

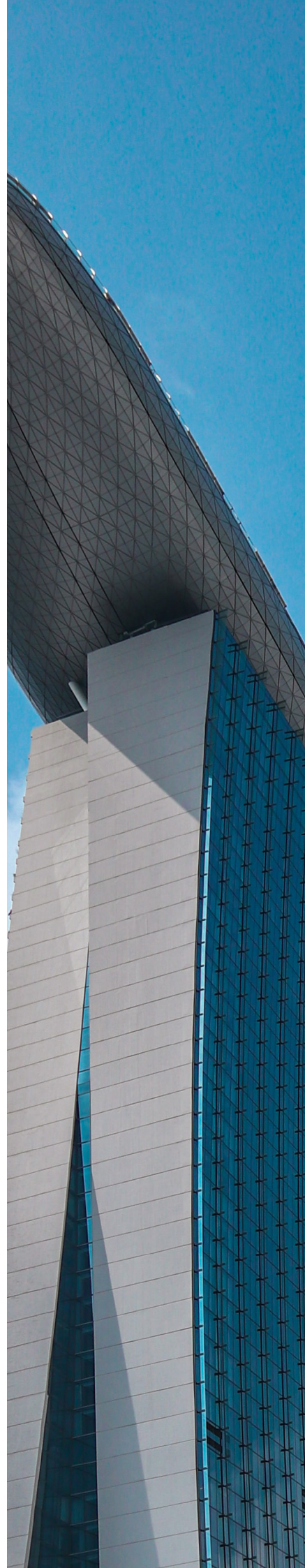


# Services & Investment Opportunities in ASEAN via ASEAN & ASEAN+1 FTAs



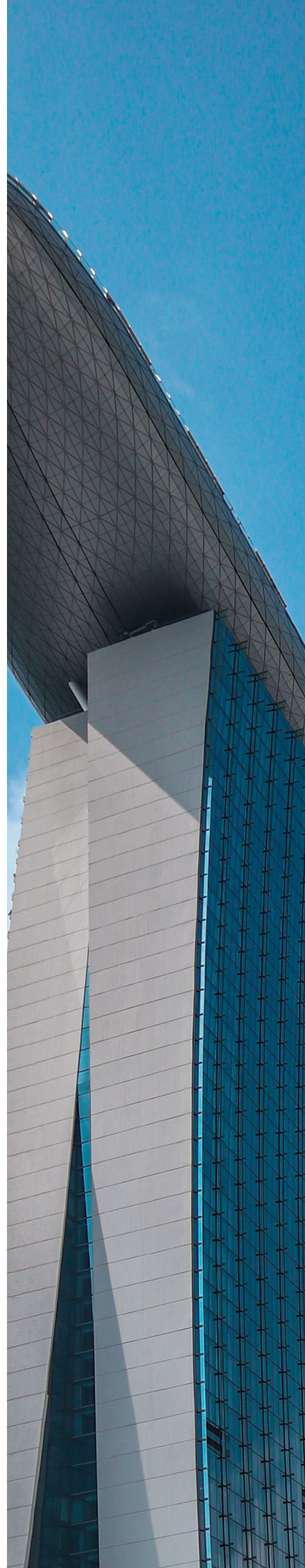
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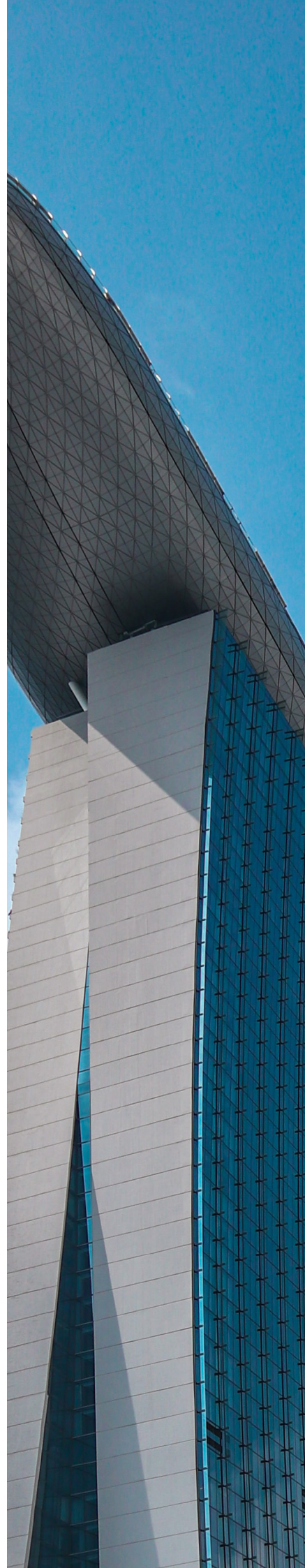
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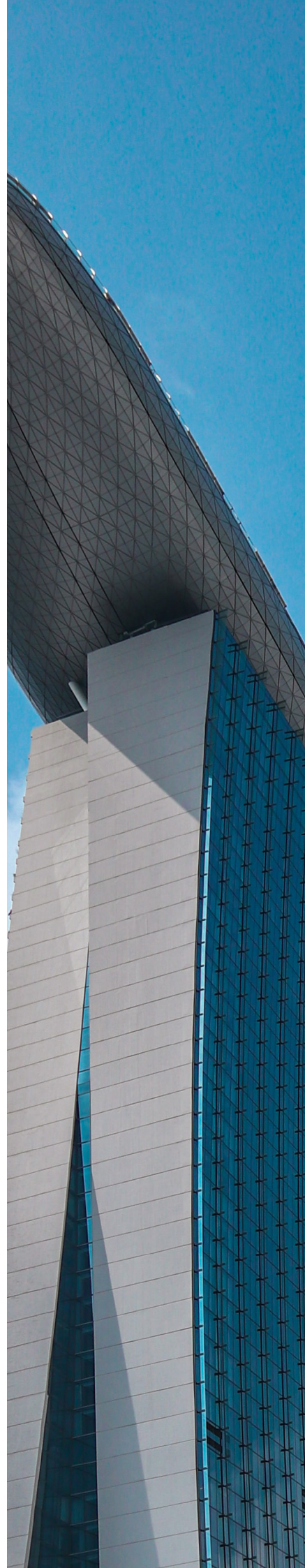
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## List of abbreviations

