutical products, pesticides and mulching films within three years after China's accession, and to engage in the distribution of chemical fertilizers, processed oil and crude oil within five years after China's accession.</p>	<p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) Unbound 2) None 3) None</p>	<p>Foreign-invested enterprises are permitted to distribute their products manufactured in China, including the products listed in the market access or sector or sub-sector column, and provide subordinate services as defined in Annex 2.</p> <p>Foreign service suppliers are permitted to provide the full range of related subordinate services, including after sales services, as defined in Annex 2, for the products they distribute.</p>

⁶ The restrictions on mode 1 shall not undermine the rights of WTO Members to the right to trade as stipulated in Chapter 5 of China's Protocol of accession to the WTO.

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>C. Retailing Services (excluding tobacco).</p>	<p>Within two years after China's accession to the WTO, foreign majority ownership will be permitted and no geographic or quantitative restrictions will apply. None, within three years after accession, except for that foreign service suppliers are not permitted to engage in the distribution of chemical fertilizers, processed oil and crude oil within five years after accession. 4) Unbound except as indicated in horizontal commitments. 1) Unbound except for mail order.</p>	<p>4) Unbound except as indicated in horizontal commitments. 1) Unbound except for mail order.</p>	<p>Foreign-invested enterprises may distribute their products manufactured in China, including those excepted products as listed in the market access or sector or sub-sector column, and provide subordinate services as defined in Annex 2.</p> <p>Foreign service suppliers are permitted to provide full range of related subordinate services, including after sales services, as defined in Annex 2, for the products they distribute.</p>

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>Upon China's accession to the WTO, Zhengzhou and Wuhan will be immediately open to joint venture retailing enterprises. Within two years after China's accession to the WTO, foreign majority control will be permitted in joint venture retailing enterprises and all provincial capitals, Chongqing and Ningbo will be open to joint venture retailing enterprises.</p> <p>Foreign service suppliers will be permitted to engage in the retailing of all products, except for the retailing of books, newspapers and magazines within one year after accession, the retailing of pharmaceutical products, pesticides, mulching films and processed oil within three years after accession and retailing of chemical fertilizers within five years after accession.</p> <p>- retailing of chemical fertilizers, within five years after accession; and- those chain stores which sell products of different types and brands from multiple suppliers with more than 30 outlets. For such chains stores with more than 30 outlets, foreign majority ownership will not be permitted if those chain stores distribute any of the</p>		

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
D. Franchising	<p>following products: motor vehicles (for a period of five years after accession at which time the equity limitation will have been eliminated), books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, processed oil, chemical fertilizers and products listed above and in Annex 2a of the Protocol of China's WTO Accession. The foreign chain store operators will have the freedom of choice of any partner, legally established in China according to China's laws and regulations.</p> <p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) None 2) None 3) Within three years after China's accession to the WTO, nNone.</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) None 2) None 3) Within three years after China's accession to the WTO, nNone.</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	
E. Wholesale or retail trade services away from a fixed location.	<p>1) None 2) None 3) Within three years after China's accession to the WTO, nNone⁷. 4) Unbound except as indicated in horizontal commitments.</p>	<p>1) None 2) None 3) Within three years after China's accession to the WTO, nNone. 4) Unbound except as indicated in horizontal commitments.</p>	

⁷ See paragraph 309 of the Working Party Report.

