

# **China's Liberalization in Trade Logistics Service:**

## **Lessons Learned and Policy Implications**

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# **Outline of the Study**

- **I. Introduction**
- **II. Review of the literature**
- **III. Trade logistics liberalization  
in China**
- **IV. Findings and Policy  
recommendations**
- **V. Conclusion**

# Study Methodology

- **Review of regulations and previous studies**
- **----The logistics situation in China;**
  - Central government laws, regulations;**
  - Documents relating to China's WTO accession;**
  - Documents relating to CEPA and FTA**

**Comparative analysis of key sectors**

**Involving the concerned government agencies and the private sector players**

## **Basic Info I: GDP Growth in China 1978-2005**

**Annually growth rate 9.4% , in billion  
RMB**

<b>1978</b>	<b>362.41,</b>	<b>1989</b>	<b>1690.92</b>
<b>1997</b>	<b>7446.26</b>	<b>2002</b>	<b>11725</b>
<b>2005</b>	<b>182321</b>		

**In dollar, GDP 289 b to 2250 b**

**Per capita, 280\$ to 1700\$**

# Basic Info II. Foreign Trade Growth in China 1978-2005

- **Billion US\$**
- **1978 20.64                      1989 111.68**
- **1997 325.16                      2002 620.77**
- **2005 1422.1**
- **Annually growth rates 19%**
- **2005 is 71 times of 1978**

# Basic Info III. FDI Growth in China 1978-2005

- 1978      0      billion US\$
- 1989      10.1
- 1997      64.4
- 2002      50.1
- 2005      60.3
- Total FDI by end 2005      US\$800 b

# **Trade Logistics Service in China's Economy**

- **No.1 biggest industrial sector in economy**
- **Percentage to GDP is 21.5% recent years**
- **Market about US\$500 billion 2005**
- **Growth rate around 20-30% annually**
- **Improving, but still less developed**

# **China Liberalization in Trade Logistics**

## **3 Stages:**

**Before 1979—Planned socialist  
economy**

**1979-2001-----Reform and Open Up**

**After 2001-----WTO membership**



# Definition of Logistic (1)

- **Not popular until late 1990s in China**
- **Chinese character imported from Japan**
- **From manufacturer to consumer**
- **Generally, transport, storage, packaging, portage, loading and unloading , processing and information transmission**

# Definition of Logistic (2)

- **Logistics Infrastructure & logistics service**
- **Railway**                      **Air freight**
- **Highway**                      **Trucking**
- **Seaports**                      **Rail Transport**
- **Airports**                      **Freight f. & 3PL**  
**Service**
- **Inland waterway**                      **Shipping**
- **Warehouse**                      **Warehousing &**  
**Distribution**

# **In China's WTO Documents**

- **not a sector entitled as “trade logistics”**
- **Divides into different services parts, as**
- **----packaging service,**
- **----courier service,**
- **----construction and related engineering service,**
- **----distribution service**
- **----transport service**

# **Preliminary Findings (I)**

- 1, an integrated part of China's liberalization and modernization drive in economy;**
- 2, China's economy generally benefits from trade logistics liberalization;**
- 3, China is in advance position in trade logistics liberalization in the world;**
- 4, China is still an undeveloped trade**

# **Preliminary Findings (II)**

**5, Competition intensified and  
discrimination existed**

**6, Area differences and Local protection  
enlarged**

**Coastal area**

**Inland area**

**Sectoral**

# **Preliminary Policy Suggestion**

## **(I)**

- **1, Governmental effective administration needed**
- **Integration of governmental bodies**
- **Integration of complex laws and regulations**
- **2, keep liberation step with economic growth, protect from over liberalized**
- **3, Protection and further liberalization to private sector**
- **4, National treatment to foreign enterprises**

# **Preliminary Policy Suggestion (II)**

- **5, Privatization of state-owned trade**
- **logistics service**
- **6, comprehensive consideration suggested,  
state's strategy on trade logistics  
needed**
- **7, In trade logistics area, it is most  
important to deal with relations between  
its development and liberalization**