

**ASEAN INTEGRATION IN SERVICES**



**ASEAN Integration in Services**

The ASEAN Secretariat Jakarta

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# Introduction

*“Free flow of trade in services is one of the important elements in realising ASEAN Economic Community, where there will be substantially no restriction to ASEAN services suppliers in providing services and in establishing companies across national borders within the region, subject to domestic regulations.” (ASEAN Economic Community Blueprint, November2007)*

Trade in services is one of the core fundamentals in ASEAN economic integration. The initiative formally started in 1995 through signing of the ***ASEAN Framework Agreement on Services (AFAS)****,* which was two years after ASEAN launched the initiative to work towards ASEAN Free Trade Area (AFTA) for trade in goods through the ***Agreement on Common Effective Preferential Tariff Scheme for the AFTA (CEPT)*** signed in 1993. AFAS provides the mandate for progressive negotiations on the liberalisation of trade in services, recognising that intra- ASEAN services liberalisation will strengthen the flow of trade and investment in the services sector among ASEAN Member States, and will eventually contribute to overall economic integration in theregion.

AFAS is based closely on the provisions of the ***General Agreement on Trade in Services (GATS)***, the first multilateral agreement on services which was concluded under the ***Uruguay Round*** of multilateral trade negotiations1 in 1994. Subsequent decisions were made to further strengthen the services liberalisationinASEAN,whileremainingconsistentwiththeGATSprovisions.

Free flow of services is an essential element in building the ***ASEAN Economic Community(AEC)***,asenvisagedtoberealisedinyear2020bytheASEANHeads of States/Governments through the ***Declaration of Bali Concord II***2 issued in 2003. The subsequent decision at the 11th ASEAN Summit in December 2005 to accelerate the liberalisation of trade in services by 2015, re-affirms the seriousness of ASEAN to further integrate its services sector and deepen its economic integration process.3 In November 2007, ASEAN economic integration was taken another step further when Heads of State/Government, at the 13th ASEAN Summit on 20 November 2007 in Singapore, adopted the ***ASEAN Economic Community (AEC)Blueprint***4.

The AEC Blueprint aims to transform ASEAN into a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy. In the context

1 Compare this with the General Agreement on Tariffs and Trade (GATT) signed in 1947, which is the first multilateral agreement on trade

in goods. In addition to the GATS, the Uruguay Round also resulted in the establishment of World Trade Organisation (WTO).

2 Declaration of ASEAN Concord II done at the 9th ASEAN Summit held on 7 October 2003 in Bali, Indonesia (hence commonly referred to as “Bali Concord II”).

3 Subsequently, at the 12th ASEAN Summit in January 2007 ASEAN Heads of States/Governments accelerated the establishment of the ASEAN Community to 2015 in all three pillars of the ASEAN Community- i.e. the Political Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC).

4 <http://www.asean.org/archive/5187-10.pdf>

of trade in services, the Blueprint provides essential mandate for the subsequent liberalisation of trade in services in ASEAN, through specific actions, targets, and timelines to achieve free flow of services in ASEAN as part of the goal of the integrated single market and productionbase.

This publication marks the 4th edition of ASEAN Integration in Services. It aims to provide not only updated information on the latest ASEAN efforts and achievements in regional trade in services integration; but also with more details as data and information become more available.The following sections provide an overview of trade in services in ASEAN, the institutional processes in ASEAN for services liberalisation, the status and outcomes of the liberalisation under AFAS, development of initiatives related to Movement of Natural Persons, and latestupdateofASEANFreeTradeAgreementsinvolvingTradeinServices.

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ASEAN INTEGRATION IN SERVICES



# International Integration of Trade in Services

### B1.The Importance of Services in Economic Development

Services consist of diverse activities ranging from basic services such as healthcare, education and water-provision to infrastructure services such as telecommunications,transportandenergyservices.Servicesfeedintothebusiness activitiesinallsectorsincludingmanufacturingandprimaryeconomicactivitiessuch as agriculture and mining. Services themselves are likewise final economic output in their own right. The quality and efficiency of services provision have significant impact on effectiveness of infrastructure building and efficiency of trade facilitation, hence overall competitiveness, of anyeconomy.

The availability and quality of some service sectors, such as healthcare and education, are directly affecting the achievement of social and development goals. Likewise, the development of various services sectors carries social impacts such as employment, poverty reduction, human development, gender equality, and so on.

Servicesareincreasinglyimportantcomponentsofeconomicoutputinanycountry. While agriculture and manufacturing remain very important, services continue to gain importance and share in any country’s ***Gross Domestic Product(GDP)***.

Withrapidadvancesin***InformationandCommunicationTechnology(ICT)***since the1990s,aswellasincreasedefficiencyfortransportofgoodsandpeopleacross national boundaries, the variety of sectors and volume of services provided across national boundaries are rising fast. More and more people are traveling abroad to consume tourism, education and medical services, as well as to supply services ranging from construction to software development. Likewise, more and more business transactions and delivery of services projects such as engineering design and financial market consultancy are undertaken through electronic channel such as internet and other telecommunicationnetwork.

Not surprisingly, therefore, trade and ***Foreign Direct Investment (FDI)*** in services have grown faster than in goods in the past few decades.

### B2.The Case for International Integration in Trade in Services

Despiteitsgrowingimportance,internationaltransactionsinservicescontinuetobe impededbypolicybarriersimposedbygovernmentsacrosstheglobe,especiallyto foreign investment and the movement of service-providingindividuals.

Liberalisation of impediments to international trade in services is critical in many respects. It generates higher export earnings and employments for liberalising

countries and also promotes higher quantity and quality of services for them. On a longer term, liberalisation enhances competition and investment in the service sectors while ensuring greater regulatory transparency. Notwithstanding, challenges do exist in promoting genuine competition, building the regulatory institutions needed to remedy market failures, appropriately sequencing service- sector reforms, and establishing mechanisms to promote the availability of essential services especially among thepoor.

While governments can initiate services reforms unilaterally, international engagement can facilitate the process. International negotiations for liberalisation of services trade often catalyse the market opening and regulatory reform among the participating countries. In parallel to this process, typically there is also international regulatory cooperation intended to help countries (particularly developing countries) to strengthen and improve their service sectors’ regulation and establish the implementing institutions. Indeed, international integration in trade in services plays an important role in overall international economic integration.

### B3.International Efforts in Integration in Services

Multilateral agreement for trade in goods has existed since 1947 through an agreement known as the ***General Agreement on Tariffs and Trade (GATT)*** and spurred the growth of international trade throughout the world. It was only after almost half a century later, trade in services were integrated into the multilateral trading system through the General Agreement on Trade in Services (GATS) signed in 1994 and come into force on 1 January 1995. GATS was negotiated and concluded under the Uruguay Round of multilateral trade negotiations which also resulted in the establishment of ***World Trade Organisation(WTO)***.

GATS lay the framework for international obligations and disciplines on regulating trade in services. It binds the commitment of the WTO members to a certain degreeofmarketopeninginvariousservicessectorsandsubsectors,asstipulated in their respective so-called schedules of commitments. It also defines standards of transparency (such as the obligation for WTO members to publish all measures falling under the agreement) and several other disciplines on good governance for the servicessectors.

International efforts to further integration in services do not stop there. In fact, further multilateral services negotiations under the GATS itself had started since November 2001 under the ***Doha Development Agenda (DDA)***, a process which is to-date still continuing. In addition to the GATS, international agreements to further liberalise trade in services proliferate across various parts of the world, whether at bilateral, regional, or multilateral levels. Generally, these services agreements are negotiated as part of negotiation for a broad economic agreement between two or more countries, mostly referred to as ***Free Trade Agreement (FTA)***. Trend for FTAs has mainly been intensified since the2000s.

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ASEAN INTEGRATION IN SERVICES



# C.Services Sector in ASEAN Economy

Services is a sizeable and continuously expanding component of ***Gross Domestic Product*** (GDP) in ASEAN economies. As of 2013, an average ASEAN Member State now generates about 45% to 55% of its GDP from the services sectors, as compared to the agriculture and industrial sectors. Even the lowest among ASEAN MemberStates,Myanmar,nowgenerates38%ofitsoutputfromtheservicessector,

while Singapore as the highest among ASEAN Member States generates 72%.

##### Chart 1

**Services as Percentage of GDP, 2013**

50% 60% 70% 80%

30% 40%

2013

0% 10% 20%

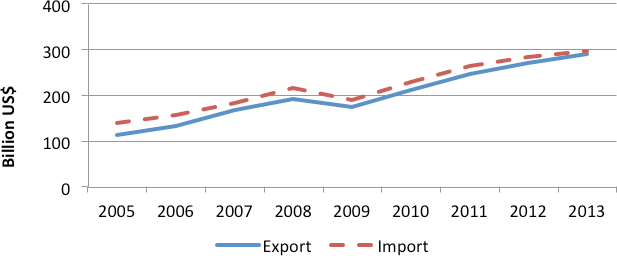
Brunei Darussalam

Cambodia Indonesia Lao PDRMalaysia Myanmar Philippines Singapore Thailand Viet Nam

*(Source: ASEANStats, 2015)*

Intermsoftrade,ASEAN’sexportofservicesgrewfromUS$113.6billionin2005to US$ 291.9 billion in 2013 or an average of 12.5% annual growth. Within the same period, ASEAN’s import of services increased from US$ 140.7 billion to US$ 298.6 billion or an average of 9.9% annual growth. Note that there was a decrease of trade volume around 2008-2009 affected by the global economic downturn around thatperiod.

##### Chart 2

**ASEAN’s Export and Import of Services**

*(Source: ASEANStats, 2015)*

During this 2007-2013 period, ASEAN Member States exported around 18% to 20% of their services to other Member States, and imported around 14% to 15% of their services from other MemberStates.