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>5. EDUCATIONAL SERVICES</p> <p>A. Primary education services (CPC 921, excluding national compulsory education in CPC 92190)</p> <p>B. Secondary education services (CPC 922, excluding national compulsory education in CP 92210)</p> <p>C. Higher education services (CPC 923)</p> <p>D. Adult education services (CPC 924)</p> <p>E. Other education services (CPC 929, including English language training)</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) Joint schools will be established, with foreign majority ownership permitted.</p> <p>4) Unbound except as indicated in horizontal commitments and the following: foreign individual education service suppliers may enter into China to provide education services when invited or employed by Chinese schools and other education institutions.</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) Unbound</p> <p>4) Qualifications are as follows: - possession of Bachelor's degree or above; - and an appropriate professional title or certificate, with two years' professional experiences.</p>	
<p>6. ENVIRONMENTAL SERVICES (excluding environmental quality monitoring and pollution source inspection)</p> <p>A. Sewage Services (CPC 9401)</p> <p>B. Solid Waste Disposal Services (CPC 9402)</p> <p>C. Cleaning Services of Exhaust Gases (CPC 9404)</p> <p>D. Noise Abatement Services (CPC 9405)</p>	<p>1) Unbound except for environmental consultation services.</p> <p>2) None</p> <p>3) Foreign services suppliers engaged in environmental services are permitted to provide services only in the form of joint ventures, with foreign majority ownership permitted.</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>Upon accession, Fforeign life insurers will be permitted 50 per cent foreign ownership in a joint venture with the partner of their choice.</p> <p>The joint venture partners can freely agree the terms of their engagement, provided they remain within the limits of the commitments contained in this schedule.</p> <p>For brokerage for insurance of large scale commercial risks and brokerage for reinsurance and brokerage for international marine, aviation, and transport insurance and reinsurance: upon accession, joint venture with foreign equity no more than 50 per cent will be permitted; within three years after China's accession, foreign equity share shall be increased up to 51 per cent will be permitted; within five years after China's accession, wholly foreign owned subsidiary will be permitted. For other brokerage services: Unbound. Internal branching for an insurance firm will be permitted consistent with the phase out of geographic restrictions.</p>	<p>shall be required; two years after accession, ten per cent shall be required; and three years after accession, five per cent shall be required; and four years after accession, no compulsory cession shall be required.</p>	

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>B. <u>Geographic Coverage</u> Upon accession, foreign life and non-life insurers, and insurance brokers will be permitted to provide services in Shanghai, Guangzhou, Dalian, Shenzhen and Foshan. Within two years after China's accession, foreign life and non-life insurers, and insurance brokers will be permitted to provide services in the following cities: Beijing, Chengdu, Chongqing, Fuzhou, Suzhou, Xiamen, Ningbo, Shenyang, Wuhan and Tianjin. Within three years after China's accession, there will be no geographic restrictions.</p> <p>CB. <u>Business Scope</u> Upon accession, Fforeign non-life insurers will be permitted to provide "master policy" insurance/insurance of large scale commercial risks, which has no geographic restrictions. In accordance with national treatment, foreign insurance brokers will be permitted to provide "Master policy" no later than Chinese brokers, under conditions no less favourable.</p>		

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>Foreign non-life insurers are permitted to provide insurance of enterprises abroad as well as property insurance, related liability insurance and credit insurance of foreign invested enterprises in China upon accession. Within 2 years after China's accession, Foreign non-life insurers will be permitted to provide the full range of non-life insurance services to both foreign and domestic clients.</p> <p>Foreign insurers are permitted to provide individual (not group) insurance to foreigners and Chinese citizens; within three years after accession, individual/group insurance and pension/annuities insurance to foreigners and Chinese.</p> <p>Upon accession, Foreign insurers will be permitted to provide reinsurance services for life and non-life insurance as a branch, joint venture, or wholly foreign-owned subsidiary, without geographic or quantitative restrictions on the number of licenses issued.</p>		

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>D. <u>Licenses</u> Upon accession, Llicenses will be issued with no economic needs test or quantitative limits on licenses. Qualifications for establishing a foreign insurance institution are as follows:</p> <ul style="list-style-type: none"> - the investor shall be a foreign insurance company with more than 30 years of establishment experience in a WTO member; - it shall have a representative office for two consecutive years in China; - it shall have total assets of more than US \$5 billion at the end of the year prior to application, except for insurance brokers. <p>Insurance brokers shall have total assets of more than US\$ 500 million. Within one year after accession, they shall have total assets of more than US\$ 400 million. Within two years after accession, they shall have total assets of more than US\$ 300 million. Within four years after accession, they shall have total assets of more than US\$ 200 million.</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>4) Unbound except as indicated in horizontal commitments.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>B. Banking and Other Financial Services</p> <p>(d) All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts(including import and export settlement);</p> <p>(e) Guarantees and commitments;</p> <p>(f) Trading for own account or for account of customers: foreign exchange.</p>	<p>1) Unbound except for the following:</p> <p>3) A. <u>Geographic coverage</u> For foreign currency business, there will be no geographic restriction upon accession. For local currency business, the geographic restriction will be phased out as follows: Upon accession, foreign services suppliers may provide business in following cities: Shanghai, Shenzhen, Tianjin, and Dalian; Within one year after accession, Guangzhou, Zhuhai, Qingdao, Nanjing, and Wuhan; within two years after accession, Jinan, Fuzhou, Chengdu and Chongqing; within three years after accession, Kunming, Beijing and Xiamen; Within four years after accession, Shantou, Ningbo, Shenyang and Xi'an. Within five years after accession, all geographic restrictions will be removed.</p>	<p>1) None</p> <p>3) Except for geographic restrictions and client limitations on local currency business (listed in the market access column), foreign financial institution may do business, without restrictions or need for case-by-case approval, with foreign invested enterprises, non-Chinese natural persons, Chinese natural persons and Chinese enterprises. Otherwise, none.</p>	<p>For financial leasing services, foreign financial leasing corporations will be permitted to provide financial leasing service at the same time as domestic corporations.</p>

