



# IMPROVING THE GOVERNANCE OF SERVICES

CHINESE UNIVERSITY OF HONG KONG,  
1-3 JUNE 2011, HONG KONG, CHINA



Discussion points

Challenges in building the ASEAN  
Framework Agreement on  
Services

Mia Mikic

[mikic@un.org](mailto:mikic@un.org)

## POINTS TO TALK ABOUT

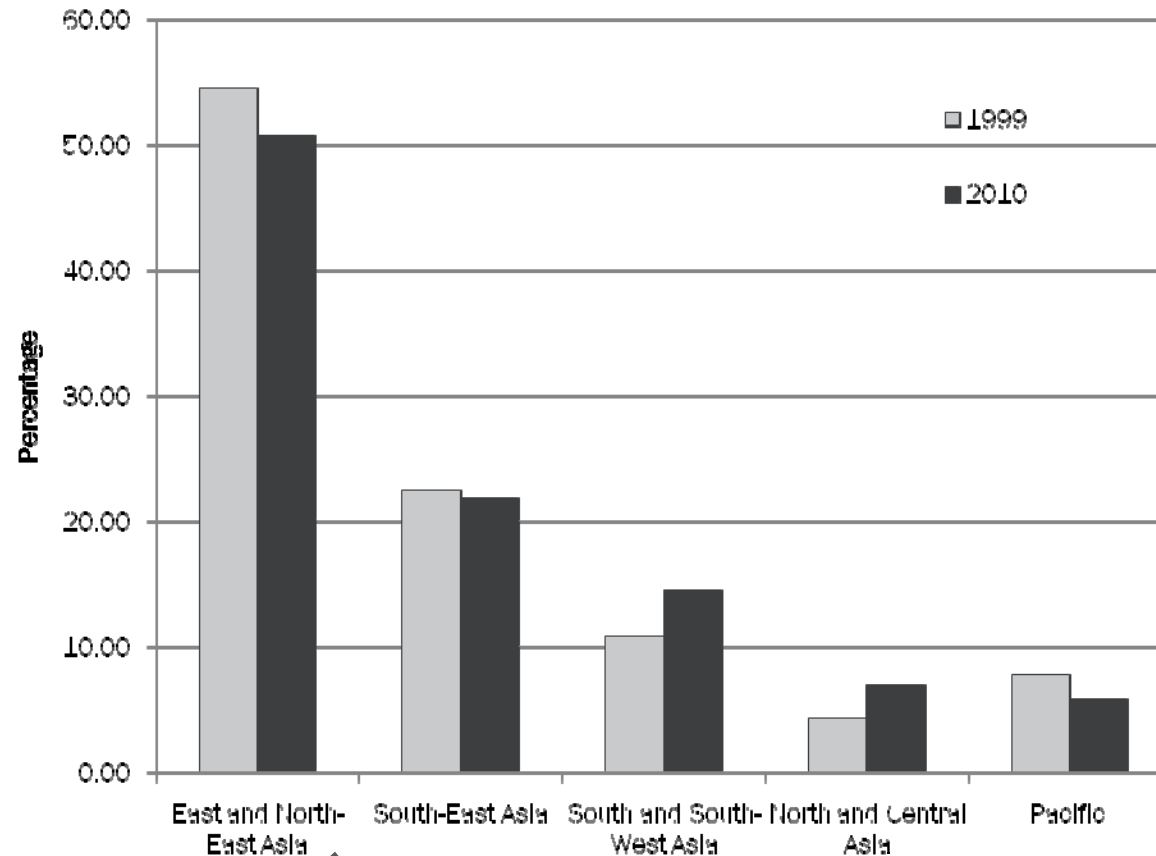
- Another look at services trade statistics
- Reasons for preferential liberalisation in services
- Relevance of GATSplus criterion?
- ARTNeT's role

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# REGIONAL SHARES IN SERVICES TRADE



