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**World Trade Organization**  
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**Foreign Banking: Do Countries' WTO Commitments Match Actual Practices?**

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# **Foreign Banking: Do Countries' WTO Commitments Match Actual Practices?**

by

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<sup>1</sup>The views expressed in this paper are the authors' alone, and do not represent the views of the Office of the Comptroller of the Currency nor the United States Treasury Department.

## ABSTRACT

The General Agreement on Trade in Services (known as the GATS) is an important new element in the international framework that affects the regulation of every WTO Member's financial sector. However, except for a limited number of country-specific case studies, no attempt has been made to compare WTO commitments to open the domestic banking sector to foreign banks with actual regulatory practice in a systematic and comprehensive manner on a cross-country basis. Nor has much attention been devoted to systematically and comprehensively assess the degree to which WTO Members discriminate against foreign bank. This paper draws upon a new and comprehensive dataset consisting of the commitments countries made at the WTO and the regulations actually imposed on foreign banks by those countries. The dataset covers 123 WTO Members for whom there was also information available on their current regulatory regime for banking (based on the responses to a World Bank survey as discussed in Barth, Caprio, and Levine (2006)). On the basis of that data, the authors develop indices measuring the degree of openness to foreign banking based upon both commitments made and actual regulatory practice, with a view to assessing the overall extent to which countries open their borders to foreign banks more than they are legally obliged to do based upon their WTO commitments. The dataset is also used to assess the overall extent to which countries discriminate against foreign banks by regulating them less favorably than domestic banks. Although our results are still quite preliminary, they do show substantial divergences between commitments and practices. Indices of market openness and discrimination reveal wide differences among the 123 countries in the sample. The paper also identifies various factors that help explain the level of commitments that WTO Members have made.

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# Foreign Banking: Do Countries' WTO Commitments Match Actual Practices?

## Introduction

The WTO General Agreement on Trade in Services (known as the GATS) is the first multilateral trade agreement to promote the liberalization of services in countries around the world. It is an important new element in the international framework that affects the regulation of every WTO Member's financial sector. After an exhausting negotiation process that failed to reach full agreement at the end of the Uruguay Round in 1993, negotiations on financial services were extended and the WTO Members reached an interim agreement in 1995 and a final permanent agreement on services at the end of 1997. As of December 2005, there were 149 economies covered by the GATS.

Previous studies have tried to explain either the pattern of specific market opening commitments undertaken by WTO Members on financial services (*e.g.*, Mattoo, 1998) or the actual pattern of regulating both domestic and foreign banks worldwide in an attempt to identify differences in regulatory practices and their implications (*e.g.*, Barth, Caprio and Levine, 2006.). However, except for a limited number of country-specific case studies (*e.g.*, Dobson and Jacquet, 1998), no attempt has been made to compare WTO commitments to open the domestic banking sector to foreign banks with actual regulatory practice in a systematic and comprehensive manner on a cross-country basis. Nor has much attention been devoted to systematically and comprehensively assessing the degree to which WTO Members discriminate against foreign banks as compared to local banks with respect to accessing on equal terms the domestic banking market..

This paper draws upon a new and comprehensive dataset consisting of the commitments Members made at the WTO and the regulations actually imposed on foreign banks by host member countries to analyze the divergence between commitments and actual practice. It also develops indices measuring the degree of openness to foreign banking based upon both commitments made and actual regulatory practice. This enables one to assess the overall extent to which

countries open their markets to foreign banks more than they are legally obliged to do based upon their commitments. The dataset is also used to assess the overall extent to which countries discriminate against foreign banks by regulating them less favorably than domestic banks. The dataset covers 123 WTO Members for whom there was also information available on their current regulatory regime for banking (based on the responses to a World Bank survey as discussed in Barth, Caprio, and Levine (2006)). The dataset may eventually enable one to examine further the extent to which divergences between actual practice and commitments promote or retard bank development, efficiency and stability, and the factors that help explain such divergences.

The paper is organized as follows. The next section provides a brief explanation of the GATS. Section II provides an overview of the literature and methodologies used in the past to measure barriers to trade in financial services. Section III introduces our own restrictiveness indices, based upon both GATS commitments and actual practices for the 123 WTO Members in the sample. There are in fact two indices: one for current practice and another for GATS commitments; and another one comparing the degree of discrimination between domestic and foreign banks. Section IV describes commitments on opening the domestic banking sector to foreign firms under the GATS; compares GATS commitments with actual regulatory practice; and analyzes, in a very preliminary manner, what motivates the commitments undertaken by WTO Members. The final section concludes.

## **I. The GATS: What Is It and How Does It Work?**

The purpose of this section is to briefly explain how the GATS works, and how it governs multilateral trade in financial services. The section will only focus on the essential features of the agreement<sup>2</sup>.

The main objective of the GATS is to provide a framework of commonly accepted rules and

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<sup>2</sup> For more detailed descriptions of the GATS, see Alexander (2002), Key (2003), Marchetti (2003), and Arner et al (2004).

disciplines governing WTO Members' trade in services and to achieve progressively higher levels of liberalization of trade in services, including financial services, through periodic rounds of multilateral negotiations. The GATS applies in principle to all measures (irrespective of the government-level at which they are being enacted) affecting trade in all services supplied through four modes of supply: cross-border, consumption abroad, commercial presence and presence of natural persons.

The GATS has an admittedly wide scope. It applies to all measures by WTO Members affecting trade in services. Services include any service in any sector, including financial services, but excluding the so-called "services supplied in the exercise of governmental authority."<sup>3</sup> Financial services have been defined in the GATS as including any service of a financial nature offered by a financial service supplier, including all insurance and insurance-related services (e.g., direct insurance, reinsurance, insurance intermediation, and auxiliary insurance services), as well as all banking and other financial services (e.g., deposit taking, lending, financial leasing, asset management, trading in securities, and financial advice).

The measures to which the agreement applies are those taken not only by central governments (or its regulatory agencies) but also by subfederal governments or regulatory agencies (at provincial or state level) or non-governmental bodies exercising regulatory powers delegated by government (e.g., securities or futures exchanges or markets).

Trade in services is defined by reference to the four modes of supply identified above. These modes of supply are supposed to capture the various ways in which trade in service can take place. Although the definition of the four modes of supply offers scope for interpretation, logic and scheduling practice indicate that they should be understood from the perspective of the host-country, or in the trade jargon, the importing country. The following examples, taking Italy as a hypothetical host country, may help clarify how the modes of supply work. In mode 1

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<sup>3</sup> In the case of financial services, "services supplied in the exercise of governmental authority" are the following: 1) the activities conducted by a central bank or monetary authority or by any other public entity in pursuit of monetary and exchange rate policies; 2) activities forming part of a statutory system of social security or public retirement plans; and 3) other activities conducted by a public entity for the account or with the guarantee or using the financial resources of the Government. However, if a WTO Member allows any of the activities referred to in 2) and 3) to be conducted by its financial service suppliers in competition with a public entity or a financial service

transactions, it is actually the service and not the service supplier that crosses the national border (*e.g.*, the granting of a loan by a New York based bank to an Italian consumer in Italy). Mode 2 involves the consumption of a service abroad (*e.g.*, the opening of a bank account by an Italian resident while travelling in the United States). Mode 3 entails the commercial presence of a supplier of one country in the jurisdiction of another country (*e.g.*, when a United States bank or financial institution establishes an agency, branch or subsidiary in Italy to supply financial services in Italy). Mode 4 covers the supply of services by service suppliers through the (temporary) presence of natural persons (*e.g.*, bank executives or managers sent from the parent bank in the United States to the bank's branch or subsidiary in Italy).

Despite its wide scope and all-encompassing nature, the GATS contains three different layers of obligations. The first layer consists of all those general obligations that bind all WTO Members regardless of whether they have agreed to undertake market access commitments for a certain sector or not. The most important of these obligations is the Most Favoured Nation principle (MFN), which makes it mandatory for every WTO Member to treat services and service suppliers of any other WTO Member no less favourably than it treats like services and service suppliers of any other country. In other words, the MFN principles imposes the obligation not to discriminate among foreign services and service suppliers.<sup>4</sup>

The second layer of obligations consist of the specific commitments made by WTO Members to grant market access and national treatment to services and service suppliers of other WTO Members. In fact, there is no explicit obligation to grant access to foreign suppliers or to accord them national treatment.<sup>5</sup> WTO Members are free to decide which financial services will be subject to market access and national treatment disciplines.<sup>6</sup> The level of market access and the

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supplier, then they will be considered as any other "service", and therefore subject to the GATS disciplines.

<sup>4</sup> This obligation is subject to certain exceptions, including the so-called MFN exemption lists, that WTO Members were free to file only at the end of the Uruguay Round; economic integration agreements; mutual recognition schemes; and general exceptions for safety and security reasons, etc.

<sup>5</sup> The national treatment principle makes established the obligation to accord services and service suppliers of any other WTO Member treatment no less favourable than the one accorded to own like services and service suppliers. In other words, the national treatment principle imposes the obligation not to discriminate between foreign services and service suppliers and national services and service suppliers.

<sup>6</sup> Articles XVI (Market Access) and XVII (National Treatment) GATS. Additionally, WTO Members may undertake commitments on regulatory measures not subject to Articles XVI and XVII, under the so-called Additional Commitments provision (Article XVIII).

extent of national treatment obligations<sup>7</sup> are included in national schedules. Commitments on these two principles – market access and national treatment – are entered into with respect to each of the four modes of supply. For example, a WTO Member will be subject to market access and national treatment obligations with respect to deposit-taking services only if it has included that service in its schedule, and to the extent provided therein. In other words, the inclusion of a particular service in a schedule does not mean free access to the market under national treatment conditions. In fact, access to the market in order to provide that particular service may have been subject to certain "market access" limitations (e.g., on the number of suppliers allowed) or certain "national treatment" limitations (e.g., higher income taxes for foreign suppliers). As a result of the positive and highly flexible approach to making commitments, access obligations across WTO Members can be asymmetric and their extent will depend on the specific features of the commitments entered into by each country. Member countries may choose to retain full discretion with respect to the treatment of foreign firms and hence not make specific commitments guaranteeing specific access and treatment. WTO Members may also choose to provide greater access and more favorable treatment to foreign firms beyond the commitments made.

The existence of specific commitments on market access and national treatment triggers a third layer of obligations concerning, *inter alia*, the notification of new measures that have a significant impact on trade; the reasonable, objective and impartial administration of measures of general application; and the avoidance of restrictions on international payments and transfers for current international transactions and, eventually, on capital transactions.

Like any other trade agreement, the GATS contains exception provisions, which allow WTO Members to depart from their obligations or commitments under the agreement in very specific circumstances. One of those exception-type provisions is the so-called "prudential carve-out", which allows WTO Members to take measures for prudential reasons, including for the protection of investors, depositors, policy holders and for preserving the integrity and stability of the financial system. Such measures are not to be used as a means of avoiding a country's

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<sup>7</sup> Commitments on market access and national treatment are independent in the sense that a WTO Member may grant access to its market without providing national treatment, or it may decide to grant access to its market under national treatment conditions.



commitments or obligations under the GATS; and do not need to be inscribed in the national schedules of specific commitments. The exact measures that may be taken for prudential reasons, however, are not identified in the GATS. Additionally, WTO Members are allowed to introduce restrictions of a temporary nature in the event of serious balance-of-payments and external financial difficulties subject to consultations with WTO Members.

## **II. Measuring Barriers to Trade in Financial Services and Assessing Their Impact: Overview of the Literature and Methodologies**

Several attempts have been made in the recent past to measure barriers to trade in services and assess their economic effects. Some of those attempts have focused on financial services. The purpose of this section is to provide an overview of those studies motivated or linked to the WTO negotiations on financial services. The overview will focus on the methodologies used and not on the outcomes. Two cross-sectoral studies are worth noting at the outset: Hoekman (1995), and Hardin and Holmes (1997).

Although not focusing only on financial services, the first attempt to quantify the extent of services trade liberalization among WTO Members was made by Hoekman (1995). He constructed frequency measures on the basis of the information contained in the GATS schedules of commitments, covering all services sectors and the four modes of services supply identified in the GATS.

Hoekman examined all GATS schedules and allocated a number to each possible entry in the schedule, that is, each possible market access and national treatment commitment in each mode of supply for all service sectors.<sup>8</sup> Commitments were then classified into three categories, and each category was assigned a numerical score, as follows: 1) If no restrictions were applied for a given mode of supply in a given sector ("none" in GATS jargon), a value of 1 was assigned; 2) if no policies were bound for a given mode of supply in a given sector ("unbound" in GATS jargon), a value of 0 was assigned; and 3) if restrictions or limitations were listed for a given

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<sup>8</sup> As there are 155 non-overlapping service sectors in the services sectoral classification list commonly used by the WTO Members and four modes of supply, this implies 620 possible commitments. As commitments apply to national treatment and market access separately, there are 1,240 data cells for each Member (620x2).

mode of supply in a given sector (“bound” in GATS jargon) , a value of 0.5 was assigned. The value of these indicators was chosen so as to allow aggregation across sectors and countries. The higher the number, the greater the implied extent of openness-cum-binding. Scaling commitments of "unbound" as zero, and commitments implying maintenance of measures violating national treatment or market access as 0.5 reflects a perception that scheduling and binding has value, no matter how restrictive the policies that are maintained.

Using these factors, Hoekman calculated three indicators: (i) the number of sector/mode of supply combinations (cells) where a commitment was made (as a share of the maximum possible, 620 for market access and 620 for national treatment); (ii) the “average coverage” of each schedule of commitments, defined as the arithmetic mean of the scale factors allocated to each cell (i.e., 0 for "unbound"; 0.5 for bound restrictions; and 1 for "no restrictions" or "none"); and (iii) the share of “no restriction” commitments in (a) a Member’s total commitments ("count"), and (b) relative to the 155 possible sectors of the classification list. The higher the number, the more "liberal" the country.

Since these indicators do not take into account the relative importance of different service activities in GDP (i.e., the "size" of the various service markets), or the relative importance of countries in the world economy (i.e., the "size" of the different WTO Members), Hoekman also weighted the "average cover" indicator by sectoral contributions to GDP and country shares in global GDP. This allowed one to see the relative economic importance of the activities on which commitments were made. Hoekman also run a simple regression between per capita income and the number of sectors where commitments were made. He found that although a number of poor countries scheduled a significant number of sectors, most did not.

