Session 2

Liberalization of trade in services in the context of WTO

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Updated based on Handbook of International Trade In Services, esp. on Ch. 3 by B.Copeland (U. BC) and A. Mattoo (World Bank) and Tuthill (WTO)

Outline of the session

I. What is trade in services / why trade?

II. Motivations for trade: issues

III. Gains from trade: Empirical evidence

IV. What is GATS: Principles

V. What’s in a schedule / how does it work?

VI. China: evidence based on the financial sector internationalization and domestic restructuring

VII. Summary

I. Basic Definitions: What are Services?

1. Business services
2. Communication services
3. Construction services
4. Distribution services
5. Educational services
6. Environmental services
7. Financial services
8. Health-related and social services
9. Tourism and travel-related services
10. Recreational, cultural and sporting services
11. Transport services

A broad definition of trade

MODES	EXAMPLE
1. Cross-border Trade	Software, insurance or tele-diagnosis from country B into A
2. Consumption Abroad	Country A’s resident obtains education or hospital treatment in B
3. Commercial Presence	Bank, telecommunications firm or hospital from B sets up subsidiary in A
4. Movement of Natural Persons	Engineer or doctor from B provides services in A

Why trade?
Fragmentation of goods

Fragmentation of services

Hospital service fragments

- Call centre for customer service, etc.
- Medical transcription services
- Payroll management
- Web hosting services
- Application service provision (ASPs)

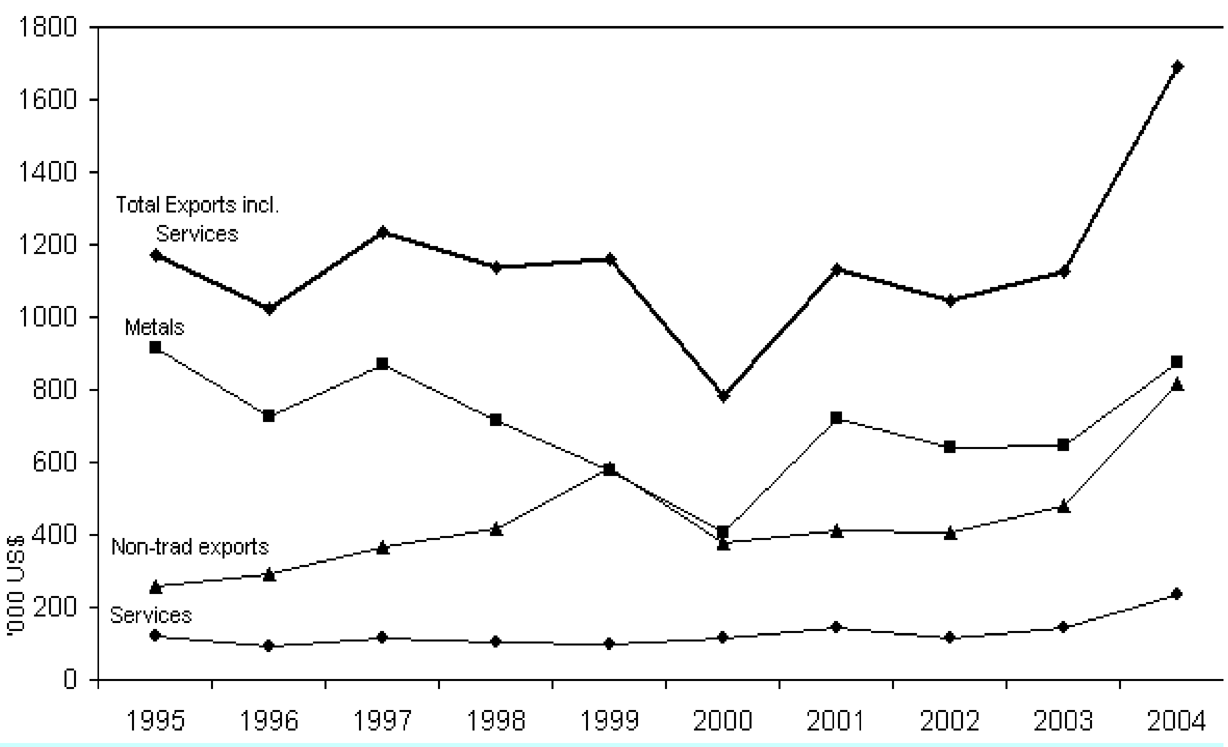
Service trade is growing fast

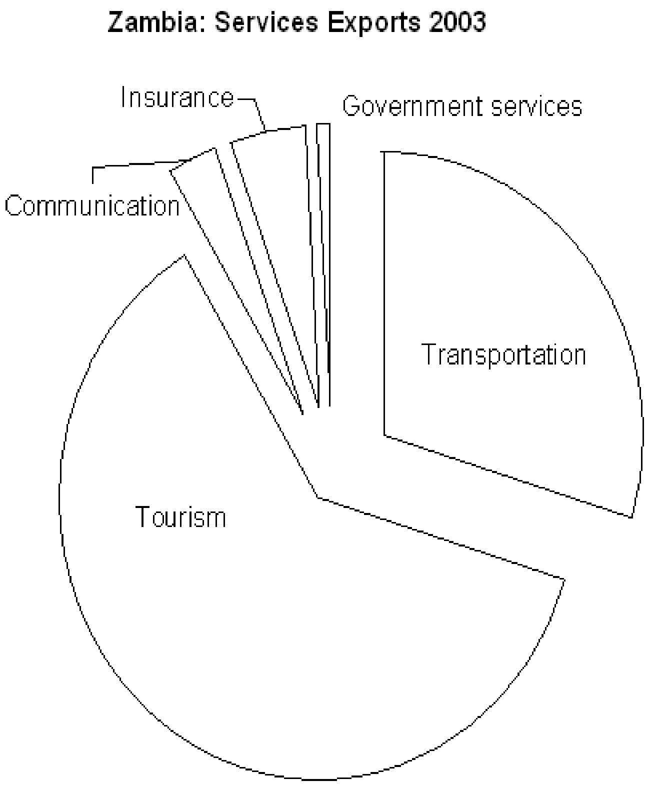
- Services trade is about 20% of the total world cross-border trade, and about 16% of developing economies trade
- Services exports grew faster than merchandise exports since 2000 (over 15% p.a.), including in 2006-08, in both developed and developing countries
- More than half of annual foreign direct invest (FDI) flows are in services
- Value of sales abroad by foreign affiliates of US services firms is estimated to be 2 to 3.5 times that of US cross-border exports

- *Note: In recent years, service sector accounted for over 50% of the GDP in developing countries, and over 70% of the economy in OECD countries*

