

Chinese correspondence in Convergence and Adoption

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From 2005, China is committed to convergence with International Financial Reporting Standards (IFRS) like Japan and the United States. However, we notice that in these three convergence countries there are some important different issues related to their national Generally Accepted Accounting Principles (GAAP).

The European Committee (EC) had prepared a Working Paper on third world countries in the process of convergence their national GAAP towards IFRS. In March 2008, The Committee of European Securities Regulators (CESR) published advice to EC titled “CESR’s advice on the

equivalence of Chinese, Japanese and US GAAPs” (Ref. CESR/08-179). In its analysis, CESR found U.S. GAAP to be equivalent to IFRS for use in EU markets, and Japanese GAAP to also be equivalent to IFRS. But CESR recommends the Commission postpone a final decision on Chinese GAAP.

The purpose of this paper is to examine the characteristic of Chinese correspondence in Convergence and Adoption. The questions addressed would be : what is a China-type convergence? Is the Chinese GAAP equivalent to IFRS (between China and European Union (EU)? And what is Chinese accounting strategy.