While the original purpose of these coverage indicators was to quantify GATS commitments, Hoekman argued that they could be used to generate information on the relative restrictiveness of policy regimes pertaining to service industries by assuming that the coverage of each country’s schedule is an indicator of its policy stance—the higher the coverage, the more open the regime. He used the frequency ratios as a starting point for estimating country-specific "tariff equivalents" of the relative degree of restriction of services trade across countries and sectors. He

arbitrarily defined a set of benchmark "guesstimates" of tariff equivalents for each sector to reflect the most protectionist nation. A value of 200% was chosen for the sectors where access tended to be prohibited by most countries, and which did not appear in most schedules (maritime cabotage, air transport, postal services, voice telecommunications, and life insurance); while values between 20% and 50 % were assigned to sectors where access was less constrained. Each country and sector was then assigned a value related to that benchmark. For example, the financial services sector (excluding insurance) was assigned a tariff equivalent of 50% (The list can be seen in the Annex 2 Table to Hoekman's paper). The "tariff equivalent" of a given country was then obtained by multiplying this guesstimate by  $(1-x/y)$ , where  $x$  is the weighted coverage for each sector per country and  $y$  is the total coverage possible for each category. Thus, if the most restrictive country worldwide had restrictions equivalent to a 50%, then a country with a 0.9 restrictiveness index would have a tariff equivalent of 45 percent (i.e., 0.9 times 50).

As explained by Hoekman, the value of the numbers that emerge are a function of the 'reasonableness' of the assumed benchmark vector of tariff equivalents, and the correlation between commitments made in the GATS context and a Member's actual policy stance. Clearly the methodology could be improved by incorporating information on the actual policy regimes in force in the various countries, something we attempt to do in this paper for banking.

The Hoekman methodology has several drawbacks. First, it does not assign weights to entry barriers based on their differential impacts on the economy. Since all limitations receive the same weighting (0.5), minor impediments are treated exactly the same as a complete refusal of foreign entry into a domestic market. Second, the indices are constructed on the basis of the GATS schedules of commitments, many of which do not provide an accurate description of the actual barriers. Third, considering an unscheduled sector as being completely closed to new entry does not give a clear picture of the situation either. It may well be the case -and there is some anecdotal evidence in that regard- that actual practices are more liberal than commitments, and therefore the indices may be overstating the degree of protection. Finally, it does not take into account the differences in "tradability" under individual modes of supply.

Subsequent studies have attempted to develop more complex weighting systems and tried to

complement the information provided by the GATS schedules with other sources. Hardin and Holmes (1997) developed frequency indices to measure the size of barriers to foreign direct investment (FDI) across service industries. Like Hoekman, they focused on a broad range of industries and not only on financial services. But, unlike Hoekman, they obtained information from other sources, such as APEC Members' Individual Action Plans and the *APEC Guide to Investment Regimes of Member Economies*. The restrictions identified were classified into five categories: foreign equity limits on all firms; foreign equity limits on existing firms, none on greenfield; screening and approval requirements; control and management restrictions; and input and operational restrictions (see Table 1). Scores were then assigned to these restrictions based on subjective assessments of their relative economic costs, ranging from 1 for a complete ban on FDI to 0 for a completely open regime. Details of the scores used are reproduced in Table 1. For each individual GATS subsector, these scores were added to obtain an index; these were then further aggregated into indices for 11 broad sectors. Each sector index was obtained by taking the simple average of the subsector indices. Hardin and Holmes also conducted sensitivity analysis by recalculating the indices using two alternative scoring systems.

Claessens and Glaessner (1998) calculated more elaborate “degree of openness” indices for financial services in eight Asian economies: Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, and Thailand. They focused on both the barriers to entry and the barriers to the cross-border provision of financial services. Barriers were classified into six categories, five of them relating to entry (limits to establishment and ownership; limits on establishing branch offices and ATMs; restrictions on lending/business activities; the extent of universal banking; and residency requirements (*e.g.*, composition of boards of directors); and another one grouping restrictions on cross-border trade. Box 1, reproduced from the paper by Claessens and Glaessner, provides the criteria used to create the ratings. In each of these categories, an economy is assigned a score ranging from 1 to 5, with 1 being most closed and 5 most open. The index is dependent upon a value judgement about the extent of restrictions and their relative economic importance.<sup>9</sup>

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<sup>9</sup> It is worth noting that entry conditions, such as satisfying certain purely prudential guidelines or limiting entry to the world's top 200 institutions (or some other number), were not considered in principle to constitute barriers to entry. If their implementation was perceived as a barrier to entry, though, the authors tried to capture this in the indices.

Weightings were applied to the five entry categories for banking, as follows:

▪	establishment and ownership	0.30
▪	offices and ATMs	0.25
▪	lending and business activity	0.30
▪	universal banking	0.10
▪	and residency requirements	0.05. <sup>10</sup>

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<sup>10</sup> The weightings are not explicitly indicated in the paper by Claessens and Glaessner, but are reported by McGuire (1999), who applied the same methodology to quantify restrictions on trade in financial services in Australia.

Box 1. Criteria used by Claessens and Glaessner (1998) to create ratings on barriers to entering the financial services sector by a foreign firm.

- |    |   |
|----|---|
| A. | Establishment and ownership   |
| 5  | No limits on establishment or equity acquisition/participation in domestic banks/companies. Current practice of granting new licenses.  |
| 4  | Foreign branch establishment(s) permitted to establish within specific limits; allowed foreign equity participation in domestic banks/companies: 51% and up but less than 100%.   |
| 3  | No new licenses granted in practice; entry limited to joint ventures only; allowed foreign equity participation in domestic banks/companies of 35 - 50%.  |
| 2  | Allowed foreign equity participation in domestic banks/ companies of 15 - 34%. Economic needs test for foreign broker licenses.   |
| 1  | Non-prudential government approval required for establishment (minimum limits on amount of DFI, "certain criteria eligibility"); allowed foreign equity participation in domestic banks/companies: above zero - 14%.  |
| B. | Offices/ATMs  |
| 5  | No branch offices nor ATM restrictions.   |
| 4  | Restrictions on branches of foreign company but none on joint ventures; partial removal of restrictions on additional branches.   |
| 3  | Restrictions on branches of foreign company; more than 5 ATMs allowed.  |
| 2  | Extremely tight restrictions on sub-branching; up to 5 offices/ATMs permitted subject to Branches Act; ban on foreign branches from establishing own ATM network; permission from national ATM pool prior to setting-up ATM operations.   |
| 1  | Non-prudential government approval required for all offices.  |
| C. | Lending/activity  |
| 5  | No limits on lending/business activity; in insurance, market share of 75% and up.   |
| 4  | Foreign banks/companies not subjected to directed lending or mandated principal business activity as domestic firms; in insurance, foreign share in domestic market of 61-75%.  |
| 3  | Restrictions on computation of capital/lending limits or on issuance of securities; requirements on paid-up capital (e.g., higher for FSPs); in insurance, foreign share in domestic market of 31- 60%; limits for issues of/trading to selected securities only or for transactions through established dealers.   |
| 2  | Specified limits on offshore lending or lending of foreign branches; strict (non-capital) limits on foreign companies vis-à-vis domestic firms; in insurance, foreign share in domestic market of 11- 30%; limits on membership to the stock exchange.  |
| 1  | Restrictions on management and operations such as mandatory lending, transactions only in local currency, ownership of real estate; in insurance, foreign share in domestic market of 1 - 10%; restrictions on broking; securities trading limited to selected firms; limits on investment trust services to selected establishments; tight regulatory control. |
| D. | Universal banking   |
| 5  | No limits on financial services.  |

- 4 Some limits on financial activities or approval required.
- 3 Limits on activities of offices of foreign branches to deposit-taking. Approval required for new products.
- 2 Limits on foreign branch activities in foreign exchange, credit cards, trust services.
- 1 Restrictions on all activities normally undertaken by international banks with universal banking rights.
  
- E. Residency requirement
  - 5 No restrictions on composition of board membership; no residency requirement for membership to stock exchange.
  - 4 Restrictions on composition of board membership to at least one national.
  - 3 Restrictions on board membership by foreigners according to proportion of ownership; residency requirement for membership in the stock exchange; locally based CEO; limits on temporary stay of executives.
  - 2 Restrictions on board membership by foreigners to less than one half.
  - 1 Restrictions on board membership by foreigners to one half or more.
  
- F. Cross-border trade
  - 5 Free access to offshore financial instruments; no capital controls.
  - 4 Free access allowed but solicitation or advertising by foreign institutions not permitted.
  - 3 Access to instruments subject to annual limits or access to certain specified products in insurance; registration for borrowing; permission required for participation in issues.
  - 2 Limits on deposit acceptance, offshore borrowing/convertibility; minimum retention requirement for domestic insurers; dealing/trading limited to certain foreign stock exchanges or IPOs limited to residents; overseas investment for institutional investors allowed but subject to restrictions.
  - 1 Controls on cross border supply of all financial services.

Note: The rankings refer to relative degree of openness only among the eight countries included in the study as of the state of the financial services negotiations in mid-1995 or in practice as of end-1996.

Source: Claessens and Glaessner (1998)

An interesting feature of the Claessens and Glaessner approach is that they computed indices for both actual restrictions and GATS commitments. They compiled the list of actual restrictions from a number of sources and, to the extent possible, cross-checked these with country officials and other sources. The commitments are those made during the negotiations on financial services held in the WTO in 1995. They also went a step further, and tried to analyse the link between the barriers to foreign financial service providers and various efficiency measures. In the case of banking services, they performed tests on the relationship between: i) foreign bank participation (measured by the ratio of foreign banks to the total number of banks and the ratio of foreign bank assets to total bank assets) and efficiency measures, such as net interest margins, operating costs, and before tax profitability; and ii) the degree of openness and the institutional quality and fragility of the banking sector. In order to do the latter, they tested the relationship between openness (measured by the ratio of foreign banks to the total number of banks and by the openness indicators explained above) and institutional quality (measured by a CAMELOT-score); and fragility.

McGuire (1998) applied the same methodology developed by Claessens and Glaessner to Australia's entry measures.

Mattoo (2000) also developed a frequency measure to gauge the commitments made on financial services by WTO Members at the end of the 1997 negotiations.<sup>11</sup> His approach is similar to that of Hoekman (1995), but is based on a more elaborate scoring system for commitments on the commercial presence mode of supply. With respect to each mode of supply, a numerical value of 0 was attached to entries of "unbound" and a value of 1 to entries of "none". Since in the case of the first two modes of supply, restrictions often take the form of excluding certain sub-sectors from the scope of the commitment, Mattoo made no distinction among different types of restrictions and a value of 0.5 was attached in all cases of restrictions on the first two modes.

With respect to commercial presence, a slightly more sophisticated approach was adopted. The most restrictive measures were identified, and the following weightings were used:

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<sup>11</sup> The first draft of this paper is Mattoo (1998).



▪ No new entry or unbound for new entry	0.10
▪ Discretionary licensing for new entry	0.25
▪ Ceiling on foreign equity at less than 50%	0.50
▪ Ceiling on foreign equity at more than 50%	0.75
▪ Restrictions on the legal form of commercial presence	0.75
▪ Other minor restrictions	0.75

Assigning a higher value to the presence of restrictions than to an entry of "unbound" reflects the judgement that a binding in itself has liberalizing value (Table 2). In each sector, the liberalization index,  $L$ , for each country,  $j$ , is defined as:

$$L^j = \sum w_i r_i^j \text{ summed over } i = 1, 2, 3,$$

where  $w_i$  is the modal weight and  $r_i$  is the numerical value of the most restrictive measure applied by country  $j$  to mode  $i$ . The liberalization index is thus the modal weighted average of the value of the most restrictive measure applied by a country to each mode in the sector.

The regional liberalization indices were calculated either as simple averages of country indices or as GDP share weighted averages. That is:

$$\text{simple } L = \sum L^j / n, \quad \text{summed over } j = 1 \dots n,$$

and

$$\text{weighted } L = \sum g^j L^j \quad \text{summed over } j = 1 \dots n,$$

where  $n$  are the number of countries in the region, and  $g^j$  is the share of each country in the region's GDP. Higher values of the liberalization index indicate that commitments have a greater liberalizing content.

A still more elaborate set of frequency measures was constructed by McGuire and Schuele (2000) to analyse banking services in 38 countries. Two groups of restrictions were identified, those affecting commercial presence and other restrictions. Restrictions on commercial presence cover restrictions on licensing, direct investment, joint venture arrangements, and the permanent movement of people. The "other restrictions" category covers restrictions on raising funds,

lending funds, providing other lines of business (insurance and securities services), expanding banking outlets, the composition of the board of directors and the temporary movement of people. Like other authors, McGuire and Schuele assigned weights to restriction categories by making an assessment of the cost of restrictions to economic efficiency (Table 3).

They calculated an index score for both domestic and foreign banks to separately quantify the extent to which regulations restrict domestic and international competition. The foreign index applies only to restrictions on subsidiaries of foreign banks, and not to restrictions on foreign bank branches. The reason to exclude foreign bank branches is that the resulting indices were used to estimate the effect of restrictions on the net interest margin of banks, and according to the authors data is insufficient to estimate the net interest margins and capital of foreign bank branches. The foreign index covers restrictions relevant to foreign banks, and the domestic index covers those applying to all banks. Non-discriminatory restrictions limiting the number of new banking licenses receive the same score under the domestic and the foreign indices. A higher score is assigned under the foreign index than the domestic index where no foreign bank licences are issued. The difference between the foreign and domestic index score is a measure of discrimination against foreigners.

### **III. Calculating Restrictiveness Indices for Banking Services: Commitments and Actual Practice**

On the basis of the information compiled in our new and comprehensive database, indices can be constructed to quantify the nature and extent of restrictions on international trade in banking services based upon both commitments and actual practice for 123 countries.

The methodology employed draws mostly from Claessens and Glaessner (1998) and McGuire and Schuele (2000). A main difference between the two is that the former calculate "degree of openness indices", ranging from 1 (most closed) to 5 (more open); while the latter calculate "restrictiveness indices", ranging from 0 (least restrictive) to 1 (most restrictive).

Like Claessens and Glaessner (1998), our data allows us to compute indices for both actual restrictions based on information provided in Barth, Caprio and Levine (2006) and the GATS commitments. Like McGuire and Schuele (2000), our data allows us to compute indices for domestic and foreign banks, to separately quantify the extent to which regulation and commitments restrict domestic and international competition.

There are in fact two indices: one for current practice and another for GATS commitments; and another one comparing the degree of discrimination between domestic and foreign banks. The way in which the indices are constructed is provided in Table 4, with definitions of the variables provided in Table 5.

The indices apply only to restrictions affecting the supply through commercial presence, which is the main form of delivery of banking services, and for which comparable information was gathered on both the current regulatory practice and the WTO commitments of different countries. We also provide limited information on the commitments for the cross-border supply of banking services for the 123 countries in our sample.

Seven categories of restrictions were identified:

- Licensing of banks
- Foreign equity limitations
- Forms of entry
- Limitations on the total value of foreign banks' assets
- Other business of banks: securities services
- Other business of banks: insurance services
- Minimum capital requirements

These categories cover the most common market access restrictions (e.g., licensing of banks; foreign equity limitations; forms of entry; limitations on the foreign share of total bank assets), as well as the most significant national treatment limitations (e.g., higher minimum capital requirements applicable to foreign banks). The degree of restrictiveness of each category was assessed, from the most restrictive to the least restrictive. The greater the restrictiveness of the measure, the higher the score. Scores range from 0 (least restrictive) to

1 (most restrictive). We also assigned weights to restriction categories by making an a priori assessment of the impact of restrictions on economic efficiency. Those restrictions considered to impose a greater cost on economic efficiency were given a greater weighting.