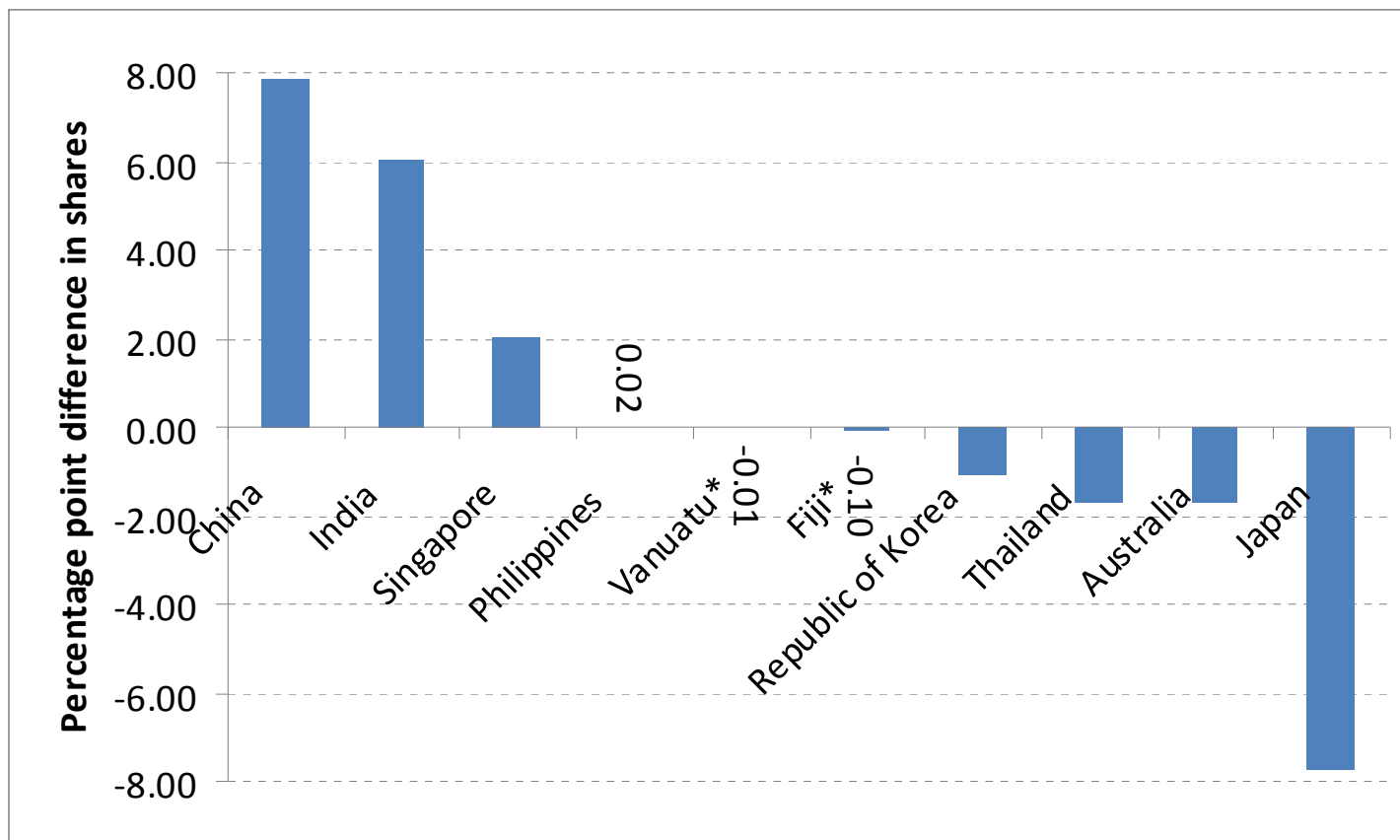
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Reasons for slow progress: 1) the lack of political will and genuine commitment to open up the service market, 2) weaknesses in the negotiation framework, 3) legal restrictions and 4) institutional limitations.

