



Trade in Services



ASEAN Framework Agreement on Services (AFAS)

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

- enhance cooperation in services among ASEAN Member States (AMS) in order to improve the efficiency and competitiveness of ASEAN services industries, diversify production capacity and supply, and distribution of services;
- eliminate substantial barriers to trade in services;
- liberalise trade in services by expanding the depth and scope of liberalisation beyond those undertaken under the General Agreement on Trade in Services of the World Trade Organization;
- provide for the recognition of education or experience obtained, requirements met, or licences or certification granted for the purpose in the form of a mutual recognition arrangement.

Under AFAS, AMS enter into successive rounds of negotiations to liberalise trade in services with the aim of submitting increasingly higher levels of commitments. The negotiations result in commitments that are set forth in schedules of specific commitments annexed to the Framework Agreement. These schedules are often referred to as packages of services commitments.

The services sector is a major and expanding component of the Gross Domestic Product (GDP) of AMS. It accounts for between 40% and 60% of the GDP of AMS. ASEAN's export and import of commercial services have been expanding steadily, from US\$182 billion in 2003 to US\$343 billion in 2009.

What Has Been Achieved?

ASEAN has concluded five rounds of negotiations resulting in seven packages of commitments under AFAS. These are:

- Protocol to Implement the Initial Package of Commitments under AFAS signed in Kuala Lumpur on 15 December 1997;
- Protocol to Implement the Second Package of Commitments under AFAS signed in Hanoi on 16 December 1998;

- Protocol to Implement the Third Package of Commitments under AFAS done on 31 December 2001;
- Protocol to Implement the Fourth Package of Commitments under AFAS signed in Jakarta on 3 September 2004;
- Protocol to Implement the Fifth Package of Commitments under AFAS signed in Cebu on 8 December 2006;
- Protocol to Implement the Sixth Package of Commitments under AFAS signed in Singapore on 19 November 2007;
- Protocol to Implement the Seventh Package of Commitments under AFAS signed in Cha-am on 26 February 2009.

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

There have also been four packages of commitments on financial services signed by the ASEAN Finance Ministers and six packages in air transport signed by the ASEAN Transport Ministers.

7th Package of AFAS Commitments

The 7th Package is the most ambitious of the commitments made to date under AFAS in line with the targets set under the AEC Blueprint. These include:

- scheduling no restrictions for cross border supply and consumption abroad (Modes 1 and 2);
- committing higher foreign equity levels (Mode 3);
- progressively removing other restrictions.

Under the 7th package, AMS are expected to continue expanding the depth and breadth of their services commitments towards achieving free flow of services by 2015 with flexibility.

For more information:

Services & Investment Division
Tan Tai Hiong (hiong@asean.org)

Mutual Recognition Arrangements (MRA) in Services

Mutual Recognition Arrangements (MRA) in the services sector is a relatively recent development in ASEAN cooperation in trade in services. An MRA enables the qualifications of services suppliers that are recognised by the relevant authorities in their home country to be mutually recognised by other signatory Member States. This helps to facilitate the flow of professional services providers in the region, in accordance with the relevant domestic rules and regulations.

MRA in Services

The ASEAN Framework Agreement on Services (AFAS), which was signed by ASEAN Economic Ministers (AEM) on 15 December 1995 in Bangkok, Thailand, recognises the importance of MRA in overall services integration in ASEAN. Article V of AFAS provides that:

“Each Member State may recognise the education or experience obtained, requirements met, or licences or certifications granted in another Member State, for the purpose of licensing or certification of service suppliers. Such recognition may be based upon an agreement or arrangement with the Member State concerned or may be accorded autonomously.”

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

What Has Been Achieved?

At present, the following MRAs have been concluded and signed by AEM:

- MRA on Engineering Services, on 9 December 2005 in Kuala Lumpur, Malaysia
- MRA on Nursing Services, on 8 December 2006 in Cebu, the Philippines
- MRA on Architectural Services and Framework Arrangement for the Mutual Recognition of Surveying Qualifications both on 19 November 2007 in Singapore

In addition, there is an MRA on Tourism Professionals that was adopted at the 12th Meeting of ASEAN Tourism Ministers (MATM) on 9 January 2009 in Ha Noi, Viet Nam.

Various mechanisms are being established to administer the implementation of these MRAs.

Accountancy, Medical, and Dental Services

The MRA Framework on Accountancy Services, MRA on Medical Practitioners, and MRA on Dental Practitioners, were signed by the AEM on 26 February 2009. This completes the current series of MRAs agreed for negotiations. While additional MRAs may be considered in the future, efforts are now focused on implementing all completed MRAs in order to ensure that professionals in the region derive tangible benefits from the agreements.

The MRAs for engineers and architects provide for a coordinating mechanism, while the medical and dental practitioners focus on cooperation, in terms of facilitating the recognition of qualified practitioners in other ASEAN Member States. The MRA on accountancy shares a similar approach as the surveying MRA, providing the enabling framework of broad principles for further bilateral or multilateral negotiations among ASEAN Member States.

For more information:

Services & Investment Division
Tan Tai Hiong (hiong@asean.org)