MINISTRY OF TRADE AND INDUSTRY SINGAPORE

PRESS RELEASE

For Immediate Release

SINGAPORE RATIFIES THE ASEAN TRADE IN SERVICES AGREEMENT

1. Singapore ratified the ASEAN Trade in Services Agreement (ATISA) today, the first of the ASEAN Member States (AMS) to do so.

2. Minister for Trade and Industry Chan Chun Sing signed the ATISA on the sidelines of the 25th ASEAN Economic Ministers' Retreat in 2019. Singapore has since completed its domestic procedures to ratify the Agreement and has notified the ASEAN Secretary General of the ratification. Singapore's rights and obligations under the ATISA will commence today and the other AMS are continuing their internal procedures to ratify the ATISA within the year.

3. Mr Chan said, "Singapore's ratification of the ATISA reflects our strong commitment to ASEAN and creates a more transparent, stable and predictable environment for trade in services in the region. The Agreement will help strengthen services-related trading arrangements among AMS, enabling ASEAN businesses to enjoy increased market access and reduced discriminatory regulatory barriers. We will continue to encourage other AMS to expedite their ratification of the Agreement so that businesses can reap the benefits sooner."

4. The ATISA builds upon and enhances the existing ASEAN Framework Agreement on Services (AFAS) by further reducing "beyond-the-border" barriers. It provides a legally binding guarantee of the widest preferential services market access into ASEAN markets to date, beyond ASEAN's existing Agreements, including the recently signed Regional Comprehensive Economic Partnership. The ATISA will benefit and improve business confidence for our businesses and service suppliers in all sectors, including Professional Services, Telecommunications, Financial Services, Computer and Related Services, and Distribution and Logistics Services. It will lay the ground for continued growth in the ASEAN region's services trade which was worth more than USD 844.6 billion in 2019.

Annex A: Factsheet on ASEAN Trade in Services Agreement (ATISA)
Annex B: Infographic on ATISA

Ministry of Trade and Industry

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Annex A: Factsheet on ASEAN Trade in Services Agreement (ATISA)

Background

- Negotiations on the ASEAN Trade in Services Agreement (ATISA) were concluded in 2018, at the 17th ASEAN Economic Community Council Meeting.
    - The ASEAN Ministers signed the Protocol to Implement the Tenth Package of Commitments under the ASEAN Framework Agreement on Services (AFAS)[1] at the sidelines of the 50th ASEAN Economic Ministers (AEM) Meeting on 29 Aug 2018, and the ATISA bolsters this achievement.

- Both the ATISA and AFAS are landmark agreements in bolstering trade in services in ASEAN. They are also longstanding initiatives that ASEAN Member States (AMS) have pursued over the last few years.
    - Services is an increasingly important sector in ASEAN economies, accounting for 50.6% of ASEAN's Gross Domestic Product (GDP) as of 2019[2]. For Singapore, the ASEAN markets were collectively our third largest services trading partner. In 2019, Singapore's services exports to the ASEAN region grew by 11.3% to $27.3 billion. This represents 10.7% of Singapore's services exports, with the ASEAN region becoming Singapore's third largest services export destination[3], ahead of both the United States and Mainland China. As of 2020, the services sector accounts for more than 85% of resident employment – or more than 1.89 million workers – in Singapore[4].

- Together, the ATISA and AFAS will benefit Singapore businesses and our workers, reducing barriers and further promoting trade in services in the ASEAN region – worth more than USD844.6 billion as of 2019[5] – and lays the ground for its continued growth.

[1] The AFAS provides the legal framework for each ASEAN Member State to broaden the coverage of liberalised services sectors that are open for access by businesses and services suppliers from other AMS. Under the AFAS, AMS have reduced or eliminated restrictions on trade in services through "Packages" of commitments, and each AMS' commitments have gone beyond similar efforts at the World Trade Organization (WTO).

[2] Source: "ASEAN Key Figures 2020" published by ASEAN Secretariat

[3] Source: "Singapore's International Trade in Services 2019" published by Department of Statistics Singapore

[4] Source: Ministry of Manpower Statistics last updated February 2021

[5] Source: "ASEAN Key Figures 2020" published by ASEAN Secretariat

Benefits

- The ATISA builds upon and enhances the AFAS by further reducing "beyond-the-border" barriers for our services suppliers and creating a more stable and predictable environment for trade in services. This also sets the stage for further services integration and liberalisation in ASEAN in the future.

  - This includes establishing commitments around AMS' services liberalisation commitments under the AFAS, which are a legally-binding guarantee of the widest preferential services market access into ASEAN markets to date.

    - The commitments include the reduction of discriminatory regulatory barriers, and creation of a more transparent regime for ASEAN services suppliers.

- The ATISA also includes a built-in agenda for AMS to convert their AFAS commitments to a negative list approach.

  - Under a negative list approach, all services sectors are considered as liberalised by default. A State would therefore only list sectors/sub-sectors in which it has taken measures that it considers to run counter to the obligations of the agreement (also known as non-conforming measures).

    - This contrasts with the positive list approach, in which a State has to explicitly list the sectors/sub-sectors which it intends to liberalise.

  - In negative lists, Parties would usually include references to the relevant legislation that supports such non-conforming measures.

  - The eventual negative listing approach under the ATISA thus fosters transparency and can potentially improve market access for businesses and service suppliers.

- When fully implemented by all ASEAN Member States, the ATISA will make up the third and final part of the "troika" of ASEAN agreements that seek to improve ASEAN's economic and sectoral integration, along with the ASEAN Trade in Goods Agreement (ATIGA) and ASEAN Comprehensive Investment Agreement (ACIA).

Example: Singapore-Based Services Supplier Seeking to Export to the ASEAN Region

1. The ATISA incorporates the commitments of ASEAN Member States (AMS) under the ASEAN Framework Agreement on Services (AFAS). Based on AMS' commitments, a Singapore-based services supplier planning to provide services to the ASEAN market will be able to enjoy the widest preferential access into ASEAN's services market, compared to other existing ASEAN Agreements. This is both in terms of more services sectors being open to foreign participation and the increase in allowed foreign shareholding limits. Specifically:

i. More than 70% of the services subsectors in ASEAN markets will be fully open to Singapore-based services suppliers i.e. 109 to 128 (out of the total of 155) services subsectors.

ii. Companies can own more than 51% of foreign equity shareholding rights in these committed sectors, with some sectors allowing for up to 70% of foreign equity limits.

iii. Wide coverage of services sectors including Professional Services, Telecommunications, Financial Services, Computer and Related Services, Distribution and Logistics Services.

iv. The committed sectors will subsequently adopt a negative listing approach and include a ratchet mechanism. These features increase transparency and lock in both current and any future levels of liberalisation.

2. The ATISA also ensures greater transparency of regulations and measures. A Singapore-based company looking to provide services (e.g. engineering services or database services) will benefit from equal treatment from AMS i.e. they cannot be treated worse than companies from other AMS or non-member countries. The supplier will also benefit from increased regulatory certainty. They would be able to:

i. Obtain information on the status of their authorisation applications when seeking to provide services in another AMS without undue delay and be informed of the decision within a reasonable period of time;

ii. Benefit from more objective and transparent licensing measures, including access to specific information on current regulations and administrative guidelines. AMS have also committed to publish relevant regulations and guidelines in English, where possible.

iii. Seek recourse if regulatory barriers are encountered, through the ASEAN Committee of Trade in Services, a platform for all ten AMS to raise services related issues or avail themselves of dispute settlement mechanisms should it be required.

Annex B: Infographic on ATISA