##### Chart 3

**Intra-ASEAN Trade in Services**



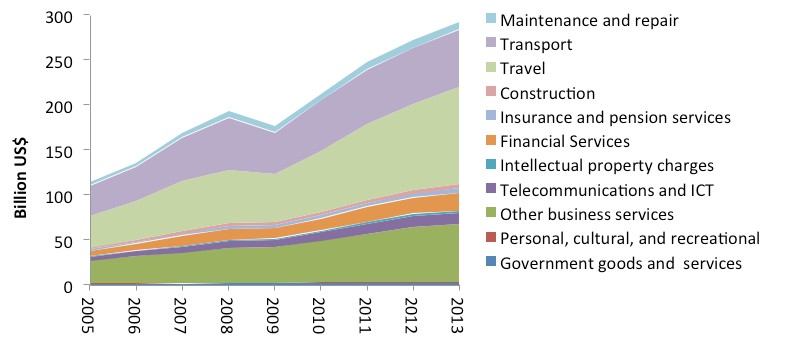
*(Source: ASEANstats, 2014)*

In terms of the 11 services sectors classified according to the BPM5 standard5 , the most significant sectors of ASEAN export and import of services are transport, travel and other business services6. As of 2013, ASEAN’s export of transport, travel and other business services comprised 21.8%, 37.1% and 22.1% of total export, respectively. For the same year, ASEAN’s import of theseservices

comprised 35.2%, 20.9% and 20.8% of total import, respectively.

##### Chart 4

**ASEAN Export of Services by Sectors**



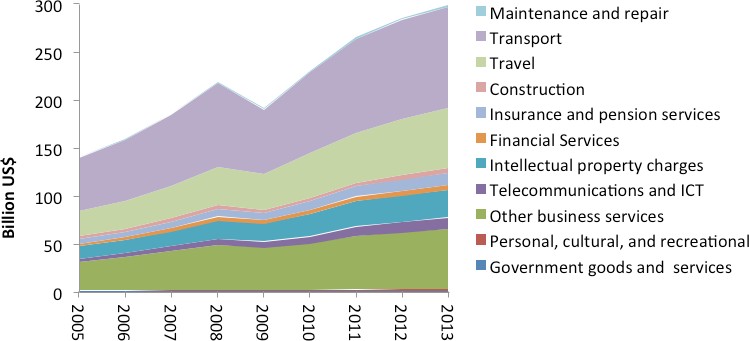
*(Source: ASEANStats, 2015)*

5 BPM5 refers to the fifth edition of the IMF Balance of Payments Manual.

6 Other business services include merchanting and trade-related services; operational leasing; and business professional and technical services (such as legal, accounting, advertising, and so on).

##### Chart 5

**ASEAN Import of Services by Sectors**

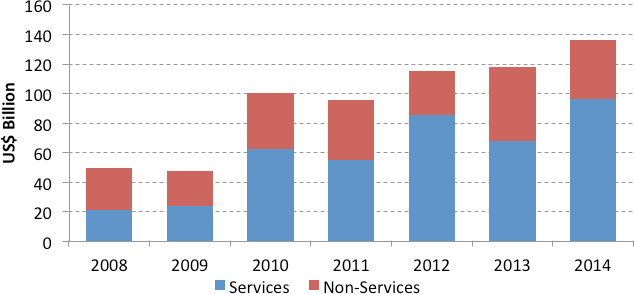


*(Source: ASEANStats, 2015)*

Services sectors also attracted substantial amount of Foreign Direct Investments (FDI) in the last decade reaching abaut 40-50% of total FDI flow into ASEAN since 2010.

##### Chart 6

**FDI Inflow to ASEAN by Sector**



*(Source: ASEANStats, 2015)*

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# D.Liberalisation of Trade in Services in ASEAN

## ASEAN Framework Agreement onServices

Following the signing of the ***General Agreement on Trade in Services*** (GATS) of the ***World Trade Organization*** (WTO) in 1994, the ***ASEAN Economic Ministers (AEM)*** signed the ASEAN Framework Agreement on Services (AFAS)7 on 15 December 1995 during the 5th ASEAN Summit in Bangkok, Thailand. The signing of AFAS was a gesture of recognition of ASEAN on the growing importance of services to its economy and the need to enhance and strengthen trade in services within ASEAN.

AFAS aims to:

* Enhance cooperation in services amongst Member States in order to improve the efficiency and competitiveness, diversify production capacity, and supply anddistributionofservicesoftheirservicesupplierswithinandoutsideASEAN.
* EliminatesubstantiallyrestrictionstotradeinservicesamongstMemberStates.
* Liberalise trade in services by expanding the depth and scope of liberalisation beyond those undertaken by Member States under the GATS with the aim to realising a free trade area inservices.

AFAS provides the legal framework for setting out the broad parameters that enables Member States to progressively improve market access and provide national treatment to services suppliers of ASEAN Member States.8 All AFAS rules are consistent with international rules for trade in services as provided for under the GATS*9*.

As mentioned above, one of the objectives of AFAS is to liberalise services trade towards achieving liberalisation beyond Member States’ commitments under GATS. This is often referred to as the ***GATS-plus*** principle. It means that ASEAN Member States shall schedule commitments under AFAS that go beyond their GATS commitments or offer new service sectors/sub-sectors that have not been scheduled under GATS10 . With the adoption of the ASEAN Economic Community (AEC) Blueprint in 2007, ASEAN stepped up its effort to further liberalise towards the goal of free flow of services, according to the bi-annual targets and thresholds as laid out under the AEC Blueprint and additional parameters set forth by the AEM.

7 <http://www.asean.org/news/item/asean-framework-agreement-on-services>

8 See Appendix 2for technical explanations of “Market Access” and “National Treatment”.

9 [http://www.wto.org/english/docs e/legal e/26-gats.doc](http://www.wto.org/english/docse/legale/26-gats.doc)

10 When AFAS was signed in 1995, Cambodia, Lao PDR, and Myanmar had not joined ASEAN, while Cambodia, Lao PDR, and Viet Nam were not WTO Members. All are now ASEAN members and have acceded to the WTO. WTO commitments have since been integrated into AFAS schedules. For non-WTO Members, commitments scheduled are expected to be no less favourable than their existing services regime.

## InstitutionalMechanism

The ASEAN Economic Ministers Meeting (AEM) is the Ministerial body overseeing the implementation of AFAS and liberalisation of services sectors, except for financial services which is under the ***ASEAN Finance Ministers and Central Bank Governors Meeting (AFMGM)***, and air transport services which is under the ***ASEAN Transport Ministers Meeting(ATM)***.

At officials’ level, the policy work of trade in services liberalisation is currently

undertaken by four sectoral bodies:

* The***CoordinatingCommitteeonServices(CCS)***whichreportstotheASEAN

Economic Ministers through the Senior Economic Officials Meeting (SEOM);

* The ***Coordinating Committee on Investment (CCI)*** which reports to the ASEAN Economic Ministers – ASEAN Investment Area Council (AEM-AIA Council) through the Senior Economic Officials Meeting(SEOM);
* The ***Working Committee on ASEAN Financial Services Liberalisation undertheAFAS(WC-FSL)***whichreportstotheASEANFinanceMinistersand Central Bank Governors Meeting (AFMGM) through the ASEAN Finance and Central Bank Deputies Meeting (AFCDM);and
* The ***Air Transport Sectoral Negotiation (ATSN)*** of the Air Transport Working Group (ATWG) which reports to the ASEAN Transport Ministers (ATM) through the Senior Transport Officials’ Meeting(STOM).

### Coordinating Committee on Services(CCS)

The ***Coordinating Committee on Services (CCS)*** was established in January 1996, subsequent to the signing of the ASEAN Framework Agreement on Services (AFAS). The CCS comprises officials responsible for coordinating liberalisation in trade in services and are generally represented by the officials from ministry of trade/commerce or economic planningagency.

During its earlier time, CCS was tasked to undertake services integration initiatives under the AFAS with emphasis on 7 priority sectors: air transport, business services, construction, financial services, maritime transport, telecommunications, and tourism (Bangkok Declaration, 1995)11 .

Following the decision of the Informal AEM Meeting in June 1999, there was a realignment of responsibilities, with the CCS mandated to undertake work on the integration of all services sectors, except for air transport, financialservices12;andsince2001,alsoexcludesservicesincidentalto

11 The Bangkok Declaration made at the 5th ASEAN Summit that also witnessed the signing of AFAS.

12 The Informal AEM meeting held in June 1999 in Auckland, New Zealand, agreed that work in services sectors that fall under the purview ofotherMinisterialBodiesshallbeledbytheserespectiveMinisterialBodies,andareasnotcoveredbyanyexistingASEANbodieswould continuetobeunderthepurviewoftheCCS/SEOM/AEM.However,overallcoordinationofliberalisationinserviceswouldstillbeunderthe purview of the AEM/SEOM. At the 33rd AEM meeting held in September 2001 in Ha Noi, Viet Nam, it was noted that the Tourism Sectoral Working Group, Maritime Transport Sectoral Working Group, and the Telecommunication Negotiation Group indicated readiness to return to CCS for subsequent rounds ofnegotiations.

manufacturing, agriculture, fishery, forestry, and mining and quarrying. These

services sectors were transferred to other ASEAN bodies as listed above.

There have been six sectoral working groups established under the CCS process, covering business services, construction, healthcare, logistics and transport services, telecommunication and IT services, and tourism, plus a caucus on education services. At present, only the business services, healthcare, logistics and transport services, and telecommunication and IT services sectoral working groups actively meet back-to-back with the CCS. Notwithstanding these formalised arrangements, ASEAN Member States shall undertake integration activities and/or make commitments in the whole range of the servicessectors.

### Coordinating Committee on Investment(CCI)

The Coordinating Committee on Investment (CCI) was established at the inaugural meeting of the ***ASEAN Investment Area (AIA) Council*** in October 1998, and tasked to assist the Council in implementing the AIA Agreement13. Through a subsequent Protocol to Amend the Framework Agreement on the ASEAN Investment Area14 signed in 2001, the portfolio on the economic integration of services incidental to manufacturing, agriculture, fishery, forestry, and mining and quarrying was transferred to the AIA process (i.e. the CCI) in ordertoensurecoherencewithCCI’sexistingworkportfolioininvestmentinthe manufacturing, agriculture, fishery, forestry, and mining and quarryingsectors.

In 2008, ASEAN concluded the ***ASEAN Comprehensive Investment Agreement (ACIA)***15 which consolidated the AIA and the 1987 ASEAN Agreement for the Promotion and Protection of Investments and its protocols. Under the ACIA, investment in all sectors, including these services sectors, would be deemed liberalised unless reservations are scheduled in respect of national treatment and senior management and board of directors in these sectors.

