

Submission on Australia-China FTA Negotiations: CPA Australia

China

opened an office in Beijing in 2002

700 members of our Branch

significant number of Chinese students studying accountancy at Australian universities

looking to accredit top Chinese universities provided they teach and examine in English

have a representative office in Shanghai

have strong relationship with the CICPA and have put the possibility of an MRA with them on the table - this may take time to finalise; currently they have only one MRA and that is with the HKICPA and which was negotiated under a government-to-government agreement as part of a trade deal

the Chinese accountancy profession still faces considerable challenges in the move to a market economy - in particular getting its members to act ethically as well as a shortage of internationally qualified accountants

you may find the following which was provided by our Chief Representative of our Beijing office of interest:

1. As a member of WTO, China has to abide by its commitments it made in prior negotiations. In terms of accountancy profession, China will open its market wider by allowing foreign nationals to run CPA firm in China. However, these foreign national should hold Chinese CPA certificate in order to practise in China. Also, International accounting firms have more freedom to expand their business geographically.
2. Since 1992, China has been developing new set of accounting standards which is quite different from old USSR model accounting system. The development of the new standards was assisted by experts of Deloitte Touche Tohmatsu and funded by the World Bank. It is believed that these standards embody most principles of the IAS. However, due to different economic development level compared to the developed countries, China has not made a plan on when to adopt the IAS or IFRS.
3. As far as I know, WTO does not place any control on the quality of accounting information of a member country and does not require any member to adopt IAS. IAS is not binding on any countries, including USA.
4. WTO does not suggest any changes to China's accounting regulation. However, as China needs to further liberalise its accounting sector, some of the existing regulations will be amended based on China's commitments. For example, the old regulation only allows Chinese nationals to become partner of Chinese accounting firms but now foreign nationals are also permitted to practise in China.
5. Most of the websites are in Chinese. But try CICPA's website: www.cicpa.org.cn
6. Since China enters WTO, its economy integrates with the world in a fast pace. I have seen more FDI, more foreign trade volume and more foreign institutional investment in Chinese securities market. As a result, there has been a higher demand for quality accounting information and for strict implementation of IAS for companies seeking overseas capital. This will surely give an impetus to the improvement of the accounting profession as a whole.

General

CPA Australia is also a members of the Confederation of Asian and Pacific Accountants [CAPA]. In fact we are a founding member and play a strong role in the Confederation with the main aim of assisting the development of the profession in the region covered by CAPA.

All countries are suffering a severe shortage of properly qualified accountants. This is brought about by many factors such as the growth of business especially the rise of China, the need for greater accountability and the USA Sarbanes-Oxley legislation. Firms and companies try to meet the shortage by movement of accounting staff to 'hot spots' particularly China, where with its forecast continued growth, increasing number of IPOs and privatisation of SOEs, the shortage will continue.

Finally, we take the opportunity to acknowledge the very strong and continuing support from the Australian Government representatives in the above countries. We find this support invaluable in progressing our initiatives and wish to record our sincere thanks for it.

Best regards

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