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NP

What trade trouble? China opens up its financial services sector earlier than expected and other reforms

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Fresh on the heels of the Osaka trade truce between U.S. President Donald Trump and Chinese leader Xi Jinping announced last week, China is speeding up and expanding its efforts to open up its market to foreign investors.

In November 2017, China first announced a plan to allow foreign companies to own financial services businesses in China. That plan called for allowing ownership of 51% of financial firms in three years and the removal of all restrictions in five years. In 2018, that timetable sped up to allow foreign companies to own 51% of these businesses in that year and lift ownership restrictions in 2021.

Chinese Premier Li Keqiang announced on Tuesday, "We will achieve the goal of abolishing ownership limits in securities, futures, life insurance for foreign investors by 2020, a year earlier than the original schedule of 2021."

On Sunday, China also reduced the number of industries that had foreign investment restrictions, the so-called "negative list." The country's National Development and Reform Commission and Ministry of Commerce issued new lists, which reduced the industries impacted from 48 to 40. The changes opened up markets in manufacturing, energy and agriculture. Premier Li also announced the lifting of restrictions on value-added telecommunications services and transportation industries in the coming year.

While there still exists a high degree of uncertainty regarding the outcome of the more general trade war between China and the U.S., these moves by China to open up its economy put pressure on U.S. and other foreign investors to consider investment opportunities in China before their competitors establish themselves.

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