### WorkingCommitteeonASEANFinancialServicesLiberalisation undertheASEANFrameworkAgreementonServices(WC-FSL)

The Working Committee on ASEAN Financial Services Liberalisation under the ASEAN Framework Agreement on Services (WC-FSL) was established at the 4th ASEAN Finance Ministers Meeting (AFMM) held on 25-26 March 2000 in Bandar Seri Begawan, Brunei Darussalam. It was known by its abbreviatednameofthe“WC-AFAS”untilthedecisionofits12thMeetingheld

13 <http://www.asean.org/images/2012/Economic/AIA/Agreement/Framework%20Agreement%20on%20the%20ASEAN%20Investment%20>Area%20(AIA)%201998.pdf

14 <http://www.asean.org/images/2012/Economic/AIA/Agreement/Protocol%20to%20Amend%20the%20Framework%20Agreement%20>on%20the%20ASEAN.pdf

15 <http://www.asean.org/images/2012/Economic/AIA/Agreement/ASEAN%20Comprehensive%20Investment%20Agreement%20>(ACIA)%202012.pdf

on 26 February 2007 in Pattaya, Thailand, to adopt the abbreviation “WC-FSL/ AFAS” and subsequently referred to in short as “WC-FSL”. WC-FSL reported to the ASEAN Finance Ministers Meeting (AFMM) through the ASEAN Finance and Central Bank Deputies Meeting (AFDM). Following the decisions of the ASEAN Finance Ministers, Central Bank Governors, and their Deputies at their meetings on 21 and 19 March 2015 in Kuala Lumpur, Malaysia to adopt new names; WC-FSL now reports to the ASEAN Finance Ministers and Central Bank Governors Meeting (AFMGM) through the ASEAN Finance and Central Bank Deputies Meeting(AFCDM).

### Air Transport Sectoral Negotiations(ATSN)

The Air Transport Sectoral Negotiations (ATSN) is a specific negotiating group under the ***Air Transport Working Group (ATWG)*** which undertakes work on the liberalisation of air transport services under AFAS. It was established in January 2000 following the instructions of the 5th ***ASEAN Transport Ministers (ATM)*** Meeting in September 1999 in Ha Noi, Viet Nam, which tasked the ***Senior Transport Officials Meeting (STOM)*** process to include AFAS transport services liberalisation in their work programme through the relevant Working Groups.16

### AFAS Liberalisation under the ASEAN Economic Ministers (AEM)

AFAS Article IV requires Member States to enter into negotiations on measures affecting trade in specific service sectors, and the results shall be set out in schedules of commitments. Initially, the negotiations were organised in rounds of negotiations, each round lasted for three-year. Approach and parameter for liberalisation were set for each respective round. After four rounds, liberalisation wasundertakenbasedonasetoftargetsandtimelinesasstipulatedintheASEAN Economic Community (AEC) Blueprint (see section D.3.2 below for details) as well as other applicable decisions of theAEM.

The results of negotiations are formalised as Packages of Schedules of Commitments under the AFAS, which provide for details of liberalisation of the services sub-sectors where commitments are made. The AFAS Packages are implemented via Protocols signed by the AEM. ASEAN has so far concluded nine packages of commitments in a wide range of services sectors under the purview of ASEAN Economic Ministers (AEM). These packages are implemented via Protocols signed by the AEM and provide details of liberalisation of the services sub-sectorswherecommitmentsaremade.17These8packagesareasfollows:

16 Please cross-refer to the decision of the Informal AEM meeting in June 1999 explained above that works in services sectors that fall under the purview of other Ministerial Bodies shall be led by these respective Ministerial Bodies, and the subsequent return of Maritime Transport negotiations back to CCS in2001.

17 See Appendix 2 for technical explanations on the schedules of services commitments.

Round 1 (1996 – 1998)

st

* 1 Package, signed on 15 December 1997 in Kuala Lumpur,Malaysia

nd

* 2 Package, signed on 16 December 1998 in Ha Noi, VietNam

Round 2 (1999 – 2001)

* 3rd Package, signed by 31 December 2001 (Ad-ReferendumSigning)

Round 3 (2002 – 2004)

* 4th Package, signed on 3 September 2004 in Jakarta,Indonesia

Round 4 (2005 – 2006)

* 5th Package, signed on 8 December 2006 in Cebu, thePhilippines
* 6th Package, signed on 19 November 2007 inSingapore

2007 – 2015

* 7th Package, signed on 26 February 2009 in Cha-am,Thailand
* 8th Package, signed on 28 October 2010 in Ha Noi, VietNam
* 9th Package, signed by 27 November 2015 in Makati City, the Philippines

ThecompilationofAFASservicescommitmentsofeachASEANMemberStatecan be downloaded from the ASEAN Secretariat website18. Each succeeding Package contributes to progressively deeper level and wider coverage of ASEAN Member States’ commitment to substantially eliminate restrictions to trade in services among them. It should be noted that beginning from the 5th Package, all the GATS and previous AFAS commitments were consolidated into a single comprehensive schedule19 along with new and improved commitments made under this and subsequent packages.

### Approach of Liberalisation under the AFAS Liberalisation First Round(1996–1998)

The Bangkok Declaration of the 5th ASEAN Summit in 1995 called for immediate commencement of the first round of negotiations starting 1 January 1996 to be concluded no later than 31 December 1998. The negotiations will give emphasis to financial services, maritime transport, telecommunications, air transport, tourism, construction, and business services. During this round, ASEAN adopted ***Request and Offer Approach*** for its services liberalisation similar to the approach undertaken under the GATS. ASEAN Member States exchanged information among them on each other’s GATS commitments and services trade regime, and then request each other for further liberalisation in the above-listed sectors.

18 <http://www.asean.org/news/item/member-countries-horizontal-commitments-schedules-of-specific-commitments-and-the-list-of-most->

favoured-nation-exemptions

19 Excluding commitments made in financial services, air transport, and services incidental to manufacturing, agriculture, fishery, forestry,

and mining and quarrying. Please cross-refer to section E above on the institutional mechanism.

### Second Round (1999– 2001)

ASEAN adopted a ***Common Sub-Sector Approach*** in this round as per ***Parameters to Guide Liberalisation in Trade in Services*** endorsed by the 31st ASEAN Economic Ministers (AEM) at their 31st Meeting held on 30 September 1999 in Singapore, which stipulatesthat:

* + - * In the short-term, the target will be for all Member States to make commitments in common sub-sectors. A common services sector/sub- sector is defined as a service sector/sub-sector in which four or more ASEAN Member States have made commitments under the GATS or previous AFASpackages.
      * Inthelong-term,thetargetwillbetoachievefreeflowofservicesinall

services sectors and all modes of supply.

Underthisapproach,MemberStateswererequestedtoschedulecommitments in the identified common sub-sectors, which shall be extended to all other ASEAN MemberStates.

### Third Round (2002–2004)

ASEAN adopted the ***Modified Common Sub-Sector Approach*** in this round. The approach is basically the same as the Common Sub-Sector Approach explained above, except that the threshold was made more rigorous to include sub-sectors where three (3) or more Member States had made commitments under the GATS and/or previous AFAS packages, instead of four or more Member States; thus increasing the number of sub-sectors to be liberalised.

Duringthisperiod,ASEANalsocameupwithanewapproachof***ASEANMinus X Formula*** for negotiating services liberalisation. Under this approach, two or more Member States may proceed to liberalise an agreed services sector/ sub-sector and without having to extend the concessions to non-participating Member States. Other Member States may join at a later stage or whenever they are ready to participate. This approach originated from the decision of the AEM Retreat held on 6 July 2002 in Genting Highlands, Malaysia. A set of parameters to implement this formula was subsequently formalised through a***Protocol to Amend the ASEAN Framework Agreement on Services***20 signed by the AEM at their 35th Meeting held on 2 September 2003 in Phnom Penh, Cambodia. To-date, this approach only results in 2agreements:

* + - * AgreementbetweenLaoPDRandSingaporeonEducationServices,

signed on 9 December 2005 in Kuala Lumpur, Malaysia; and

20 [http://www.asean.org/images/archive/AFAS Amendment Protocol.pdf](http://www.asean.org/images/archive/AFASAmendmentProtocol.pdf)

* + - * Agreement between Brunei Darussalam and Singapore on Telecommunication Services, signed on 10 September 2014 in Brunei Darussalam.

### Fourth Round (2005–2007)

The fourth round of AFAS negotiations was even more progressive than previous rounds. It required Member States to schedule a number of subsectors from an agreed list of subsectors based on certain threshold levels, consistingof:

* + - * Scheduling ***“None”*** for Modes 1 and 2 commitments21 i.e. there shall be no limitations on market access and national treatment in these two modes. In sub-sectors where a Member State is not able to schedule suchacommitment,justifiablereasonshavetobeprovided.
      * Scheduling Mode 3 foreign equity participation targets of 49% for the priority services sub-sectors, 51% for the construction sub-sector, and 30% for the other servicessectors.

### ASEAN Economic Community (AEC) Blueprint (2008 – 2015)

Fortheperiod2008onwardsupto2015,ASEANMemberStatesundertook their liberalisation commitments based on targets and timelines as outlined in the trade in services section of the ASEAN Economic Community (AEC) Blueprint22 as well as any applicable subsequent decisions from the AEM. The Blueprint is a document adopted by ASEAN Heads of State/ Government during the 13th ASEAN Summit held on 20 November 2007 in Singapore, which provides for the characteristics and elements of the AEC to be established by 2015 with clear targets and timelines for implementation of various measures, as well as the pre-agreed flexibilities to accommodate the interests of all ASEAN MemberStates.

### ASEAN Economic Community (AEC) Post-2015

The next stage of ASEAN Community Vision 2025 as well as the Blueprints for the AEC 2025, is currently being finalised and will be launched at the 27th ASEAN Summit in November2015.

21 See also Appendix 2for technical explanations of “None” and Modes of Supply.

22 <http://www.asean.org/archive/5187-10.pdf>

### A2(FreeFlowofServices)SectionoftheASEANEconomic

### Community (AEC) Blueprint

Free flow of trade in services is one of the important elements in realising ASEAN Economic Community, where there will be substantially no restriction to ASEAN services suppliers in providing services and in establishing companies across national borders within the region, subject to domestic regulations. Liberalisation of services has been carried out through rounds of negotiationmainlyundertheCoordinatingCommitteeonServices.Negotiation of some specific services sectors such as financial services and air transport are carried out by their respective Ministerial bodies. In liberalising services, there should be no back-loading of commitments, and pre-agreed flexibility shall be accorded to all ASEAN MemberCountries.

In facilitating the free flow of services by 2015, ASEAN is also working towards recognition of professional qualifications with a view to facilitate their movement within theregion.