But many developing countries are not participating

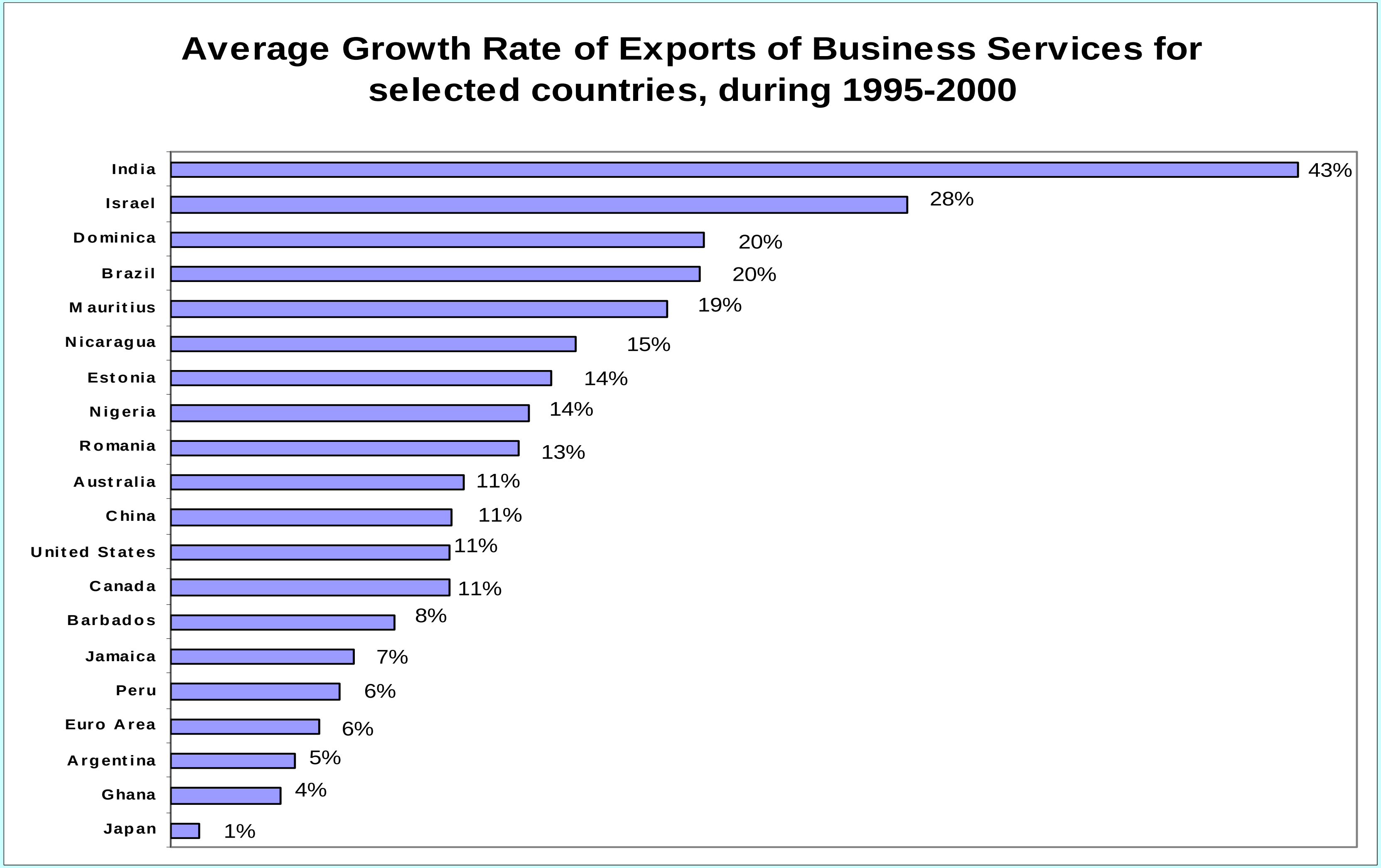
Exports of 70 small, poor countries stagnated, and their share of world services trade halved





II. Motives for trade I: Comparative advantage rooted in differences

- Trade well explained by comparative advantage, rooted in *differences* between countries in:
  - Endowments
  - Technology
  - Institutions (legal systems, regulatory systems)
  - Labor skills (education)
  - Climate
- Endogenous vs. exogenous differences; short run vs. long run

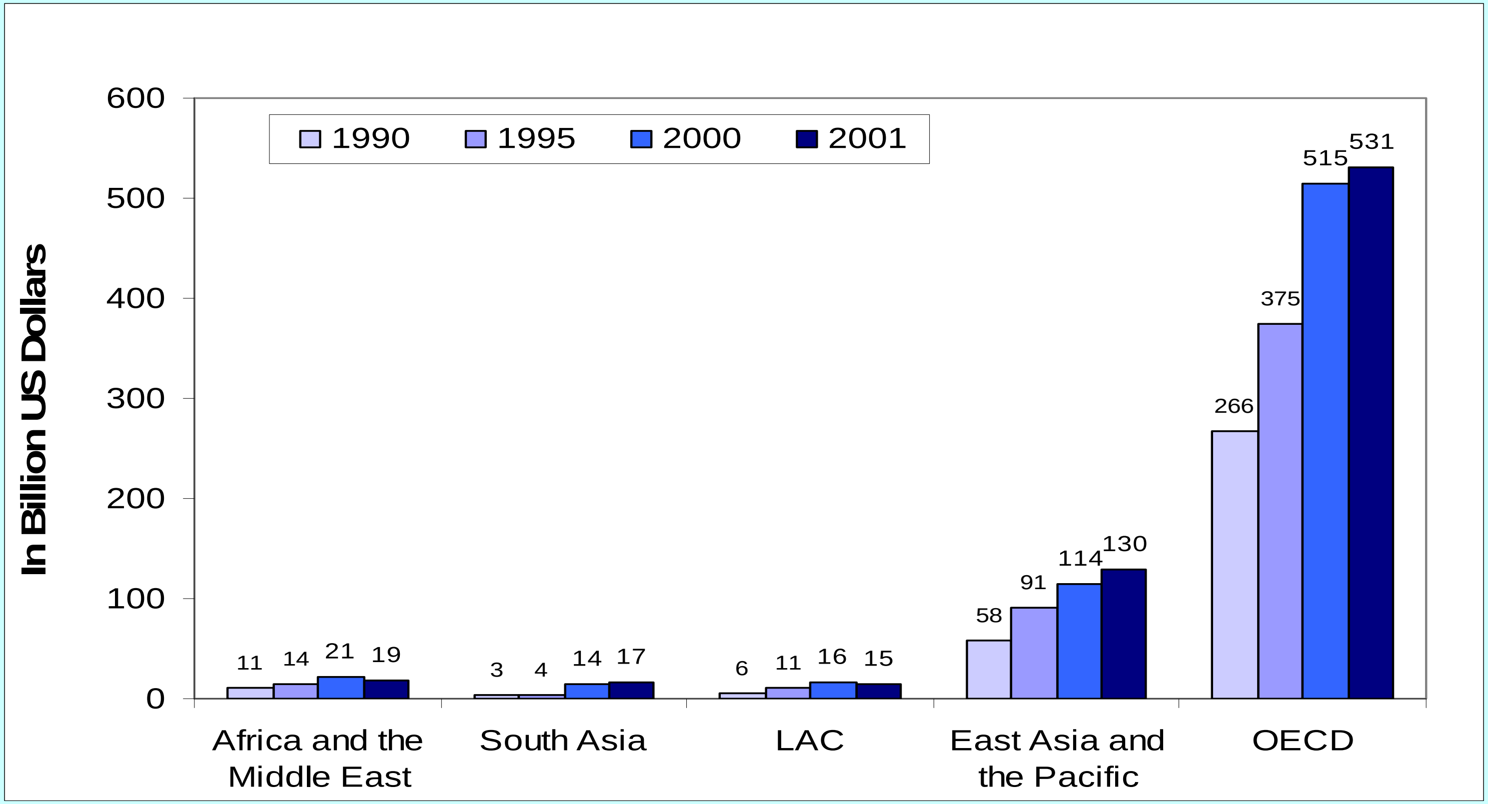


Source: IMF Balance of Payments Statistics

Motives for trade among similar countries

- Differences (Motive I) cannot explain all trade, as much trade occurs between similar countries and in both directions
  - Engineers from Canada design a wood-processing plant in the U.S., and engineers from the U.S. design a bridge in Canada
  - North-North trade in banking and transport services or South-South trade in airport services (e.g., Egypt Air and Ethiopian Airways)
  - Nigerian and Indian movie exports