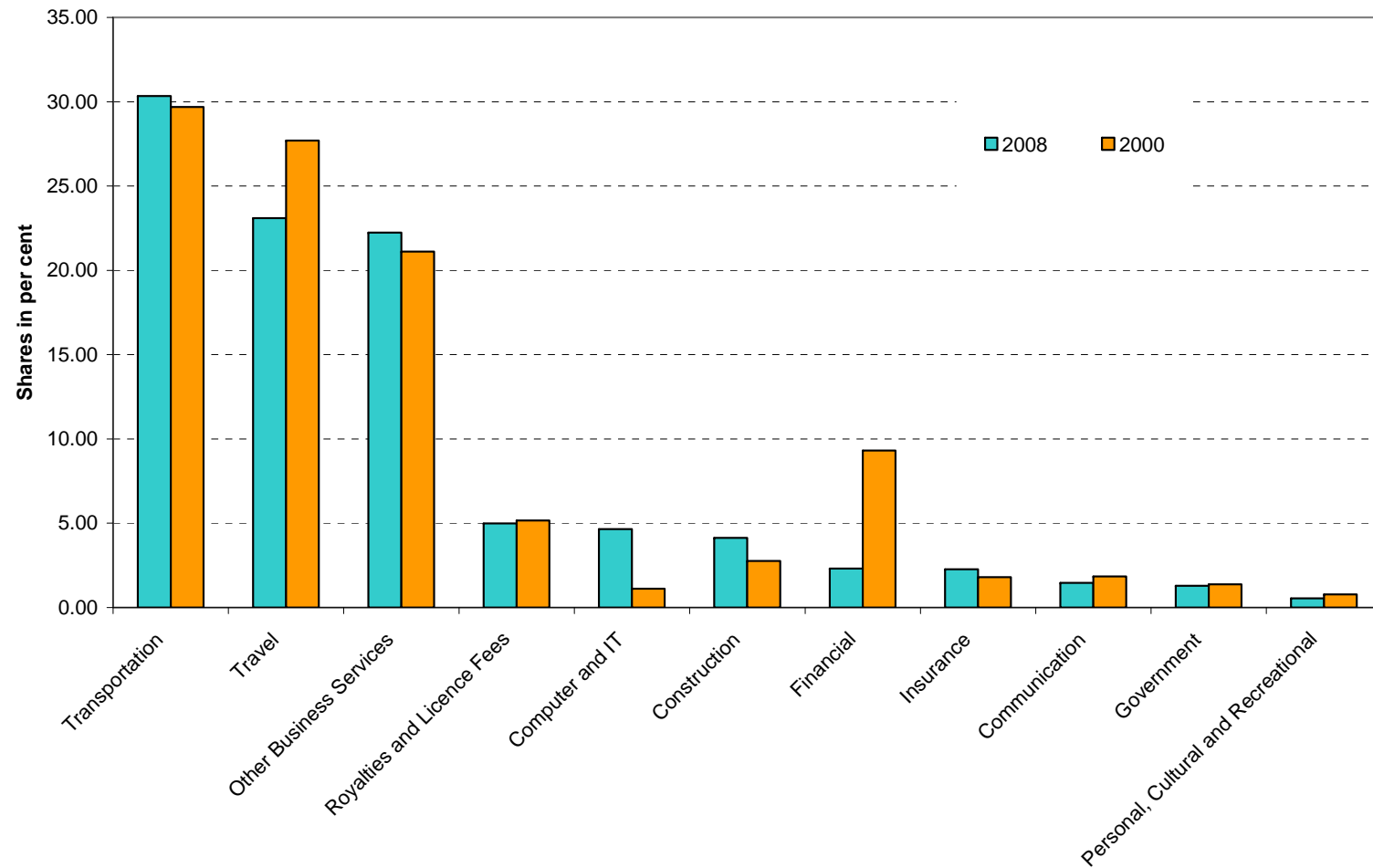
## CHANGES IN SHARES OF REGIONAL SERVICES EXPORTS, SELECTED ECONOMIES; 2010 OVER 1999 (IN PER CENT)



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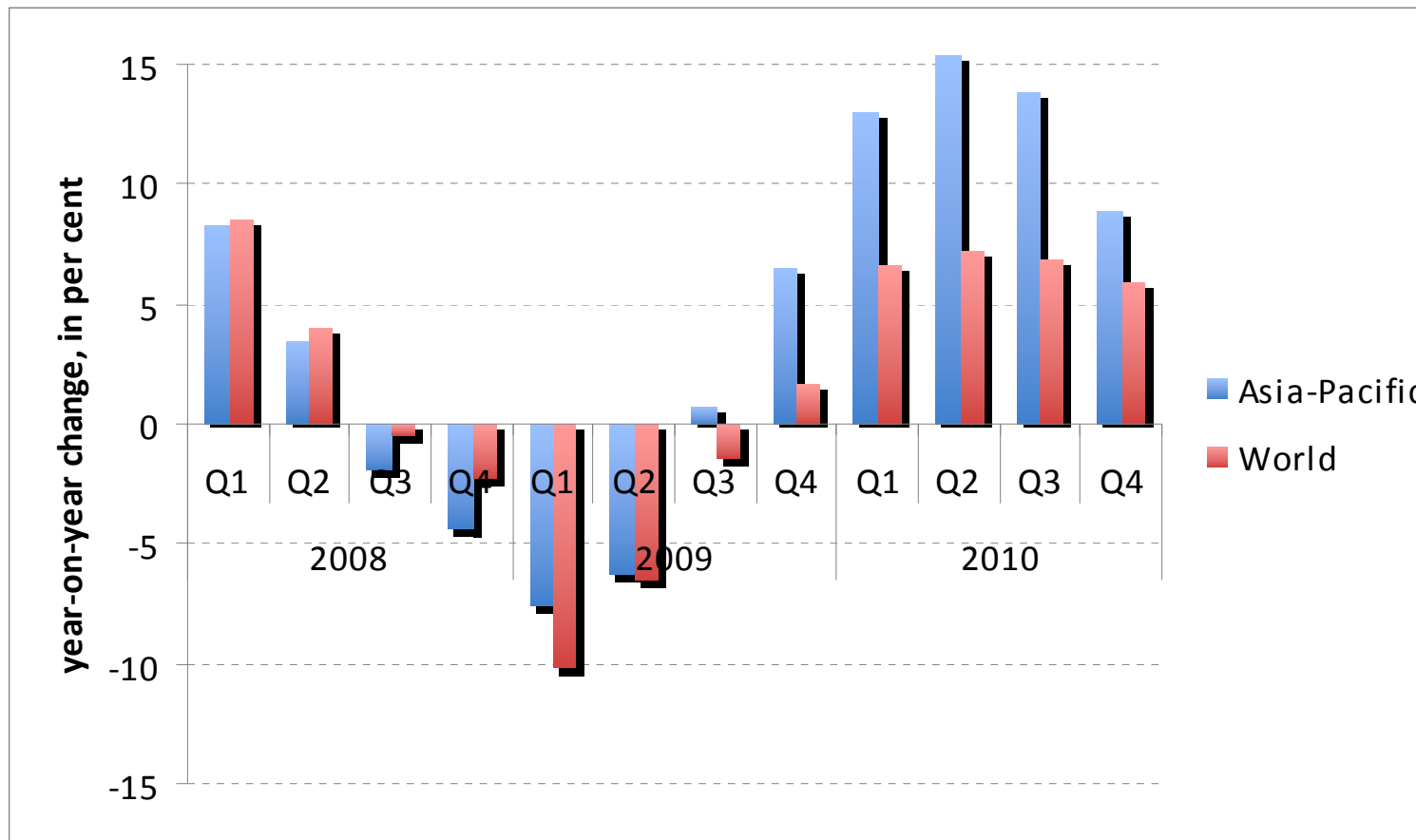


