



# **Liberalisation of Services under ASEAN Framework Agreement on Services (AFAS)**



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# AFAS

**The ASEAN Framework Agreement on Services (AFAS) was signed by ASEAN Economic Ministers on 15 December 1995 in Bangkok, Thailand.**

- ***Facilitates the establishment of free flow of services in the AEC by 2015***
- **Creating a competitive, more efficient services delivery network to facilitate further growth in other sectors in the economy**





# OBJECTIVES OF AFAS

- **Strengthen cooperation among service suppliers in ASEAN;**
- **Eliminate substantial barriers to trade in services;**
- **Progressively liberalise trade in services beyond those undertaken under GATTs of WTO; and**
- **Provides mutual recognition of qualifications and experience through MRAs.**





# REGIONAL COMPETITIVENESS

- **Focus to progressively liberalise trade in services to complement goods sector**
- **Prepare AMS for closer integration of ASEAN into the global economy**





# APPROACH TO LIBERALISATION

- Liberalisation of services is based on the 12 broad sectors covering 128 services sub-sectors identified in the WTO Services Sectoral Classification List (W120)
- Liberalisation of financial services and air transport services are negotiated separately by the respective sectoral Ministers





# APPROACH TO LIBERALISATION

- The 12 broad sectors are:
- **Business Services;**
  - **Communication Services;**
  - **Construction and Related Engineering Services;**
  - **Distribution Services;**
  - **Educational Services;**
  - **Environmental Services;**
  - **Financial Services;**
  - **Health Related and Social Services;**
  - **Tourism and Travel related Services;**
  - **Recreational, Cultural and Sporting Services;**
  - **Transport Services; and**
  - **Other Services Not Included Elsewhere.**





# TARGETED TIMELINE FOR EQUITY LIBERALISATION

<b>SECTORS</b>	<b>TARGETS</b>
<b><i>Priority sectors :</i></b> <b>e-ASEAN ; healthcare ; and tourism services</b>	<b>51% - 2008</b> <b>70% - 2010</b>
<b>Logistics</b>	<b>51% - 2010</b> <b>70% - 2013</b>
<b>Others</b>	<b>51% - 2010</b> <b>70% - 2015</b>
<b>Construction</b>	<b>51% - 2008</b> <b>70% - 2015</b>





# ATTRACTIVE FOR INVESTORS

- **Additional thresholds and parameters are also in place to ensure business value for potential investors :**
  - **eliminating barriers to Cross-Border Supply (Mode 1) and Consumption Abroad (Mode 2);**
  - **improve commitments made for Movement of Natural Persons (Mode 4);**
  - **limiting number of non-equity Market Access limitations; and**
  - **Eliminate/reduce the various impediments to supply of services according to the different modes**





# FLEXIBILITY

- ASEAN allows for 15% flexibility on sub-sectors which may be of national sensitivity and/or to those which may not comply with agreed parameters





# WHAT HAS BEEN ACHIEVED

- Six Rounds of Services negotiations have been completed resulting in 7 packages of commitments by AMS.

As of January 2011, Malaysia has made commitments in 96 sub-sectors with ASEAN equity ownership ranging from 30-100 per cent.

The current AFAS 8 to be completed by all AMS in August 2011.





# WHAT HAS BEEN ACHIEVED

- These commitments cover the liberalisation of business services, professional services, construction, distribution, education, environmental services, healthcare, maritime transport, ICT, telecommunication and tourism.





# WHAT HAS BEEN ACHIEVED

- 3 additional packages of commitments on financial services signed by the ASEAN Finance Ministers ; and
- 2 additional packages in air transport signed by the ASEAN Transport Ministers.





# 7TH AFAS PACKAGE HIGHLIGHTS

- **most ambitious set of commitments made to date under AFAS in line with the targets set under the AEC Blueprint. These include:**
  - **scheduling no restrictions for Mode 1 and Mode 2; and**
  - **higher equity levels (Mode 3) :**
    - **51% for Priority Sectors**
    - **49% for Logistics and Non-Priority Sectors.**





# INVESTMENT OPPORTUNITIES

- Subject to domestic legislation, AFAS commitments allow for greater movement of investment (most notably under commercial presence) within ASEAN compared to other multilateral commitments so far.
- Furthermore, potential investors have a variety of sectors to invest and create valuable economic linkages in.