We also calculated an index score for domestic and foreign banks to separately quantify the extent to which regulation restricts domestic and international competition. Both the domestic index and the foreign index are based to the extent possible on the current practice index. Whenever some information was only available from the GATS schedules (e.g., on the restrictions affecting the composition of the board of directors), the latter was used. The foreign index covers restrictions relevant to foreign banks, and the domestic index covers all restrictions applying to banks. Non-discriminatory restrictions limiting the number of new banking licenses receive the same score under the domestic and foreign indices. A higher score is assigned under the foreign index than the domestic index where no foreign bank licenses are issued or, alternatively, all foreign applications for bank licenses are rejected.

Fewer restriction categories are relevant for the domestic index than for the foreign index. The domestic index excludes the categories on foreign equity limitations, on forms of entry, on the foreign share of total bank assets, on the composition of the board of directors, on the expansion of the operations, and on minimum capital requirements. Thus, the foreign index for a banking system will always be higher than the domestic index. The maximum possible foreign index is 1, while the maximum domestic possible domestic index is 0.40. Before discussing these indices, we first provide some comparative information on actual practice vs. commitments.

## IV. Comparative Information on Actual Practice vs. Commitments

### Section 1

This section first describes commitments on opening the domestic banking sector to foreign firms under the GATS. The objective is to see what information can be extracted from commitments and whether the information contained in GATS commitments are relevant for economic agents when analyzed from a "banking perspective", as opposed to a "trade perspective."

The first objective amounts to determining to what degree countries commit to opening their domestic banking sectors to foreign banks. This is done by noting the number of countries out of the 123 WTO Members in the sample responding yes to the following questions:

1. How many of these WTO Members made commitments on banking? 95
2. How many of these WTO Members made commitments but retained a high degree of discretion (e.g., by making access subject to an economic needs test) ? 30
3. How many of these WTO Members committed to give full National Treatment to foreign banks? 44
4. How many of these WTO Members scheduled limitations on the number of foreign banks or prohibitions on new entry? 42
5. How many of these WTO Members scheduled foreign equity limitations? 41
6. How many of these WTO Members made a commitment to allow foreign bank entry through acquisitions, subsidiaries, or branching? Acquisitions = 90; subsidiaries = 79; branching = 81
7. How many of these WTO Members imposed a limitation on the value of the banking system's assets that can be held by foreign banks? 34
8. How many of these WTO Members allowed the financial services indicated below to be supplied on a cross-border basis (i.e., without an establishment in the host country)?

Acceptance of deposits and other repayable funds from the public	24
Lending of all types	25
Financial leasing	21
All payment and money transmission services	18
Guarantees and commitments	24
Trading for own account or for account of customers	19
Participation in issues of all kinds of securities	15
Money broking	11
Asset management	12
Settlement and clearing services	8
Provision and transfer of financial information	53
Advisory, intermediation and other auxiliary financial services	53

It is clear that there is substantial variation in the access granted and the treatment accorded to foreign firms by WTO Members with respect to entry into their domestic banking sectors. Table 6 provides more comprehensive information on the commitments made by WTO Members when grouped by all countries, developed countries, developing countries, and countries with populations greater than 2 million. Of the developed countries, all 29 make specific commitments to open their domestic banking sectors to foreign firms. In contrast, nearly one third of the 94 developing countries reviewed do not. With respect to the different types of limitations imposed on commercial presence by foreign firms, it is always the case that developed countries are less restrictive than developing countries when expressed in percentages relative to the total of the member countries in each of the two categories. Specifically, a higher percentage of developing countries than developed countries impose discretionary licensing or apply Economic Needs Tests and impose differential capital requirements for foreign and domestic banks. Nearly half of the developed countries, impose however some other National Treatment limitations.

The second objective under this section addresses commitments from a banking perspective, trying to analyze to what extent they provide information on regulatory barriers regarding ownerships and activities that may be important when seeking access to a foreign market. One finds that the number of countries that allow various ownership linkages or wider bank activities among the 123 WTO Members reviewed to be as follows:

1. Can non-financial firms own shares in commercial banks? **Insufficient data**<sup>12</sup>
2. Can non-bank financial firms own shares in commercial banks? **Insufficient data**
3. What kind of securities activities can banks engage in? Underwriting=**50**, dealing and brokering=**53**, mutual fund activities=**42**
4. Can banks engage in insurance activities? **13**
5. Can banks own shares in non-financial firms? **Insufficient Data**

## Section 2

The objective of this section is to compare GATS commitments with actual regulatory policy in a number of areas:

- Entry restrictions
- Allowable securities activities of banks
- Allowable insurance activities of banks
- Capital entry requirements for local or domestic and foreign banks

Table 7 provides information on the commitments these 123 WTO Members made in these areas as well as the actual regulatory practice by these same countries. As may be seen, the majority of these WTO Members made commitments to allow foreign banks to enter through acquisitions, through the establishment of subsidiaries and by opening branches. There are, however, a significant number of countries that do not allow entry through these different means. There is, moreover, for our purposes a significant difference between the commitments and actual practice. More than 30 WTO Members<sup>13</sup> that prohibit foreign firms from entering through one of these means of entry in their schedules in actual practice allow such entry. The commitments for these countries therefore are misleading with respect to the actual degree of entry

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<sup>12</sup> 'Insufficient data' means that there are no observations.

<sup>13</sup> Thirty-three WTO Members allowed entry through acquisitions, 44 through subsidiaries, and 36 through

restrictiveness. Also, six WTO Members do not actually allow foreign entry through subsidiaries or branches even though in their schedules of commitments they indicated they do. Such restrictions may of course be imposed on prudential grounds as noted earlier. If this is the reason for these differences, the issue of what is indeed “prudential” may become a potentially contentious regulatory term.

There are also differences between commitments and actual practice with respect to allowable securities and insurance activities for banks. A large number of these WTO Members prohibit banks to engage in these activities in their schedules of commitments, but in actual practice do the opposite. The same situation arises with respect to whether the minimum capital entry requirement is similar for local and foreign banks. But here the case is quite different. The reason is that 26 WTO Members in actual practice set similar capital requirements even though in their schedules they did not commit to doing so.

To further compare commitments to actual practice, information on the number of entry applications from foreign firms and the number denied is used. Table 8 contains this type of information, for all countries and for the countries when grouped by development category and population size. As may be seen, for WTO Members for which information is available less than half of them have actually had foreign firms applying for licenses to enter, whether by acquisition, subsidiary or branch. Of those countries that have received such applications, the average rejection rates are 30 percent or less, depending on the desired means of entry. However, the rejection rates are higher for developing countries than developed countries, and highest for applications to enter through acquisitions or subsidiaries regardless of development or size category.

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branching, although they have not made a commitment on that at the WTO.



The application data are also used to examine the differences between the commitments made by WTO Members and actual practice. Table 9 provides information on commitments relating to limitations on the number of foreign banks, limitations or prohibition on new entry, and limitations on foreign equity in banks. Specifically, this table compares the number of foreign entry applications in the case in which WTO Members commit to imposing no limitations to the case in which they do not. As may be seen, even though the actual number of cases in which there are no applications for foreign entry is about the same whether there are limitations or not, there are more than three times as many entry applications in countries that commit to not imposing any limitation. Table 10, moreover, shows that the foreign ownership share of total bank assets is less in those countries that impose a limit on such ownership in their schedules of commitments as compared to those countries that do not.

Lastly, comparing current practice to commitments, it is useful to examine the pairwise correlations between the two different measures of market openness. To the extent that actual practice and commitments reflect the same regulatory policy stances, one would expect the correlation between these two measures of openness to be significant and equal to one. Table 11 contains such correlations. As discussed earlier, WTO Members i) may refrain from making commitments on a specific sector (e.g. banking), retaining therefore full discretion with respect to the degree of market access and national treatment afforded foreign firms; or ii) may undertake some commitment to guarantee a some degree of openness as specified in their schedule. One finds that there is no significant correlation between full discretion (WTO 103) and in practice prohibiting foreign firms from entering through acquisitions, subsidiaries or branches (WB 1.121-1.12.3). There is also no significant correlation between WTO commitments to allow foreign entry and current practice. One does find, however, that there is a significantly positive correlation between full discretion (WTO 103) and the rejection rate of foreign entry applications (WB 1.10b/WB 1.10a). Also, there is a significant and positive correlation between full discretion (WTO103) and restrictions on allowing banks to engage in various real estate activities (WB4.5.1-4.5.3). Furthermore, the results indicate that in the case of restrictions allowing banks to

engage in various securities activities, both commitments (WTO4.1.1-4.1.3) and actual practice (WB4.1.1-4.1.3) are significantly positive in most cases, but with values far below one. These and the other correlations in Table 11 indicate in general a significant difference between commitments and actual practice, regardless of the groupings of countries (i.e., whether by development status or size).

### Section 3

The objective of this section is to discuss the different indices that have been constructed based upon Table 4. The results of this exercise are presented in Table 12. As may be seen there are 10 different indices. Four of the indices relate to market openness based upon a comparison of actual practice with and without the rejection rate of license applications for foreign firm entry (WB1.10b/1.10a) and WTO commitments, while six indices relate to discrimination against foreign firms based upon; 1) only actual practice, 2) only commitments, and 3) mainly actual practice but with information from commitments in two instances included to obtain index values for all the countries in our sample.

The results in Table 12 indicate that on average countries are more open based on actual practice than their WTO commitments. The difference in means between actual practice and commitments, moreover, is statistically significant. Also, there is no significant correlation between actual practice and commitments. These results hold for developing countries and countries with greater than 2 million people, but not for the developed countries. The latter group of countries is on average less open based upon actual practice than commitments.

With respect to discrimination against foreign firms, the result in Table 12 indicates that on average foreign firms are more restricted than domestic firms for all countries and the country groupings. Although the correlation between the foreign and domestic indices are statistically significant, the differences in means between the foreign and domestic indices are all statistically significant.

## Section 4

The objective of this section is to analyze in a very preliminary manner what motivates the scope of commitments countries made at the WTO. In other words, the objective is to analyze whether commitments are related to the following variables:

- Degree of competition in the market (measured by deposit and asset 3-bank concentration ratios, ConDepo and ConAsset, respectively)
- Share of foreign banks in the market (WB3.8.2)
- Share of state-owned banks in the market (WB3.8.1)
- Banking quality and efficiency (measured by non-performing loans and net interest margin, NPL and NIM, respectively)
- Economic size and development (measured by GDP and GDP per capita)
- Bank development (measured by bank credit extended to private sector, BnkDev)
- Institutional quality (measured by a law and order variable, and a degree of corruption - where higher values indicate less corruption, Laws and Corrupt, respectively)
- WB 1.1.1, 1.1.2, and 8.1 (see Table 5 for definitions)

Table 13 indicates that countries with full discretion (WTO 103) tend to have lower levels of GDP per capita, higher levels of non-performing loans, higher net interest margins, greater bank concentration and more corruption. Countries that prohibit entry through acquisitions, subsidiaries, and branches also tend to have lower level of GDP per capita, higher levels of non-performing loans, greater bank concentration, less bank development, and more corruption. Countries with an explicit insurance deposit system tend to schedule commitments, do not prohibit foreign bank entry, and allow banks to engage in insurance, underwriting securities, dealing and brokering, and mutual funds activities. Countries in which more than one body/agency that grants licenses to banks tend to make no commitments and prohibit foreign bank entry.

Table 14 presents correlations between indices of openness or discrimination and potential factors that explain the commitments made. The results indicate that countries with greater

foreign ownership of total bank asset also tend to have biggest divergence between the indices for commitments and actual practice, indicating more openness in practice than countries schedules in their commitments. This is also the case for the two measures of bank concentration. There is more limited evidence that countries that are more corrupt and have less law and order tend to have made commitments that conform more closely to actual practice. As regards discrimination, countries with greater foreign ownership tend to display less actual discrimination against foreign bank, but tend to display more discrimination based on commitments. Countries with higher level of GDP per capita tend to have less discrimination, whereas countries with more non-performed loans, greater bank concentration, and less bank development tend to display more discrimination. Also, countries with less corruption and more law and order tend to display less discrimination. Lastly, developed countries that made commitment earlier in time tend to display less discrimination, while the opposite is the case for developing countries.

## **Summary and Conclusions**

Using a new and comprehensive dataset, we have attempted to compare and contrast the commitments that WTO Members made with actual practice. Although our results are still quite preliminary, they do indicate substantial divergences between commitments and practices. We also shown that indices of market openness and discrimination reveal wide differences among the 123 countries in our sample. Lastly, we also identified various factors that help explain the commitments that member countries have made. Much more work, however, remains to better understand the issues addressed in our paper.

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Table 1. Weighting and Scoring System Used by Hardin and Holmes (1997)

Type of restriction	Weight
<i>Foreign equity limits on all firms</i>	
no foreign equity permitted	1
less than 50 percent foreign equity permitted	0.5
more than 50 percent and less than 100 percent foreign equity permitted	0.25
<i>Foreign equity limits on existing firms, none on greenfield</i>	
no foreign equity permitted	0.5
less than 50 per cent foreign equity permitted	0.25
more than 50 percent and less than 100 percent foreign equity permitted	0.125
<i>Screening and approval</i>	
investor required to demonstrate net economic benefits	0.1
approval unless contrary to national interest	0.075
notification (pre or post)	0.05
<i>Control and management restrictions</i>	
all firms	0.2
existing firms, none for greenfield	0.1
<i>Input and operational restrictions</i>	
all firms	0.2
existing firms, none for greenfield	0.1

Source: Hardin and Holmes (1997) Table A1.

Table 2. Weights and Scoring System used by Mattoo (2000)

Modal Weights in Insurance and Banking				
	<i>Insurance Life</i>	<i>Non-life</i>	<i>Banking Deposits</i>	<i>Lending</i>
Cross-border supply	0.12	0.20	0.12	0.20
Consumption abroad	0.03	0.05	0.03	0.05
Commercial presence	0.85	0.75	0.85	0.75
<i>Scores for Commitments on Cross-border Supply &amp; Consumption Abroad</i>				
"Unbound"				0
"None"				1
"Some restrictions"				0.5
<i>Scores for Commitments on Commercial Presence</i>				
No new entry or unbound for new entry				0.10
Discretionary licensing for new entry				0.25
Ceiling on foreign equity at less than 50 percent				0.50
Ceiling on foreign equity at more than 50 percent				0.75
Restrictions on the legal form of commercial presence				0.75
Other minor restrictions				0.75
"Unbound"				0
"None"				1

Source: Mattoo (2000).