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**Services sectors trade- change  
(2000-2008)**





### Geographical breakdown of imports of total services in 2008 (in %)

Import from To	Australia	Hong Kong, China	Japan	Republic of Korea	Russian Federation	Singapore	China	India	Indonesia	Philippines	Malaysia	Thailand	USA	RoW
Australia	—	3.44	4.84	1.04	0.14	8.87	2.69	1.15	1.79	0.69	1.88	3.39	18.19	51.89
Hong Kong, China	5.21*	—	8.21*	1.74*	—	5.56*	26.46*	1.34*	0.74*	0.95*	1.55*	2.35*	14.64*	31.25*
Japan	2.51*	3.98*	—	4.79*	0.32*	5.4*	5.44*	0.37*	1.09*	1.16*	0.89*	1.87*	28.74*	43.44*
Republic of Korea	—	—	10.07	—	—	—	11.08	—	—	—	—	—	24.94	53.91
Russian Federation	0.04*	0.11*	0.55*	0.63*	—	0.14*	2.31*	0.37*	0.01*	0.01*	0.09*	0.79*	5.22*	89.73*
Singapore	2.19*	3.1*	4.97*	1.38*	—	—	2.79*	1.67*	—	—	—	—	17.61*	66.31*

\* 2007

### Geographical breakdown of exports of total services in 2008 (in %)

Export from To	Australia	Hong Kong, China	Japan	Republic of Korea	Russian Federation	Singapore	China	India	Indonesia	Philippines	Malaysia	Thailand	USA	RoW
Australia	—	3.07	4.54	3.48	0.19	7.38	8.92	5.58	1.94	0.65	2.81	1.81	11.53	48.12
Hong Kong, China	2.51*	—	6.8*	2.65*	—	2.95*	24.44*	0.82*	0.78*	0.74*	1.23*	0.95*	21.05*	35.08*
Japan	1.29*	0.21*	—	5.92*	0.39*	7.74*	6.33*	0.91*	1.23*	1.08*	0.26*	3.28*	27.1*	44.26*
Republic of Korea	—	—	12.06	—	—	—	16.15	—	—	—	—	—	20.07	51.72
Russian Federation	0.2*	0.32*	1.49*	1.3*	—	0.24*	2.21*	0.6*	0.02*	0.02*	0.07*	0.11*	8.13*	85.29*
Singapore	4.12*	4.42*	8.01*	3.35*	—	—	5.36*	3.05*	—	—	—	—	12.46*	59.23*

