

# **Liberalization of Trade in Services by APEC members**

Hikari Ishido (石戸光)

Abstract (報告要旨)

This study maps out the degree of liberalization of trade in services by the APEC members and makes some related analyses. After constructing a database showing the existence of limitations on market access and/or national treatment by each service sector, the study finds that the commitment level differs greatly between sensitive and less sensitive sectors, and that the commitment level under the ASEAN Framework Agreement (AFAS) is the highest among the four FTAs studied as a reference point. It also finds that there are cross-country and sector-wide similarities in the pattern of service sector commitment under and across each of the FTAs; this implies that the shared domestic sensitivities can be overcome by an APEC-wide economic cooperation scheme for enhancing competitiveness (through, e.g., a Trans Pacific Strategic Economic Partnership Agreement).

The study further highlights that, overall, Mode 4 (movement of people) gains least commitment, whereas Mode 2 (consumption abroad) gains most commitment under the GATS and under the four FTAs studied. Turning to policy implications, there are two possibilities on the sequence of making a seamless service market in the APEC region: (1) Start convergence within the same “clusters” among similarly committed countries under the GATS; then harmonize the level of commitments across all the member economies; or (2) Start harmonizing with rather dissimilar countries from different “clusters” of commitments under APEC’s Path Finder scheme, which provides a small-scale “social experimenting”; then scale up this line of effort at an acceptably later stage to the level of the entire APEC.

Since APEC is a suitable forum in which “WTO-Plus” commitments are pursued for a seamless service-linkage, building upon the existing sub-regional FTAs would be essential for APEC, either under the newly negotiated Trans-Pacific Strategic Economic Partnership (TPP) or under the still ongoing Bogor Goals. Further research along these analytical lines is needed.