Regional Distribution of Business Services Exports



Source: IMF Balance of Payments Statistics

Note: -The “Business Services” category includes Total Services minus Transportation, Travel and Government Services. Alternatively, Business Services consist of: Communication, Construction, Insurance, Financial, Computer & info, Other business, Personal, Cultural and Recreational Services, as well as Royalties and License fees.

Motives for trade II: Increasing returns to scale

- High fixed costs create incentives to invest in specialized skills and capabilities
- Lock-in aspects
- Think of two similar students, but one becomes an engineer, the other a doctor
- Efficiency and welfare gains arise from specialization
- Opportunities to trade create differences in this case, instead of other way round

Motives for Trade III: Firm-Specific Intangible Assets

- Firm-level fixed costs vs. plant level fixed costs
- Firms develop specialized knowledge, skills, reputations, access to supply networks
- These intangible assets can be exploited by establishments owned by firms in various countries.

Motives of trade III: Gains

- Avoids duplication of firm-specific investments in fixed costs
- Increases variety of available services
- Income distribution effects of FDI:
  - Increases demand for local labor in host country; demand for labor may fall in source country
  - Returns to competing business owners may fall in host country and may rise in source country
  - Other local businesses, however, will benefit from access to producer services made available via FDI

Motives for Trade: Agglomeration and Network: Examples

- Financial service firms based in New York and London providing financial services to clients throughout the world
- Movie production companies based in Hollywood export movies
- FedEx, UPS and other courier services
- Cellular phone services
- Airline companies form alliances with partners in other countries

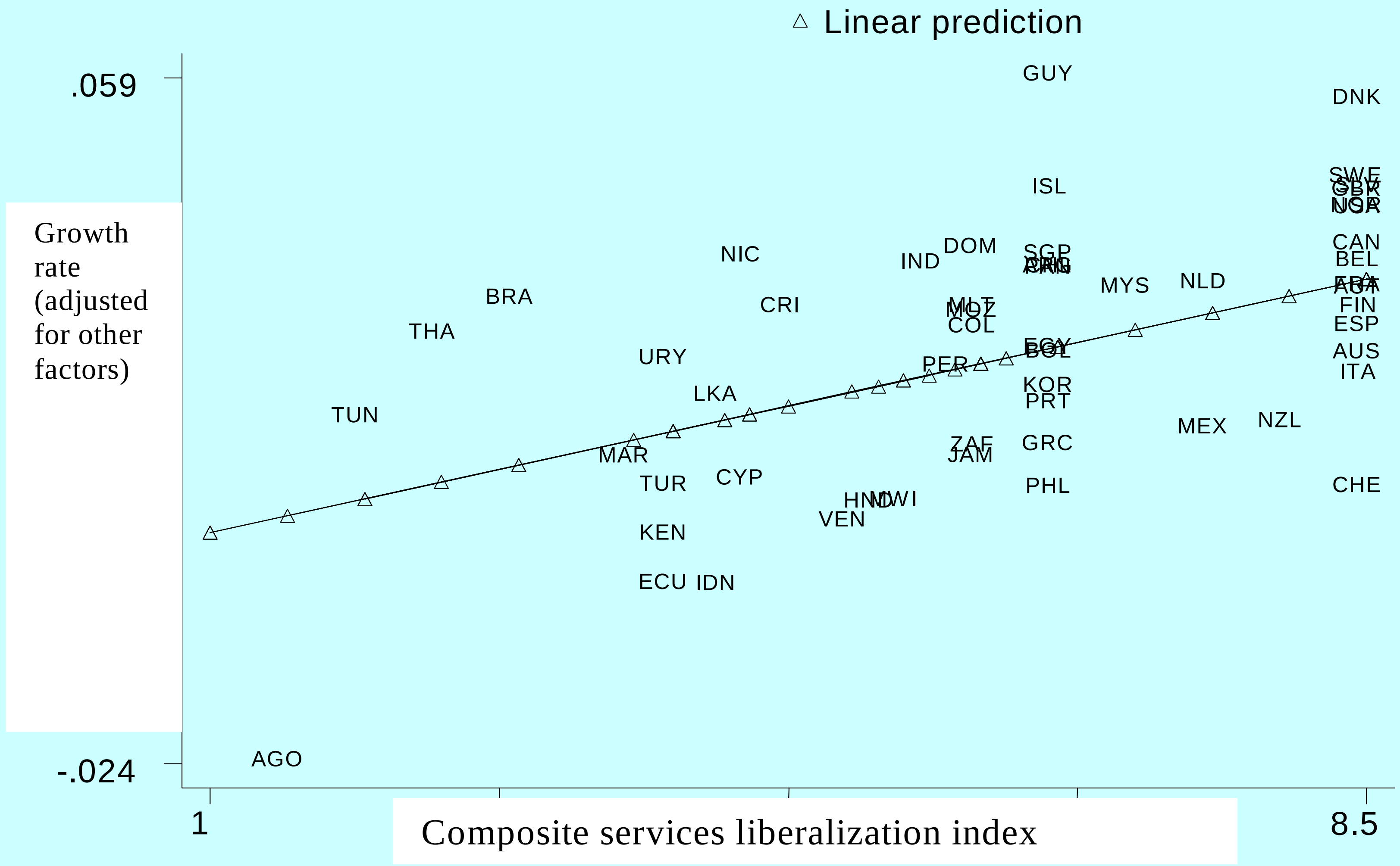
Which mode will be used to export services?