Table 3. Weights and Scores used by McGuire and Schuele (2000)

Weight	Score	Restriction Category
0.20		Licensing of banks
	1.00	Issues no new banking licences
	0.75	Issues up to three new banking licences with only prudential requirements
	0.50	Issues up to six new banking licences with only prudential requirements
	0.25	Issues up to 10 new banking licences with only prudential requirements
	0.00	Issues new banking licences with only prudential requirements
0.20		<i>Direct investment</i>
		The score is inversely proportional to the maximum equity participation permitted in an existing domestic bank. For example, equity participation to a maximum of 75 per cent of a bank would received a score of 0.25
0.10		<i>Joint-venture arrangement</i>
	1.00	Issues no new banking licences and no entry is allowed through a joint venture with a domestic bank
	0.50	Bank entry is only through a joint venture with a domestic bank
	0.00	No requirement for a bank to enter through a joint venture with a domestic bank
0.02		<i>Permanent movement of people</i>
	1.00	No entry of executives, senior managers and/or specialists
	0.80	Executives, specialists and/or senior managers can stay up to one year
	0.60	Executives, specialists and/or senior managers can stay up to two years
	0.40	Executives, specialists and/or senior managers can stay up to three years
	0.20	Executives, specialists and/or senior managers can stay up to four years
	0.00	Executives, specialists and/or senior managers can stay for a period of five years or more
0.15		<i>Raising funds by banks</i>
	1.00	Banks are not permitted to raise funds in domestic market
	0.75	Banks are not permitted to raise funds in domestic capital market
	0.50	Banks are restricted in accepting deposits from the public
	0.00	Banks can raise funds from any source with only prudential requirements
0.15		<i>Lending funds by banks</i>
	1.00	Banks are not permitted to lend to domestic clients
	0.75	Banks are restricted to a specified lending size or lending to government projects

	1.00	Banks are restricted in providing certain services such as credit cards, leasing and consumer finance
	0.25	Banks are directed to lend to housing and small business
	0.00	Banks can lend to any source with only prudential restrictions
0.10		<i>Other business of banks: insurance &amp; securities services</i>
	1.00	Banks can only provide banking services
	0.50	Banks can provide banking services plus one other line of business: insurance or securities services
	0.00	No restrictions on conducting other lines of business
0.05		<i>Expanding the number of banking outlets</i>
	1.00	One outlet with no new outlets permitted
	0.75	Number of outlets is limited in number and location
	0.25	Expansion of outlets subject to non-prudential regulatory approval
	0.00	No restrictions on banks expanding operations
0.02		<i>Composition of the board of directors</i>
		The score is inversely proportionately to the percentage of the board that can comprise foreigners. For example, a score of 0.80 is allocated where 20 per cent of the board of directors of a bank can comprise foreigners.
0.01		Temporary movement of executives, senior managers and/or specialists
	1.00	No temporary entry
	0.75	Temporary entry for up to 30 days
	0.50	Temporary entry for up to 60 days
	0.25	Temporary entry for up to 90 days
	0.00	Temporary entry for over 90 days

Source: McGuire and Schuele (2000)

**Table 4. Computation of Indices of Market Openness and Discrimination**

Weight	Score	Restriction Category	Actual Practice v. Commitments		Discrimination against Foreign Banks	
			Actual practice index	Commitment index	Relevance for	
			WB data	WTO data	Domestic index	Foreign index
0.20		<i>Licensing of banks</i>	<i>WB 1.10a/1.10b/ 1.11.1/ 1.11.2/ 1.11.3/ 1.11.4/1.11.5</i>	<i>WTO 103/104/106/ 107</i>	<i>Yes</i>	<i>Yes</i>
	1.00	Issues no new banking licenses				
	0.75	Limitations on the total number of licenses to be granted				
	0.50	Discretionary licensing ( <i>i.e.</i> rejects licenses applications on non-prudential grounds)				
	0.00	Issues all license applications with only prudential requirements.				
0.15		<i>Foreign equity limitations</i>	<i>WB 1.12.1</i>	<i>WTO 108</i>	<i>No</i>	<i>Yes</i>
		Is there any limitation on foreign equity in banks?				
0.10		<i>Forms of entry</i>	<i>WB 1.12.1/1.12.2/ 1.12.3</i>	<i>WTO 1.12.1/1.12.2/1.12.3</i>	<i>No</i>	<i>Yes</i>
	1 00	Issues no new banking licenses and no entry				
	075	Acquisition only / Subsidiary only / Branch only.				
	0.50	Acquisition and subsidiary (no branches allowed)				
	0 25	Any form, but branches' scope of business is limited				
	0 00	Any form, including branches, without Limitations				

Weight	Score	Restriction Category	Practice v. Commitments		Discrimination	
			Current practice index	Commitment index	Relevance for	
			WB data	WTO data	Domestic index	Foreign index
0.15		<i>Limitations on the total value of foreign banks' assets (as a share of total banking system's assets)</i>	WB 3.8.2	WTO 109	No	Yes
	1.00	no entry is allowed				
	0.75	Limited to less than 25% of total banking system's assets				
	0.50	Limited to between 25% and 50% of total banking system's assets				
	0.25	Limited to less than 75% of total banking system's assets				
	0.00	No limits				
0.10		<i>Other business of banks: securities services (underwriting, dealing and brokering, mutual)</i>	WB 4.1.1/4.1.2/4.1.3	WTO 4.1.1/4.1.2/4.1.3	Yes	Yes
	1.00	Banks cannot provide any of these services				
	0.75	Banks can provide banking services plus one other line of securities services (underwriting, dealing and brokering, or mutual fund management)				
	0.50	Banks can provide banking services plus two other lines of securities services (underwriting, dealing and brokering, or mutual fund management)				
	0.00	Banks can provide all three lines of securities services.				

Weight	Score	Restriction Category	Practice v. Commitments		Discrimination	
			Current practice index	Commitment index	Relevance for	
			WB data	WTO data	Domestic index	Foreign index
0.10		<i>Other business of banks: insurance (underwriting, selling)</i>	<i>WB 4.3.1/4.3.2</i>	<i>WTO 110</i>	<i>Yes</i>	<i>Yes</i>
	1.00	Banks cannot provide insurance				
	0.50	Banks can sell but not underwrite insurance				
	0.00	Banks can underwrite and sell insurance				
0.05		<i>Expansion of operations (offices, branches, ATMs)</i>		<i>WTO 105a</i>	<i>No</i>	<i>Yes</i>
	1.00	Restricted on banks expanding operation				
	0.00	No restrictions on banks expanding operations				
0.05		<i>Composition of the board of directors</i>		<i>WTO 105b</i>	<i>No</i>	<i>Yes</i>
		Is there national treatment limitation toward composition of the board of director				
0.10		<i>Minimum capital requirements</i>	<i>WB 1.3.1</i>	<i>WTO 1.3.1</i>	<i>No</i>	<i>Yes</i>
	1.00	Higher for foreign banks than for domestic banks / Capital requirements for foreign bank branches				
	0.00	Identical for both foreign and domestic banks				
Highest possible index			1.00	1.00	0.40	1.00

**Table 5. Codes and Definitions for WTO Commitments and WB Actual Practice**

Code	Country	Sub
WTO 103	Full discretion (no commitment)	
WTO 104	Is there discretionary licensing or application of Economic Needs Tests?	
WTO 1.3.1	Is the minimum capital entry requirement similar for local and foreign banks?	
WTO 105	Is there any other National Treatment limitation?	
WTO 105a	Is there any other National Treatment limitation?	expansion of operation
WTO 105b	Is there any other National Treatment limitation?	composition of BOD
WTO 106	Are there limitations on the number of foreign banks?	
WTO 107	Is there a limitation or prohibition on new entry?	
WTO 108	Is there any limitation on foreign equity in banks?	
WTO 1.12.1	Are foreign entities prohibited from entering through	Acquisition
WTO 1.12.2		Subsidiary
WTO 1.12.3		Branch
WTO 109	Is there a limitation on the value of the banking system's assets owned by foreign banks?	
WTO 4.1.1	What kinds of securities activities can banks engage in?	Underwriting?
WTO 4.1.2		Dealing and brokering?
WTO 4.1.3		Mutual fund activities?
WTO 110	Can banks engage in insurance activities?	
WTO 113D	Date since commitment entered into force to Jan 1, 2001	
WB 1.1.1	Is there more than one body/agency that grants licenses to banks?	
WB 1.1.2	Is more than one license required (e.g., one for each banking activity, such as commercial banking, securities operations, insurance, etc.)?	
WB 1.3	What is the minimum capital entry requirement? (in US\$ and/or domestic currency, state which)	
WB 1.3.1	Is this minimum capital entry requirement the same for a foreign branch and subsidiary?	
WB 1.10	In the past five years, how many applications for commercial banking licenses have been received from foreign countries?	In the past five years, how many applications for commercial banking licenses have been received

**Table 5. Codes and Definitions for WTO Commitments and WB Actual Practice**

Code	Country	Sub
		from foreign entities?
		How many of those applications have been denied?
WB 1.10.1	Number of applications from foreign entities to enter through the acquisition of domestic banks?	Received
		Denied
WB 1.10.2	Number of application from foreign entities to enter through new, capitalized subsidiary?	Received
		Denied
WB 1.10.3	Number of applications from foreign entities to enter through opening a branch?	Received
		Denied
WB 1.10.4	Number of applications from foreign entities to enter through some other means?	Received
		Denied
WB 1.11.1	What were the primary reasons for denial of the applications in 1.9.1 and 1.10.1?	Capital amount or quality?
WB 1.11.2		Banking skills?
WB 1.11.3		Reputation?
WB 1.11.4		Incomplete application?
WB 1.11.5		Other reason(s). Please list.
WB 1.12.1	Are foreign entities prohibited from entering through	Acquisition
WB 1.12.2		Subsidiary
WB 1.12.3		Branch
WB 2.3	Can nonfinancial firms own shares in commercial banks?	
WB 2.3.1	Can nonfinancial firms own voting shares in commercial banks?	
WB 3.8.1	What fraction of the banking system's assets is in banks that are:	50% or more government owned as of year-end 2001?
WB 3.8.2		50% or more foreign owned as of year-end 2001?
WB 4.1.1	4.1 What kinds of securities activities can banks engage in?	Underwriting?
WB 4.1.2		Dealing and brokering?
WB 4.1.3		Mutual fund activities?
WB 4.3.1	4.3 What kinds of insurance activities can banks engage in?	Underwriting
WB 4.3.2		Selling?
WB 4.5.1	4.5 What kinds of real estate activities can banks engage in?	Real estate investment?
WB 4.5.2		Real estate development?
WB 4.5.3		Real estate management?
WB 4.7	Can banks own shares in nonfinancial firms?	
WB 8.1	Is there an explicit deposit insurance protection system?	
WB1.10b/WB1.10a	Rejection Rate for Foreign Bank Entry	

**Table 6. Differences in WTO Commitments by Member Countries**

All Countries

	Number of Countries	More Restrictive	Less Restrictive	% More Restrictive
WTO 103	123	28	95	22.76
WTO 104	123	65	58	52.85
WTO 1.3.1	123	86	37	69.92
WTO 105	123	77	46	62.60
WTO 105a	123	58	65	47.15
WTO 105b	123	60	63	48.78
WTO 106	123	38	85	30.89
WTO 107	123	41	82	33.33
WTO 108	123	41	82	33.33
WTO 1.12.1	123	33	90	26.83
WTO 1.12.2	123	44	79	35.77
WTO 1.12.3	123	42	81	34.15
WTO 109	123	34	89	27.64
WTO 4.1.1	123	73	50	59.35
WTO 4.1.2	123	70	53	56.91
WTO 4.1.3	123	81	42	65.85
WTO 110	123	110	13	89.43

Developed Countries

	Number of Countries	More Restrictive	Less Restrictive	% More Restrictive
WTO 103	29	0	29	0.00
WTO 104	29	3	26	10.34
WTO 1.3.1	29	1	28	3.45
WTO 105	29	15	14	51.72
WTO 105a	29	8	21	27.59
WTO 105b	29	7	22	24.14
WTO 106	29	1	28	3.45
WTO 107	29	1	28	3.45
WTO 108	29	0	29	0.00
WTO 1.12.1	29	1	28	3.45
WTO 1.12.2	29	2	27	6.90
WTO 1.12.3	29	0	29	0.00
WTO 109	29	0	29	0.00
WTO 4.1.1	29	8	21	27.59
WTO 4.1.2	29	7	22	24.14
WTO 4.1.3	29	9	20	31.03
WTO 110	29	3	26	10.34



**Table 6: Differences in WTO Commitments by Member Countries (cont)**

Developing Countries

	Number of Countries	More Restrictive	Less Restrictive	% More Restrictive
WTO 103	94	28	66	29.79
WTO 104	94	39	55	41.49
WTO 1.3.1	94	58	36	61.70
WTO 105	94	63	31	67.02
WTO 105a	94	50	44	53.19
WTO 105b	94	53	41	56.38
WTO 106	94	37	57	39.36
WTO 107	94	40	54	42.55
WTO 108	94	41	53	43.62
WTO 1.12.1	94	32	62	34.04
WTO 1.12.2	94	42	52	44.68
WTO 1.12.3	94	42	52	44.68
WTO 109	94	60	34	63.83
WTO 4.1.1	94	65	29	69.15
WTO 4.1.2	94	63	31	67.02
WTO 4.1.3	94	72	22	76.60
WTO 110	94	10	84	10.64

Population > 2 Million

	Number of Countries	More Restrictive	Less Restrictive	% More Restrictive
WTO 103	94	13	81	13.83
WTO 104	94	58	36	61.70
WTO 1.3.1	94	73	21	77.66
WTO 105	94	53	41	56.38
WTO 105a	94	39	55	41.49
WTO 105b	94	39	55	41.49
WTO 106	94	22	72	23.40
WTO 107	94	24	70	25.53
WTO 108	94	25	69	26.60
WTO 1.12.1	94	18	76	19.15
WTO 1.12.2	94	28	66	29.79
WTO 1.12.3	94	26	68	27.66
WTO 109	94	19	75	20.21
WTO 4.1.1	94	51	43	54.26
WTO 4.1.2	94	51	43	54.26
WTO 4.1.3	94	57	37	60.64
WTO 110	94	10	84	10.64

**Table 7: Differences in Actual Practice vs. Commitments**

	WTO = Yes		WTO = No	
	WB = Yes	WB = No	WB = Yes	WB = No
Is the minimum capital entry requirement similar for local and foreign banks?	61	25	26	11
Are foreign entities allowed to enter through:				
Acquisition	90	0	33	0
Subsidiary	78	1	44	0
Branching	76	5	36	6
What kinds of securities activities can banks engage in?				
Underwriting	49	1	62	11
Dealing and Brokering	50	3	49	21
Mutual Fund Activities	30	12	59	22
Can banks engage in insurance activities?				
Underwriting	2	11	37	73
Selling	10	3	76	34

**Table 8: Foreign Entry Applications and Rejection Rates**

## All Countries

	Countries with number of applications > 0	NA	Countries with No Applications	Total	Average Rejection Rate
Total	72	23	28	123	0.202
Acquisition	39	25	59	123	0.108
Subsidiary	43	26	54	123	0.113
Branch	43	25	55	123	0.183

