

FTZ can offer vital services boost: official

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A vital task for the China (Shanghai) Pilot Free Trade Zone (FTZ) is to further open up the services sector, Long Guoqiang, an expert at the Development Research Center of the State Council, said at a press briefing Wednesday hosted by the State Council Information Office.

Long noted that over the past 30 years, China has put strong efforts into pushing the development of the country's industrialization, but the economic structure needs to be optimized and the services sector should be strengthened.

The Shanghai FTZ can help to explore ways to upgrade China's services industry and find new ways of governance for the sector, Long said, noting that a lack of openness and too many regulations have curbed development of the sector in the past.

"The Shanghai FTZ serves as a test field for building an updated version of the Chinese economy... it (the FTZ) is shouldering the arduous task of China's institutional innovation," Long said, noting that lessons learned in the FTZ would be applied nationwide.

Long said that even though no major financial policy initiatives have been rolled out in the month since the FTZ was established on September 29, there can be no doubting the government's desire to push forward with reform in the zone's financial sector.

"It will take time for the government to gradually roll out these policies," Long said.

The Shanghai government released a list on September 29 of 18 major sectors that are off-limits for foreign investors in the Shanghai FTZ. But Long said that the government will gradually shorten the list.

Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, noted that the services sector is not sufficiently developed in the Chinese economy at present.

"One of the most important parts of the services sector is financial services," Xu told the Global Times Wednesday.

Financial reform is a key area for the FTZ, with its main aspects including opening the capital account, cross-border use of yuan, and market-driven interest and exchange rates, Yang Xiong, mayor of Shanghai, said at a press conference held in Shanghai Sunday.

In the month since the FTZ was established, 208 firms have registered in the zone, with total registered capital of 3.5 billion yuan (\$574.35 million). "The enthusiasm indicates that people are confident in the future prospects of China's reforms," Long said.

Many other provinces and regions in China, including Tianjin, Chongqing, Zhejiang, Fujian and Shandong are also eyeing building up their own free trade zones, recent media reports said.

Long said that different regions have their own advantages to use as the basis for future free trade zones, but there is no need to set any schedule for them, and new zones can be launched when the time is right.

Some have raised concerns that the Shanghai FTZ could pose a threat to Hong Kong as a financial hub, but Long noted that it should not be a concern as the two are covering different areas.