- Depends on technology, consumer preferences, regulatory environment.
- If there are no trade barriers, the most efficient mode will be chosen
- Do gains from trade depend on the mode of supply? Yes, trade labor mobility can lead to a decline in the welfare of the country from which factors move

III. Econometric Estimates Show Large Gains from Services Trade Liberalization

- Various studies have documented ex-post a strong positive impact of services trade liberalization, especially for FDI in services, e.g.
  - on economic growth: 1.5% higher for telecom+financial sector liberalized countries (Mattoo, Rathindran Subramanian 2001)
  - on manufacturing productivity of 350 Czech firms based on a 2004 firm-level survey: 10% increase in FDI implies 3% in TFP (Arnold, Javorcik and Mattoo)
  - Ana Fernandes (2007) found a positive and significant effect on productivity level and growth of downstream manufacturing in nine Eastern European countries

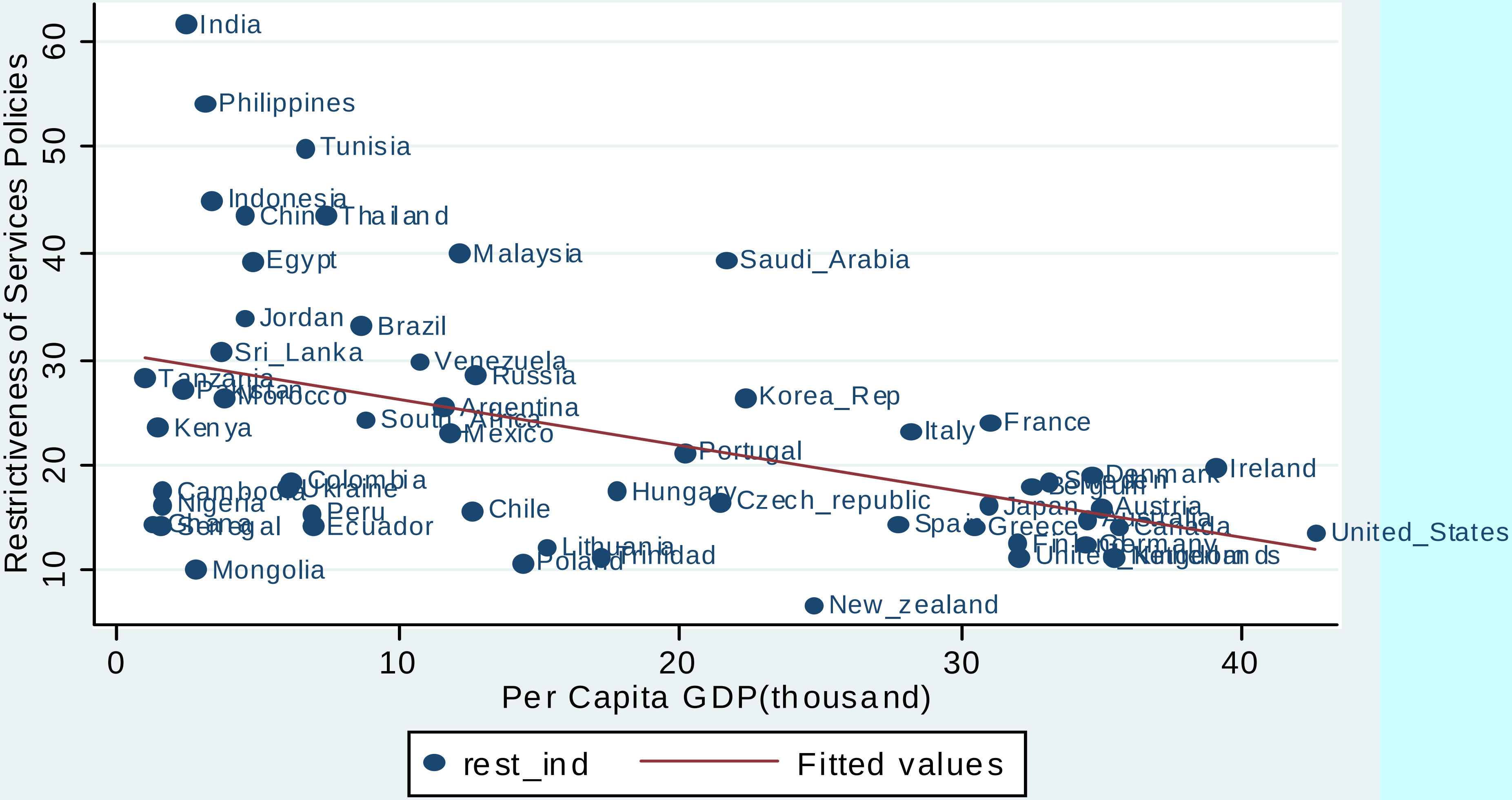
Successful reform in services is associated with more rapid growth



Source: Mattoo, Rathindran and Subramanian (2001)

GDP per capita and barriers to services trade

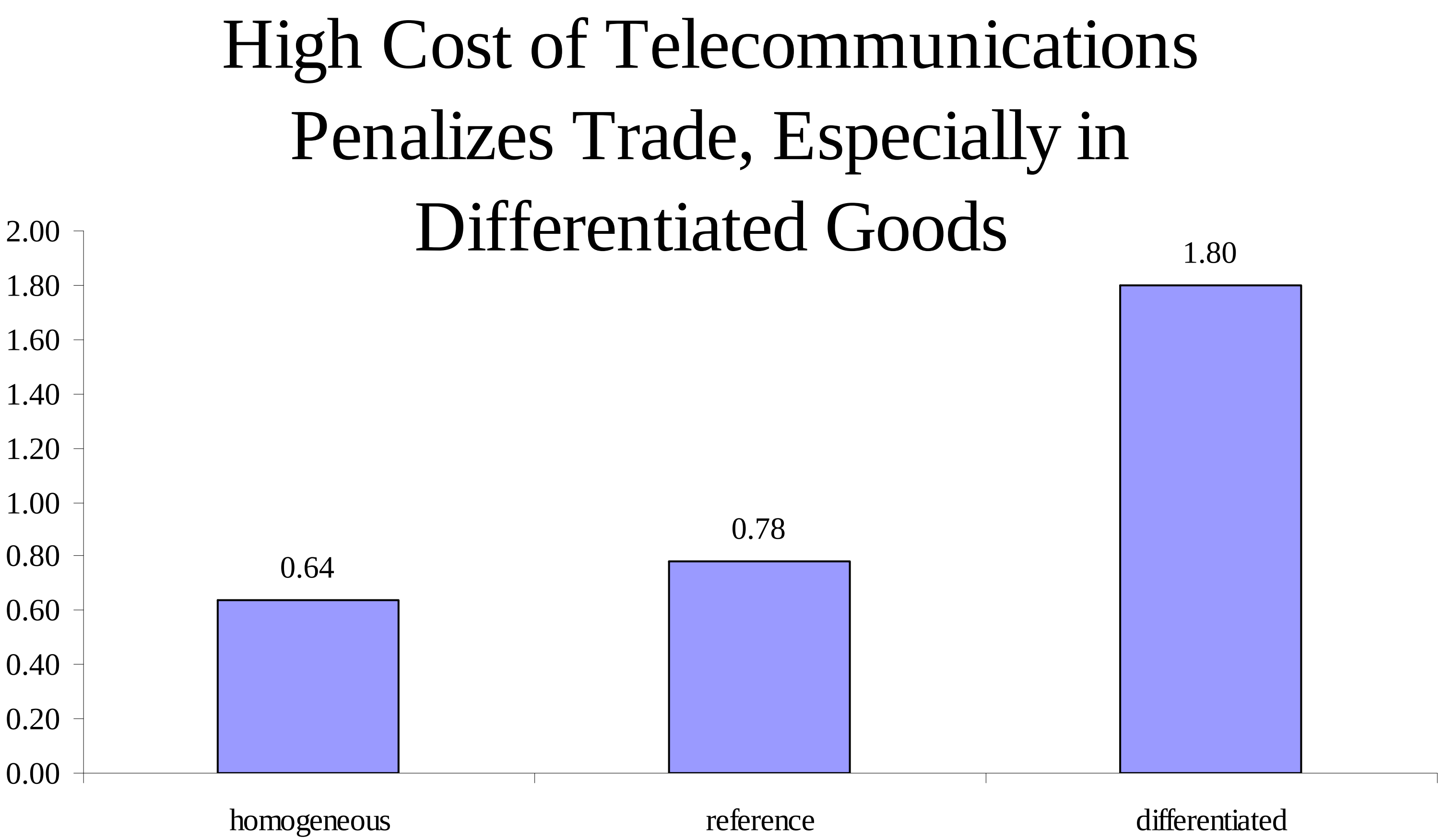
(Preliminary results of survey of 56 countries, 2007)