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>B. <u>Clients</u> For foreign currency business, foreign financial institutions will be permitted to provide services in China without restriction as to clients upon accession. For local currency business, within two years after accession, foreign financial institutions will be permitted to provide services to Chinese enterprises. Within five years after accession, foreign financial institutions will be permitted to provide services to all Chinese clients. Foreign financial institutions licensed for local currency business in one region of China may service clients in any other region that has been opened for such business.</p> <p>C. <u>Licensing</u> Criteria for authorization to deal in China's financial services sector are solely prudential (i.e., contain no economic needs test or quantitative limits on licenses). Within five years after accession, any existing non-prudential measures restricting ownership, operation, and juridical form of foreign financial institutions, including on internal branching and licenses, shall be eliminated.</p> <p>Foreign financial institutions who meet the following condition are permitted to establish a subsidiary of a foreign bank or a foreign finance company in China:</p>		

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<ul style="list-style-type: none"> - total assets of more than US \$10 billion at the end of the year prior to filing the application. Foreign financial institutions who meet the following condition are permitted to establish a branch of a foreign bank in China: - total assets of more than US \$20 billion at the end of the year prior to filing the application. Foreign financial institutions who meet the following condition are permitted to establish a Chinese-foreign joint bank or a Chinese-foreign joint finance company in China: - total assets of more than US \$10 billion at the end of the year prior to filing the application. Qualifications for foreign financial institutions to engage in local currency business are as follows: - three years business operation in China and being profitable for two consecutive years prior to the application, otherwise, none. <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>4) Unbound except as indicated in horizontal commitments.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<ul style="list-style-type: none"> - Motor vehicle financing by non-bank financial institutions 	<ul style="list-style-type: none"> 1) Unbound except for the following: 	<ul style="list-style-type: none"> 1) Unbound 	
<ul style="list-style-type: none"> - Other financial services as listed below: (k) Provision and transfer of financial information, and financial data processing and related software by supplier of other financial services; (l) Advisory, intermediation and other auxiliary financial services on all activities listed in subparagraphs (a) through (k), including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy. 	<ul style="list-style-type: none"> 1) None 2) None 3) None (Criteria for authorization to deal in China's financial services sector are solely prudential (i.e., contain no economic needs test or quantitative limits on licenses). Branches of foreign institutions are permitted. 4) Unbound except as indicated in horizontal commitments. 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments. 	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
- Securities	1) Unbound except for the following:	1) None	

