



**Asia-Pacific
Economic Cooperation**

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“GATS Plus” - Services

Submitted by: Australia



**Dialogue on Regional Trade Agreements and Free
Trade Agreements
Ho Chi Minh City, Viet Nam
27 August 2017**



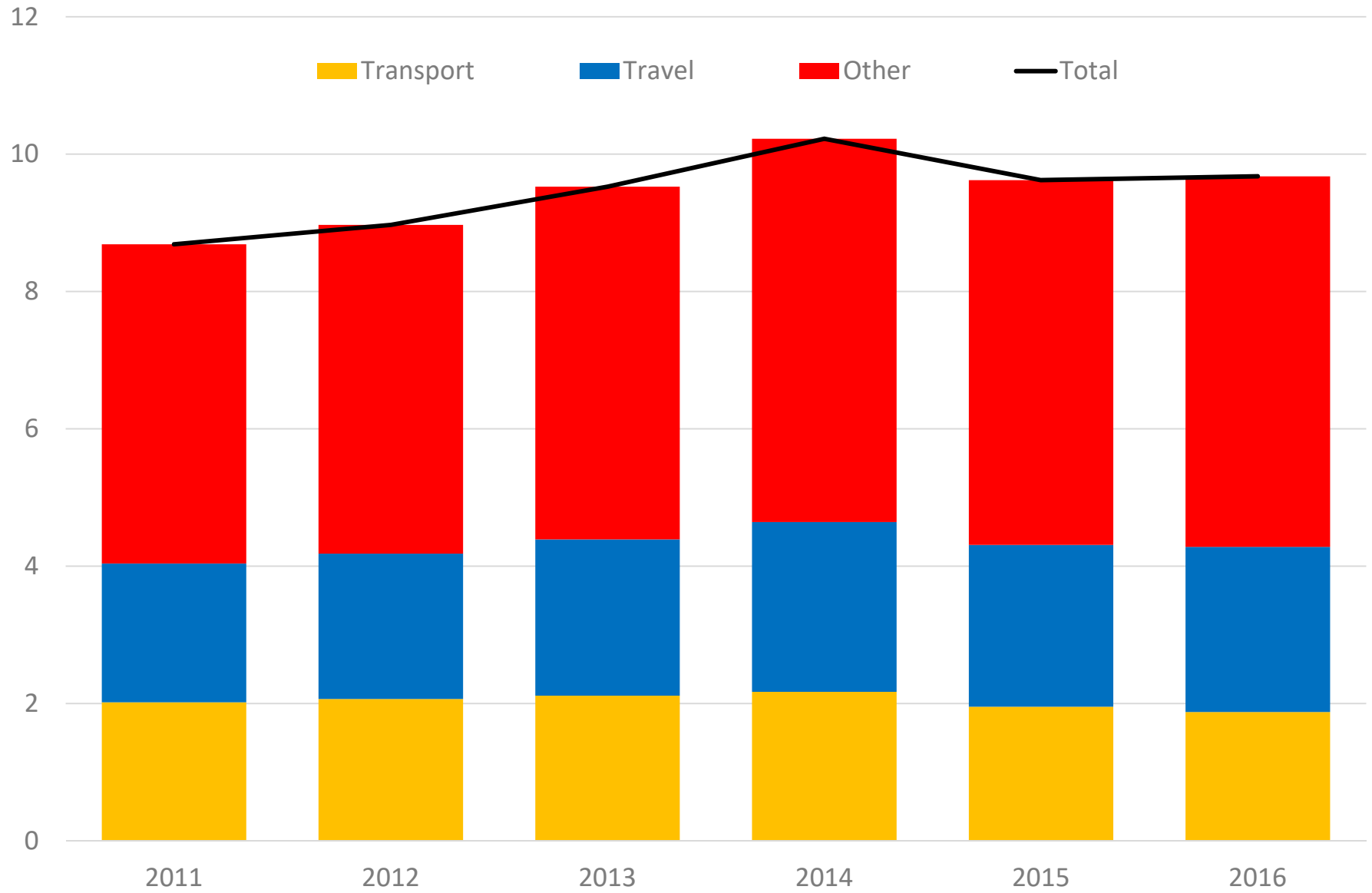
Australian Government
Department of Foreign Affairs and Trade

“GATS PLUS” - SERVICES

Ambassador Simon Newnham
Sunday, August 27, 2017

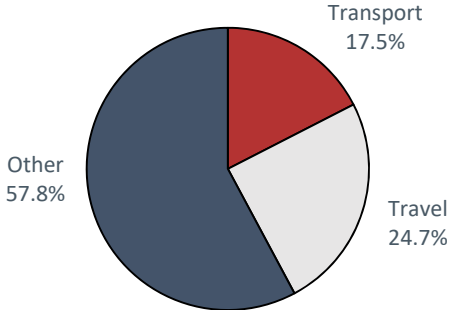
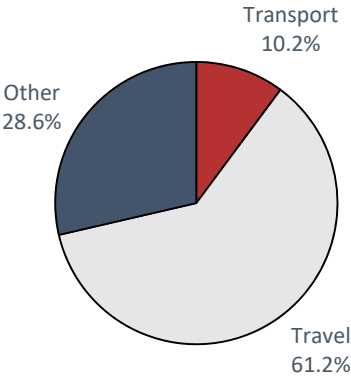
World services trade

