

ASEAN FOR BUSINESS

# Bimonthly Bulletin

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## In Focus: ASEAN Trade in Services Agreement (ATISA)



ASEAN integration in the area of trade in services has reached a new important milestone through the signing of the ASEAN Trade in Services Agreement (ATISA) by ASEAN Economic Ministers (AEM) on 7 October 2020 in Manila, the Philippines. The agreement affirms ASEAN's commitment to free and open trade and regional economic integration, against the present multifaceted challenges of trade tensions, global pandemic and economic uncertainties.

ATISA builds upon all of the achievements and decisions made by ASEAN Member States (AMS) to-date pertaining to the ASEAN Framework Agreement on Services (AFAS), as well as other related initiatives related to trade in services. ATISA makes up the “troika” of modern and comprehensive ASEAN economic agreements, along with the ASEAN Trade in Goods Agreement (ATIGA) and the ASEAN Comprehensive Investment Agreement (ACIA).

### Objectives

ATISA aims to strengthen economic linkages and provide greater opportunities for economic development, through increasing trade and investment in the area of services and create larger markets and greater economies of scale. Furthermore, ATISA intends to reduce barriers to trade and investment in services and create a predictable

### About the Bulletin

ASEAN for Business is a bulletin published by the Enterprise and Stakeholder Engagement Division of the ASEAN Secretariat.

This bimonthly bulletin provides quick updates on specific topics related to the ASEAN Economic Community (AEC) for businesses operating in the region.

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business environment while strengthening economic relations between AMS. Also, of equal importance, ATISA aspires to narrow the development gaps between AMS to achieve a more equitable, balanced and sustainable socio-economic development.

## Key Features

### *i. Clearer and Stronger Obligations*

Compared to the AFAS, which refers to the obligations under the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO), ATISA provides a better clarity by stipulating all of the obligations within the agreement. The ATISA's obligations are also stronger, building upon existing achievements made through the AFAS process as well as through the ASEAN's existing Free Trade Agreements (FTAs) with its dialogue partners.

### *ii. Transitioning into Negative List Commitments*

ATISA provides specific timelines for all AMS to transition their AFAS commitments which have been scheduled using GATS-type positive list scheduling of specific commitments, into a negative-list scheduling of reservations or technically referred to as Schedules of Non-Conforming Measures (NCM). In other words, AMS shall be deemed to be in compliance with all obligations under the ATISA subject to measures that they shall stipulate in their respective NCM schedules. This approach requires AMS to provide details of its current services regime, listing down all measures that are not in conformity with ATISA's obligations. Furthermore, ATISA requires that the NCM be at least equal to, or more liberal than the level of commitment made under the AFAS Packages.

### *iii. Sectoral Annexes*

There are three sectoral annexes under ATISA: Annex on Financial Services, Annex on Telecommunication Services and Annex on Air Transport Ancillary Services. These annexes include sector-specific obligations intended to deepen integration and strengthen regulatory cooperation in these sectors.

## Impacts for the Businesses

Given the ever-increasing importance of the services sector in the region (typically ranging between 38% to 65% of AMS' GDP and traded at US\$ 844.6 billion volume as of 2019, according to ASEANStats), ATISA will significantly benefit ASEAN's businesses and workers through the removal of discriminatory barriers to trade and investment in the services sector, improvements of regulatory standards (such as in the areas of transparency and processing of applications) and providing a more liberal, transparent and stable environment.

Upon the transition to the negative list, the resulting NCM schedules will provide businesses with a more comprehensive and informative list of services policies of AMS. This is expected to instil a higher degree of confidence in the economy of the region. Building upon all of the achievements made to-date, ATISA is expected to further promote services trade in ASEAN and lays the ground for its continued growth.

ATISA encourages for more dialogue, interaction and networking between government officials and service suppliers. Private sector representatives or associations may be invited to provide inputs and/or views on issues relating to trade in services.

## More Information about ATISA

- Find out more about ATISA's features and obligations as contained in the full text of the ATISA available at <https://asean.org/storage/2012/05/ATISA-signed-scanned.pdf>.
- The private sectors are welcomed to further contact their respective Government Agencies and Business Councils on how ATISA will benefit them.

## Recent Updates

### **Senior Economic Officials Meeting (SEOM) Retreat 2021**

[Senior Economic Official Meeting \(SEOM\) Retreat 2021](#) was held via video conferencing on 11 January 2021. In the meeting, Brunei Darussalam introduced its chairmanship theme; namely, “We Care, We Prepare, We Prosper.” Brunei Darussalam detailed the three key thrusts of their Priority Economic Deliverables (PEDs) for their chairmanship which consist of (i) recovery: progressing together towards the region’s economic recovery; (ii) digitalization: leveraging on new technologies and digitalization for a resilient ASEAN; and (iii) sustainability: advancing an inclusive and sustainable economic growth in ASEAN. The meeting also discussed the 2021 Annual Priorities under SEOM’s purview; the SEOM Work Programme for 2021; and updates on the activities of Economic Officials in Jakarta.

