

# **INCREASING SERVICES LIBERALISATION**

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## **SERVICES NEGOTIATIONS IN ASEAN**

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# **PERSPECTIVE OF SERVICES LIBERALISATION UNDER ASEAN**

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- **The priority in ASEAN is to accelerate the liberalisation of the services sector to complement the progress made in the goods sector.**
  - **Services liberalisation in ASEAN is to enable the sector to be opened up for ASEAN services providers before it is extended to other major trading partners with whom ASEAN is negotiating free trade area agreement with.**
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# **ASEAN ECONOMIC COMMUNITY (AEC) BLUEPRINT**

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- The ASEAN Leaders signed the Declaration on ASEAN Economic Community (AEC) Blueprint at the 13<sup>th</sup> ASEAN Summit in November 2007.**
  - Reaffirms economic cooperation and integration as key pillars of the future development of the region.**
  - Sets the target for ASEAN to achieve AEC status by 2015.**
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# **AEC BLUEPRINT**

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- **Covers 4 main pillars:**
    - i) Single Market and Production Base;**
    - ii) Highly Competitive Economic Region;**
    - iii) Region of Equitable Economic Development;**
    - iv) Region fully Integrated into the Global Economy.**
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# FREE FLOW OF SERVICES

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- **One of the five (5) core elements of ASEAN Single Market and Production Base:**

**Free flow of services – substantially *no restriction* to ASEAN services suppliers in *providing services* and in *establishing companies across national borders* within the region, subject to domestic regulations.**

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# OBJECTIVES OF AFAS

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- Facilitate the establishment of free flow of services by 2015.
  - ASEAN Framework Agreement on Services (AFAS) was signed on 15 December 1995 with the objectives to:
    - strengthen cooperation among service suppliers in ASEAN;
    - reduce restrictions to trade in services; and
    - progressively liberalise trade in services among ASEAN countries.
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# PARAMETERS OF SERVICES LIBERALISATION UNDER AFAS

Parameters	Priority Sectors (healthcare, ICT, air travel, tourism)	Logistics	Construction	Non Priority Sectors (incl. professional services)
Minimum number of <u>new sub-sectors</u> (based on GATS <u>W/120</u> )	2008 - 10 offers ;      2010 - 15 offers; 2012 - 20 offers;      2014 - 20 offers; 2015 - 7 offers.			
Mode 1 & Mode 2	“None” for both MA & NT			
	No restrictions, with exceptions due to bona fide regulatory reasons (such as public safety) which are subject to agreement by all Member States on a case-by-case basis			

# PARAMETERS OF SERVICES LIBERALISATION UNDER AFAS

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Parameters	Priority Sectors (healthcare, ICT, air travel, tourism)	Logistics	Construction	Non Priority Sectors (incl. professional services)
Mode 3: Foreign Equity Participation	51% (2008)	49% (2008)	Not specified (2006 target: >= 51%)	49% (2008)
Mode 3: Other Limitations	Max 2 types of non-equity MA Limitations for all 29 subsectors	Max 3 types of non-equity MA Limitations for all 9 subsectors	Max 3 types of non-equity MA Limitations for any 12 subsectors (as per GATS W/120 universe)	
Mode 4	Shall be improved compared to current level of commitments			

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# EQUITY TARGETS AS PARAMETERS

<u>PRIORITY SECTORS</u> (ICT, tourism, healthcare, air travel and logistics)		<u>NON PRIORITY SECTORS</u>	
<u>2008</u>	51%	<u>2008</u>	49%
<u>2010</u>	70%	<u>2010</u>	51%
<u>2013</u> (Logistics Services)	70%	<u>2015</u>	70%

# PROGRESS IN SERVICES LIBERALISATION

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- **Five Rounds of Services Negotiations have been completed resulting in 7 packages of commitments by AMS.**
  - **Bulk of offers were concluded through the Fifth Round of Negotiations:**
    - **5<sup>th</sup> and 6<sup>th</sup> Package completed.**
    - **7<sup>th</sup> Package completed end of 2008.**
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# **MUTUAL RECOGNITION AGREEMENTS (MRAs)**

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## **ASEAN MRAs signed:**

- engineering services (2005);**
  - nursing (2006);**
  - architectural services (2007)**
  - surveying qualifications(2007)**
  - medical practitioners (2008);**
  - accountancy (2008); and**
  - dental services (2008).**
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