## Developed Nations

	Countries with number of applications > 0	NA	Countries with No Applications	Total	Average Rejection Rate
Total	20	7	2	29	0.073
Acquisition	10	6	13	29	0.050
Subsidiary	14	8	7	29	0.048
Branch	19	8	2	29	0.066

## Developing Nations

	Countries with number of applications > 0	NA	Countries with No Applications	Total	Average Rejection Rate
Total	52	16	26	94	0.251
Acquisition	29	19	46	94	0.128
Subsidiary	29	18	47	94	0.144
Branch	24	17	53	94	0.276

## Population &gt; 2 million

	Countries with number of applications > 0	NA	Countries with No Applications	Total	Average Rejection Rate
Total	57	20	17	94	0.183
Acquisition	33	20	41	94	0.113
Subsidiary	31	22	41	94	0.077
Branch	35	21	38	94	0.218

**Table 9: Applications and Rejection Rates Compared to Specific Commitments Regarding Foreign Entry**

WTO Commitment	WB Actual Application Data for Countries							
	WTO Limitation				WTO No limitation			
	Number of Applications	> 0 Applications	Rejection Rate	NA	Number of Applications	> 0 Applications	Rejection Rate	NA
Are there limitations on the number of foreign banks?	13	14	4.592%	11	15	60	9.842%	10
Is there a limitation or prohibition on new entry?	13	17	4.622%	11	15	57	9.811%	10
Is there any limitation on foreign equity in banks?	16	15	4.592%	10	12	59	9.843%	11

**Table 10: Commitments on Foreign Ownership Shares and Actual Shares**

WTO Commitment	WB: Foreign Ownership Shares of Total Banks Assets									
	WTO Limitation					WTO No Limitation				
	0-25%	25-50%	50-75%	75-100%	NA	0-25%	25-50%	50-75%	75-100%	NA
Is there a limitation on the value of the banking system's assets owned by foreign banks?	9	3	9	8	5	36	14	9	15	15

**Table 11: Correlations Between WTO Commitments and Actual Practice**

All Sample	rejectT	wb1_10_1a	wb1_10_1b	wb1_12_1	wb1_12_2	wb1_12_3	wb2_3_1	wb1_3	wb1_3_1	wb4_1_1	wb4_1_2	wb4_1_3	wb4_3_1	wb4_3_2	wb4_5_1	wb4_5_2	wb4_5_3	wb4_7	wb12_1_1	wb12_1_2	wb1_11_1	wb1_11_2	wb1_11_3	wb1_11_4	wb1_11_5	wb1_3_1
wto103	0.24**	-0.13	-0.06		-0.05	-0.03		-0.05	-0.08	-0.15	-0.17*	0.03	0.05	-0.11	0.21**	0.27***	0.2**	-0.02	0.09	-0.01	0.24**	0.21*	0.21*	0.2*	0.09	-0.08
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto104	0.11	-0.15	0.2*		-0.09	0.05		-0.09	0.03	-0.18**	-0.23***	-0.07	-0.01	-0.16*	-0.02	0.1	0.04	-0.07	0.09	-0.07	-0.09	0.05	0.13	0	-0.05	0.03
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto1_3_1	-0.29**	0.15	0.06		0.06	0.08		0.06	0.01	0.08	0.17*	-0.01	-0.01	0.19**	-0.19**	-0.25***	-0.14	0.02	-0.01	-0.01	-0.15	-0.08	-0.12	-0.11	-0.12	0.01
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto105	0.28**	0.01	0.12		-0.12	-0.11		-0.12	-0.13	-0.08	-0.04	0.05	0.13	-0.07	0.16*	0.13	0.04	0.14	0	0.02	0.13	0.15	0.22*	-0.02	0.06	-0.13
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto105a	0.3***	-0.13	0.18*		-0.09	-0.07		-0.08	-0.18**	-0.13	-0.15*	0	-0.01	-0.06	0.08	0.1	-0.03	0.04	0	-0.03	0.09	0.18	0.2*	0.13	0.12	-0.18**
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto105b	0.22*	0.06	-0.09		-0.09	-0.08		-0.09	0.02	-0.01	-0.14	0.09	0.1	0	0.24***	0.2**	0.17*	0.05	0.08	-0.02	0.23**	0.17	0.18	0	0.05	0.02
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto106	0.2*	-0.16	-0.09		-0.06	0.04		-0.06	-0.07	-0.08	-0.11	0.06	0.04	-0.02	0.17*	0.2**	0.12	-0.08	0.06	-0.08	0.15	0.15	0.12	0.05	0.24**	-0.07
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto107	0.13	-0.15	-0.1		-0.06	0.02		-0.06	-0.08	-0.06	-0.09	0.09	0.07	-0.1	0.21**	0.26***	0.17*	-0.06	0.03	-0.04	0.1	0.17	0.2*	0.06	0.19*	-0.08
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto108	0.17	-0.15	-0.05		-0.06	0.14		-0.07	-0.08	-0.12	-0.13	0.05	0	-0.03	0.07	0.12	0.07	0	0.08	-0.11	0.1	0.17	0.13	0.06	0.13	-0.08
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto109	0.21*	-0.15	-0.09		-0.06	0		-0.06	-0.04	-0.1	-0.15*	0.02	0.01	-0.07	0.18**	0.23***	0.15*	-0.04	0.04	-0.08	0.14	0.13	0.12	0.1	0.14	-0.04
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto110	-0.13	-0.04	-0.08		-0.03	-0.11		-0.03	0.05	0.11	0.17*	-0.02	-0.12	0.05	-0.02	-0.14	-0.11	-0.07	0.01	0.01	-0.04	0.08	-0.18	-0.01	0.05	
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto113d	0.05	-0.2*	-0.04		-0.04	0.03		-0.02	-0.06	-0.14	-0.14	0.1	0.09	-0.06	0.1	0.18*	0.15	0.1	0.1	-0.08	0.03	0.15	0.2*	0.23*	-0.04	-0.06
	64	89	84	102	102	102	102	101	102	102	102	102	102	102	102	102	102	102	102	102	102	70	70	70	69	102
wto1_12_1	0.15	-0.12	-0.08		-0.05	-0.06		-0.06	-0.05	-0.17*	-0.16*	0.05	0.02	-0.12	0.17*	0.21**	0.14	-0.05	0.05	-0.07	0.18	0.17	0.15	0.07	0.05	-0.05
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto1_12_2	0.14	-0.11	0.09		-0.07	0.06		-0.07	-0.15*	-0.15*	-0.1	0.04	-0.11	-0.07	0.01	0.04	-0.05	-0.04	0.15*	-0.11	-0.03	0.04	0.16	-0.02	0.16	-0.15*
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto1_12_3	0.14	-0.16	-0.1		0.13	0.13		-0.07	0.05	-0.11	-0.34***	-0.02	-0.09	-0.09	0.19**	0.24***	0.16*	-0.05	-0.02	-0.09	0.09	0.08	0.06	0.05	0.12	0.05
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto4_1_1	-0.11	0.01	0.22**		-0.07	-0.03		-0.07	-0.05	0.22**	0.28***	-0.01	-0.07	0.18**	-0.07	-0.19**	-0.07	0.16*	-0.12	-0.06	-0.17	-0.12	-0.11	-0.13	0.18	-0.05
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto4_1_2	-0.12	-0.01	0.21**		-0.08	-0.1		-0.08	-0.05	0.23**	0.3***	0.02	-0.1	0.18*	-0.09	-0.19**	-0.05	0.12	-0.1	0.02	-0.13	-0.08	-0.03	-0.11	0.17	-0.05
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123
wto4_1_3	-0.18	0.02	0.11		-0.07	-0.05		-0.07	-0.06	0.18**	0.31***	-0.02	-0.05	0.17*	0.02	-0.11	0.05	0.24***	-0.02	-0.05	-0.13	-0.1	-0.17	-0.08	0.04	-0.06
	72	101	95	123	123	123	123	122	123	123	123	123	123	123	123	123	123	123	123	123	79	79	79	79	78	123

**Table 11: Correlations Between WTO Commitments and Actual Practice (cont.)**

Developed	rejectT	wb1_10_1a	wb1_10_1b	wb1_12_1	wb1_12_2	wb1_12_3	wb2_3_1	wb1_3	wb1_3_1	wb4_1_1	wb4_1_2	wb4_1_3	wb4_3_1	wb4_3_2	wb4_5_1	wb4_5_2	wb4_5_3	wb4_7	wb12_1_1	wb12_1_2	wb1_11_1	wb1_11_2	wb1_11_3	wb1_11_4	wb1_11_5	wb1_3_1	
wto103	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	24	29
wto104	-0.14	-0.19	-0.08					-0.08	0.03	0.06	0.06	-0.39**	-0.29	0.09	-0.47**	-0.33*	-0.17	0.06	0.19	-0.29	-0.27	0.03	0.07	-0.27	-0.06	0.03	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto1_3_1								-0.28	0.24	-0.04	-0.04	0.37**	0.16	0.69***	0.26	0.18	0.22	-0.04	0.08	-0.22						0.24	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto105	0.19	-0.1	-0.2					0.27	-0.1	-0.2	-0.2	-0.02	0.17	-0.01	-0.17	-0.1	-0.31	-0.2	0.21	0.03	-0.12	0.15	0.05	-0.3	0.07	-0.1	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto105a	-0.17	0.12	-0.11					0.45**	-0.15	-0.31	-0.31	-0.26	-0.21	-0.14	-0.36*	-0.29	-0.42**	-0.31	0.2	0.11	0	0.26	0.11	0	0.1	-0.15	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto105b	0.33	0.07	-0.14					-0.14	0.11	0.11	0.11	0.29	0.51***	0.15	0.07	0.1	-0.02	-0.34*	0.24	-0.15	0	0.05	-0.11	-0.2	0.1	0.11	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto106								0.94***	-0.24	0.04	0.04	0.1	-0.16	0.05	0.14	-0.18	-0.22	0.04	-0.08	0.22	0.29	0.32	0.36*	-0.15	0.25	-0.24	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto107								0.94***	-0.24	0.04	0.04	0.1	-0.16	0.05	0.14	-0.18	-0.22	0.04	-0.08	0.22	0.29	0.32	0.36*	-0.15	0.25	-0.24	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto108																											
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto109																											
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto110	-0.08	-0.15	-0.07					-0.11	0.03	0.06	0.06	0.17	-0.06	0.09	0.01	-0.1	-0.17	0.06	0.19	0.17	0.11	-0.19	0.52***	-0.21	0.05	0.03	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto113d	0.1	0.16	0.07					-0.24	0.23	0.13	0.13	0.4**	0.1	0.62***	0.25	0.14	0.21	-0.05	0.02	-0.18	-0.18	-0.28	0.18	0.22	0.26	0.23	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto1_12_1		-0.11	-0.05					-0.06	0.15	0.04	0.04	0.1	0.22	0.05	0.14	0.2	0.16	0.04	-0.08	-0.16	0.29	0.32	-0.12	-0.15	-0.18	0.15	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto1_12_2	-0.08	-0.11	-0.05					0.64***	-0.07	0.05	0.05	0.14	-0.23	0.07	-0.09	-0.26	-0.32*	0.05	0.29	0.05	0.11	0.14	0.52***	-0.21	0.36*	-0.07	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto1_12_3																											
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto4_1_1	0.25	-0.04	0.16					0.11	0.15	0.31	0.31	0.07	-0.26	-0.17	0.2	-0.02	0.11	0.31	-0.42**	0.05	-0.06	-0.13	0.2	0.13	0.06	0.15	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto4_1_2	0.22	-0.09	0.14					0.09	0.22	0.34*	0.34*	0.11	-0.34*	-0.15	0.1	-0.1	0.02	0.34*	-0.24	-0.02	-0.13	-0.19	0.37*	0.06	0.17	0.22	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	
wto4_1_3	0.22	-0.04	0.16					-0.24	0.09	-0.13	-0.13	-0.16	-0.34*	-0.18	-0.02	0.05	0.19	0.28	-0.16	-0.04	-0.25	-0.32	0	0.13	-0.12	0.09	
	20	24	23	29	29	29	29	28	29	29	29	29	29	29	29	29	29	29	29	29	24	24	24	24	24	29	