\* 2007

# DEEPENING INTRAREGIONAL INTEGRATION

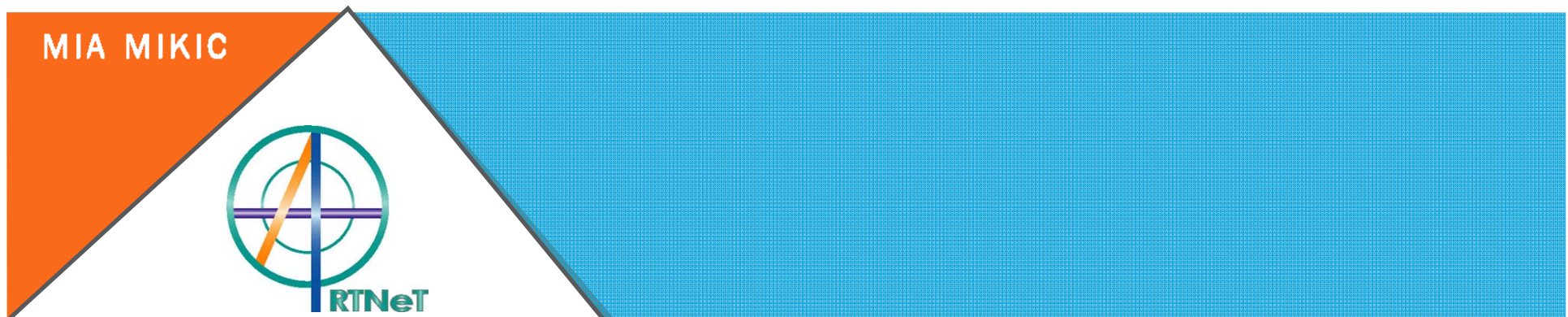
- Instrument of choice – preferential trade agreements
- Benefits for an individual economy:
  - Fosters deeper liberalization (more trade)
  - Provides/ enhances credibility to current trade regime
  - Sets the stage and promises credibility for the future reform/ liberalization
  - Promotes regulatory cooperation