Modes of supply: 1) Cross-border supply

2) Consumption abroad

3) Commercial presence

4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>9. TOURISM AND TRAVEL RELATED SERVICES</p> <p>A. Hotels (including apartment buildings) and Restaurants (CPC 641-643)</p>	<p>1) None</p> <p>2) None</p> <p>3) Foreign services suppliers may construct, renovate and operate hotel and restaurant establishments in China in the form of joint ventures with foreign majority ownership permitted.</p> <p>None, within four years after accession, wholly foreign-owned subsidiaries will be permitted.</p> <p>4) Unbound, except as indicated in horizontal commitments and as follows:</p> <ul style="list-style-type: none"> - Foreign managers, specialists including chefs and senior executives who have signed contracts with joint venture hotels and restaurants in China shall be permitted to provide services in China. 	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in horizontal commitments.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>B. Travel Agency and Tour Operator (CPC 7471)</p>	<p>1) None 2) None 3) Foreign services suppliers who meet the following conditions are permitted to provide services in the form of joint venture travel agencies and tour operators in the holiday resorts designated by the Chinese government and in the cities of Beijing, Shanghai, Guangzhou and Xi'an upon accession:</p> <p>(a) a travel agency and tour operator mainly engaged in travel business; (b) Annual world-wide turnover exceeds US\$ 40 million.</p> <p>The registered capital of joint venture travel agency/tour operator shall be no less than RMB 4 million. Within three years after China's accession, the registered capital shall be no less than RMB 2.5 million. Within three years after accession foreign majority ownership will be permitted.</p> <p>Within six years after accession, wholly foreign-owned subsidiaries will be permitted and geographic restrictions will be removed. The business scope of the travel agency/ tour operator is as follows:</p> <p>(a) Travel and hotel accommodation services for foreign travellers which can be made directly with transportation and hotel operators in China covering such operations;</p>	<p>1) None 2) None 3) None except that joint ventures or wholly-owned travel agencies and tour operators are not permitted to engage in the activities of Chinese travelling abroad and to Hong Kong China, Macao China and Chinese Taipei.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	(b) travel services and hotel accommodation services for domestic travellers which can be made directly with transportation and hotel operators in China covering such operations;	4) Unbound, except as indicated in horizontal commitments.	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>11. TRANSPORT SERVICES</p> <p>A. Maritime Transport Services</p> <p>- International transport (freight and passengers) (CPC 7211 and 7212 less cabotage transport services)</p>	<p>1) (a) Liner shipping (including passenger transportation): None (b) Bulk, tramp and other international shipping (including passenger transportation): None</p> <p>2) None</p> <p>3) (a) Establishment of registered companies for the purpose of operating a fleet under the national flag of the People's Republic of China: - Foreign service suppliers are permitted to establish joint venture shipping companies. - Foreign investment shall not exceed 49 per cent of the total registered capital of the joint venture. - The chairman of board of directors and the general manager of the joint venture shall be appointed by the Chinese side. (b) Other forms of commercial presence for the supply of international maritime transport services: Unbound</p> <p>4) (a) Ship's crew: Unbound except as indicated in horizontal commitments. (b) Key personnel employed by Commercial Presence as defined under mode (3) (b) above: Unbound except as indicated in horizontal commitments.</p>	<p>1) (a) None (b) None</p> <p>2) None</p> <p>3) (a) None (b) Unbound</p> <p>4) (a) Unbound except as indicated in horizontal commitments. (b) Unbound except as indicated in horizontal commitments.</p>	<p>The following services at the port are made available to international maritime transport suppliers on reasonable and non-discriminatory terms and conditions:</p> <ol style="list-style-type: none"> 1. Pilotage 2. Towing and tug assistance 3. Provisioning, fuelling and watering 4. Garbage collecting and ballast waste disposal 5. Port Captain's services 6. Navigation aids 7. Shore-based operational services essential to ship operations, including communications, water and electrical supplies 8. Emergency repair facilities 9. Anchorage, berth and berthing services.

Modes of supply: 1) Cross-border supply		2) Consumption abroad	3) Commercial presence	4) Presence of natural persons
Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments	
H. Auxiliary Services	1) Unbound*	1) Unbound*		
(d) Container station and depot services	1) Unbound* 2) None 3) Only in forms of joint ventures, with foreign majority ownership permitted. 4) Unbound except as indicated in horizontal commitments.	1) Unbound* 2) None 3) None 4) Unbound except as indicated in horizontal commitments.		
(e) Maritime agency services	1) None 2) None 3) Only in forms of joint ventures, with foreign equity share no more than 49 per cent. 4) Unbound except as indicated in horizontal commitments.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal commitments.		