**Table 11: Correlations Between WTO Commitments and Actual Practice (cont.)**

Developing	rejectT	wb1_10_1a	wb1_10_1b	wb1_12_1	wb1_12_2	wb1_12_3	wb2_3_1	wb1_3	wb1_3_1	wb4_1_1	wb4_1_2	wb4_1_3	wb4_3_1	wb4_3_2	wb4_5_1	wb4_5_2	wb4_5_3	wb4_7	wb12_1_1	wb12_1_2	wb1_11_1	wb1_11_2	wb1_11_3	wb1_11_4	wb1_11_5	wb1_3_1	
wto103	0.21	-0.13	-0.09		-0.07	-0.09		-0.07	-0.13	-0.12	-0.12	0.07	0.1	-0.03	0.28***	0.35***	0.29***	0.02	0.1	0.05	0.28**	0.26*	0.2	0.22	0.2	0.2	-0.13
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto104	0.07	-0.14	0.2*		-0.12	-0.03		-0.12	-0.02	-0.17*	-0.18*	0.02	0.11	-0.07	0.12	0.23**	0.16	-0.04	0.07	0.05	-0.07	0.06	0.07	0.03	0.08	-0.02	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto1_3_1	-0.25*	0.15	0.1		0.08	0.15		0.08	0.02	0.05	0.11	-0.08	-0.08	0.07	-0.3***	-0.36***	-0.25**	-0.01	-0.02	-0.04	-0.18	-0.09	-0.08	-0.11	-0.28**	0.02	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto105	0.25*	0.05	0.14		-0.15	-0.17		-0.15	-0.17	-0.04	0.02	0.09	0.15	-0.03	0.29***	0.22**	0.19*	0.24**	-0.07	0.05	0.23*	0.16	0.25*	0.07	0.14	-0.17	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto105a	0.35**	-0.17	0.18		-0.11	-0.12		-0.11	-0.23**	-0.08	-0.09	0.09	0.08	0.03	0.23**	0.23**	0.12	0.12	-0.06	-0.04	0.12	0.15	0.19	0.16	0.23*	-0.23**	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto105b	0.14	0.08	-0.12		-0.12	-0.15		-0.12	-0.04	0.01	-0.1	0.08	0.04	0.08	0.34***	0.26**	0.28***	0.15	0.03	0.07	0.32**	0.21	0.24*	0.05	0.12	-0.04	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto106	0.14	-0.17	-0.13		-0.08	-0.02		-0.08	-0.11	-0.05	-0.05	0.1	0.11	0.08	0.23**	0.29***	0.23**	-0.05	0.07	-0.07	0.13	0.12	0.04	0.06	0.38***	-0.11	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto107	0.05	-0.15	-0.15		-0.09	-0.05		-0.09	-0.12	-0.02	-0.01	0.14	0.17	0	0.29***	0.37***	0.3***	-0.02	0.04	-0.01	0.07	0.15	0.13	0.07	0.33**	-0.12	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto108	0.11	-0.15	-0.09		-0.09	0.08		-0.09	-0.15	-0.08	-0.05	0.1	0.06	0.1	0.14	0.17*	0.15	0.05	0.09	-0.07	0.12	0.2	0.09	0.04	0.3**	-0.15	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto109	0.17	-0.16	-0.12		-0.08	-0.07		-0.08	-0.1	-0.07	-0.09	0.05	0.06	0.03	0.26**	0.31***	0.25**	0	0.03	-0.03	0.17	0.15	0.08	0.1	0.3**	-0.1	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto110	-0.19	-0.01	-0.1		-0.04	-0.13		-0.04	0.05	0.13	0.2*	-0.08	-0.14	0.05	-0.02	-0.15	-0.09	-0.09	0.04	-0.04	-0.02	0.02	-0.07	-0.18	-0.03	0.05	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto113d	0.05	-0.22*	-0.05		-0.05	0		-0.02	-0.11	-0.14	-0.12	0.1	0.12	-0.05	0.12	0.23*	0.2*	0.13	0.1	-0.06	0.05	0.21	0.22	0.27*	-0.07	-0.11	
	44	65	61	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	46	46	46	46	45	73	
wto1_12_1	0.09	-0.11	-0.11		-0.07	-0.12		-0.08	-0.13	-0.16	-0.11	0.08	0.04	-0.05	0.22**	0.26**	0.2*	-0.02	0.05	-0.01	0.17	0.15	0.16	0.1	0.2	-0.13	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto1_12_2	0.09	-0.1	0.06		-0.09	0.01		-0.09	-0.23**	-0.14	-0.04	0.07	-0.05	0.03	0.07	0.11	0.05	-0.01	0.13	-0.08	-0.08	0.02	0.03	-0.02	0.24*	-0.23**	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto1_12_3	0.07	-0.17	-0.14		0.12	0.07		-0.09	0.01	-0.07	-0.28***	0.02	-0.05	0.03	0.29***	0.33***	0.27***	-0.01	-0.04	-0.04	0.1	0.09	0	0.03	0.28**	0.01	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto4_1_1	-0.13	0.01	0.28**		-0.07	0.04		-0.07	-0.07	0.17*	0.22**	-0.07	-0.07	0.13	-0.2**	-0.28***	-0.2*	0.1	-0.04	-0.18*	-0.21	-0.12	-0.16	-0.21	0.16	-0.07	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto4_1_2	-0.12	-0.01	0.26**		-0.07	-0.04		-0.07	-0.09	0.19*	0.24**	-0.04	-0.1	0.12	-0.2**	-0.27***	-0.15	0.04	-0.06	-0.05	-0.13	-0.03	-0.11	-0.15	0.1	-0.09	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	
wto4_1_3	-0.18	0.01	0.16		-0.06	0.03		-0.06	-0.07	0.2*	0.31***	-0.02	-0.02	0.11	-0.04	-0.21**	-0.07	0.2*	0.03	-0.15	-0.07	0	-0.16	-0.14	-0.01	-0.07	
	52	77	72	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	55	55	55	55	54	94	

Table 11: Correlations Between WTO Commitments and Actual Practice (cont.)

Population > 2 Million	rejectT	wb1_10_1a	wb1_10_1b	wb1_12_1	wb1_12_2	wb1_12_3	wb2_3_1	wb1_3	wb1_3_1	wb4_1_1	wb4_1_2	wb4_1_3	wb4_3_1	wb4_3_2	wb4_5_1	wb4_5_2	wb4_5_3	wb4_7	wb12_1_1	wb12_1_2	wb1_11_1	wb1_11_2	wb1_11_3	wb1_11_4	wb1_11_5	wb1_3_1
wto103	0.17	-0.07	0		-0.04	-0.13		-0.04	0.22**	-0.12	-0.18*	0.06	-0.04	-0.2*	0.24**	0.3***	0.27***	0.13	-0.15	0.09	0.28**	0.09	0.17	0.25**	-0.04	0.22**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto104	0.11	-0.12	0.27**		-0.08	0.04		-0.08	0.18*	-0.19*	-0.26**	-0.11	-0.05	-0.18*	-0.02	0.06	0.06	-0.04	-0.08	-0.06	-0.09	0.03	0.14	0.07	-0.11	0.18*
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto1_3_1	-0.3**	0.11	0.01		0.06	0.17*		0.06	-0.24**	0.04	0.18*	-0.01	0.1	0.31***	-0.24**	-0.29***	-0.2*	-0.09	0.2*	-0.05	-0.18	0.04	-0.1	-0.15	-0.07	-0.24**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto105	0.26**	0.07	0.16		-0.12	-0.15		-0.12	-0.03	0	-0.02	0.04	0.16	-0.08	0.27***	0.2*	0.12	0.22**	-0.15	-0.01	0.17	0.15	0.2	-0.04	0.09	-0.03
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto105a	0.25*	-0.09	0.26**		-0.09	-0.13		-0.09	-0.04	-0.01	-0.11	0.03	-0.04	-0.05	0.17	0.1	0	0.13	-0.11	-0.01	0.09	0.15	0.19	0.11	0.16	-0.04
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto105b	0.25*	0.14	-0.09		-0.09	-0.13		-0.09	0.21**	-0.01	-0.17	0.08	0.11	-0.05	0.3***	0.27***	0.22**	0.13	-0.11	-0.06	0.23*	0.08	0.12	-0.03	0	0.21**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto106	0.12	-0.13	-0.06		-0.06	-0.01		-0.06	0.13	-0.03	-0.1	0.09	-0.06	-0.07	0.15	0.16	0.12	0.01	-0.12	-0.02	0.14	0.03	0.06	0.02	0.21	0.13
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto107	0.06	-0.12	-0.08		-0.06	-0.02		-0.06	0.09	-0.02	-0.07	0.11	-0.03	-0.19*	0.19*	0.21**	0.17*	0.02	-0.14	0.04	0.1	0.1	0.21	0.07	0.18	0.09
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto108	0.1	-0.11	-0.01		-0.06	0.13		-0.06	0.16	-0.1	-0.12	0.08	-0.05	-0.07	0.07	0.09	0.05	0.11	-0.07	-0.12	0.01	0	0.03	-0.02	0.08	0.16
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto109	0.14	-0.12	-0.06		-0.05	-0.07		-0.05	0.22**	-0.06	-0.14	0.04	-0.07	-0.12	0.2*	0.23**	0.2*	0.07	-0.18*	-0.03	0.12	-0.02	0.03	0.09	0.07	0.22**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto110	-0.09	-0.05	-0.09		-0.04	-0.11		-0.04	-0.05	0.1	0.17*	0	-0.14	0.01	-0.03	-0.07	-0.09	-0.12	0.09	0.01	0.1	0.05	0.11	-0.14	-0.07	-0.05
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto113d	0	-0.18	0.01		-0.02	0.04		0.01	0.14	-0.15	-0.21*	-0.02	-0.05	-0.01	-0.03	0.06	0.06	0.09	-0.15	-0.02	0.12	0.17	0.18	0.31**	0	0.14
	53	70	66	81	81	81	81	80	81	81	81	81	81	81	81	81	81	81	81	81	58	58	58	58	57	81
wto1_12_1	0.05	-0.07	-0.05		-0.05	-0.16		-0.05	0.21**	-0.17*	-0.16	0.08	-0.06	-0.2*	0.18*	0.21**	0.17*	0.07	-0.18*	-0.01	0.18	0.06	0.1	0.05	-0.06	0.21**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto1_12_2	0.08	-0.07	0.16		-0.07	0.03		-0.07	-0.02	-0.17	-0.08	0.07	-0.19*	-0.12	-0.01	-0.02	-0.06	0.05	-0.02	-0.05	-0.07	-0.05	0.1	-0.04	0.05	-0.02
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto1_12_3	0.03	-0.13	-0.07		0.17	0.12		-0.07	0.29***	-0.1	-0.4***	-0.01	-0.22**	-0.15	0.19*	0.22**	0.18*	0.04	-0.23**	-0.02	0.05	-0.07	-0.03	0.02	0.04	0.29***
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto4_1_1	-0.05	-0.04	0.21*		-0.1	-0.01		-0.1	-0.25**	0.26**	0.36***	0.04	-0.04	0.24**	-0.1	-0.19*	-0.08	0.15	-0.07	-0.11	-0.21*	-0.12	-0.04	-0.14	0.28**	-0.25**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto4_1_2	0	-0.04	0.21*		-0.1	-0.08		-0.1	-0.25**	0.26**	0.36***	0.04	-0.09	0.2*	-0.1	-0.19*	-0.08	0.08	-0.07	-0.06	-0.17	-0.06	0	-0.1	0.26**	-0.25**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94
wto4_1_3	-0.16	-0.04	0.08		-0.08	-0.04		-0.08	-0.22**	0.15	0.35***	0	-0.01	0.21**	0	-0.09	0.04	0.26**	0.05	-0.08	-0.19	-0.11	-0.16	-0.11	0.08	-0.22**
	57	76	72	94	94	94	94	93	94	94	94	94	94	94	94	94	94	94	94	94	63	63	63	63	62	94



**Table 12. Indices of Openness Based Upon Actual Practice vs. Commitments and Discrimination Against Foreign Firms**  
(Higher Values Indicate Less Openness or More Discrimination)

Country	Degree of Openness				Degree of Discrimination					
	All components		Omit rejection rate		Actual Practice		Commitments		Domestic	Foreign
	Actual Practice	Commitments	Actual Practice	Commitments	Domestic	Foreign	Domestic	Foreign		
Albania	0.225	0.250	0.225	0.250	0.150	0.225	0.100	0.250	0.150	0.300
Antigua and Barbuda		0.900	0.138	0.700			0.400	1.000	0.200	0.550
Argentina	0.125	0.200	0.125	0.200	0.050	0.125	0.200	0.200	0.050	0.050
Armenia	0.238	0.200	0.188	0.200	0.200	0.288	0.200	0.250	0.150	0.200
Aruba	0.000	0.200	0.000	0.150	0.000	0.050	0.200	0.250	0.050	0.100
Australia	0.313	0.250	0.313	0.200	0.100	0.363	0.250	0.300	0.150	0.300
Austria		0.000		0.000			0.000	0.000	0.050	0.150
Bahrain	0.238	0.300	0.188	0.300	0.100	0.338	0.150	0.400	0.050	0.250
Belgium		0.100		0.100	0.050	0.050	0.100	0.100	0.050	0.050
Belize	0.300	0.900	0.250	0.700	0.200	0.400	0.400	1.000	0.350	0.700
Benin		0.283	0.100	0.233			0.250	0.333	0.150	0.200
Bolivia		0.233	0.158	0.233			0.200	0.233	0.050	0.083
Botswana	0.083	0.900	0.083	0.700	0.050	0.183	0.400	1.000	0.250	0.533
Brazil	0.225	0.291	0.175	0.241	0.150	0.275	0.225	0.341	0.150	0.200
Bulgaria	0.188	0.000	0.188	0.000	0.150	0.238	0.000	0.050	0.150	0.200
Burkina Faso		0.900	0.138	0.700			0.400	1.000	0.300	0.550
Burundi		0.900		0.700	0.375	0.475	0.400	1.000	0.375	0.625
Cambodia		0.200		0.200			0.200	0.200	0.100	0.100
Cameroon		0.900		0.700			0.400	1.000	0.300	0.550
Canada (federal regulations)		0.266	0.113	0.266			0.200	0.316	0.000	0.050
Central African Republic		0.900		0.700			0.400	1.000	0.300	0.550
Chad		0.900		0.700			0.400	1.000	0.300	0.550
Chile	0.125	0.125	0.125	0.075	0.050	0.125	0.125	0.125	0.100	0.100
Chinese Taipei		0.200	0.400	0.200			0.100	0.250	0.150	0.300
Colombia		0.258	0.271	0.208			0.225	0.358	0.175	0.308
Commonwealth of Dominica		0.900	0.138	0.700			0.400	1.000	0.200	0.550
Congo		0.900		0.700			0.400	1.000	0.300	0.550

Country	Degree of Openness				Degree of Discrimination					
	All components		Omit rejection rate		Actual Practice		Commitments		Domestic	Foreign
	Actual Practice	Commitments	Actual Practice	Commitments	Domestic	Foreign	Domestic	Foreign		
Costa Rica	0.354	0.233	0.354	0.233	0.175	0.354	0.200	0.233	0.175	0.241
Côte d'Ivoire		0.283	0.100	0.233			0.250	0.383	0.150	0.250
Croatia		0.000	0.050	0.000			0.000	0.000	0.050	0.050
Cyprus	0.163	0.133	0.163	0.083	0.050	0.213	0.100	0.183	0.100	0.150
Czech Republic	0.200	0.033	0.200	0.033	0.100	0.200	0.000	0.033	0.100	0.200
Denmark		0.100	0.200	0.100			0.100	0.100	0.050	0.050
Ecuador	0.488	0.200	0.288	0.200	0.275	0.488	0.200	0.200	0.075	0.175
Egypt	0.413	0.258	0.213	0.208	0.200	0.463	0.225	0.308	0.050	0.200
El Salvador	0.288	0.658	0.238	0.608	0.175	0.388	0.225	0.758	0.175	0.425
Estonia		0.200	0.100	0.200			0.200	0.200	0.000	0.100
Fiji	0.250	0.900	0.050	0.700	0.250	0.350	0.400	1.000	0.250	0.500
Finland	0.413	0.100	0.213	0.100	0.200	0.463	0.100	0.150	0.000	0.150
France		0.100		0.100			0.100	0.150	0.050	0.100
Gabon		0.250		0.200			0.250	0.250	0.150	0.150
Gambia	0.300	0.900	0.300	0.700	0.200	0.400	0.400	1.000	0.400	0.750
Germany	0.213	0.100	0.213	0.100	0.100	0.213	0.100	0.100	0.100	0.100
Ghana	0.188	0.350	0.138	0.300	0.150	0.288	0.250	0.450	0.150	0.250
Greece	0.313	0.100	0.263	0.100	0.100	0.313	0.100	0.100	0.050	0.150
Grenada		0.900	0.100	0.700			0.400	1.000	0.200	0.550
Guatemala	0.313	0.900	0.313	0.700	0.200	0.413	0.400	1.000	0.400	0.650
Guinea	0.000	0.900	0.000	0.700	0.000	0.100	0.400	1.000	0.200	0.450
Guinea Bissau		0.900	0.100	0.700			0.400	1.000	0.300	0.550
Guyana	0.563	0.200	0.363	0.200	0.350	0.613	0.200	0.250	0.150	0.300
Honduras	0.313	0.250	0.313	0.200	0.100	0.363	0.250	0.300	0.150	0.300
Hong Kong, China		0.200		0.200	0.000	0.050	0.200	0.250	0.000	0.050
Hungary	0.100	0.033	0.100	0.033	0.100	0.150	0.000	0.083	0.100	0.150
Iceland		0.075	0.150	0.075			0.075	0.125	0.000	0.050
India	0.313	0.491	0.263	0.441	0.100	0.413	0.125	0.591	0.100	0.450
Ireland		0.100		0.100	0.050	0.150	0.100	0.100	0.050	0.150