The AEC Blueprint contains the following actions to achieve free flow of

services:

* + - 1. Remove substantially all restrictions on trade in services for 4 priority services sectors, air transport, e-ASEAN, healthcare and tourism, by 2010andthefifthpriorityservicessector,logisticsservices,by2013;
      2. Remove substantially all restrictions on trade in services for all other services sectors by2015;
      3. Undertake liberalisation through consecutive rounds of every two years until 2015, i.e. 2008, 2010, 2012, 2014 and2015;
      4. Target to schedule minimum numbers of new sub-sectors for each round: 10 sub-sectors in 2008, 15 in 2010, 20 in 2012, 20 in 2014 and 7 in 2015, based on GATS W/120 universe ofclassification;
      5. Schedule packages of commitments for every round according to the followingparameters:
         * No restrictions for Modes 1 and 2, 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;
         * Allow for foreign (ASEAN) equity participation of not less than 51% by 2008, and 70% by 2010 for the 4 priority services sectors; not less than 49% by 2008, 51% by 2010, and 70% by 2013 for logistics services; and not less than 49% by 2008, 51% by 2010, and 70% by 2015 for other services sectors;and
         * Progressively remove other Mode 3 market access limitationsby

2015.

* + - 1. Set the parameters of liberalisation for national treatment limitations, Mode 4 and limitations in the horizontal commitments for each round by 2009;
      2. Schedule commitments according to agreed parameters for national treatment limitations, Mode 4 and limitations in the horizontal commitments set in2009;
      3. Complete the compilation of an inventory of barriers to services by August 2008;
      4. Allow for overall flexibilities23, which cover the sub-sectors totally excluded from liberalisation and the sub-sectors in which not all the agreed parameters of liberalisation of the modes of supply are met, in scheduling liberalisation commitments. The scheduling of liberalisation commitments in each round shall be accorded with the following flexibilities:
         * PossibilityofcatchingupinthenextroundifaMemberStateisnot able to meet the parameters of commitments set for the previous round;
         * Allowing for substitution of sub-sectors that have been agreed to be liberalised in a round but for which a Member State is not able to make commitments, with subsectors outside of the agreed sub- sectors; and
         * Liberalisation through the ASEAN Minus Xformula.
      5. Complete mutual recognition arrangements (MRAs) currently under negotiation, i.e. architectural services, accountancy services, surveying qualifications, medical practitioners by 2008, and dental practitioners by 2009;
      6. Implement the MRAs expeditiously according to the provisions of each respective MRA;
      7. Identify and develop MRAs for other professional services by 2012, to be completed by 2015;and
      8. Strengthen human resource development and capacity building in the area ofservices.

For the financial services sector24, the AEC Blueprint provides that liberalisation measures of the financial services sector should allow members to ensure orderly financial sector development and maintenance of financial and socio-economic

23 The modality for overall flexibility of up to 15% was subsequently endorsed at the 41st AEM meeting held on 13-14 August 2009 in Bangkok,Thailand.

24 All measures for the financial services sector will be subject to prudential measures and balance of payment safeguards as provided for

under the WTO General Agreement on Trade in Services.

stability. Member States would be guided by the following principles in pacing their liberalisation measures:

1. Liberalisation through ASEAN Minus X formula where Member States that are ready to liberalise can proceed first and be joined by others later; and
2. The process of liberalisation should take place with due respect for national policy objectives and the level of economic and financial sector development of the individual MemberStates.

The AEC Blueprint contains the following actions for the liberalisation of financial

services:

1. Progressivelyliberaliserestrictionsinsub-sectorsormodesas

identified by each Member State by 2015; and

1. Progressively liberalise restrictions in the remaining sub-sectors or modes, which are not identified under “pre-agreed flexibilities”, by 2020.

### AFAS Liberalisation in Air TransportServices

Liberalisation of air transport services have been undertaken since the beginning of AFAS. Until the realignment of responsibilities as decided by the Informal AEM Meeting in June 1999 (See section D.2. above), the liberalisation commitments made by ASEAN Member States in air transport services were included in the first three AFAS Packages signed by the ASEAN Economic Ministers (see section D.3. above).

To-date, there have been five additional packages of commitments in air transport

under AFAS as signed by the ASEAN Transport Ministers25 :

* 4th Package, signed on 23 November 2004 in Phnom Penh, Cambodia
* 5th Package, signed on 8 February 2007 in Bangkok,Thailand
* 6th Package, signed on 10 December 2009 in Ha Noi, VietNam
* 7th Package, signed on 16 December 2011 in Phnom Penh,Cambodia
* 8th Package, signed on 20 December 2013 in Pakse, LaoPDR

Also to be noted, that beginning from the 7th Package, all the GATS and previous AFAS commitments in air transport services were consolidated into a single comprehensive schedule along with new and improved commitments made under this and subsequent packages.

While not undertaken under the AFAS, other important ASEAN agreements that facilitates the provision of air transport services in ASEAN include the following:

* ASEAN Memorandum of Understanding on Air Freight Services, signed on 19 September 2002 in Jakarta, Indonesia and its amending Protocol signed on 8 February 2007 in Bangkok,Thailand
* ASEANMultilateral Agreementon AirServices,alsosignedon20May

2009 in Manila, the Philippines

* ASEANMultilateralAgreementontheFullLiberalisationofAirFreight

Services, signed on 20 May 2009 in Manila, the Philippines

* ASEAN Multilateral Agreement on the Full Liberalisation of Passenger Air Services, signed on 12 November 2010 in Bandar Seri Begawan, Brunei Darussalam
* Implementation Framework of the ASEAN Single Aviation Market(ASAM),

adopted on 15 December 2011 in Phnom Penh, Cambodia

### AFAS Liberalisation in FinancialServices

The commitments of ASEAN Member States in financial services under the AFAS starttoappearinthe2ndPackageofCommitmentssignedbytheASEANEconomic Ministers in 1998. Following the decision realignment of responsibilities as decided by the Informal AEM Meeting in June 1999 (See section D.2. above), succeeding rounds of negotiations on financial services commencing in 2000 were pursued under the ASEAN Finance Ministers’ track. Henceforth, subsequent commitments in financial services under AFAS are signed by ASEAN FinanceMinisters.

To-date, five (5) additional packages of AFAS commitments in financial services

had been signed by the ASEAN Finance Ministers26 :

* 2nd Package, signed on 6 April 2002 in Yangon,Myanmar
* 3rd Package, signed on 6 April 2005 in Vientiane, LaoPDR
* 4th Package, signed on 4 April 2008 in Da Nang, VietNam
* 5th Package, signed on 4 May 2011 in Ha Noi, VietNam
* 6th Package, signed on 20 March 2015 in Kuala Lumpur,Malaysia

It should be noted that the commitments in financial services made earlier under the 2nd AFAS Package signed by the ASEAN Economic Ministers were considered as the 1st Package, hence the numbering of the AFAS Packages signed by the ASEAN Finance Ministers starts from the 2nd Package. Also to be noted, that beginning from the 5th Package, all the GATS and previous AFAS commitments in financial services were consolidated into a single comprehensive schedule along with new and improved commitments made under this and subsequent packages.

Animportantfeatureofthelatest6thPackageofCommitmentsonFinancialServices underAFASistheinclusionofprovisionrelated***ASEANBankingIntegration***

***Framework (ABIF)*** conducted by ASEAN Central Bank Governors’ process into paragraph 5 of the Protocol to Implement this Package, which states that:

*“For the purpose of deepening regional banking integration, in accordance with Article IV bis of the AFAS and guided by the principles and governance of ABIF as approved by the ASEAN Central Bank Governors Meeting (ACGM), two or more Member States may conduct negotiations and agree to liberalise their banking sectors. Notwithstanding Article X of the AFAS that sets a minimum three-year requirement for modification or withdrawal of Schedules of Specific Commitments, each participating Member State may conclude negotiations at any time and shall inscribe its commitments in banking sectors in its respective Consolidated Schedule of Specific Commitments on Financial Servicesasreferredtoinparagraph3.Anyextensionofpreferentialtreatment in the banking sector to the remaining Member States on an MFN basis shall be voluntary on the part of the participating MemberStates”.*

**23**

ASEAN INTEGRATION IN SERVICES



# Extent of Liberalisation underAFAS

Through each of the succeeding liberalisation packages, ASEAN has made effort to create freer flow of trade and investment in the various services sectors through progressively higher levels of commitments and more certain and predictable rules in all sub-sectors that have beencommitted.

Sectors and subsectors covered include business activities such as:

* + Airtransport:salesandmarketingofairtransportservices,computer

reservation, aircraft repair and maintenance, etc.

* + Business services: IT services, accounting, auditing, legal, architecture, engineering, research and development, computer-related services, advertising,etc.
  + Construction:constructionofcommercialbuildings,civilengineering,

installation works, rental of construction equipment, etc.

* + Distribution:commissionagentservices,wholesaletrade,retailtrade,

etc.

* + Education:adulteducation,primaryeducation,secondaryeducation,

etc.

* + Environment: sewage, sanitation, noise abatement, nature and

landscape protection services, etc.

* + Financial services: banking, insurance, capital markets,etc.
  + Healthcare: medical and dental services, hospital services,nursing,

ambulance, etc.

* + Telecommunication: voice telephone services, mobile phone services, business network services, data and message transmission, e-mail, etc.
  + Transport: international passenger and freight transport, maintenance and repair of transport equipment, storage and warehousing, freight forwarding,etc.
  + Tourism: hotel and lodging services, food serving, tour operator,travel

agency, etc.

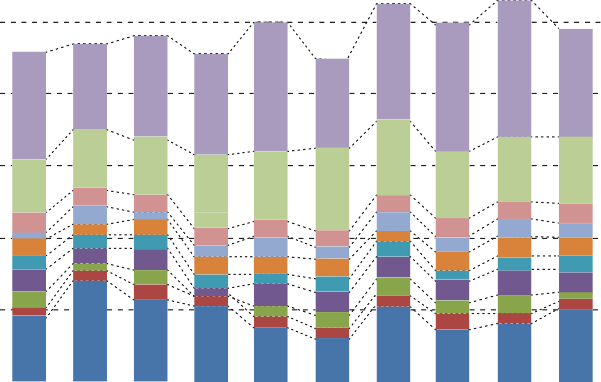
As of the 9th AFAS Package signed by the ASEAN Economic Ministers (AEM), ASEAN Member States have made commitments to liberalise a wide range of services sectors and subsectors, ranging from 90 to 108 subsectors out of total universe of 128 subsectors under the purview of the AEM27.