* Unbound due to lack of technical feasibility.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
B. Internal Waterways Transport	1) Only international shipping in ports open to foreign vessels shall be permitted.	1) Limitations as indicated under market access column.	
C. Air Transport Services (d) Aircraft repair and maintenance services (CPC 8868)	1) Unbound* 2) None 3) Foreign service suppliers are permitted to establish joint venture aircraft repair and maintenance enterprises in China. The Chinese side shall hold controlling shares or be in a dominant position in the joint ventures. Licenses for the establishments of joint ventures are subject to economic needs test. 4) Unbound except as indicated in horizontal commitments.	1) Unbound* 2) None 3) The joint ventures have the obligation to undertake business in the international market. 4) Unbound except as indicated in horizontal commitments.	
- Computer Reservation System (CRS) services	1) (a) Foreign Computer Reservation System, when having agreements with Chinese aviation enterprises and Chinese Computer Reservation System, may provide services to Chinese aviation enterprises and Chinese aviation agents by connecting with Chinese Computer Reservation System.	1) None	

* Unbound due to lack of technical feasibility.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>(b) Foreign Computer Reservation System may provide services to representative offices and sales offices established in the destination cities in China by foreign aviation enterprises which have the right to engage in business according to the bilateral aviation agreements.</p> <p>(c) Direct access to and use of foreign Computer Reservation System by Chinese aviation enterprises and agents of foreign aviation enterprises are subject to approval of the General Administration of Civil Aviation of China (CAAC).</p> <p>2) None</p>	<p>2) None</p>	
<p>E. Rail Transport Services</p> <p>F. Road Transport Services</p> <p>- Freight transportation by rail (CPC 7112)</p> <p>- Freight transportation by road in trucks or cars (CPC 7123)</p>	<p>1) None</p> <p>2) None</p> <p>3) Only in the form of joint ventures, with foreign investment not to exceed 49 per cent. For rail transport, only in the form of joint ventures, within three years after China's accession, foreign majority ownership will be permitted, and within six years after China's accession, wholly foreign-owned subsidiaries will be permitted.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
<p>- Passenger transportation (CPC 71213)</p>	<p>For road transport, within one year after China's accession, foreign majority ownership will be permitted, within three years after China's accession, wholly foreign-owned subsidiaries will be permitted.</p> <p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) Unbound 2) Unbound 3) Only in the form of joint ventures, with foreign investment not to exceed 49 per cent. Economic needs tests are required. 4) Unbound except as indicated in horizontal commitments.</p>	<p>4) Unbound except as indicated in horizontal commitments.</p> <p>1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in horizontal commitments.</p>	
<p>H. Services Auxiliary to all Modes of Transport</p> <p>- Storage and warehousing services (CPC 742)</p>	<p>1) Unbound 2) None 3) Upon accession, only in the form of joint ventures, with foreign investment not to exceed 49 per cent. Within one year after China's accession, foreign majority ownership will be permitted.</p> <p>None within three years of China's accession, Wholly foreign-owned subsidiaries will be permitted.</p> <p>4) Unbound except as indicated in horizontal commitments.</p>	<p>1) Unbound 2) None 3) None</p> <p>4) Unbound except as indicated in horizontal commitments</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
- Freight forwarding agency services (CPC 748 and 749 excluding freight inspection)	1) None	1) None	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or sub-sector	Limitations on market access	Limitation on national treatment	Additional commitments
	<p>A foreign freight forwarding agency may set up a second joint venture after its first joint venture has been in operation for five years. Within two years after China's accession to WTO, this requirement will be reduced to two years.</p>		

ANNEX 1

Reference Paper

Scope

The following are definitions and principles on the regulatory framework for the basic telecommunications services.

Definitions

Users mean service consumers and service suppliers.

Essential facilities mean facilities of a public telecommunications transport network or service that:

- (a) are exclusively or predominantly provided by a single or limited number of suppliers; and
- (b) cannot feasibly be economically or technically substituted in order to provide a service.

A major supplier is a supplier which has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for basic telecommunications services as a result of:

- (a) control over essential facilities; or
- (b) use of its position in the market.

1. Competitive safeguards

1.1 Prevention of anti-competitive practices in telecommunications

Appropriate measures shall be maintained for the purpose of preventing suppliers who, alone or together, are a major supplier from engaging in or continuing anti-competitive practices.

1.2 Safeguards

The anti-competitive practices referred to above shall include in particular:

- (a) engaging in anti-competitive cross-subsidization;
- (b) using information obtained from competitors with anti-competitive results; and
- (c) not making available to other services suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services.

2. Interconnection

2.1 This section applies to linking with suppliers providing public telecommunications transport networks or services in order to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier, where specific commitments are undertaken.

2.2 Interconnection to be ensured

Interconnection with a major supplier will be ensured at any technically feasible point in the network. Such interconnection is provided.