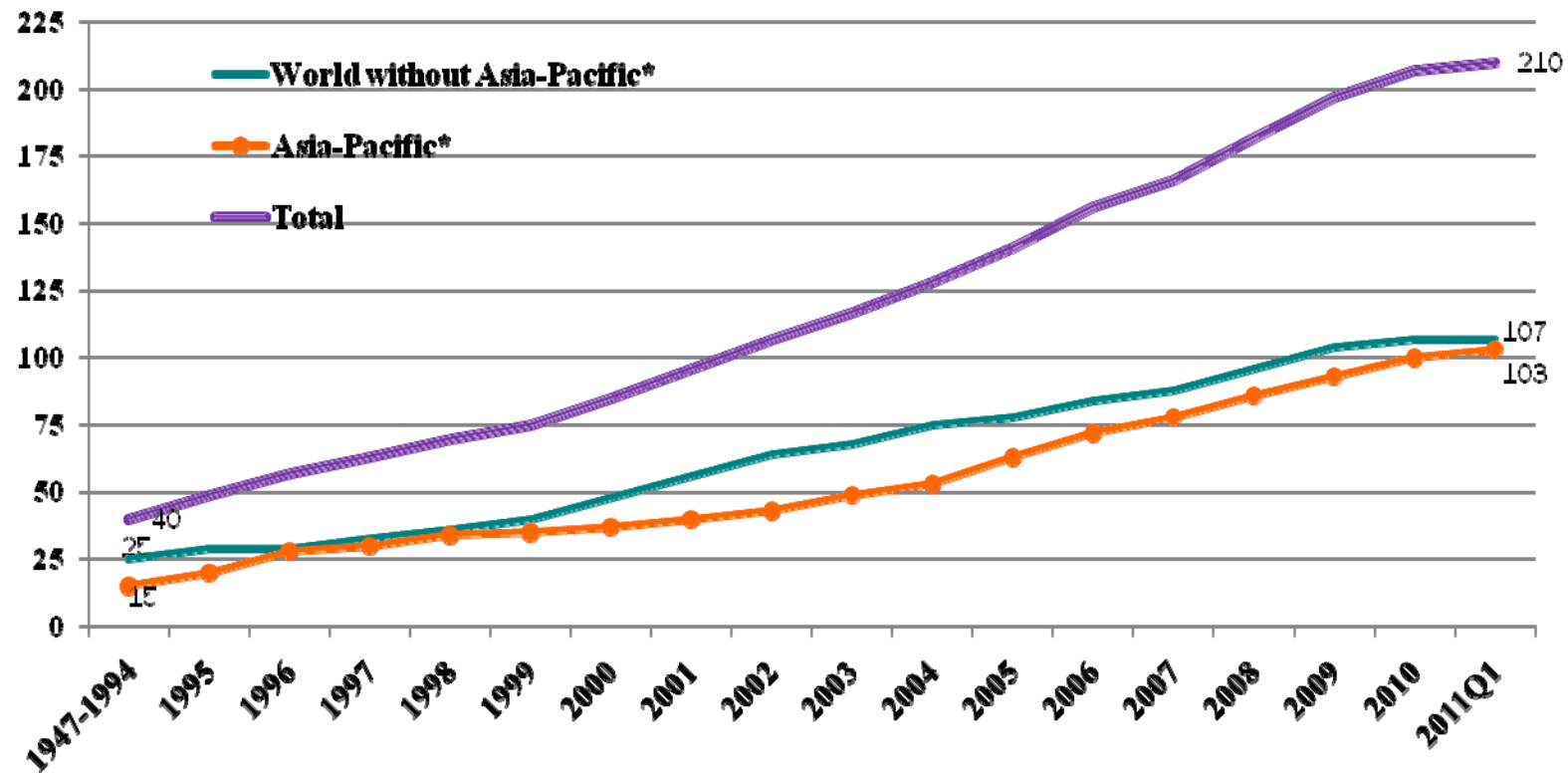


...indeed ASEAN's rationale for AFAS was announced as

- Efficiency and competitiveness of local (ASEAN) service providers
- Creation and advantage of economies of scale
- Opportunities for business complementation