GDP per capita,PPP (constant 2005 international $)

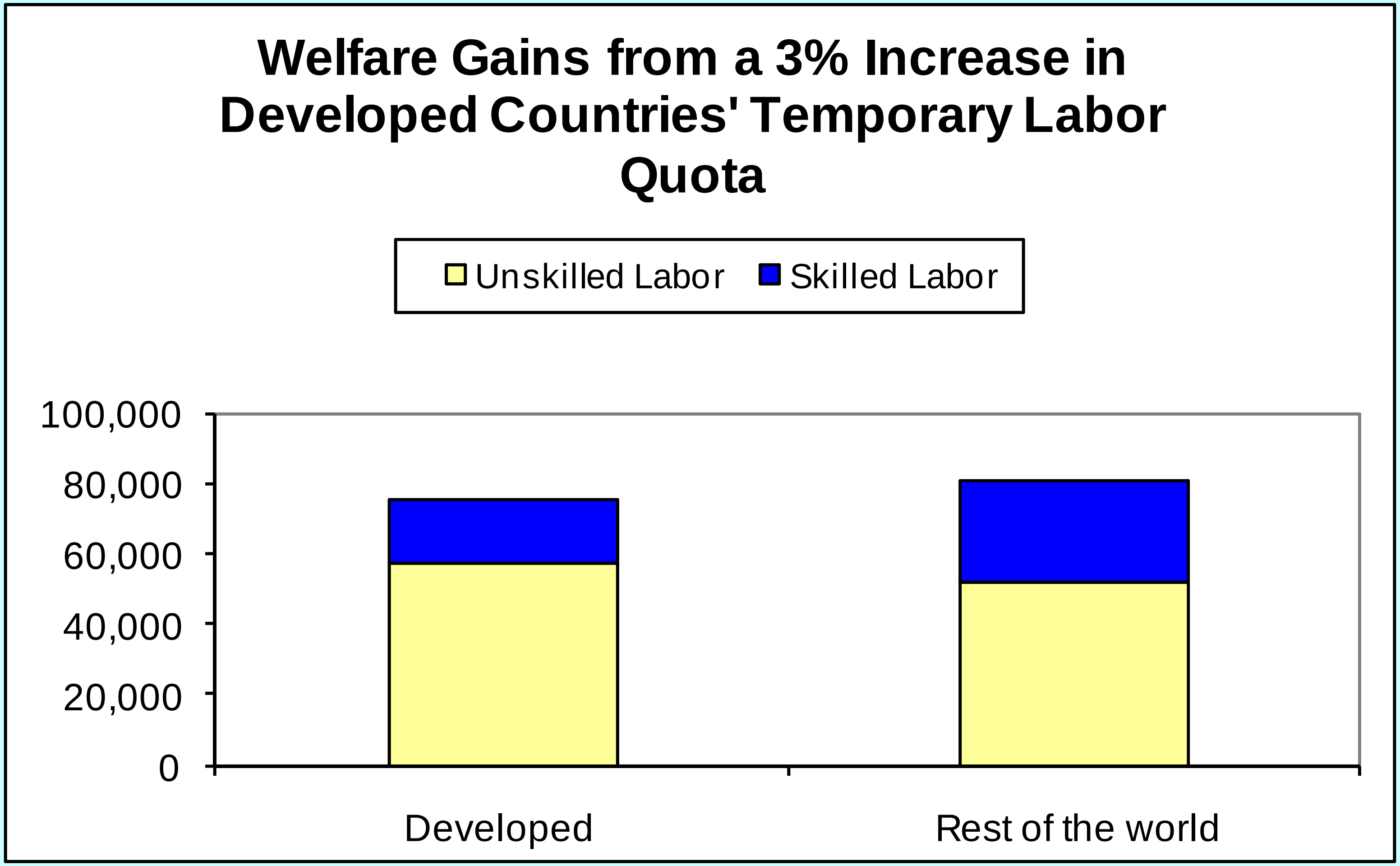
Source : Gootiiz, Mattoo

Services policy affects not just the size but also the pattern of trade in goods…



Note: The chart is based on 1999 data and uses the Rauch classification of goods.

Estimated gains from more labor mobility (Mode 4)



Note: Data in million US$

Source: Walmsley and Winters (2002)

IV. What is GATS

WTO Fundamentals

Non-discrimination

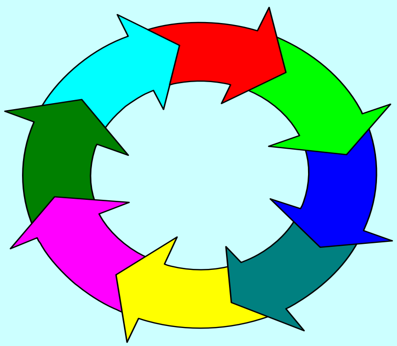
Transparency of laws and regulations

Progressive liberalization of trade

Reasonable regulation

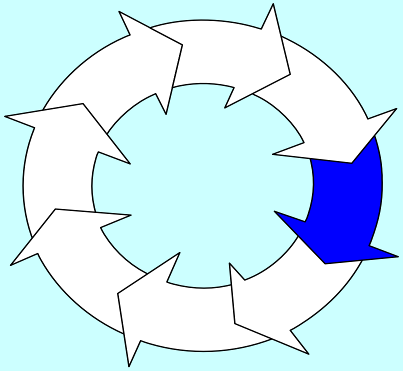
What is GATS?

Common to all



- **Short text of Articles - the "Framework"**
- **Annexes** *(including on Telecom)*

Individual countries



- **Schedules of Commitments**
- **MFN Exemptions** *(only at outset & if needed)*

STRUCTURE

The Framework of Articles

- ***Scope and definition - Part I***
- ***General obligations & disciplines - Part II***
- ***Specific commitments - Part III***
- **Progressive Liberalization - Part IV**
- **Institutional Provisions - Part V**
- **Final provisions - Part VI**

Scope and Definition

Vast coverage of the economy

Sectors:

- Business and professional
- Communications, all types
- Construction
- Distribution
- Education
- Environment
- Insurance and financial
- Health and social
- Tourism
- Recreation & cultural
- Transport, all types
- Other

- **Includes all services except:**
  - Services supplied in the exercise of government authority.
  - But only if these are not supplied on a commercial basis or in competition with other service suppliers
- **Covers all measures**
  - including those of **local and regional governments** and **non-governmental bodies** exercising delegated authority

Scope and Definition

An expanded notion of " trade"