- (a) under non-discriminatory terms, conditions (including technical standards and specifications) and rates and of a quality no less favourable than that provided for its own like services or for like services of non-affiliated service suppliers or for its subsidiaries or other affiliates;
- (b) in a timely fashion, on terms, conditions (including technical standards and specifications) and cost-oriented rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the supplier need not pay for network components or facilities that it does not require for the service to be provided; and
- (c) upon request, at points in addition to the network termination points offered to the majority of users, subject to charges that reflect the cost of construction of necessary additional facilities.

2.3 Public availability of the procedures for interconnection negotiations

The procedures applicable for interconnection to a major supplier will be made publicly available.

2.4 Transparency of interconnection arrangements

It is ensured that a major supplier will make publicly available either its interconnection agreements or a reference interconnection offer.

2.5 Interconnection: dispute settlement

A service supplier requesting interconnection with a major supplier will have recourse, either:

- (a) at any time; or
- (b) after a reasonable period of time which has been made publicly known

to an independent domestic body, which may be a regulatory body as referred to in paragraph 5 below, to resolve disputes regarding appropriate terms, conditions and rates for interconnection within a reasonable period of time, to the extent that these have not been established previously.

3. Universal service

Any Member has the right to define the kind of universal service obligation it wishes to maintain. Such obligations will not be regarded as anti-competitive *per se*, provided they are administered in a transparent, non-discriminatory and competitively neutral manner and are not more burdensome than necessary for the kind of universal service defined by the Member.

4. Public availability of licensing criteria

Where a licence is required, the following will be made publicly available:

- (a) all the licensing criteria and the period of time normally required to reach a decision concerning an application for a licence; and
- (b) the terms and conditions of individual licences.

The reasons for the denial of a licence will be made known to the applicant upon request.

5. Independent regulators

The regulatory body is separate from, and not accountable to, any supplier of basic telecommunications services. The decisions of and the procedures used by regulators shall be impartial with respect to all market participants.

6. Allocation and use of scarce resources

Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, will be carried out in an objective, timely, transparent and non-discriminatory manner. The current state of allocated frequency bands will be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.

WORLD TRADE ORGANIZATION

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Group on Basic Telecommunications

Note by the Chairman

Revision

It has been suggested by a number of delegations that it might be helpful to produce a brief and simple note on assumptions applicable to the scheduling of commitments in basic telecoms. The purpose of the attached note is to assist delegations in ensuring the transparency of their commitments and to promote a better understanding of the meaning of commitments. This note is not intended to have or acquire any binding legal status.

NOTES FOR SCHEDULING BASIC TELECOM SERVICES COMMITMENTS

1. Unless otherwise noted in the sector column, any basic telecom service listed in the sector column:
 - (a) encompasses local, long distance and international services for public and non-public use;
 - (b) may be provided on a facilities-basis or by resale; and
 - (c) may be provided through any means of technology (e.g., cable¹, wireless, satellites).
2. Subsector (g) --private leased circuit services -- involves the ability of service suppliers to sell or lease any type of network capacity for the supply of services listed in any other basic telecom service subsector unless otherwise noted in the sector column. This would include capacity via cable, satellite and wireless network.
3. In view of points 1 and 2 above, it should not be necessary to list cellular or mobile services as a separate subsector. However, a number of Members have done so, and a number of offers have commitments only in these subsectors. Therefore, in order to avoid extensive changes in schedules, it would seem appropriate for Members to maintain separate entries for these subsectors.

¹Including all types of cable.

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CHAIRMAN'S NOTE

Market Access Limitations on Spectrum Availability

Many Members have entries in the market access column of their schedules indicating that commitments are "subject to availability of spectrum/frequency" or similar wording. In light of the physical nature of spectrum and the constraints inherent in its use, it is understandable that Members may have sought to rely on these words to adequately protect legitimate spectrum management policies. There is, however, doubt that words such as "subject to availability of spectrum/frequency" as listed in the market access column of many Members' schedules achieve that objective.

Spectrum/frequency management is not, *per se*, a measure which needs to be listed under Article XVI. Furthermore under the GATS each Member has the right to exercise spectrum/frequency management, which may affect the number of service suppliers, provided that this is done in accordance with Article VI and other relevant provisions of the GATS. This includes the ability to allocate frequency bands taking into account existing and future needs. Also, Members which have made additional commitment in line with the Reference Paper on regulatory principles are bound by its paragraph 6.