Country	Degree of Openness				Degree of Discrimination					
	All components		Omit rejection rate		Actual Practice		Commitments		Domestic	Foreign
	Actual Practice	Commitments	Actual Practice	Commitments	Domestic	Foreign	Domestic	Foreign		
Israel	0.363	0.100	0.313	0.100	0.150	0.363	0.100	0.100	0.100	0.200
Italy	0.213	0.100	0.163	0.100	0.100	0.213	0.100	0.100	0.050	0.050
Japan	0.113	0.100	0.113	0.100	0.000	0.163	0.100	0.150	0.000	0.050
Jordan	0.288	0.100	0.238	0.100	0.150	0.338	0.100	0.150	0.100	0.250
Kenya	0.275	0.300	0.075	0.300	0.200	0.375	0.200	0.400	0.000	0.100
Kuwait		0.433	0.250	0.383			0.150	0.533	0.150	0.250
Kyrgyz Republic	0.263	0.300	0.263	0.300	0.150	0.263	0.200	0.300	0.150	0.150
Latvia	0.088	0.200	0.038	0.200	0.050	0.138	0.200	0.250	0.000	0.050
Lesotho	0.150	0.050	0.100	0.050	0.150	0.150	0.050	0.050	0.100	0.100
Liechtenstein	0.263	0.150	0.213	0.100	0.150	0.313	0.150	0.200	0.150	0.200
Lithuania	0.100	0.100	0.050	0.100	0.100	0.150	0.100	0.150	0.050	0.100
Luxembourg	0.000	0.100	0.000	0.100	0.000	0.000	0.100	0.100	0.000	0.000
Macau, China	0.200	0.150	0.150	0.100	0.100	0.250	0.150	0.200	0.100	0.250
Madagascar		0.900	0.138	0.700			0.400	1.000	0.300	0.550
Malaysia		0.366	0.296	0.316			0.150	0.416	0.100	0.283
Mali		0.900	0.138	0.700			0.400	1.000	0.300	0.550
Malta	0.038	0.350	0.038	0.300	0.000	0.088	0.250	0.400	0.050	0.100
Mauritius		0.225	0.313	0.175			0.225	0.275	0.250	0.300
Mexico		0.416	0.158	0.416			0.200	0.416	0.125	0.158
Moldova, Republic of	0.225	0.200	0.175	0.200	0.150	0.225	0.100	0.200	0.100	0.100
Morocco		0.400	0.113	0.350			0.250	0.400	0.050	0.050
Namibia	0.488	0.900	0.288	0.700	0.350	0.588	0.400	1.000	0.350	0.700
Netherlands	0.163	0.100	0.163	0.100	0.050	0.163	0.100	0.100	0.050	0.050
New Zealand	0.100	0.200	0.100	0.200	0.000	0.100	0.200	0.200	0.000	0.100
Nicaragua		0.316		0.266	0.200	0.200	0.250	0.316	0.250	0.250
Niger		0.900	0.138	0.700			0.400	1.000	0.300	0.550
Nigeria		0.200		0.200			0.200	0.200	0.125	0.158
Norway	0.213	0.200	0.213	0.200	0.000	0.263	0.200	0.250	0.000	0.150
Oman		0.200	0.313	0.200			0.200	0.250	0.100	0.250

Country	Degree of Openness				Degree of Discrimination					
	All components		Omit rejection rate		Actual Practice		Commitments		Domestic	Foreign
	Actual Practice	Commitments	Actual Practice	Commitments	Domestic	Foreign	Domestic	Foreign		
Pakistan		0.483	0.213	0.433			0.150	0.583	0.150	0.400
Panama	0.138	0.200	0.138	0.200	0.100	0.138	0.200	0.200	0.100	0.100
Papua New Guinea		0.250		0.200			0.250	0.250	0.250	0.283
Paraguay		0.200		0.200			0.200	0.200	0.125	0.125
Peru	0.175	0.200	0.125	0.200	0.100	0.175	0.200	0.200	0.050	0.050
Philippines		0.450	0.146	0.400			0.150	0.500	0.050	0.283
Poland	0.038	0.200	0.038	0.200	0.000	0.088	0.200	0.250	0.000	0.050
Portugal	0.213	0.150	0.213	0.100	0.100	0.213	0.150	0.150	0.150	0.150
Qatar		0.183		0.133			0.150	0.183	0.050	0.050
Romania	0.225	0.200	0.175	0.200	0.150	0.225	0.200	0.200	0.100	0.100
Rwanda	0.200	0.900	0.150	0.700	0.050	0.300	0.400	1.000	0.200	0.450
Saint Kitts and Nevis		0.900	0.175	0.700			0.400	1.000	0.200	0.550
Saint Lucia		0.900	0.138	0.700			0.400	1.000	0.200	0.550
Saint Vincent and Gren.		0.900	0.138	0.700			0.400	1.000	0.200	0.550
Saudi Arabia	0.263	0.100	0.263	0.100	0.050	0.263	0.100	0.100	0.050	0.150
Senegal		0.333	0.100	0.333			0.200	0.433	0.100	0.200
Singapore		0.258		0.208			0.225	0.308	0.100	0.250
Slovak Republic	0.150	0.133	0.150	0.133	0.050	0.150	0.100	0.133	0.050	0.150
Slovenia	0.213	0.000	0.213	0.000	0.100	0.213	0.000	0.000	0.100	0.100
South Africa	0.113	0.000	0.113	0.000	0.000	0.163	0.000	0.050	0.000	0.050
South Korea	0.325	0.150	0.325	0.150	0.150	0.375	0.150	0.200	0.150	0.300
Spain	0.213	0.100	0.163	0.100	0.100	0.213	0.100	0.100	0.050	0.050
Sri Lanka		0.366		0.316	0.150	0.150	0.150	0.366	0.200	0.200
Suriname		0.900	0.175	0.700			0.400	1.000	0.300	0.550
Swaziland		0.900	0.100	0.700			0.400	1.000	0.300	0.550
Sweden		0.100		0.100	0.000	0.000	0.100	0.100	0.000	0.000
Switzerland		0.100	0.163	0.100			0.100	0.150	0.050	0.100
Thailand		0.333	0.263	0.283			0.150	0.433	0.100	0.300
Togo		0.900	0.213	0.700			0.400	1.000	0.300	0.550

Country	Degree of Openness				Degree of Discrimination					
	All components		Omit rejection rate		Actual Practice		Commitments		Domestic	Foreign
	Actual Practice	Commitments	Actual Practice	Commitments	Domestic	Foreign	Domestic	Foreign		
Trinidad and Tobago	0.396	0.900	0.396	0.700	0.150	0.496	0.400	1.000	0.350	0.733
Tunisia	0.163	0.650	0.163	0.600	0.050	0.263	0.250	0.750	0.100	0.350
Turkey	0.163	0.150	0.113	0.100	0.050	0.213	0.150	0.200	0.050	0.100
United Arab Emirates		0.466	0.175	0.416			0.250	0.466	0.150	0.300
United Kingdom		0.100	0.075	0.100			0.100	0.100	0.000	0.000
United States	0.113	0.200	0.113	0.200	0.000	0.213	0.200	0.300	0.000	0.100
Uruguay	0.225	0.250	0.075	0.200	0.150	0.225	0.250	0.250	0.050	0.050
Venezuela	0.275	0.250	0.275	0.200	0.200	0.325	0.250	0.300	0.250	0.300
Zimbabwe		0.325	0.108	0.325			0.175	0.325	0.000	0.033

Country	Degree of Openness				Degree of Discrimination					
	All component		omit rejection rate		Actual Practice		Commitment		Domestic	Foreign
	Actual Practice	Commitments	Actual Practice	Commitments	Domestic	Foreign	Domestic	Foreign		
All Sample										
Mean	0.221	0.289	0.175	0.309	0.115	0.254	0.213	0.416	0.133	0.256
Std. Deviation	0.117	0.274	0.088	0.237	0.086	0.133	0.119	0.344	0.104	0.197
Min	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Max	0.563	0.900	0.4000	0.700	0.375	0.613	0.400	1.000	0.400	0.750
Countries	65	65	103	103	72	72	123	123	123	123
Developed										
Mean	0.215	0.136	0.183	0.131	0.065	0.205	0.126	0.160	0.052	0.116
Std. Deviation	0.109	0.50	0.097	0.054	0.061	0.128	0.055	0.081	0.053	0.088
Min	0.000	0.100	0.000	0.075	0.000	0.000	0.000	0.000	0.000	0.000
Max	0.413	0.250	0.400	0.266	0.200	0.463	0.250	0.316	0.150	0.300
Countries	16	16	22	22	20	20	29	29	29	29
Developing										
Mean	0.223	0.339	0.173	0.358	0.134	0.273	0.239	0.495	0.158	0.299
Std. Deviation	0.120	0.300	0.086	0.245	0.088	0.131	0.121	0.356	0.103	0.201
Min	0.000	0.000	0.000	0.000	0.000	0.050	0.000	0.000	0.000	0.033
Max	0.563	0.900	0.396	0.700	0.375	0.613	0.400	1.000	0.400	0.750
Countries	49	49	81	81	52	52	94	94	94	94
Population > 2 Million										
Mean	0.218	0.236	0.180	0.258	0.109	0.242	0.191	0.352	0.118	0.218
Std. Deviation	0.099	0.215	0.082	0.195	0.077	0.115	0.107	0.298	0.095	0.165
Min	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Max	0.488	0.900	0.400	0.700	0.375	0.488	0.400	1.000	0.400	0.650
Countries	50	50	76	76	57	57	94	94	94	94

**Table 13: Correlations Between Commitments and Potential Factors that Explain the Commitments Made**

All Countries	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BnkDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1
wto103	-0.05	0.32***	-0.13	-0.33***	0.2**	0.22**	0.43***	0.47***	-0.24**	-0.15	-0.28***	0.34***	0.11	-0.47***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto104	0.01	0.11	-0.19**	-0.42***	0.18*	0.19*	0.36***	0.4***	-0.18*	-0.24**	-0.37***	0.14	-0.05	-0.37***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto1_3_1	0.1	-0.23**	0.15	0.35***	-0.2**	-0.36***	-0.37***	-0.4***	0.26***	0.2**	0.3***	-0.32***	-0.14	0.45***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto105	-0.13	0	0.04	-0.11	0.14	0.01	0.17*	0.21**	-0.13	-0.14	-0.17*	0.17*	0.1	-0.2**
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto105a	-0.04	-0.01	0.08	-0.25***	0.18*	0.14	0.14	0.2**	-0.15	-0.23**	-0.24**	0.26***	0.18*	-0.37***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto105b	-0.09	0.23**	-0.01	-0.22**	0.16*	0.14	0.29***	0.33***	-0.24**	-0.09	-0.21**	0.19**	0.04	-0.2**
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto106	0.13	0.17*	-0.14	-0.29***	0.26***	0.1	0.23**	0.28***	-0.22**	-0.22**	-0.26***	0.25***	0.08	-0.5***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto107	0.06	0.16	-0.14	-0.25***	0.24**	0.11	0.26***	0.29***	-0.22**	-0.24**	-0.29***	0.23**	0.06	-0.47***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto108	0.04	0.15	-0.14	-0.39***	0.29***	0.15	0.33***	0.36***	-0.24**	-0.26***	-0.32***	0.23**	0.13	-0.37***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto109	0.1	0.19*	-0.13	-0.34***	0.25**	0.15	0.29***	0.35***	-0.26***	-0.21**	-0.3***	0.28***	0.09	-0.44***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto110	0.01	0.06	-0.05	-0.02	-0.15	-0.15	-0.02	-0.02	0.04	0.11	0.1	-0.1	0.1	0.24***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto113d	0.12	0.08	-0.04	-0.02	0.18*	0.13	0.23**	0.28***	0.03	-0.07	-0.05	0.25**	0.06	-0.21**
	94	86	101	101	88	87	96	99	89	88	88	102	102	102
wto1_12_1	0.05	0.22**	-0.11	-0.33***	0.19*	0.16	0.37***	0.41***	-0.24**	-0.1	-0.24**	0.29***	0.07	-0.39***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto1_12_2	0.1	0.21**	-0.14	-0.36***	0.3***	0.05	0.26***	0.3***	-0.18*	-0.17*	-0.26***	0.27***	0.1	-0.38***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto1_12_3	0	0.3***	-0.15*	-0.32***	0.19**	0.25**	0.3***	0.38***	-0.29***	-0.17*	-0.32***	0.22**	-0.03	-0.49***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto4_1_1	0.03	-0.35***	0.06	0.37***	-0.11	-0.31***	-0.24**	-0.28***	0.28***	0.17*	0.3***	-0.13	-0.14	0.39***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto4_1_2	-0.01	-0.28***	0.05	0.4***	-0.17*	-0.38***	-0.16*	-0.2**	0.29***	0.25**	0.35***	-0.14	-0.13	0.4***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123
wto4_1_3	-0.02	-0.26***	0.08	0.4***	-0.07	-0.26***	-0.19*	-0.22**	0.3***	0.14	0.32***	-0.09	-0.1	0.37***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123

### 13: Correlations Between Commitments and Potential Factors that Explain the Commitments Made (cont)

Developed	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BnkDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1
wto103														
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto104	0.01	-0.05	-0.12	-0.36*	0	0.08	0.22	0.24	0.06	0.05	-0.03	-0.09	-0.03	-0.14
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto1_3_1	-0.26	0.15	0.06	0.23	-0.49**	0.09	0.25	0.2		0.36*	0.33*	-0.69***	-0.24	-0.09
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto105	-0.17	-0.28	0.22	0.12	0.09	0.33	0.12	0.06	-0.15	-0.08	0	0.28	0.24	-0.11
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto105a	0.08	-0.12	0.4**	0.03	0.3	0.09	-0.27	-0.29	-0.11	-0.36*	-0.13	0.44**	0.47***	-0.13
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto105b	-0.32*	-0.2	0.22	0.22	-0.27	0.48**	0.3	0.25	-0.12	0.28	0.19	0.16	-0.11	0.04
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto106	-0.12		-0.08	-0.03	0.2	-0.15	-0.12	-0.24	0.03	-0.04	0.14	-0.05	0.24	-0.41**
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto107	-0.12		-0.08	-0.03	0.2	-0.15	-0.12	-0.24	0.03	-0.04	0.14	-0.05	0.24	-0.41**
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto108														
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto109														
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto110	-0.17	-0.15	-0.14	-0.08	0.02	0.09	0.13	0.2	0.02	0.15	0.11	-0.09	-0.27	0.16
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto113d	-0.27	0.17	0.07	0.28	-0.38*	0.05	0.16	0.13	0.1	0.28	0.3	-0.62***	-0.23	-0.1
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto1_12_1	-0.12	-0.11	-0.01	0	-0.22	0.01	0.17	0.12	-0.08	0.26	0.14	-0.05	-0.15	0.09
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto1_12_2	-0.13	-0.05	-0.11	-0.2	0.29	-0.07	0.05	-0.04	0.04	-0.06	0.03	-0.07	0.07	-0.24
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto1_12_3														
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto4_1_1	0.13	-0.25	-0.2	0.09	0.23	-0.38*	-0.17	-0.14	0.09	-0.04	-0.05	-0.14	-0.15	0.33*
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto4_1_2	0.11	-0.29	-0.25	-0.01	0.34	-0.37*	-0.09	-0.06	0.11	-0.07	-0.09	-0.16	-0.22	0.38**
	28	22	29	29	22	23	28	28	27	29	29	29	29	29
wto4_1_3	0.39**	-0.14	-0.15	-0.06	0.27	-0.32	-0.21	-0.13	0.06	-0.22	-0.29	-0.11	-0.09	0.48***
	28	22	29	29	22	23	28	28	27	29	29	29	29	29