27 Please refer to Appendix 3 on the Classification of Services Sectors and Sub-Sectors. Total number of subsectors is 155. Deduct the number of subsectors for financial services and air transport-related services, would result in 128 subsectors.

##### Chart 7

**Subsectors Scheduled by ASEAN Member States under the 9th AFAS Package**

120



100

80

60

40

20

0

Business Services Communication Construction Distribution Education Environmental Healthcare Recreational Tourism & Travel Transport

*Note: Subsectoral coverage does not reflect the level of openness of any sector since that each country may make varying degree of openness in their commitments in the different modes of supply in each services subsector.*

*Source: ASEAN Secretariat assessment*

ASEAN continues to work on further expanding and deepening services liberalisation to cover all sectors and sub-sectors to achieve a free flow of services,subjecttoflexibilityasoutlinedinthe AECBlueprint.

Services suppliers in ASEAN wishing to seek opportunities to provide cross- border services in another ASEAN Member States should find it increasingly easier to do so over the years. Details of commitments of each ASEAN Member State to open up each services sector and subsector could be found in the latest AFAS Package available at[www.asean.org.](http://www.asean.org/)

**26**

ASEAN INTEGRATION IN SERVICES



# Movement of Natural Persons and RelatedInitiatives

***Movement of Natural Persons (MNP)***, otherwise known as ***“Mode 4”***, is one of the four ways through which services can be supplied across national borders. MNP refers to supply of services through individual persons who travel from another country on a temporary basis, that is, without the intent to work and migrate permanently. Mode 4 is an integral part of every Package of Commitments made under the AFAS, until the ASEAN Economic Ministers (AEM) signed a stand-alone ASEAN Agreement on MNP in November 2012.

ASEAN has undertaken a number of initiatives to facilitate mobility of people related to cross-border provision of services. It started with Mutual Recognition Arrangements (MRAs), followed by the ASEAN Agreement on MNP, and more recent initiative on ASEAN Qualifications Reference Framework (AQRF)

### Mutual RecognitionArrangement

***Mutual Recognition Arrangements (MRAs)*** is an important initiative in ASEAN integration on trade in services. The MRAs facilitate trade in services by mutual recognition of authorisation, licensing, or certification of professional service suppliers obtained in one ASEAN Member State by other ASEAN Member States. The goal of the MRA is to facilitate the flow of foreign professionals taking into account relevant domestic regulations and market demand conditions.

At the 7th ASEAN Summit held on 5 November 2001 in Bandar Seri Begawan, Brunei Darussalam, ASEAN Heads of States/Governments mandated the start of negotiations on MRAs to facilitate the flow of professional services under AFAS. The ASEAN Coordinating Committee on Services (CCS) established an Ad-hoc Expert Group on MRAs under its Business Services Sectoral Working Group in July 2003 to begin negotiations on MRAs in services. Subsequently, the Healthcare Sectoral Working Group was established in March 2004, which undertooknegotiationsonMRAsinthehealthcaresectorunderitsregularagenda.

MRAs in 7 (seven) professional services have been concluded and signed by the ASEAN Economic Ministers (AEM)28:

* + - MRAonEngineeringServices(9December2005inKualaLumpur,

Malaysia);

* + - MRAonNursingServices(8December2006inCebu,thePhilippines);
    - MRAonArchitecturalServices(19November2007inSingapore);
    - Framework Arrangement for the Mutual Recognition of Surveying Qualifications (19 November 2007 inSingapore);

28 <http://www.asean.org/communities/asean-economic-community/category/agreements-declarations-12>

* + - MRAonMedicalPractitioners(26February2009inCha-am,Thailand);
    - MRA on Dental Practitioners (26 February 2009 in Cha-am,Thailand);

and

* + - MRA Framework on Accountancy Services (26 February 2009 in Cha-am, Thailand), subsequently amended as MRA on Accountancy Services (13 November 2014, Nay Pyi Taw,Myanmar).

In addition, there is also an ASEAN Mutual Recognition Arrangement on Tourism Professionals signed by the ASEAN Tourism Ministers on 9 November 2012 in Bangkok, Thailand29. These MRAs are currently in various stages of implementation and follow-upinitiatives.

### MRAs under the Business Services Sectoral WorkingGroup

The implementation of the MRAs on engineering, architecture, accountancy, and surveying, while being implemented by their respective Coordinating Committees as stipulated in the MRAs, are overseen and coordinated by the ***Business Services Sectoral Working Group (BSSWG)*** under the ASEAN Coordinating Committee on Services (CCS).

### MRA on Engineering Services

The MRA on Engineering Services is the first services MRA established under the CCS. It works towards an ASEAN-wide registration system which allows registered ***Professional Engineers (PE)*** in an ASEAN Member State to be certified as ***ASEAN Chartered Professional Engineers (ACPE)*** and finally work as ***Registered Foreign Professional Engineers (RFPE)*** in other ASEAN Member State in collaboration with designated Professional Engineers in the HostCountry.

The administration of the MRA at ASEAN level is undertaken by ***ASEAN Chartered Professional Engineer Coordinating Committee (ACPECC)***. The chairmanship of ACPECC rotates among Member States every two year. The ACPECC has a permanent secretariat located in Jakarta, and is operated by Indonesia’s PRA. The ACPECC secretariat also manages the ACPECC website:[www.acpecc.net](http://www.acpecc.net/)

All ASEAN Member States have officially participated in the MRA, have established the required institutions and completed the procedures to implement the ACPE certifications. As of October 2015, there had been 1,483 ACPEs registered from 9 Member States, and 6 of the ACPEs had been registered asRFPEs.

29 [http://www.asean.org/images/2013/economic/matm/MRA Tourism Professionals bw.pdf](http://www.asean.org/images/2013/economic/matm/MRATourismProfessionalsbw.pdf)

### MRA on Architecture Services

The MRA works towards an ASEAN-wide registration system which allows registered Architects in an ASEAN Member State to be certified as ***ASEAN Architects (AA)*** and finally work as ***Registered Foreign Architects (RFA)*** in otherASEANMemberStates,eitherinindependentpracticeorincollaboration with one or more licensed Architects of the HostCountry.

The administration of the MRA at ASEAN level is undertaken by ***ASEAN Architect Council (AAC)***. The chairmanship and Secretariat of AAC rotate among Member States every two year. The AAC secretariat also manages the AAC website: [www.aseanarchitectcouncil.org](http://www.aseanarchitectcouncil.org/)

All Member States have officially participated in the MRA, have established the required institutions and completed the procedures to implement the AA certifications. As of October 2015, there had been 284 AA registered from 9 MemberStates.

### MRA on Accountancy Services

The MRA on Accountancy Services was first signed in February 2009 in the form of MRA framework to encourage ASEAN Member States who are ready, to enter into bilateral or multilateral negotiations on MRAs on Accountancy Services. Subsequently, an amended ASEAN MRA on Accountancy Services was signed by ASEAN Economic Ministers (AEM) on 13 November 2014 in Nay Pyi Taw, Myanmar. The MRA now applies to all ASEAN Member States for accountancy-related services except for signing off of the independent auditor’s report and other accountancy services that requires domestic licensing in ASEAN Member States.

The MRA works towards an ASEAN-wide registration system which allows registered ***Professional Accountant (PA)*** in an ASEAN Member State to be certified as ***ASEAN Chartered Professional Accountant (ACPA)*** and finally work as ***Registered Foreign Professional Accountant (RFPA)*** in other ASEAN Member States.

The administration of the MRA at ASEAN level is undertaken by ***ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC)***. It commenced its meeting in October 2015 following the completion of establishment of ***Monitoring Committees (MCs)*** of all ASEAN Member States.

### MRA on Surveying Services

The MRA provides a framework to facilitate ASEAN Member States who arereadytoenterintobilateralorplurilateralnegotiationsofMRAson

surveying qualifications among them as well as to promote the exchange of information, expertise, and best practices suited to their specific needs.

TheCompetentAuthoritiesoftheFrameworkMRAonSurveyingQualifications currently meets regularly to discuss the practice of each basic element for recognising Surveying Qualifications across ASEAN with a view to identify the possibility to initiate the bilateral or plurilateral MRA among them, as well as possibility to have ASEAN-wide MRA. No bilateral nor plurilateral MRA established sofar.

### MRAsundertheHealthcareServicesSectoralWorkingGroup

The implementation of the MRAs on nursing, medical practitioner, and dental practitioner, are undertaken by their respective ***ASEAN Joint Coordinating Committees (AJCCs)*** as stipulated in the MRAs, which are overseen and coordinated by the **Healthcare Services Sectoral Working Group (HSSWG)** under the ASEAN Coordinating Committee on Services (CCS). The three AJCCs are:

* + - * ASEANJointCoordinatingCommitteeonMedicalPractitioners

(AJCCM)

* + - * ASEAN Joint Coordinating Committee on Nursing(AJCCN)
      * ASEAN Joint Coordinating Committee on DentalPractitioners

(AJCCD)

The objectives of these three (3) healthcare-related MRAs are to:

* + - * facilitate mobility of professionals withinASEAN;
      * exchange information and enhance cooperation in respect ofmutual

recognition of these professionals;

* + - * promoteadoptionofbestpracticesonstandardsandqualifications;

and

* + - * provide opportunities for capacity building andtraining.

In line with the objectives of these MRAs, works being undertaken by the AJCCs are to:

* + - * Exchange information with regards to laws, practicesand

developments in the healthcare practice;

* + - * Exchange information with regards to procedures for registration and licensing of domestic and foreign practitioners in each ASEAN MemberState;
      * Discuss requiredqualifications;
      * Identify and undertake exchangeprograms;
      * Identify potentials areas to facilitate further mobility;and
      * Review the MRAs asmandate.

MRAs in the healthcare services do not adopt ASEAN-wide registration system unlike those under the business services. Appropriate form of mobility of healthcare practitioners continued to be explored taking into account patient safety as the paramount consideration. Information on the procedures for registration and licensing of foreign practitioners in each ASEAN Member State has been shared to facilitate registration and licensing of healthcare professionals inASEAN.

Further information, including available information on the procedures for registration and licensing of foreign practitioners in each ASEAN Member State, is available at the ASEAN healthcare services website at [http://www.](http://www/)asean.org/communities/asean-economic-community/category/healthcare-services

### MRA on TourismProfessionals

The ASEAN MRA on Tourism Professionals facilitates mobility of tourism professionals in ASEAN through agreement on the equivalence of tourism certification procedures and qualifications across ASEAN.