# ASIA EMBRACED 'REGIONALISM'

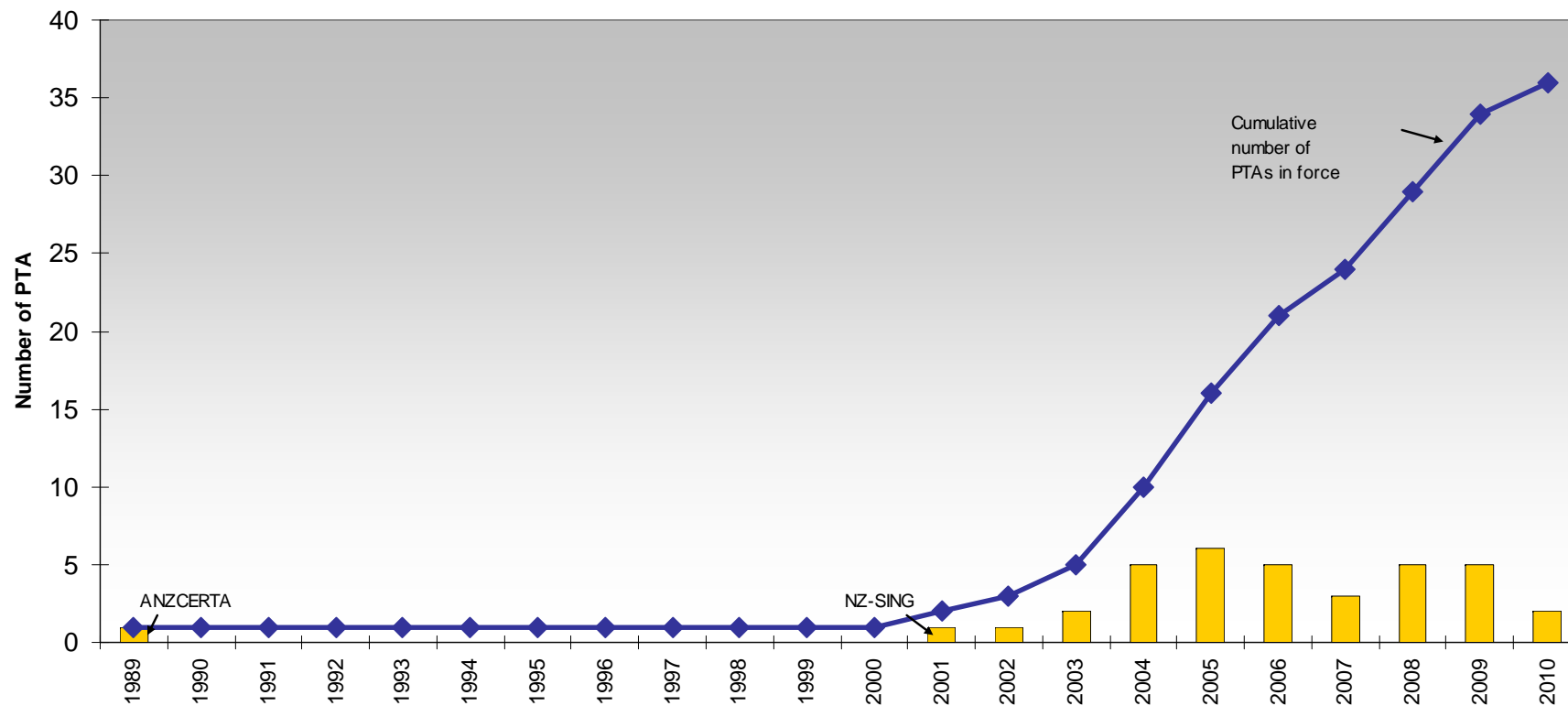


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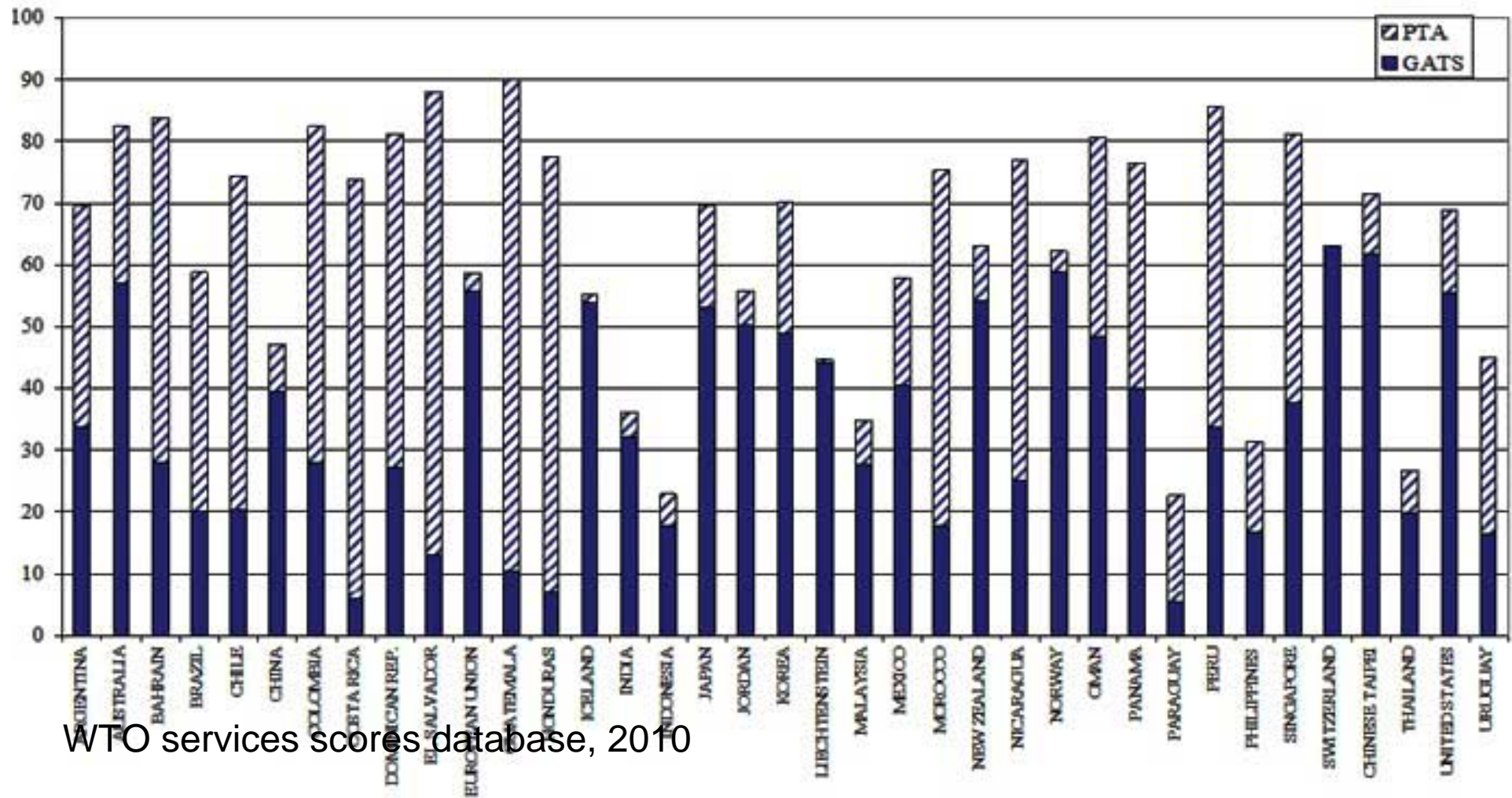
# EIAS\* – SERVICES IN FORCE WITH AT LEAST ONE MEMBER FROM ASIA-PACIFIC