	Defined	Examples
Cross border **(Mode 1)** (GATT equivalent)	Service supplier not present in the territory where services are delivered	Delivery of any services via telephone, fax, Internet, or the post
Consumption abroad **(Mode 2)**	Consumers purchase services outside their country of residence	Tourism; repair of a ship in another country; going to a hospital abroad for surgery
Commercial presence **(Mode 3)**	Service supplying entities present in the territory to deliver services	Establishing a bank branch or subsidiary Any foreign direct investment
Presence of natural persons (Mode 4)	Entry and temporary stay of individual persons to supply services	**1.** Consultant services, professional or business travel **2. Also,** foreign employees of a firm supplying services

General Obligations & Disciplines

Across the Board

- **Most Favoured Nation Treatment** (no discrimination among Members or preferences to non Members)
- **Transparency** (publication of measures)
- **Domestic Regulation** (mechanisms for appeal of administrative decisions)
- **Recognition** (of licenses and certifications and licensing and qualification criteria)
- **Monopolies** & exclusive providers (prevent actions affecting MFN obligation)
- **Business Practices** (consultations on anti-competitive practices of companies)

Increasing Participation of Developing Countries (Art. IV)

- **General requirement:** Increase participation of developing countries in trade by commitments that:
  - strengthen services capacity and efficiency,
  - improve access to distribution channels,
  - liberalize markets of export interest
- **Contact points to facilitate information access**
- **Priority for least developed countries**

Bottom line: Scheduling & negotiation remain the key means of addressing development concerns in GATS

Structure

GATS flexibility. . . a traffic light approach

STOP: Presumed trade barriers

Prohibited

- Lack of transparency
- Discrimination among countries (MFN)

Progressively eliminate

- **Discrimination against foreigners**
- **Quantitative restrictions**

SLOW: Potential trade barriers

- *Technical standards*
- Licensing criteria & procedures

Qualification criteria & procedures

Should be objective & not be more burdensome than necessary

GO: Measures for broader policy objectives

Exceptions for, *e.g.:*

- Health, safety
- Privacy
- Prevention of fraud
- Public morals and public order

No exceptions for many other policies and measures, *but disciplines are minimal*

S C H E D U L E S

V. What's in a Schedule?
The commitments listed

- Market access (Art. XVI) *
- National treatment (Art. XVII) *
- Additional commitments (Art. XVIII)
  - Listed by service and modes of supply
- Schedules do not bind laws - they bind a level of access (MA) or standard of treatment (NT)

How to prepare a schedule

- **Choose sectors/sub-sectors to list: *“Bottom up”***

Considerations involved: Foreign investment priorities, desire to broaden economic base or fill gaps; desire to create employment or transfer know-how; enhance competition to reduce prices, improve efficiency, modernize or increase availability and quality of products, and “requests” made in negotiations

- **Determine <u>all</u> restrictions that must be listed, if any, for each mode of supply: *“Top down”***

Review national law or regulations for existing limitations. Determine whether it is acceptable or intended to eliminate some of these (or the converse), whether it will be possible to eliminate some of these at a later date (phased in commitments), taking into account economic or political sensitivities in play *and “requests” made in negotiations*

Format of Schedules

Schedules are organized into four columns that specify the extent of liberalization in listed sectors for each type of obligation and mode of supply.

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
8. SECTOR A. Subsector (CPC Number or other defining characteristics)	1) 2) 3) 4)	1) 2) 3) 4)	

The Schedules
"Horizontal" Measures

- To avoid repetition, limitations applied to a number of sectors are listed at the front of the schedule. Like sector-specific entries, they are legally binding. Listed by column & mode
- Some may relate to only one mode of supply:

  Example: Overall limitations on foreign investment, formation of corporate entity or land acquisition (market access/commercial presence)
- Others affect more than one mode of supply:

  Example: Tax measures contrary to national treatment

Sector or Subsector Column

Listing the services

Sectors
(can be listed in whole or by sub-sector or sub-activity)

Careful listing is critical as it defines the scope of a commitment

- Business and professional
- Communications, all types
- Construction
- Distribution
- Education
- Environment
- Insurance and financial
- Health and social
- Tourism
- Recreation & cultural
- Transport, all types
- Other

Market Access Column

Definition: Article XVI

Measures a Member MAY NOT maintain or adopt *unless specified in its Schedule* are:

- **a. limits on number of suppliers***
- **b. limits on value of transactions or assets***
- **c. limits on number of operations or the quantity of output***
- **d. limits on number of persons that may be employed in a sector or by a supplier***
- **e. measures that restrict or require specific types of legal entity or joint venture**
- **f. limits on the participation of foreign capital**

**or an economic needs test having the same effect*

Is considered a complete or "closed end" definition

National Treatment Column

Definition: Article XVII

Unless relevant limitations are specified in the schedule:

- **Each Member shall accord to services and services suppliers of any other Member *treatment no less favorable* than that it accords to its own like services and service suppliers**
- **No discrimination in favour of national suppliers on a *de jure* or *de facto* basis**
- **Applies to *all* discriminatory measures**

This is considered an "open ended" definition

Market Access & National Treatment

Listing discriminatory measures

National Treatment

All *<u>other</u>* discriminatory measures belong in this column

Market Access

Discriminatory and nondiscriminatory measures fitting the Art. XVI definition of market access must be listed in this column

Market Access & National Treatment

Terminology used in entries

Term	Definition of Entry
"None"	Binding to apply no limitations (within the meaning of Articles XVI and XVII). Also means "none other than those listed in the horizontal section", if any, so need to specify if horizontal limits not applicable
"Unbound" *"Unbound*"*	No commitment, no binding (usually entered for a particular mode of supply wherein other modes *DO* contain commitments) **Not technically feasible*
Limitation(s) specified	Binding where the relevant limitation(s) is specified. Is understood to mean "none, except" i.e. that *ONLY* said limitation(s) will be applied (in addition to relevant horizontal limits, if any)
"Unbound except ..."	Limits the scope of binding within a mode. Differs from limiting the type of services covered (which is noted in sector/sub-sector column). Limitations applied to the "bound" segment must also be listed

Structure of Schedules
A Sample Commitment

Schedules are organized into four columns that specify the extent of liberalization in listed sectors for each type of obligation and mode of supply.

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

Sector or subsector	**Limitations on market access**	**Limitations on national treatment**	**Additional commitments**
8. HEALTH RELATED AND SOCIAL SERVICES			
A. Hospital Services (CPC 9311)	1) Unbound 2) Unbound 3) Only through incorporation with a foreign equity ceiling of 51 per cent 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	

Relation of MA and NT to "sector" column

Example: How does this work?