An ASEAN tourism professional may be recognised by other ASEAN Member States and be eligible to work in a host country, provided that he/ she possesses a valid tourism competency certificate in a specific tourism job title specified in the ***ASEAN Common Competency Standards for Tourism Professionals (ACCSTP)***, issued by the ***Tourism Professional Certification Board (TPCB)*** in an ASEAN Member State. The eligibility to work in a host country will be subjected to prevailing domestic laws and regulations of the host country. The overall implementation of MRA is overseen by the ***ASEAN Tourism Professional Monitoring Committee (ATPMC)***.

At present, there are six areas where ASEAN tourism professionals may find employment in other ASEAN Member States: Front Office, Housekeeping, Food Production, Food and Beverage Services (for Hotel Services), Travel Agency, and Tour Operations. In delivering this programme, there are 242 toolboxes that will be developed within 2015. Each toolbox contains: competency standards, trainee manual, trainer manual, assessor manual, third party statement, observation checklist, evaluation materials and sampleunitincludingtraineenotesandPowerPointslides.

In maintaining quality assurance for those workers receiving certificates, an ***ASEAN Tourism Professionals Registration System (ATPRS)*** is being developed to facilitate registration process of those workers possessing the ASEAN certificates so as to well document all necessary information. The ATPRS is expected to be complete in December 2015. Topromote implementation of the MRA, a Regional Secretariat will be establishedto

support operations and management as well as implementation of related projects and activities.

Further details on the mechanisms and requirements instituted by the MRA areexplainedintheHandbookofASEANMRAonTourismProfessional30.

### ASEAN Agreement on Movement of NaturalPersons

The ***ASEAN Agreement on Movement of Natural Persons (MNP)***31 was signed by ASEAN Economic Ministers (AEM) on 19 November 2012 in Phnom Penh, Cambodia. It is intended as a legal framework to work towards elimination of substantially all restrictions in the temporary cross-border movement of natural persons involved in the provision of trade in goods, trade in services and investment. It is also intended to be the mechanism to further liberalise and facilitate movement of natural persons towards free flow of skilled labour in ASEAN through close cooperation among related ASEAN bodies in the areas, includingtradeingoods,tradeinservices,investment,immigration,andlabour.

The objectives of MNP Agreement are to:

* ProviderightsandobligationsinrelationtotheMNPassetoutin

ASEAN Framework Agreement on Services (AFAS).

* Facilitatethemovementofnaturalpersonsengagedintheconductof

trade: in goods, trade in services and investment.

* Establish streamlined and transparent procedures forimmigration

applications.

* Protect the integrity of Member States’ borders and protect the domestic labour force and permanent employment in the territories of MemberStates.

It needs to be noted that MNP only deals with the temporary movement of natural persons to other countries to provide services. It does not cover cross-border entry by natural persons for the purpose of permanent employment nor permanent migration (such as for permanent residency or citizenship). MNP only covers those types of service suppliers inscribed in the Schedule of Commitment and therefore not all types of persons (such as unskilled labour) are covered by the MNPAgreement.

ThescopeofMNPAgreementappliesto***BusinessVisitors(BV),Intra-Corporate Transferees (ICT)***, and **Contractual Service Suppliers (CSS)** as defined in the Agreement.

The Schedules of Commitments32 of ASEAN Member States in this MNP Agreement is annexed to this Agreement and were endorsed by the Ministers

30 <http://www.asean.org/images/2013/economic/handbook%20mra%20tourism_opt.pdf>

31 <http://www.asean.org/images/2012/Economic/sectoral_aem/service/agreement/ASEAN%20AGREEMENT%20ON%20THE%20>MOVEMENT%20OF%20NATURAL%20PERSONS.pdf

32 Available individually at the MNP section of <http://www.asean.org/communities/asean-economic-community/category/agreements->declarations-12

during the 9th ASEAN Economic Community (AEC) Council held on 10 April 2013 in BruneiDarussalam.



Upon entry into force of this agreement, Mode 4 commitments made by Member States under the previous AFAS packages, including those signed by the AEM, ASEAN Finance Ministers (AFMM), and ASEAN Transport Ministers (ATM), will be superseded by the Schedule of Commitments of Member States under this MNP Agreement, and will be subject to review within one year after its entry into force.

### ASEAN Qualifications Reference Framework(AQRF)

The most recent development in ASEAN’s effort to promote education and mobility of learner and worker is the ***ASEAN Qualification Reference Framework (AQRF)***. The AQRF had been endorsed by ASEAN Economic Ministers in August 2014, by ASEAN Education Ministers in September 2014, and ad-referendum endorsement by ASEAN Labour Ministers completed in May 2015.

AQRF is a common reference to enable comparisons of qualifications across ASEAN Member States. It covers all education and training sectors. It consists of 8 levels of complexity of learning outcomes based on (a) knowledge and skills, and (b) application andresponsibility.

Through the AQRF, ASEAN Member States would be able to undertake ***Referencing***, which is a process to establish the relationship between the eight levels on the AQRF with the levels on their NQF or qualifications system.

##### Diagram 1

**Referencing Process under the AQRF**



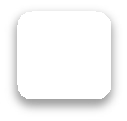
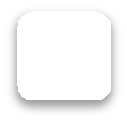
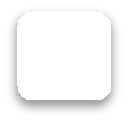
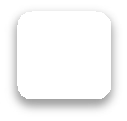
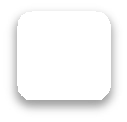
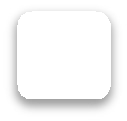
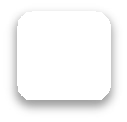
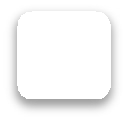
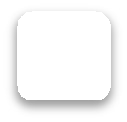
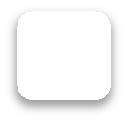
Country A



**AQRF**



Country B



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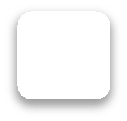
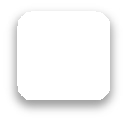
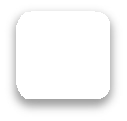
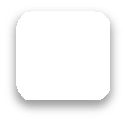
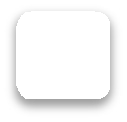
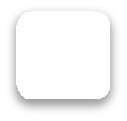
3

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2

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For example, an engineer from Country A who hold a certain qualification from his/her country’s qualification framework is going to work in Country B. AQRF will translate such level of qualification into an equivalent level in the national qualification framework of CountryB.

AQRF is based on agreed understanding between Member States and, by design, has a neutral influence on national qualifications frameworks (NQFs) of ASEAN Member States. It invites voluntary engagement from countries and doesnotrequirechangestonationalqualificationssystems.

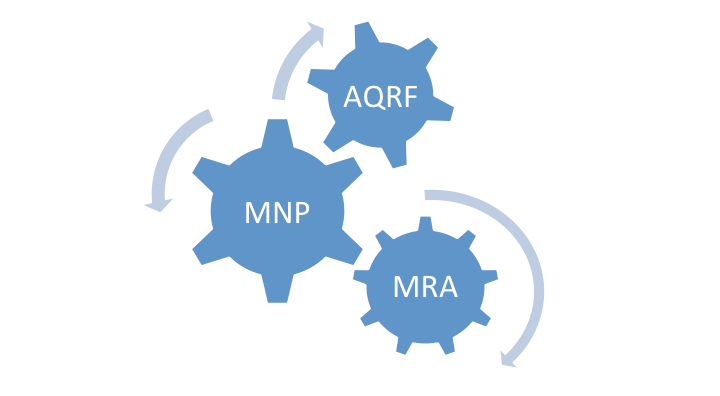
AQRF supports and enhances each country’s NQF while providing a mechanism to facilitate comparison, transparency and higher quality qualifications systems. It is underpinned by agreed quality assurance principles and standards, and requires countries to describe their education and training quality assurance systems.

Work is on-going to finalise the implementation and governance arrangements

for the AQRF.

##### Diagram 2

**Conceptual Linkages of MRA, MNP and AQRF**

Provides a translation mechanism to understand the qualification level of service suppliers from another country

Regulates the access of foreign service suppliers into a domestic market

Regulates the recognition of qualifications foreign services suppliers by authorities in another country

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ASEAN INTEGRATION IN SERVICES



# ASEAN Free Trade Agreements involving Trade inServices

ASEAN is not only active in integrating its economy among its Member States, but also looks beyond its region to actively engage in negotiations on Free Trade Area (FTA) and/or ***Comprehensive Economic Partnership (CEP)*** agreements with an increasing number of its Dialogue Partners. The liberalisation of the servicessectorhasalwaysbeenanimportantfeatureofthesenegotiations.

The first concluded services agreement under an FTA between ASEAN and a Dialogue Partner is the ***Agreement on Trade in Services of the Framework Agreement on Comprehensive Economic Co-operation between ASEAN and the People’s Republic of China***33 , signed by ASEAN Economic Ministers and Minister of Commerce of China on 17 January 2007 in Cebu, the Philippines. The market access commitments of the Parties to this Agreement are contained in the First Package of Specific Schedule of Commitments attached to the Agreement. The second package of commitments under this FTA had been subsequently concluded and signed by the Ministers on 16 November 2011 in Bali,Indonesia.

This was followed by the conclusion and signing of the ***Agreement on Trade in Services under the Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of ASEAN and the Republic of Korea***34 on 21 November 2007 in Singapore. The Agreement includes an Annex on Financial Services and a Letter of Understanding that clarifies the understanding of some paragraphs under the Agreement. The schedules of specific commitments for the first package of commitments are annexed to thisAgreement.

The next one is the ***Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area***35 which was signed on 27 February 2009 in Cha-am, Thailand. This is a comprehensive FTA agreement covering trade in goods, trade in services, investment, e-commerce, and various other areas. With respect to trade in services, the Agreement also contains an additional chapter on Movement of Natural Persons (MNP) and annexes on financial services and telecommunications. There are 2 separate schedules of commitments: one on specific services commitments and the other one on Movement of Natural Persons(MNP).

33 <http://www.asean.org/images/archive/21627.pdf>

34 <http://www.asean.org/images/archive/21111.pdf>

35 <http://www.asean.org/images/archive/22260.pdf>

The latest completed services FTA is the ***Agreement on Trade in Services under the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and the Republic of India***36 which was signed on 13 November 2014 in Nay Pyi Taw, Myanmar. The Agreement includes an Annex on Movement of Natural Persons (MNP). The schedules of specific commitments are annexed to thisAgreement.