### **11<sup>th</sup> Meeting Committee of the Whole for the ASEAN Economic Community**

[The 11<sup>th</sup> Meeting Committee of the Whole \(CoW Meeting\)](#) was held virtually on 23 January 2021. As the coordinating conference for AEC<sub>2</sub>, the CoW discussed ASEAN’s economic priorities for 2021 with focus on initiatives that require cross-sectoral/pillar cooperation. The Meeting also discussed AEC related cross-pillar initiatives such as the ASEAN Comprehensive Recovery Framework; Consolidated Strategy on the 4th Industrial Revolution; Gender Mainstreaming; and Enabling Masterplan (for person with disabilities). In addition, Boston Consulting Group presented their study on the Impact of COVID-19 on Value Chains in the Region, which is part of the Accelerated COVID Economic Support for ASEAN programme supported by the UK Mission to ASEAN. The ASEAN Business Advisory Council (ASEAN-BAC) also attended and presented the Council’s priority in 2021.

### **ASEAN+3 Task Force Meeting (TF+3)**

The ASEAN+3 Task Force Meeting (TF+3) was held through video conference on 20-21 January 2021. The meeting mainly discussed the further the

details of Chiang Mai Initiative Multilateralization (CMIM), including the reference rate, the guiding principles for CMIM extra portion and Local Currency contributions, and its future direction. The meeting also planned to hold its next Task Force meeting and the ASEAN Finance and Central Bank Deputies Meeting+3 (AFCDM+3) virtually in March 2021.

### **1<sup>st</sup> ASEAN Digital Minister’s Meeting (ADGMIN)**

[The 1<sup>st</sup> ASEAN Digital Ministers Meeting \(ADGMIN\)](#) was held via video conference on 21 and 22 January 2021. The meeting adopted and launched the ASEAN Digital Masterplan 2025 (ADM2025), adopted the Implementation Guidelines for the ASEAN Data Management Framework and the ASEAN Model Contractual Clauses Mechanism for cross-border data flow, and adopted the Initiative on Facilitating Sustainable Over-the-Top (OTT) Ecosystems. The meeting endorsed ASEAN’s 2021 ICT workplan as well as the 2021 joint ICT workplans with Dialogue Partners and ITU. Also, the meeting adopted the Putrajaya Declaration on “ASEAN: A Digitally Connected Community” to build a digital-ready and connected ASEAN, guided by the ADM2025 and through the implementation of the adopted initiative, framework and mechanism.

### **19<sup>th</sup> ASEAN Trade Facilitation Joint-Consultative Committee (ATF-JCC)**

The 19<sup>th</sup> ASEAN Trade Facilitation Joint-Consultative Committee (ATF-JCC) was held virtually on 20-21 January 2021. The engagement with the business councils discussed initiatives put forward in addressing Non-Tariff Measures (NTM) in the region; customs integration efforts, transport facilitation, standard & conformance and other area related to trade facilitation. Business Councils were also requested to maximise the utilisation of ASEAN Solutions for Investments, Services and Trade (ASSIST) and e-Platform for ASEAN consultations with Private Sector (e-Platform) for a constructive suggestion and better implementation in the region.

## Upcoming Events

ASEAN – U.S. Trade and Labor Dialogue	Virtual, <b>2-3</b> February 2021
ASEAN Finance and Central Bank Deputies – Meeting Working Group (AFCDM-WG) and Related Meetings	Virtual, <b>8-13</b> February 2021
27 <sup>th</sup> Customs Enforcement and Compliance Working Group (27 <sup>th</sup> CECWG)	Virtual, <b>23-25</b> February 2021
ASEAN+3 Finance and Central Bank Task Force Meeting (ASEAN+3 TF)	Virtual, <b>3-4</b> March 2021
30 <sup>th</sup> Meeting of Customs Procedures and Trade Facilitation Group (CPTFWG)	Virtual, <b>23-25</b> March 2021
25 <sup>th</sup> ASEAN Finance Ministers' Meeting (25 <sup>th</sup> AFMM)	Virtual, <b>30</b> March 2021

## ASEAN Business Sentiment Study

The ASEAN Secretariat, with the support of ASEAN-Australia Development Cooperation Program (AADCP II), is conducting a study about understanding ASEAN indigenous enterprise's sentiment on the ASEAN Economic Community (AEC) and services trade liberalization in ASEAN. The ASEAN Secretariat is working with IPSOS Strategy3 to conduct the study, and in this regard, IPSOS Strategy3 will send an invitation to participate in the research to your email. We are looking forward to your active participation in the study to ensure we can accommodate your feedback on the matter.