Market access and national treatment obligations relate independently to the sector or sub-sector listed. So, unless otherwise specified, national treatment applies regardless of now the market access commitment is drafted

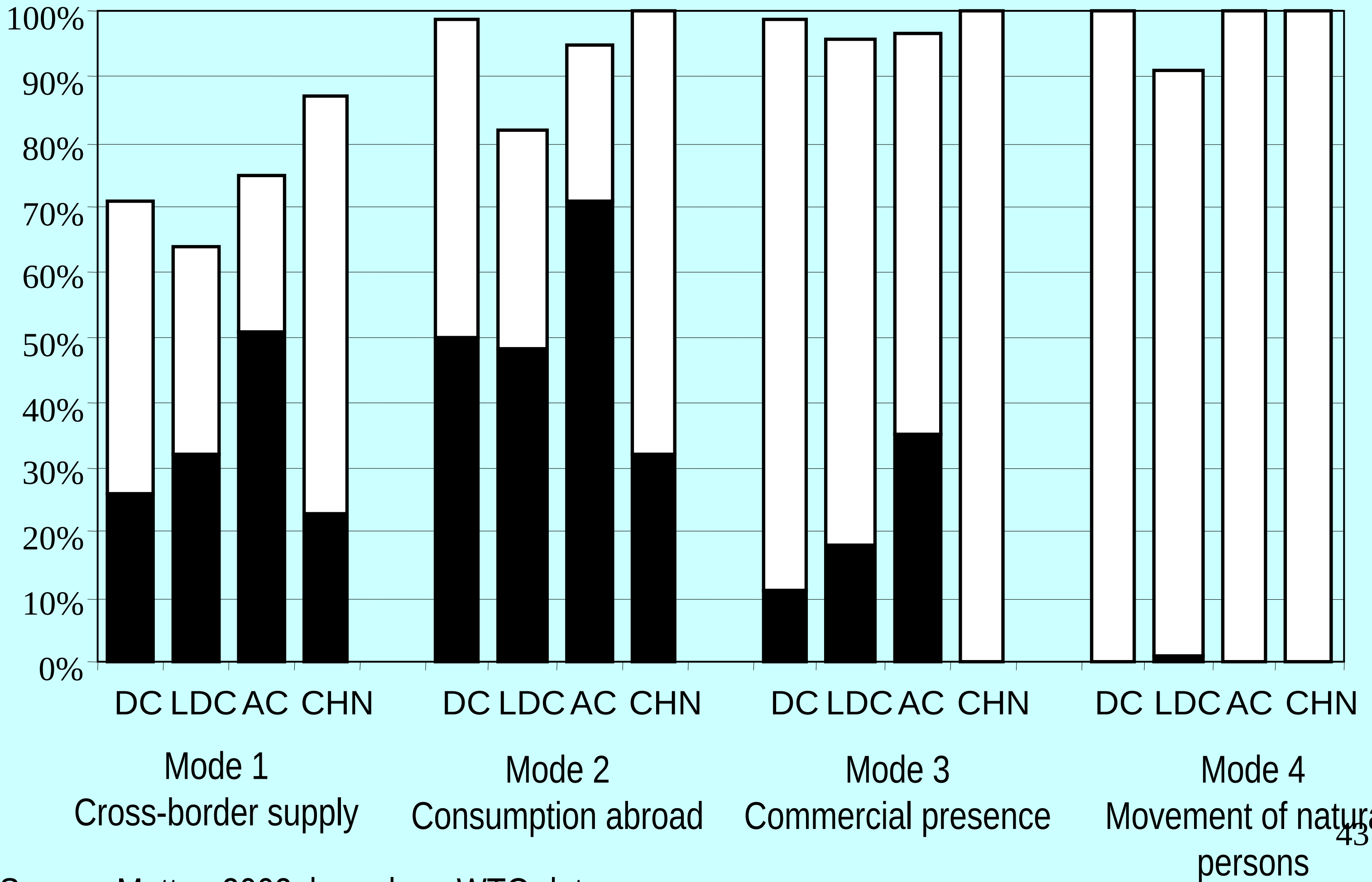
Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	**Limitations on market access**	**Limitations on national treatment**	**Additional commitments**
A. **<u>Hospital Services</u>** (CPC 9311)	3) **E.g.** **"Only 5 foreign suppliers to be permitted"** **or** **"Only through incorporation with a foreign equity ceiling of 51 per cent** **or** **"Unbound""**	**3) E.g.** **"None"** Does not mean ***No limitations only for suppliers covered under market access*** ***It means no limitations for all supplires in the market***	

VI. China:
Evidence on financial sector: internationalization interacts with domestic restructuring

GATS Commitments by China & others

DC = developed country; LDC = developing country; AC = acceding countries; CHN = China



Source: Mattoo 2002, based on WTO data.

China’s commitment is strong but also “phased in”: sequence is key

China has committed to open its banking sector to foreign banks after joining WTO:

- Immediately open foreign currency business to foreign banks without limit;
- In the 2nd year, open RMB business to firms, and open four cities each year;
- In the 5th year (2006), open RMB business to all residents in all regions with no geographic limit.
- Geographical restrictions: open 14 coastal cities first, and 4 more cities each year until 2006.

See Annex 9 of China’s WTO agreement.

Pre-WTO: Cost of not open Monopoly and Inefficiency

- Pre-WTO, market access in banking was not allowed to the domestic private sector. The sector was dominated by four state-owned banks (the big four), and a dozen shareholding banks.
- "The Big Four" have extensive branch networks and employed 1.3 million people
- The total amount of non-performing loans (NPLs) were estimated at 25.4% (Dai, 2002) to 40% in 2002.
- Four AMCs were established to restructure the NPLs. Fiscal revenues were injected to recapitalize the banks.
- Results: All four major banks were corporatized and foreign strategic investors invested, with IPOs attracting huge amount of capital.

Post-WTO Implementation

1. Banking sector

- Opening further to foreign bank entry.
  - Dec '03, ceiling on foreign ownership in local banks raised from 15% to 20% for a single bank and 25% overall
  - Geographic restrictions eliminated at the end of 2006
- **By the end of 2007, 33 foreign banks invested in 25 China's domestic banks; invested a total of US$21.25 billion (Zhu 2009).**
- 193 foreign banks from 47 countries have set up 242 representative offices. There are now 24 solely foreign-owned banks with 119 branches. In addition, **71 banks from 23 countries have set up 117 braches in China, though they still account for a small 2.4%($186bn) of total banking assets.**
- **Four new subsidiaries, 22 new locally incorporated banks and 6 new branches of foreign banks were approved in 2008, and 4 new subsidiaries, 16 new locally incorporated banks, and 3 new branches were approved in 2009 (WTO 2010).**

Openness and restructuring reinforcing each other: "one stone, two birds"

- Banking sector openness helped the re-structuring process, improve governance, and efficiency.
  - Goldman Sachs and others bought 9.9% stake in ICBC
  - Bank of America holds 9% of China Construction Bank [$3 billion]
  - A consortium led by Royal Bank of Scotland invests in Bank of China (22%)
  - Swiss bank UBS invests $500mn in Bank of China
  - HSBC took 20% share in Bank of Communications for $1.75bn.
- **These helped the restructuring and transforming state- owned banks into shareholding corporations, and promote efficiency and growth. But it also depends on corporate governance issues…**

Corporatizing the Big Four State Banks (IPOs)