# INVESTMENT OPPORTUNITIES

Current No. of Sectoral Commitments Made	B	C	I	L	Mal	M	P	S	T	V
<b>Professional Business Services</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>10</b>	<b>10</b>	<b>6</b>	<b>14</b>	<b>7</b>	<b>7</b>	<b>9</b>
<b>Healthcare</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>9</b>	<b>3</b>	<b>8</b>	<b>5</b>	<b>5</b>
<b>Computer Related Services</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Research &amp; Development</b>	<b>3</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>1</b>
<b>Real Estate</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>-</b>
<b>Rental &amp; Leasing (w/o operator)</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>1</b>
<b>Other Business</b>	<b>14</b>	<b>10</b>	<b>12</b>	<b>8</b>	<b>18</b>	<b>6</b>	<b>13</b>	<b>22</b>	<b>17</b>	<b>7</b>
<b>Postal and Courier</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Telecommunication</b>	<b>16</b>	<b>17</b>	<b>25</b>	<b>12</b>	<b>21</b>	<b>15</b>	<b>21</b>	<b>23</b>	<b>19</b>	<b>20</b>
<b>Audiovisual</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>4</b>
<b>Construction &amp; Related Engineering</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Distribution</b>	<b>-</b>	<b>10</b>	<b>3</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>7</b>	<b>4</b>	<b>14</b>





# INVESTMENT OPPORTUNITIES

Current No. of Sectoral Commitments Made	B	C	I	L	Mal	M	P	S	T	V
<b>Education</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>7</b>	<b>5</b>	<b>-</b>	<b>1</b>	<b>9</b>	<b>4</b>
<b>Environmental</b>	<b>-</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>9</b>	<b>4</b>
<b>Social Services</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>1</b>
<b>Tourism</b>	<b>3</b>	<b>5</b>	<b>12</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>9</b>	<b>9</b>	<b>5</b>
<b>Recreational, Cultural and Sporting</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>7</b>	<b>2</b>
<b>Transport-Maritime</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>6</b>	<b>9</b>	<b>6</b>
<b>Transport-Inland Waterways</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Transport-Space Transport</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transport-Rail Transport</b>	<b>4</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>3</b>	<b>2</b>
<b>Transport-Road Transport</b>	<b>-</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>2</b>
<b>Transport-Pipeline</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Auxiliary Services to All Modes of Transport</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>6</b>
<b>Other Services NIE</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>1</b>	<b>-</b>



# FURTHER LIBERALISATION UNDER AFAS

- **Member States have 4 more packages of commitments to meet the obligations in the AEC Blueprint out of the targeted total of 11 Packages of Commitments to be made by ASEAN Member States by 2015**





# COMPREHENSIVENESS

- To ensure comprehensive commitments are made across all of the 128 sub-sectors under WTO120, AMS are to commit targeted new sub-sectors in each of the future packages





# NEW SUB-SECTORS

<b>Year</b>	<b>No. of New Sub-sectors</b>	<b>Minimum Total Number of Sub-sectors Committed</b>
<b>2010</b>	<b>15</b>	<b>80</b>
<b>2012</b>	<b>20</b>	<b>100</b>
<b>2014</b>	<b>20</b>	<b>120</b>
<b>2015</b>	<b>7</b>	<b>127</b>



# MUTUAL RECOGNITION ARRANGEMENT (MRA)

- **At present there are 7 concluded MRAs signed by the AEM:**

<b>MRA</b>	<b>Download</b>	<b>Signing Date &amp; Venue</b>
Engineering Services	<a href="http://www.asean.org/18009.htm">http://www.asean.org/18009.htm</a>	9 December 2005 Kuala Lumpur, M'sia
Nursing Services	<a href="http://www.asean.org/19210.htm">http://www.asean.org/19210.htm</a>	8 December 2006 Cebu, Philippines
Architectural Services	<a href="http://www.asean.org/21137.pdf">http://www.asean.org/21137.pdf</a>	19 November 2007 Singapore
Framework Arrangement for the MR of QS Qualification	<a href="http://www.asean.org/21139.pdf">http://www.asean.org/21139.pdf</a>	
Framework MRA on Accountancy Services	<a href="http://www.asean.org/22225.htm">http://www.asean.org/22225.htm</a>	26 February 2009 Cha-am, Thailand
Medical Practitioners	<a href="http://www.asean.org/22231.htm">http://www.asean.org/22231.htm</a>	
Dental Practitioners	<a href="http://www.asean.org/22228.htm">http://www.asean.org/22228.htm</a>	



# OPERATIONALISATION OF MRA

- Essentially MRAs enables local registration or certification of professionals by relevant authorities to be mutually recognised by signatory AMS.
- The MRAS are currently in various stages of implementation with mechanisms put into place to administer them.
- Subject to domestic regulations, some of these specialists are also allowed to set-up practices in other AMS.





# PROSPECTS FOR MALAYSIA

- **Malaysia stands to benefit the most from services liberalisation in ASEAN as Malaysia has the capacity to tap into the opportunities offered in the regional market**





# PROSPECTS FOR MALAYSIA

- Malaysia undertakes to bind commitments of unilateral liberalisation of its services sectors under AFAS so as to provide transparency and predictability to investors and the business community







# TRANSPARENCY AND PREDICTABILITY

- attract investments, specialised expertise and technology into the (targeted) sectors;
- reap the benefits of being the *'first mover'*
- create opportunity for Malaysian companies to expand out of domestic market and enter into the regional markets or global markets which are more open; and
- inject competitiveness into the services sector in Malaysia.





# THANK YOU



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