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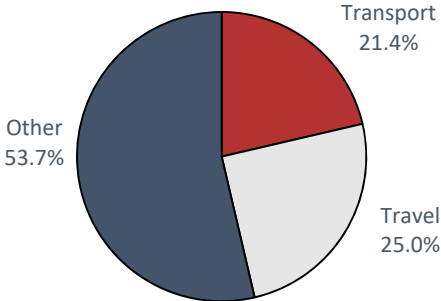
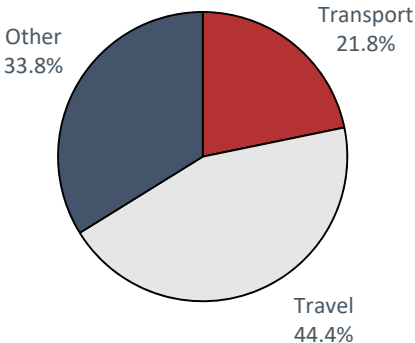


Composition of Australian and World Trade in Services 2016

Australia's services exports by broad type World's services exports by broad type

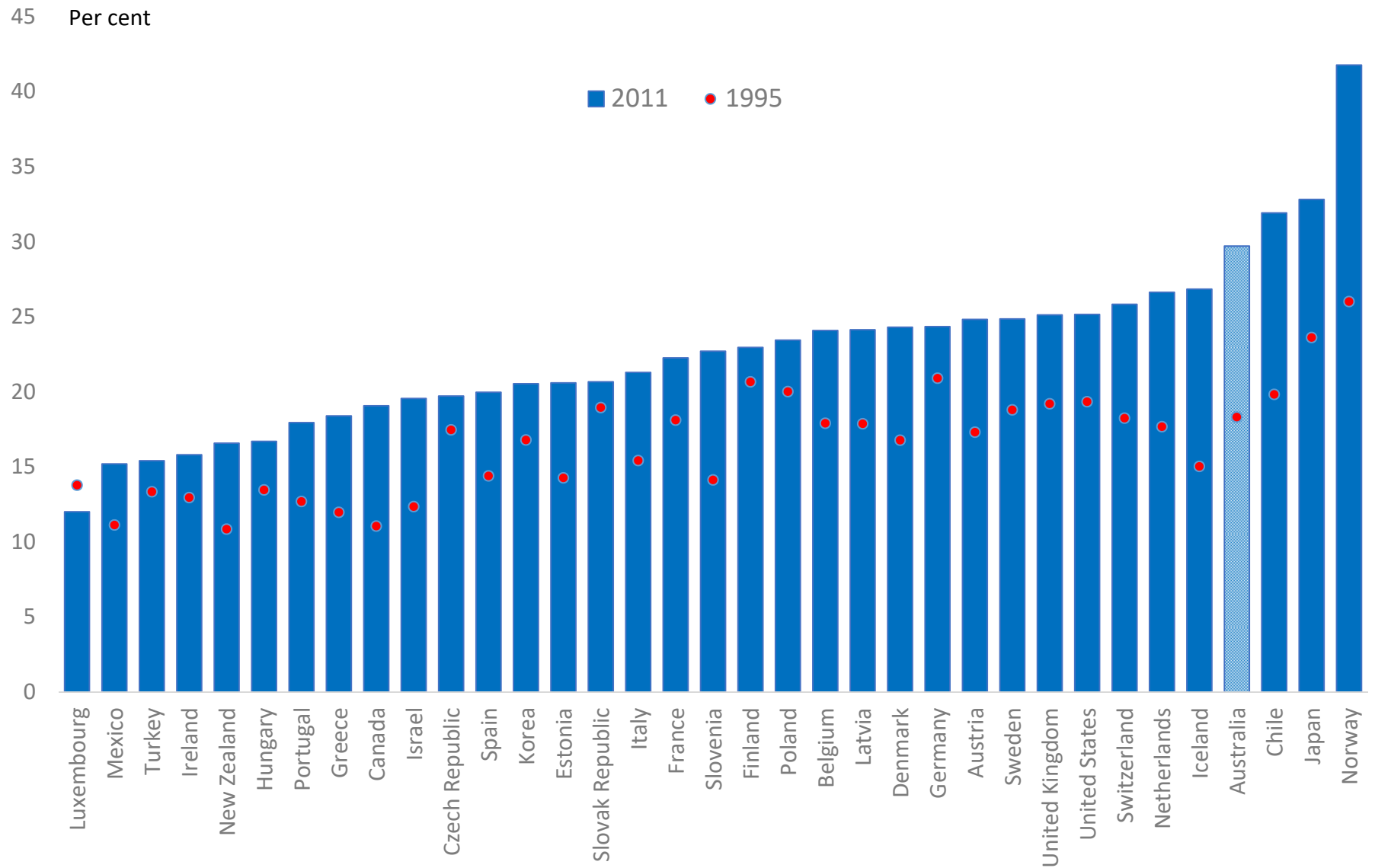


Australia's services imports by broad type World's services imports by broad type