ASEAN is currently close to completion of negotiation on trade in services with Japan, expected to be concluded in 2015.

ASEAN is also engaging in negotiations with all of these existing FTA partners (Australia, China, India, Japan, Korea, and New Zealand) through the ***Regional Economic Comprehensive Partnership (RCEP)*** which covers wide range of areas including trade in goods, trade in services, and investment. The RCEP negotiation was launched by the Leaders of ASEAN and these 6 FTA Partners on 20 November 2012 in Phnom Penh,Cambodia37.

ASEAN is also currently negotiating for ASEAN-Hong Kong FTA and Upgrading of ASEAN-China FTA, expected to be concluded in2016.

The Agreement includes an Annex on Financial Services and a Letter of Understanding that clarifies the interpretations of some paragraphs under the Agreement. In addition, the Agreement also incorporates the GATS Annex on Telecommunications.

36 <http://www.asean.org/images/pdf/2014_upload/reducedASEAN-India%20Trade%20in%20Services%20Agreement%20-%20>Scanned%20ASEAN%20version%20copy.pdf

37 <http://www.asean.org/images/2012/documents/Joint%20Declaration%20on%20the%20Launch%20of%20Negotiations%20for%20>the%20Regional%20Comprehensive%20Economic%20Partnership.pdf

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ASEAN INTEGRATION IN SERVICES



# MovingForward

#### ASEAN has come a long way in its effort to integrate services sectors in the region, likewise the other ASEAN economic integration initiatives. The achievements in multiple areas highlighted above show significant progress of economic policies in each ASEAN Member States since the conception of AFAS in 1995, and this reflects tremendous effort of ASEAN Member States, individually andcollectively.

Towards this end, further works to integrate ASEAN economy as well as trade and investment in services sector remain critical. A number of actions and targets outlined in the AEC Blueprint 2015 require more time for some ASEAN Member States to fulfil. On the other hand, ASEAN also need to move on and chart its way to the next level of ASEAN economic integration beyond the AEC 2015, embracing new challenges and opportunities poised by the ever-changing dynamics of economic and technological developments in the region andbeyond.

In this area of trade in services, ASEAN is now working on the ***ASEAN Trade in Services Agreement (ATISA)*** which shall built-upon and enhances the existing ASEAN services agreements, not only AFAS but also those signed with ASEAN’s dialogue partners. ATISA shall be forward looking and considersbestpracticesaswellasnewandrelatedtradeinservicestopics.

The reality of practical works to facilitate a more integrated trade in services environment is challenging indeed, taking into account not only the diversity in economic development entrenched in the region but also the diversity of regulatory systems and standards, the myriad types of services activities, and the wide range of government agencies, regulators and stakeholdersinvolved.

Given the rapid pace of integration of ASEAN economies into the global trading system and the intensifying pace of FTA/CEP negotiations and implementation with ASEAN’s Dialogue Partners, ASEAN shall continue to expedite its work towards a higher degree of integration and cooperation in the area of trade in services among its Member States. Close cooperation between all stakeholders (business communities, governments, academia, andcivilsociety)willplayacriticalroleinthisendeavour.

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ASEAN INTEGRATION IN SERVICES



# Appendix 1: Inquiries and Contact Points

National contact points of ASEAN Member States are provided as follows:

##### BRUNEIDARUSSALAM MYANMAR

Department ofInternationalTrade Ministry ofTransport

MinistryofForeignAffairs&Trade BuildingNo.5NayPyiTaw,Myanmar

ICC,JLNPulaie,BB3910 Tel: (9567)411418

BruneiDarussalam Fax: (9567)411418

Tel:(673)2383374 Email:[ccs-myanmar@googlegroups.com](mailto:ccs-myanmar@googlegroups.com)

Fax: (673) 2384099

Email: [ccs.brunei@mfa.gov.bn](mailto:ccs.brunei@mfa.gov.bn)

##### CAMBODIA PHILIPPINES

MinistryofCommerce Trade,ServicesandIndustryStaff

MultilateralTradeDepartment NationalEconomicandDevelopmentAuthority

Lot.19-61,MOCRoad, 12St.JosemariaEscrivaDrive,OrtigasCenter,

SangkatTeukThla,KhanSenSok, Pasig City1605

PhnomPenh,Cambodia Tel: (632) 6312193

Tel:85516468988/85512928287 Fax: (632) 6313734

Fax:85523866389 Email: [CCS-Philippines@neda.gov.ph](mailto:CCS-Philippines@neda.gov.ph)Email :[ccscambodia2013@yahoo.com](mailto:ccscambodia2013@yahoo.com)

##### INDONESIA SINGAPORE

DirectorateofTradeinServicesNegotiation MinistryofTradeandIndustry MinistryofTrade 100,HighSt.TheTreasury

JalanM.I.RidwanRaisNo.5 #09-01 Singapore178494

1stBuilding,4thFloor,Jakarta,Indonesia Tel: (65) 63327224

Tel:(6221)3452621 Fax: (65) 63347113

Fax:(6221)3452621 Email: [mti\_ccs\_singapore@mti.gov.sg](mailto:mti_ccs_singapore@mti.gov.sg)Email:[ccsindonesia@kemendag.go.id](mailto:ccsindonesia@kemendag.go.id)

##### LAOPDR THAILAND

InvestmentPromotionDepartment DepartmentofTradeNegotiations

MinistryforPlanningandInvestment Ministry of Commerce 01001SouphanouvongRoad,VientianeCapital 44/100Nonthaburi1Rd. Tel:(85621)218377/222690 Nonthaburi11000

Fax:(85621)215491 Bangkok, Thailand

Email:[ccslaos@yahoo.com](mailto:ccslaos@yahoo.com) Tel:(662)5077477

Fax: (662) 547 5622

Email: dtn.bts@gmail.com mailto:ccsvietnam@mpi.gov.vn

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ASEAN INTEGRATION INSERVICES

##### MALAYSIA VIETNAM

ASEAN EconomicCooperationDivision Services Sector Department MinistryofInternationalTrade&Industry MinistryofPlanningandInvestment Level13,Block8,GovernmentOfficesComplex 6B Hoang Dieu, Hanoi, Vietnam JalanDuta,50622KualaLumpur Tel: (844) 8043821

Tel:(603)62000559 Fax: (844) 8044934

Fax:(603)62019799 Email: [ccsvietnam@mpi.gov.vn](mailto:ccsvietnam@mpi.gov.vn)Email:[allasean@miti.gov.my](mailto:allasean@miti.gov.my)

Inquiries can also be addressed to:

Services and Investment Division Market Integration Directorate

ASEAN Economic Community Department The ASEAN Secretariat

Jl. Sisingamangaraja 70A Jakarta 12110, Indonesia

Tel: (6221) 7262991

Fax: (6221) 7398234

E-mail: [services@asean.org](mailto:services@asean.org)

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# Appendix 2 : Some Basic Conceptsand

**Terms in Trade in Services**

### Defining “Trade in Services”: the 4 Modes of Supply

In its most basic form, international trade refers to an economic exchange between residents and non-residents, either firms or persons, and imply gain or loss of foreign exchange. For trade in goods, the concept is relatively straightforward because the producers stay in one country and the goods producedtravelacrossabordertotheconsumersinanothercountry.

For services, the situation is more complex because in many cases the supplier and the customer need to be in the same location. There are four possibilities of international provision ofservices:

* the service moves across theborder
* the customer moves across the border to receive theservice
* theproducermovesacrossthebordertoprovidetheservicethrough

commercial establishment

* theproducermovesacrosstheborderonlytemporarilytoprovidethe

service

These four possibilities are known as ***“Modes of Supply”*** of services trade. TheyarereferredtoasMode1(ortheso-called***Cross-BorderSupply***),Mode

2 (***Consumption Abroad***), Mode 3 (***Commercial Presence***), and Mode 4 (***Movement of Natural Persons***), respectively.

### Basic Principles of Services Liberalisation

Following the conclusion of the Uruguay Round in 1994 resulting in the first- ever multilateral services trade agreement, the General Agreement on Trade in Services (GATS)*,* it is generally accepted that the key obligations governing liberalisationofinternationaltradeinservicesshallincludethefollowing:

* ***Transparency****:* Countries must notify each other of all relevant measures affecting services trade, including prompt publication, maintenance of enquiry points, and fair judicialreview.
* ***Most-Favoured-Nation (MFN)****:* Countries must grant each other the most-favourabletreatmentaccordedtoanyoftheirtradingpartners.
* ***Non-Discrimination****:* Countries must treat services and services suppliers from one Country no less favourably than those from other Countries.
* ***Market Access****:* In terms of access to the market of a Country, services and services suppliers of any other Countries must be accorded the same treatment specified in its schedule ofcommitments.
* ***National Treatment****:* Services and services suppliers of a Country must be permitted access to the market of another Country on the same terms as those accorded to domestic services or servicesproviders.
* ***Progressive Liberalisation****:* Countries shall enter into successive rounds of negotiations, with a view to achieving a progressively higher level ofliberalisation.

### Understanding Schedule of Services Commitments

In a GATS-based services liberalisation approach, including in AFAS, a Country’s ***schedule of commitments*** to liberalise its services sectors comprise the following set of documents:

* ***Horizontal Commitments****:* specifies a Country’s commitments which are common and bound across all scheduled services sectors, unless otherwisespecified.
* ***ScheduleofSpecificCommitments****:*specifiesthedetailsofaCountry’s

commitments in the scheduled services sectors and sub-sectors.

* ***List of MFN Exemptions****:* specifies the details of cases where MFN obligations of a Country are exempted. Such exemptions, however, shall be subject to requirements stipulated in Article II of the GATSon MFN.

Both the horizontal commitments and schedule of specific commitments take the

following format:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sector/Sub-Sector** | **Market Access (MA) Commitments** | **NationalTreatment(NT) Commitments** | **Additional Commitments** |
| Name of sector/ | Details of Mode 1 MA | Details of Mode 1 NT | Details of Additional Commitments (if any) |
| sub-sector 38 | Limitations | Limitations |
|  | Details of Mode 2 MA | Details of Mode 2 NT |
|  | Limitations | Limitations |
|  | Details of Mode 3 MA | Details of Mode 3 NT |
|  | Limitations | Limitations |
|  | Details of Mode 4 MA | Details of Mode 4 NT |
|  | Limitations | Limitations |

As for the specified details of limitations for each mode of supply, the following

terms are widely used:

* ***None****:* it means that the Country does not limit market access or national treatment in the given sector/sub-sector and mode of supply, other than those prescribed in the horizontal commitments (ifany).