**Table 13: Correlations Between Commitments and Potential Factors that Explain the Commitments Made (cont)**

Developing	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BnkDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1	wb12_1_1	wb12_1_2
wto103	-0.11	0.26**	-0.26**	-0.2*	0.12	0.12	0.51***	0.54***	-0.22**	0.03	-0.16	0.38***	0.06	-0.44***	0.1	0.05
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto104	-0.07	-0.02	-0.16	-0.13	0.06	0.02	0.35***	0.4***	0.07	-0.05	-0.21*	0.18*	-0.17	-0.27***	0.07	0.05
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto1_3_1	0.2*	-0.17	0.31***	0.18*	-0.08	-0.29***	-0.48***	-0.49***	0.2*	-0.03	0.14	-0.31***	-0.07	0.43***	-0.02	-0.04
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto105	-0.17	-0.03	-0.05	-0.01	0.12	-0.1	0.16	0.24**	0.03	-0.07	-0.14	0.13	0.02	-0.16	-0.07	0.05
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto105a	-0.11	-0.11	-0.16	-0.21**	0.12	0.03	0.27**	0.34***	0.02	-0.04	-0.17	0.21**	0.05	-0.36***	-0.06	-0.04
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto105b	-0.11	0.22**	-0.07	-0.1	0.12	0.03	0.24**	0.31***	-0.19*	-0.02	-0.15	0.19*	0.02	-0.15	0.03	0.07
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto106	0.1	0.05	-0.15	-0.03	0.16	-0.04	0.26**	0.32***	-0.13	-0.04	-0.11	0.3***	0	-0.44***	0.07	-0.07
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto107	0.01	0.03	-0.07	0.1	0.13	-0.03	0.3***	0.33***	-0.09	-0.06	-0.14	0.28***	-0.04	-0.4***	0.04	-0.01
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto108	-0.02	0.01	-0.03	-0.17*	0.18	-0.01	0.35***	0.38***	-0.06	-0.03	-0.12	0.27***	0.07	-0.29***	0.09	-0.07
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto109	0.05	0.08	-0.15	-0.15	0.15	0.02	0.31***	0.38***	-0.22**	-0.03	-0.15	0.33***	0.03	-0.39***	0.03	-0.03
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto110	0.05	0.09	0.13	0	-0.18	-0.19*	-0.09	-0.12	0.11	0.17	0.15	-0.11	0.21**	0.28***	0.04	-0.04
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto113d	0.12	0.03	-0.13	0.17	0.17	0.1	0.28**	0.33***	0.13	-0.09	-0.03	0.34***	0.06	-0.2*	0.1	-0.06
	66	64	72	72	66	64	68	71	62	59	59	73	73	73	73	73
wto1_12_1	0.02	0.17	-0.07	-0.23**	0.11	0.05	0.41***	0.45***	-0.19*	0.05	-0.13	0.34***	0.04	-0.36***	0.05	-0.01
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto1_12_2	0.08	0.11	0.09	-0.16	0.21*	-0.1	0.27**	0.33***	-0.04	0.08	-0.1	0.34***	0.04	-0.3***	0.13	-0.08
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto1_12_3	-0.08	0.2*	-0.15	0.02	0.06	0.11	0.32***	0.4***	-0.22*	0.11	-0.12	0.26**	-0.13	-0.44***	-0.04	-0.04
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto4_1_1	0.08	-0.28**	0.25**	0.15	-0.02	-0.2*	-0.2*	-0.26**	0.25**	-0.04	0.17	-0.12	-0.06	0.29***	-0.04	-0.18*
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto4_1_2	0.04	-0.16	0.23**	0.27***	-0.09	-0.28**	-0.11	-0.17	0.26**	0.08	0.23**	-0.13	-0.02	0.3***	-0.06	-0.05
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94
wto4_1_3	-0.04	-0.13	0.04	0.21**	0.05	-0.11	-0.08	-0.16	0.25**	-0.07	0.24**	-0.08	-0.01	0.21**	0.03	-0.15
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94

**Table 13: Correlations Between Commitments and Potential Factors that Explain the Commitments Made (cont)**

Population > 2 Million	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BnkDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1
wto103	-0.08	0.13	-0.11	-0.3***	0.16	0.23**	0.25**	0.35***	-0.34***	-0.14	-0.32***	0.07	0.01	-0.39***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto104	0.05	-0.06	-0.17*	-0.43***	0.17	0.2*	0.2*	0.28***	-0.24**	-0.22**	-0.39***	-0.06	-0.12	-0.28***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto1_3_1	0.13	-0.05	0.14	0.33***	-0.16	-0.43***	-0.2*	-0.28***	0.4***	0.21*	0.34***	-0.14	-0.05	0.4***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto105	-0.1	-0.1	0.08	-0.05	0.1	0.01	-0.04	0.03	-0.12	-0.18*	-0.17	0.08	0.1	-0.12
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto105a	-0.01	-0.2*	0.12	-0.16	0.12	0.15	-0.05	0.06	-0.13	-0.23**	-0.24**	0.14	0.07	-0.3***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto105b	-0.09	0.16	0.02	-0.23**	0.16	0.13	0.1	0.18*	-0.32***	-0.13	-0.23**	0.04	0.07	-0.13
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto106	0.13	-0.05	-0.13	-0.27***	0.25**	0.03	0.02	0.1	-0.24**	-0.19*	-0.3***	0.01	0.03	-0.43***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto107	0.05	-0.09	-0.13	-0.26**	0.22*	0.03	0.05	0.1	-0.23**	-0.21**	-0.33***	0	0.02	-0.37***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto108	0.07	-0.09	-0.13	-0.37***	0.31***	0.12	0.19*	0.26**	-0.27**	-0.28**	-0.33***	-0.01	0.05	-0.3***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto109	0.14	-0.04	-0.12	-0.3***	0.24**	0.11	0.08	0.2*	-0.35***	-0.21*	-0.32***	0.03	0.01	-0.36***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto110	0.04	0.3***	-0.06	-0.1	-0.15	-0.15	-0.01	-0.02	0.01	0.01	0.03	-0.07	0.19*	0.16
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto113d	0.09	0.01	0.01	0.02	0.01	0.2*	0	0.06	0.04	0	-0.05	-0.08	0.03	-0.04
	75	67	81	81	69	70	76	79	74	75	75	81	81	81
wto1_12_1	0.08	0	-0.09	-0.29***	0.13	0.12	0.2*	0.28***	-0.3***	-0.06	-0.24**	0.03	-0.02	-0.28***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto1_12_2	0.14	0.09	-0.13	-0.33***	0.33***	-0.02	0.11	0.17	-0.21**	-0.16	-0.27**	0.09	0.07	-0.32***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto1_12_3	-0.06	0.2*	-0.14	-0.32***	0.16	0.23**	0.14	0.29***	-0.37***	-0.12	-0.37***	-0.01	-0.12	-0.42***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto4_1_1	-0.01	-0.29**	0.04	0.32***	-0.05	-0.35***	-0.1	-0.17	0.34***	0.15	0.29***	0.02	-0.06	0.38***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto4_1_2	-0.02	-0.23**	0.04	0.32***	-0.13	-0.4***	-0.06	-0.13	0.32***	0.21*	0.33***	0.02	-0.02	0.38***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94
wto4_1_3	-0.1	-0.22*	0.05	0.37***	-0.03	-0.28**	-0.01	-0.06	0.37***	0.17	0.34***	0.05	-0.01	0.36***
	84	76	94	94	79	80	82	89	86	85	85	94	94	94

**Table 14: Correlation Between Indices of Openness or Discriminations and Potential Factors that Explain the Commitments Made**

all countries	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BankDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1	wb12_1_1	wb12_1_2	wto13d
ch_open1	-0.18	0.34***	-0.05	-0.22*	0.21	0.16	0.25**	0.26**	-0.08	-0.1	-0.11	0.2	0.11	-0.3**	-0.15	0.15	0.22*
	64	65	64	64	56	58	63	63	59	57	57	65	65	65	65	65	58
ch_open2	-0.05	0.4***	-0.08	-0.29***	0.18*	0.26**	0.34***	0.38***	-0.17	-0.24**	-0.3***	0.36***	0.01	-0.47***	0.12	-0.01	0.44***
	102	103	102	102	92	93	93	101	90	86	86	103	103	103	103	103	86
ch_diswb	0.17	-0.53***	0.11	-0.06	0.16	-0.04	0.03	0.1	-0.19	-0.07	-0.02	0	0.09	-0.07	-0.04	-0.07	0.1
	67	65	71	71	62	63	69	69	65	63	63	72	72	72	72	72	64
ch_diswto	0.03	0.21**	-0.13	-0.4***	0.27***	0.21**	0.37***	0.42***	-0.28***	-0.25**	-0.36***	0.31***	0.13	-0.45***	0.07	-0.08	0.41***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123	123	123	102
ch_disc	0.06	0.16*	-0.11	-0.31***	0.26***	0.03	0.31***	0.37***	-0.2**	-0.2**	-0.25**	0.39***	0.19**	-0.39***	0.15	-0.06	0.32***
	111	103	122	122	105	104	107	115	107	102	102	123	123	123	123	123	102

Developed	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BankDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1	wb12_1_1	wb12_1_2	wto13d
ch_open1	-0.51**	0.62**	0.37	0.47*	-0.19	-0.3	-0.4	-0.42	0.44*	0.13	0.44*	0.36	-0.11	-0.01	0.1	0.39	0.19
	16	16	16	16	13	14	16	16	16	16	16	16	16	16	16	16	16
ch_open2	-0.53**	0.53**	0.35	0.48**	-0.35	-0.22	-0.25	-0.3	0.35	0.31	0.5**	0.05	-0.22	0.05	0.02	0.25	0.1
	22	22	22	22	17	18	22	22	21	22	22	22	22	22	22	22	22
ch_diswb	0.21	-0.49*	0.2	-0.16	0.19	0.76***	0.2	0.34	-0.49**	0.01	-0.11	0.2	0.34	-0.1	0.23	-0.14	-0.33
	19	16	20	20	16	17	19	19	19	20	20	20	20	20	20	20	20
ch_diswto	-0.07	-0.28	0.28	-0.01	0.25	0.24	-0.04	-0.09	-0.16	-0.15	-0.07	0.6***	0.28	-0.03	0.24	0.05	-0.66***
	28	22	29	29	22	23	28	28	27	29	29	29	29	29	29	29	29
ch_disc	0.13	-0.03	0.01	-0.17	0.18	0.38*	0.1	0.12	-0.19	-0.19	-0.08	0.29	0.37**	-0.37**	0.08	0.17	-0.32*
	28	22	29	29	22	23	28	28	27	29	29	29	29	29	29	29	29

Developing	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BankDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1	wb12_1_1	wb12_1_2	wto13d
ch_open1	-0.19	0.23	-0.13	-0.11	0.13	0.07	0.37***	0.39***	-0.1	0.13	0.02	0.23	0.1	-0.27*	-0.16	0.15	0.24
	48	49	48	48	43	44	47	47	43	41	41	49	49	49	49	49	42
ch_open2	-0.04	0.29***	-0.16	-0.11	0.07	0.15	0.44***	0.49***	-0.14	-0.09	-0.2	0.43***	-0.02	-0.43***	0.15	0.02	0.45***
	80	81	80	80	75	75	71	79	69	64	64	81	81	81	81	81	64
ch_diswb	0.15	-0.54***	0.15	-0.08	0.2	-0.15	-0.06	-0.01	-0.02	-0.14	0.01	-0.1	-0.01	-0.07	-0.17	-0.04	0.13
	48	49	51	51	46	46	50	50	46	43	43	52	52	52	52	52	44
ch_diswto	-0.04	0.1	-0.15	-0.19*	0.16	0.06	0.42***	0.47***	-0.17	-0.01	-0.18	0.33***	0.05	-0.4***	0.06	-0.03	0.4***
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94	73
ch_disc	0	0.07	-0.13	-0.12	0.18*	-0.12	0.34***	0.4***	-0.02	-0.01	-0.11	0.42***	0.11	-0.31***	0.16	-0.05	0.33***
	83	81	93	93	83	81	79	87	80	73	73	94	94	94	94	94	73

Population > 2 Million	wb3_8_1	wb3_8_2	GDP	GDPcap	NPL	NIM	ConDepo	ConAsset	BankDev	Laws	Corrupt	wb1_1_1	wb1_1_2	wb8_1	wb12_1_1	wb12_1_2	wto13d
ch_open1	-0.09	0.08	0	-0.26*	0.34**	0.17	0.1	0.11	-0.2	-0.08	-0.24	0.33**	0.12	-0.2	-0.07	0.23	0.17
	50	50	50	50	43	46	50	50	47	47	47	50	50	50	50	50	47
ch_open2	-0.08	0.23**	-0.04	-0.3***	0.23*	0.26**	0.15	0.26**	-0.31***	-0.25**	-0.29**	0.09	-0.14	-0.36***	-0.09	0.01	0.27**
	76	76	76	76	67	69	69	76	70	71	71	76	76	76	76	76	67
ch_diswb	0.22	-0.66***	0.15	0.1	0.11	-0.01	-0.13	-0.03	0.01	0	0	0.01	0.08	-0.05	-0.05	0.01	-0.04
	53	50	57	57	49	51	56	53	53	53	57	57	57	57	57	57	53
ch_diswto	0.05	-0.01	-0.11	-0.38***	0.28**	0.21*	0.19*	0.29***	-0.37***	-0.27**	-0.4***	0.06	0.04	-0.39***	-0.15	-0.05	0.22**
	84	76	94	94	79	80	82	89	86	85	85	94	94	94	94	94	81
ch_disc	0.12	-0.12	-0.09	-0.25**	0.21*	0	0.07	0.19*	-0.2*	-0.23**	-0.28**	0.11	0.12	-0.29***	-0.08	0	0.06
	84	76	94	94	79	80	82	89	86	85	85	94	94	94	94	94	81