Participation in Global Value Chains*

(1995 vs 2011)



* Measured as the domestic content embodied in foreign exports as a percentage of total exports

AUSTRALIA AND SERVICES

- Pushing the envelope to get better access for services suppliers is important for Australia.
- Service sector produces ~70% of Australia's GDP and accounts for more than 4 out of 5 jobs.
- Services contribution to total exports is under-estimated – it may be more than 40 per cent.
- In 2016, Australia's 3rd largest export was education services (after iron ore and coal)

WORLD TRADE ORGANIZATION GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)

- GATS over 20 years old – a landmark multilateral outcome
- Covered all four ‘modes of supply’
- Contained two main types of commitments:
 - Market access commitments (MA, NT, MFN)
 - Other rules (e.g. transparency, domestic regulation etc), to ensure market access gains weren’t undermined.

WORLD TRADE ORGANIZATION GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)

- Australia was and remains a demandeur on services
- GATS contains an in-built agenda
 - both market access and rules
 - but progress has been difficult
- Australia has pursued bilateral and plurilateral agreements in the absence of progress in the WTO
- As I have said, APEC and other multilateral bodies also useful in exploring “GATS Plus” ideas

WHAT IS “GATS PLUS” ?

- In GATS, currently two types of disciplines:
 - Market access commitments (MA, NT, MFN),
 - Other rules (e.g. transparency, domestic regulation etc)
- To qualify as “GATS Plus”, a discipline should be an extension or update of GATS rules, and/or result in greater market access.

WHAT IS “GATS PLUS” – NEGATIVE LISTING

- Australia’s preference is to use a negative list approach to scheduling market access commitments in FTAs/RTAs
- Negative list is an inherently more liberalising approach
 - aims to at least lock-in current levels of openness
 - and minimise broad policy space reservations
- Ratchet mechanism locks in future liberalisation

WHAT IS “GATS PLUS” – NEW RULES

- More specific or expanded rules in some services sectors or areas, e.g.
 - Telecommunications
 - Financial services
 - Professional services
 - Air transport services
 - Domestic regulation/transparency
- Completely new rules in other services trade areas, e.g.
 - E-commerce/digital trade
- More ambition and sensitivity means that we also need new ways of dealing with that sensitivity.

WHAT IS “GATS PLUS” – ELECTRONIC COMMERCE

- E-commerce provisions are becoming more commonplace in FTAs
 - reflects the increasing importance of the digital economy and digital trade.
- Gradual evolution from provisions relating to paperless trading and online consumer protection to cross-border data flows and localisation
- Australia remains a strong advocate for pursuing e-commerce outcomes within the WTO

WHAT IS “GATS PLUS” – TELECOMMUNICATIONS

- Telecommunications specific-commitments were included in GATS
 - but there have been rapid technological and regulatory developments since the Uruguay Round.
- The focus has been to enable access to and use of key aspects of telecommunications infrastructure by service suppliers on reasonable terms and conditions.
- Recent FTAs have attempted to address new issues like:
 - international mobile roaming (IMR) and international submarine cable systems.

WHAT IS “GATS PLUS” – AIR TRANSPORT SERVICES

- Air traffic rights are not covered under the WTO Covered Agreements or FTAs.
- Air transport services are particularly important for international trade, but the GATS only covered:
 - aircraft repair and maintenance, computer reservation system services, and selling and marketing of air transport services.
- Recent FTAs have included three “GATS plus” air transport services:
 - ground handling services, airport operation services, and speciality air services.

AUSTRALIAN “GATS PLUS” EXAMPLES

- Korea is an important trading partner, including for Australia
- The Korea-Australia Free Trade Agreement provides a good example of “GATS Plus” elements
 - Telecommunications
 - Financial services
 - Mutual recognition

MULTILATERAL CONTEXT

- What is Australia doing to try to go “GATS Plus” in a multilateral context?
 - driving a Domestic Regulation proposal
 - key player on finding way forward on e-commerce
- Australia is co-Chair of Trade in Services Agreement (TiSA)
 - negotiations underway
- In APEC, we support initiatives that build familiarity with “GATS Plus” rules and concepts
 - including by organising Trade Policy Dialogues in CTI to examine services and other WTO-Plus elements of RTAs and FTAs.

TRADE IN SERVICES AGREEMENT

- Aims to set a new standard in services trade commitments
 - by capturing progress made through unilateral liberalisation and in FTAs, and
 - developing new trade rules in areas where there have been significant developments since the Uruguay Round.
- Hybrid scheduling approach
- Australia and other negotiating Parties consider that TiSA provides the best opportunity to multilateralise developments in services trade

CONCLUSION

- Australia is and continues to be a strong advocate for “GATS Plus” approaches to services, as well as innovative approaches to new rules in other areas of our trade agenda.
- We see APEC as playing an important role in building familiarity with and exchanging information on “GATS Plus” elements in trade rules.
- Thank you.



Australian Government

**Department of
Foreign Affairs and Trade**