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President Xi Says China Will Expand Financial Market Access and Reduce Trade Surplus

by [Uni Li](#) and [David Liang](#)

On April 10, 2018, President Xi Jinping of the People's Republic of China gave a keynote speech to an audience of political and business leaders from around the globe at the Boao Forum for Asia on China's Hainan Island. The Boao Forum is a nonprofit organization that hosts high-level forums for leaders from government, business, and academia in Asia and other continents to share their vision on the most pressing issues in this dynamic region and the world at large. Xi announced plans for opening up access to the Chinese market and reducing the country's trade surplus, as summarized below.

Financial and Automobile Industry Market Access

China will launch measures this year to significantly broaden financial market access, including lowering foreign ownership restrictions on banking, securities, and insurance companies, and broaden the scope of financial products foreign financial institutions can offer in China. In manufacturing sectors, China will start to remove certain barriers in industries such as automobile, vessel, and aircraft manufacturing, with the automobile industry the first to lower foreign ownership restrictions.

Transparency and Fairness

China will continue to strive for a more transparent and fairer regulatory environment for foreign investors. In March, China set up a new ministry-level "Market Supervision and Administration Bureau" that will streamline enforcement in the antitrust and anticompetition areas. China will publish a further revised foreign investment negative list by the end of this year. China will strive to deregulate and let the market become the driving force in its vibrant economy.

Intellectual Property Protection

The Chinese government recognizes the need for intellectual property rights protection from both foreign and domestic companies and sees it as a big boost to its economy. China is reinstating the State Intellectual Property Office this year to step up law enforcement, significantly raise the penalty for offenders, and put

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in use the deterrent effects of relevant laws. Xi also vows that China will protect intellectual property rights of foreign companies in their business dealings with Chinese counterparts. Forced technology transfer and unequal terms in licensing negotiations are identified as major detriments by U.S. businesses operating in China.

Lower Tariffs and Reduce Trade Surplus

China will significantly lower the import tariffs for automobiles and some other products this year. China will take the initiative to expand imports and does not seek a trade surplus with the rest of the world. Imports also help to meet domestic demand. China will also join the WTO Government Procurement Agreement, a move repeatedly called for by the United States and other countries. Lastly, Xi calls for the Western advanced industrial countries to ease their export control and allow more exports of high-tech products to China. China will host its first-ever Import Fair in Shanghai in November this year, with plans to hold it annually.

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