Bank	IPO date	IPO price	Funds raised	Major Shareholders
Agricultural Bank of China (ABC)	Shanghai: July 15, 2010 Hong Kong: July 16, 2010	2.68 yuan HK$3.20	59.4 bn yuan and HK$82bn	1. Central Huijin Investment Ltd.; 2. Ministry of Finance; 3. National Council for Soc Security Fund
China Construction Bank (CCB)	Shanghai: Sept 25, 2007 Hong Kong: October 27, 2005	6.45 yuan HK$2.35	58.05bn yuan and HK$62.2bn	1. Central Huijin Investment Ltd.; 2. Bank of America; 3. Hong Kong Securities Clearing Co. Nominees Ltd.; 4. China Jianyin Investment Securities; 5. Fullerton Financial Holdings
Industrial and Commercial Bank of China (ICBC)	Shanghai: October 27, 2006 Hong Kong: October 27, 2006	3.12 yuan HK$3.07	46.64 bn yuan and more than HK$100 bn	1. Central Huijin Investment Ltd.; 2. Ministry of Finance; 3. Hong Kong Securities Clearing Co. Nominees Ltd; 4. Goldman Sachs Group Inc.; 5. National Council for Soc Security Fund
Bank Of China (BOC)	Shanghai: July 5, 2006 Hong Kong: June 1, 2006	3.08 yuan HK$2.95	19.9 bn yuan and HK$75.43bn	1. Central Huijin Investment Ltd.; 2. Hong Kong Securities Clearing Co. Nominees Ltd; 3. RBS China Investments; 4. Fullerton Financial Holdings; 5. National Council for Soc Security Fund

Source: Shanghai and Hong Kong Stock Markets Information.

Foreign Ownership in China's Local Banks

Local Banks	Investing Foreign Banks	% of Shares
Industrial and Commercial Bank of China	**Goldman Sachs, Allianz and American Express**	**9.9**
Bank of China	**Royal Bank of Scotland- Li Ka-shing - Merrill Lynch/ Temasek Holding/UBS/ ADB**	**10*/10*/1.68*/0.2***
China Construction Bank	**Bank of America/ Temasek Holding**	**9.1**/5.1****
Bohai Bank (Pivate- Tianjin)	Standard Chartered Bank	19.9**
Jinan City Commercial Bank	Commonwealth Bank of Australia	11**
Bank of Communications	HSBC (Shanghai)	19.9**
Shenzhen Development Bank	New Bridge Capital	17.89
Shanghai Pudong Development Bank	Citi Bank	4.6
China Minsheng Banking Corp.	Temasek Holding*/IFC	5** /1.6
Industrial Bank Co.(Fujian)	Hang-Seng Bank/ Tetrad Ventures/IFC	16 / 5 / 4
China Everbright Bank	China Everbright Group (Hong Kong) /ADB	20.1 / 3
Bank of Shanghai	HSBC/IFC/Shanghai Commercial Bank	8 / 7 / 3
Nanjing City Commercial Bank	IFC	15
Fujian Asia Bank(a joint venture bank)	HSBC/Ping An Insurance Group	50 / 50
Xi'An City Commercial Bank	IFC/ Scotia Bank	12.5 / 12.4
Dalian City Commercial Bank	SHK Financial Group	10

Source: Bayraktar and Wang 2004. Updated April 2006 .

Domestic Restructuring:

- **State-owned banks are being restructured and commercialized –publicly listed**.
  - $60 billion capital injection to re-capitalize 4 big state banks; Set up Asset Management Companies to dispose over $170 billion bad assets received from the state banks.
  - Eased interest rate restriction, banks were allowed into new business (e.g. fund management companies, etc.)
  - **"Big four" have all been restructured to shareholding companies. By end of 2007, China's banking institutions had collectively absorbed foreign investment totaling US$82.3 billion (page 38, Zhu 2009)**
- Asset quality improved significantly. At the end of 2008, the ratio of NPLs to total loans of major commercial banks was at 2.4%, compared with 7.0% at the end of the first quarter 2007 (WTO – Trade Policy Review – China 2010).

2. Insurance

- Opening was earlier and faster, since 1992 (AIG was 1st)
- Implementing WTO commitment:
  - Cancellation of geographical restrictions on foreign insurers
  - Raising the cap on foreign insurance brokers' ownership share from 50% to 51%.
  - **By the end of 2008, 48 foreign-invested insurance companies from 15 countries were active in China (16 property insurers, 26 life insurers, and 6 reinsurers)**
  - **Foreign invested insurance companies held 4.5% of China's overall insurance market (up from 4.4%)**
  - **Foreign insurers income share is 24%; so far 33 Chinese insurers have received foreign investment.**

Securities Subsector

- Two stock exchanges were established in early 1990s with 1,600+ companies listed
- Foreign suppliers may enter China's securities market through joint ventures
- By Oct 2009 there were 33 sino-foreign joint venture (JV) fund management companies
- In 2008, two JV securities firms were approved with equity share limit of 33% (WTO 2010)
- At end-October 2009, 88 foreign institutions had obtained licences as qualified foreign institutional investors (QFIIs)

Case Summary

- In this case, trade in financial services brings large gains
  - injection of capital (over $100 billion foreign capital was injected in China's financial institutions since 2003)
  - Increased the competitive pressure on domestic institutions
  - Improved corporate governance
  - Brought in new and better service provision
  - Innovation and learning by doing
- Experience of ECA region shows that higher foreign bank ownership was associated with rehigher net capital inflows (lower net capital outflows) during the crisis
- Liberalize under MFN principle /making commitment in WTO negotiations is a good way to lock-in forms.
- There is an unfinished agenda of ensuring the poor's access to credit, in China and elsewhere

Summing up

- Services trade is critically important to development, and especially to LDCs
- Liberalizing services trade under WTO would help lock-in reforms and push the domestic reform agenda
- If the Doha Round is really a "development round," then we must credibly and effectively address:
  - Assistance
  - Transport
  - Temporary migration
- Weak case for agreements that grant explicit preferences
- **Bottom Line:** Scheduling & negotiation remain the key means of addressing development concerns in GATS
- Strong case for regulatory cooperation

Thank you!

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Annex Table: Number of Banks and Ranking of Countries According to the Share of Foreign Banks, 1994-2003

	Total number of banks	**Total number of foreign banks**		**Asset share of foreign banks (in % of total assets)**
Argentina	156	41	China	0.2
Brazil	213	39	Sweden	1.7
Canada	81	22	Japan	2.1
Chile	39	8	Taiwan, China	4.6
China	61	5	Italy	5.1
Colombia	64	8	Korea, Rep.	5.3
Denmark	125	12	Germany	5.4
Finland	23	3	Thailand	6.1
France	372	69	Spain	6.8
Germany	447	33	Brazil	6.9
Hong Kong, China	155	59	United States	8.5
Indonesia	111	26	Turkey	11.0
Ireland	79	48	Philippines	13.2
Italy	429	27	France	13.9
Japan	322	5	Canada	14.9
Korea, Rep.	66	3	Indonesia	17.9
Malaysia	95	14	Denmark	18.5
Mexico	68	14	Malaysia	18.6
Norway	65	9	Finland	19.0
Peru	29	9	Colombia	20.7
Philippines	51	12	Argentina	20.7
Portugal	61	17	Norway	23.9
Spain	192	25	Ireland	28.0
Sweden	50	5	Venezuela	29.8
Taiwan, China	66	2	Portugal	30.7
Thailand	49	9	Chile	30.9
Turkey	75	11	United Kingdom	33.9
United Kingdom	357	143	Peru	53.1
United States	451	54	Mexico	54.2
Venezuela	85	8	Hong Kong, China	61.6

Source: Bayraktar and Wang 2004

Source: Authors' calculations using data from BANKSCOPE.

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