\* Economic Integration Agreements

Source: WTO RTA –IS

# ARE PTAS GATS PLUS?



# RESULTS CAN BE ALSO COMPARED TO COUNTRIES' GATS COMMITMENTS

Country(rank)	Market access	National treatment	All (12) service sectors
Brunei (127)	3.57	5.14	4.35
Cambodia (250)	43.68	54.48	49.08
Indonesia (94)	11.10	7.94	9.52
Malaysia (63)	20.51	30.30	25.40
Myanmar (121)	5.97	3.91	4.94
Philippines (83)	12.22	15.35	14.08
Singapore (66)	21.01	24.30	22.66
Thailand (69)	16.86	22.59	19.73
Viet Nam (57)	26.11	34.19	30.15

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The overall GATS commitment index is a simple average of the sectoral indices



## AFAS - OVERALL STATUS

- 7<sup>th</sup> Package of Commitments for non-financial services almost concluded; latest schedules of commitments posted on the website
- 8<sup>th</sup> Package of Commitments for non-financial services- protocol for implementation signed on 28 Oct 2010 in Ha Noi
- 4<sup>th</sup> Package for financial services and 6<sup>th</sup> Package for air transport services

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## TARGETS: MODE 3 FOREIGN EQUITY

### Priority Sectors

2008 ⇒ 51%

2010 ⇒ 70%

2013 ⇒ 70%  
(Logistics)

### Other Sectors

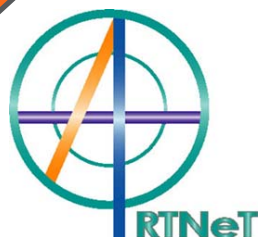
2008 ⇒ 49%

2010 ⇒ 51%

2015 ⇒ 70%  
(Non-financial)

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Market Access limitations  
National treatment limitations

# BENEFITS FROM REGIONAL LIBERALIZATION COULD BE SIGNIFICANT

- 🇷🇸 Promotion of open borders for services trade
- 🇷🇸 Development of improved rules and architecture for services trade
- 🇷🇸 Promotion of domestic regulatory reform
- 🇷🇸 Fostering ongoing talks and maintaining interest in services sector (liberalization)
- 🇷🇸 Provision of 'signalling effect' of the intentions of governments, locally and internationally

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# EMPHASIS ON TRANSPARENCY AND INCLUSIVITY

- 🕒 Develop best practice tools to notify policy, procedural and regulatory changes (note: how does this compare to WTO notifications?)
- 🗣️ Better communication with the private sector in order to enhance its role in further liberalization
- 🤝 Bilateral and regional cooperation on temporary migration
- 👤 Human resource capacity building is critical

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# NEED FOR DATA AND ANALYSIS

- Paucity of data in relation to services is great – need to collect more services data at the subsector level; inventory of regulatory policies; evaluation of liberalization associated with unilateral or other initiatives
- Empirical literature is generally lacking and more research is needed





# ARTNet

DATABASES AND TOOLS



UNESCAP Asia-Pacific Research and Training Network on Trade (ARTNeT) - Windows Internet Explorer

http://www.unescap.org/tid/artnet/services.aspx

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**ARTNeT Services Trade**

ARTNeT Services Trade and Regulation

A knowledge platform on services-related material produced by ARTNeT, its members and partners

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The ARTNeT Services Trade and Regulation platform to provide enhanced access to resources relating to trade and regulation in services, including links to trainings and publications, as well as to databases of statistics and regulations of relevance to services. ARTNeT researchers and partners are welcome to contribute relevant resources to this site by contacting the ARTNeT Secretariat at [artnetontrade@un.org](mailto:artnetontrade@un.org).

Events

**Conferences and Workshops**

- ADB/ARTNeT Regulating services for inclusive and sustainable development of Asia and the Pacific (11-12 Oct 2010)
- International Seminar "Selected Outstanding Issues in Services, Trade and Development"

**Trainings**

No upcoming events at present time

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Towards a Services Trade Restrictiveness Index (STRI)  
[http://www.oecd.org/document/44/0,3343,en\\_2649\\_36344374\\_42793900\\_1\\_1\\_1\\_37431,00.html](http://www.oecd.org/document/44/0,3343,en_2649_36344374_42793900_1_1_1_37431,00.html)

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**Policies and regulation affecting services trade**

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- APEC
- ASEAN
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Network of Experts and Regulators

Title : Mr.

Name : \*

Job title : \*

Organization / Institution : Please write in this format: Name, (Acronym)

Country : Hong Kong

Phone : Please write in this format: e.g. +66 (0) 2288 2250

Email : \*

Main area of expertise : ASEAN Economic Community

Other area of expertise :

(\*) Mandatory Field

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