Therefore, words such as "subject to availability of spectrum/frequency" are unnecessary and should be deleted from Members' schedules.

ANNEX 2

Distribution Services

Distribution trade services are comprised of four main sub-sectors:

- commission agents services;
- wholesaling;
- retailing; and
- franchising.

The principal services rendered in each subsector can be characterized as reselling merchandise, accompanied by a variety of related subordinated services, including inventory management; assembly, sorting and grading of bulk lots; breaking bulk lots and redistributing into smaller lots; delivery services; refrigeration, storage, warehousing and garage services; sales promotion, marketing and advertising, installation and after sales services including maintenance and repair and training services. Distribution services are generally covered by CPC 61, 62, 63 and 8929.

Commission Agents' Services consist of sales on a fee or contract basis by an agent, broker or auctioneer or other wholesalers of goods/merchandise and related subordinated services.

Wholesaling consist of the sale of goods/merchandise to retailers to industrial, commercial, institutional, or other professional business users, or to other wholesalers and related subordinated services.

Retailing services consist of the sale of goods/merchandise for personal or household consumption either from a fixed location (e.g., store, kiosk, etc.) or away from a fixed location and related subordinated services.

Franchising services consist of the sale of the use of a product, trade name or particular business format system in exchange for fees or royalties. Product and trade name franchising involves the use of a trade name in exchange for fees or royalties and may include an obligation for exclusive sale of trade name products. Business format franchising involves the use of an entire business concept in exchange for fees and royalties, and may include the use of a trade name, business plan, and training materials and related subordinated services.

ANNEX 3

Insurance: Definition of "Master Policy"

Master policy is the policy that provides blanket coverage for the same legal person's property and liabilities located in different places. Master policy may only be issued by the business department of an insurer's head office or that of its authorized province-level branch offices. Other branches are not allowed to issue master policy.

Master policy business with the state key construction projects as its subject-matter insured. If investors on the state key construction projects (i.e., projects that are so listed and annually announced by the State Development and Planning Commission) meet either of the following requirements, they may purchase master policy from insurers that are located in the same place as the investors' legal persons do.

The investment on the subject-matter insured is all from China (including the reinvestment from the foreign-invested enterprises in China), and the sum of investment of the investor accounts for over 15 per cent of the total investment.

The investment is partially from abroad, and partially from China (including the reinvestment from the foreign-invested enterprises in China), and the sum of investment of the Chinese investor accounts for over 15 per cent for the total domestic investment.

For those projects that draw investment all from abroad, every insurer may provide coverage in the form of master policies.

Master policy covering different subjects-matter insured of the same legal person. For those subjects-matter insured located in different places and owned by the same legal person (excluding financial, railway, and post and telecommunications industries and enterprises), master policy may be issued on the basis of either of the following conditions.

For the sake of payment of premium tax, insurance companies incorporated where the legal person or accounting unit of the insurance applicant is located are allowed to issue master policy.

If over 50 per cent of insurance amount of the subject-matter insured is from a larger or medium sized city, then insurers in that city are allowed to issue master policy, no matter whether the insurance applicant's legal person or accounting unit is located in the city.

Motor insurance, credit insurance, employer liabilities insurance, statutory insurance, and other insurance business excluded by the CIRC can not be underwritten or co-insured by insurers located other than where the subject-insured are located, or covered under a master policy.

LIST OF ARTICLE II EXEMPTIONS FOR THE PEOPLE'S REPUBLIC OF CHINA

Sector or Sub-sector	Description of Measures Indicating its Inconsistency with Article II	Countries to Which the Measures Applies	Intended Duration	Conditions Creating the Need for the Exemption
Maritime Transport International Transport Freight and Passengers	The parties concerned may, through bilateral agreement, establish entities to engage in usual business in China either as joint ventures or wholly-owned subsidiaries subject to the Chinese laws on joint ventures and on foreign capital enterprises for ships owned or operated by carriers of the parties concerned. Agreements of cargo sharing.	Unspecified. Algeria, Argentina, Bangladesh, Brazil, Thailand, USA, Zaire.	Unforeseeable. Subject to the effective duration of the agreements concerned.	According to present state of trade between signatories. According to present state of trade between signatories.