38 Typically listed as “All sectors” in Horizontal Commitment.

* ***Unbound****:* it means the Country is not “bound” to any commitment and remains free in the given sector/sub-sector and mode of supply to introduce or maintain measures inconsistent with market access or nationaltreatment39.
* ***Unbound:***or***UnboundduetoTechnicalFeasibility***:thesupplyofgiven servicessector/sub-sectormaynotbetechnicallyfeasibleforthismodeof supply.40

The List of MFN exemptions is detailed using the following format:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sector/ Sub-Sector** | **Description of Measure** | **Countries to which the Measure Applies** | **Intended Duration** | **Conditions Creating the Need for the Exemption** |
| Name of sector/ | Detail | List of | Intended | Details of |
| sub-sector | descriptions of | Countries to | duration of the | reasons/condi |
|  | measure | which the | MFN exemption | tions creating |
|  | inconsistent | measure |  | the need for the |
|  | with MFN | applies |  | exemption |
|  | provisions |  |  |  |

Illustrative example of a typical schedule of horizontal commitments:

Modes of Supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural person

**Sector or Subsector**

**Limitations on Market Access**

**Limitation on National Treatment**

**Additional Commitments**

**I. HORIZONTAL COMMITMENTS**

ALL SECTORS INCLUDED IN THIS SCHEDULE UNLESS OTHERWISE INDICATED

1. None
2. None
3. None, except: Mergers and Acquisitions: Mergers and Acquisitions require approval from the relevantauthorities.

Board of Directors: At least 50 percent of the Board of Directors must be resident.

1. Unbound, except intra-corporate transferees.
2. None
3. None
4. None,except:

1), 2), 3) and 4)

refer to modes of services supply

Limitations in horizontalschedule of commitments normally apply to all sectors andsub- sectors scheduled in the Schedule of Specific Commitments

Land Property: Foreign enterprises are allowed to own up to 5 percent of the land property.

Corporate Tax: Additional 2 percent corporate tax applicable to

enterprise with up to 60 percent foreign equity.

4) Unbound, except indicated in the Schedule of Specific Commitments

National Treatment limitations applicable to Mode 3 of all sub-sectors

39Thiscaseisonlyrelevantwhereacommitmenthasbeenmadeinasectorwithrespecttoatleastonemodeofsupply.Whereallmodesof supplyare“unbound”,andnoadditionalcommitmentshavebeenundertakeninthesector,thesectorshouldnotappearontheschedule.

40 Where the mode of supply thought to be inapplicable is in fact applicable, or becomes so in the future, the entry means “unbound”.

Illustrative example a list of MFN Exemptions:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sector or Subsector** | **Description of measure indicating its inconsistency with ArticleII** | **Countries to whichthe**  **measure applies** | **Additional Commitments** | **Conditions creating theneed forexemption** |
| All Sectors | The Member | All countries | Indefinite | The measures |
|  | reserves the |  |  | will be applied |
|  | right to adopt |  |  | in a manner |
|  | or maintain |  |  | that is aligned |
|  | any measures |  |  | with national |
|  | in future |  |  | development |
|  | that accords |  |  | policies to |
|  | differential |  |  | maximise and |
|  | treatment to |  |  | maintain a |
|  | countries. |  |  | healthy market |
|  |  |  |  | competition |
|  |  |  |  | environment. |

Illustrative example of a schedule of specific commitments:

Modes of Supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural person

**Sector orSubsector**

**Limitations on MarketAccess**

**Limitation on NationalTreatment**

**Additional Commitments**

**BUSINESS SERVICES**

**A. Professional Services**

Accounting, Auditing and Book-keeping Services

(CPC 862)

**Step 1**: Cross-check with Schedule of Horizontal Commitments and list of MFN Exemptions

**Step 2**: Identify the limitations on Market Access and National Treatment on each Mode of Supply in the Schedule of Horizontal Commitments (if any)

**Step 3**: Consolidate the limitations on Market Access and National Treatment on the Schedule of Horizontal Commitments with this Specific Schedule

1. None
2. None
3. None,except indicated in Schedule of Horizontal Commitments
4. Unbound, exceptindicated inSchedule

of Horizontal Commitments

1. None
2. None
3. None, except indicated inSchedule of Horizontal Commitments
4. Unbound, except indicated in the Schedule ofSpecific Commitments
5. Qualifying examination to test the competence and ability tosupply the services and registrationwith

relevant professional agencies apply.

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ASEAN INTEGRATION IN SERVICES



# Appendix 3 : Classification of Services

**Sectors and Sub-Sectors**

The universally recognised and adopted classification of services sectors and sub- sectors is the one based on WTO Secretariat’s ***Services Sectoral Classification List.***41 Each sector contained in this list is identified by a corresponding Central Product Classification (CPC) number.42 If a Member State wishes to use its own sub-sectoral classification or definitions it should provide concordance with the CPC. If this is not possible, it should give a sufficiently detailed definition to avoid any ambiguity as to the scope of the commitment.

While the CPC coding had been updated a number of times to keep up with economic development and technology advancement, for the purposes of services trade negotiations, the so-called ***Provisional CPC*** published in 199043 remains the major reference point for classification of servicessectors/sub-sectors.

Broad categories of services sectors provided in WTO Secretariat’s Services

Sectoral Classification List are as follows:

* + BusinessServices
    - ProfessionalServices
    - Computer-RelatedServices
    - Research and DevelopmentServices
    - Real EstateServices
    - Rental/Leasing Services withoutOperators
    - Other BusinessServices
  + CommunicationServices
    - PostalServices
    - CourierServices
    - TelecommunicationServices
    - Audio-VisualServices
  + Construction and Related EngineeringServices
  + DistributionServices

41 This list is contained in the WTO document coded MTN.GNS/W/120, dated 10 July 1991.

42 CPC is a complete product classification covering goods and services published by the United Nations, and was intended to serve as an international standard for assembling and tabulating all kinds of data requiring product detail including industrial production, national accounts,serviceindus¬tries,domesticandforeigncommoditytrade,internationaltradeinservices,balanceofpayments,consumption and price statistics. Other basic aims were to provide a framework for international comparison and promote harmonisation of various types of statistics dealing with goods andservices.

43 Statistical Papers Series M No.77, Provisional Central Product Classification, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991.

* + EducationServices
  + EnvironmentalServices
  + FinancialServices
    - Insurance and insurance-relatedservices
    - Banking and other financialservices
  + Health-Related and SocialServices
  + Tourism and Travel-RelatedServices
  + Recreational, Cultural and SportingServices
    - Entertainmentservices
    - News agencyservices
    - Libraries, archives, museums and other culturalservices
    - Sporting and other recreationalservices
  + TransportServices
    - Maritime TransportServices
    - Inland Water TransportServices
    - Air TransportServices
    - Space Transport
    - Rail TransportServices
    - Road TransportServices
    - Pipeline Transport
    - Services Auxiliary to All Modes ofTransport
  + Other Services not IncludedElsewhere

Detail listing of services sectors and sub-sectors contained in the WTO Secretariat’s

Services Sectoral Classification List can be downloaded from:

[www.wto.org/english/tratop e/serv e/mtn gns w 120 e.doc.](http://www.wto.org/english/tratope/serve/mtngnsw120e.doc)

Detail structure and explanatory notes for each of the provisional CPC codes can be found at: [http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=9&Lg=1.](http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=9&amp;Lg=1)

# Appendix 4: Glossary

**AAC** ASEAN ArchitectCouncil

**ABIF** ASEAN Banking Integration Framework

**ACCSTP** ASEAN Common Competency Standards for Tourism Professionals

**ACIA** ASEAN Comprehensive InvestmentAgreement

**ACPACC** ASEAN Chartered Professional Accountant Coordinating Committee **ACPECC** ASEAN Chartered Professional Engineer Coordinating Committee **AEC** ASEAN EconomicCommunity

**AEM** ASEAN EconomicMinisters

**AFAS** ASEAN Framework Agreement onServices

**AFCDM** ASEAN Finance and Central Bank DeputiesMeeting

**AFMGM** ASEAN Finance Minister and Central Bank GovernorsMeeting

**AFTA** ASEAN Free TradeArea

**AIA** ASEAN InvestmentArea

**AJCCD** ASEAN Joint Coordinating Committee on Dental Practitioners **AJCCM** ASEAN Joint Coordinating Committee on Medical Practitioners **AJCCN** ASEAN Joint Coordinating Committee onNursing

**AQRF** ASEAN Qualifications Reference Framework **ASEAN** Association of Southeast Asian Nations **ATISA** ASEAN Trade in ServicesAgreement

**ATM** ASEAN TransportMinisters

**ATPMC** ASEAN Tourism Professional MonitoringCommittee

**ATSN** Air Transport SectoralNegotiations

**ATWG** Air Transport WorkingGroup

**BSSWG** Business Services Sectoral WorkingGroup

**CCI** Coordinating Committee onInvestment

|  |  |
| --- | --- |
| **CCS** | Coordinating Committee on Services |
| **CEP** | Comprehensive Economic Partnership |
| **CEPT** | Common Effective Preferential Tariff |
| **CPC** | Central Product Classification |
| **DDA** | Doha Development Agenda |
| **FDI** | Foreign Direct Investment |
| **FTA** | Free Trade Area |
| **GATS** | General Agreement to Trade in Services |
| **GATT** | General Agreement on Tariffs and Trade |
| **GDP** | Gross Domestic Product |
| **HLTF** | High Level Task Force on ASEAN Economic Integration |
| **HSSWG** | Healthcare Services Sectoral Working Group |
| **ICT** | Information and Communication Technology |
| **MFN** | Most Favoured Nation |
| **MNP** | Movement of Natural Persons |
| **MRA** | Mutual Recognition Arrangement |
| **RCEP** | Regional Comprehensive Economic Partnership |
| **SEOM** | Senior Economic Officials Meeting |
| **STOM** | Senior Transport Officials Meeting |
| **VAP** | Vientiane Action Programme |
| **WC-FSL** | Working Committee on ASEAN Financial Services Liberalisation under the AFAS |
| **WTO** | World Trade Organisation |

