

**Welcome Remarks by Mr Subash Bose Pillai, Director for Market Integration Directorate, ASEAN Economic Community Department, ASEAN Secretariat, at the Trade in Services, the GATS and ASEAN Workshop, Trisakti International Business School,**

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Mr Adrian Walraven, Counsellor, Embassy of Canada

Prof. Dr Dadan Umar Daihari, Chairman of Trisakti University Research Committee, Jakarta

Distinguished Participants,

Ladies and gentlemen,

A very good morning.

Let me at the outset, convey the apologies of Deputy Secretary-General H.E. Sundram Pushpanathan, who is unable to join us today. On his behalf, I would like to extend our warmest welcome to all participants to this Workshop on “Trade in Services, the GATS and ASEAN” held here at the Trisakti International Business School in Jakarta. Among the participants are representatives of ASEAN Member States, particularly officers from the Committee of Permanent Representatives (CPR) to ASEAN, representatives from the ASEAN-Business Advisory Council (ABAC) as well as staff members of the ASEAN Secretariat. I am sure that with this good mix of participants, you will have a very good interaction and discussions at this three-day workshop.

This is the second in the series of workshops that ASEC has organized in collaboration with the Canadian International Development Agency (CIDA). The first was held on 17 February this year on the “Introduction to Trade Policy and the WTO”. This second workshop on services is a follow-up to the first workshop in February. The choice of the topic for this second workshop is deliberate, recognising the importance of the services sector to the ASEAN economy and the strong impact that services liberalisation, under the General Agreement on Trade in Services (GATS), has on the trade and investment patterns of ASEAN. In fact services is the major contributor to the GDP of many ASEAN economies and is expected to lead economic growth in the ASEAN region.

At the WTO, The GATS was concluded in 1995 under the concept of a single undertaking during the Uruguay Round. This is the first multilateral agreement on trade in services concluded. The GATS is thus a ground-breaking agreement where international rules for the conduct of trade in services were formulated for the first time. In ASEAN, the ASEAN Framework Agreement (AFAS) was also signed in 1995 using the GATS rules as the basis for further liberalisation of the services sector in ASEAN. However over time ASEAN have evolved its own formulation towards services liberalisation in ASEAN vis-a-vis away from the request and offer approach of the WTO by setting targets for liberalisation in packages over a period of time. Currently we are almost to completing the 7th ASEAN Framework Agreement in Services (AFAS) and steps are already being taken to initiate liberalisation under the 8th AFAS package.

Before I touch on what ASEAN has been doing in the area of services liberalisation, let me drive the point, as I had mentioned earlier, that services will lead the economic growth of ASEAN in the future. In terms of the services sector contribution to the Gross Domestic Product, overall this sector’s share of the ASEAN economy was 45.9% in 2009, accounting for almost half the GDP of ASEAN economies. ASEAN’s share of global trade in commercial services is relatively

large at 5% of the global total or in value terms, this amounted to US\$343 billion in 2009. This share is by far higher than any of the BRIC (Brazil, Russia, India and China) countries, which individually has a share of between 1% and 4%. Most of the trade are in business and transport services. Reflecting the importance of the services sector, foreign direct investment to the services sector is also correspondingly at high levels, accounting for more than 50% of the total FDI inflows into ASEAN which support future growth of the services sector in ASEAN.

Given the importance of this sector, ASEAN has taken steps under AFAS to further enhance the free flow of services towards ASEAN economic integration. ASEAN has drawn up a services liberalisation roadmap under the AEC Blueprint that has targets and timelines for services liberalisation towards 2015. ASEAN services liberalisation is a progressive exercise and some flexibility is allowed to take into account differing situations. We have also drawn up an inventory of services limitations that are available on the ASEAN Secretariat website, which lends transparency to the ASEAN services regime.

Services liberalisation is also a big component of ASEAN FTA negotiations and we have stand-alone services agreements under the ASEAN-China and the ASEAN-Korea FTAs, and dedicated chapters under the ASEAN-Australia/NZ and the ASEAN Japan FTAs. ASEAN is currently negotiating separate services agreements with India and Japan. These agreements are important to ASEAN as they open up the services markets of dialogues partners as well as allow us to benefit from greater investment flows that will enhance the delivery of services and the development of the sector.

Ladies and gentlemen,

With the surging importance of the services sector in ASEAN, it is imperative that the capacity of officers both at ASEAN Member Countries, ASEAN Secretariat and the Private Sector be enhanced – thus the holding of this very important workshop to put ASEAN in the right footing. I hope that from this workshop, you will be able to take back with you some knowledge of the GATS rules and an understanding of the way services commitments are made. For the Member States, scheduling is an important issue as it defines the parameters of the concessions made while for the business participants, it explains the scope of the liberalisation and how open the sector is. Any lack of knowledge in the scheduling of commitments could be very detrimental to both ASEAN Member Countries and ASEAN as a whole.

Before I conclude, let me once again express our appreciation to Canada for funding this workshop. Canada is an ASEAN Dialogue Partner since 1977 and this capacity building effort under the ASEAN-Canada Joint Cooperation Work Plan of 2007-2010, helps ASEAN in its economic community building efforts. CIDA has employed the expert services of the South East Asia Trade Policy Training Network (SEATRANET). Please make full use of this opportunity to improve your understanding on trade in services.

In conclusion, let me wish all of you an interesting workshop and fruitful deliberations.

Thank you.