AANZFTA	ASEAN-Australia New Zealand Free Trade Area	CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
ACFTA	ASEAN-China Free Trade Area	CSFTA	China-Singapore Free Trade Agreement
ACIA	ASEAN Comprehensive Investment Agreement	FDI	Foreign Direct Investment
ACJCC	ASEAN-China Joint Cooperation Committee	FTA	Free Trade Agreement
AEC	ASEAN Economic Community	FWP	Future Work Programme
AEM	ASEAN Economic Ministers	GATS	General Agreement on Trade in Services
AFAS	ASEAN framework of Services	ICSID	International Centre for Settlement of Investment Disputes
AFTA	ASEAN Free Trade Agreement	ICT	Information and Communication Technology
AHKFTA	ASEAN-India Free Trade Area	IGA	Investment Guarantee Agreement
AIIA	ASEAN-India Investment Agreement	IMF	International Monetary Fund
AITISA	ASEAN-India Trade in Service Agreement	MNP	Movement of Natural Persons
AJCEP	ASEAN-Japan Comprehensive Economic Partnership	MSMEs	Micro, Small, and Medium Enterprises
AKFTA	ASEAN-Korea Free Trade Area	NCM	Non-conforming Measures
AKIA	ASEAN-Korea Investment Agreement	NTM	Non-Tariff Measures
AKTIS	ASEAN-Korea Trade in Services Agreement	OCP	Operational Certification Procedures
ASFF	ASEAN Services Facilitation Framework	OECD	Organization for Economic Cooperation and Development
ATFF	ASEAN Trade Facilitation Framework	RCEP	Regional Comprehensive Economic Partnership
ATISA	ASEAN Trade in Services Agreement	UNCITRAL	the United Nations Commission on International Trade Law
AWSC	ASEAN Wide Self Certification		
CECA	Comprehensive Economic Cooperation Agreement		





## Benefits of the Trade in Services provisions in the ASEAN and ASEAN+FTAs for Singapore Based service providers







# Preface





# Preface



Singapore businesses looking to gain from the massive market potential in the ASEAN region need a strong understanding of Singapore's Free Trade Agreements (FTAs) and the market opportunities in ASEAN. FTAs form the base for faster and easier market access, with IP protections and tariff savings, among other benefits for businesses to expand regionally.

Since Singapore signed its first FTA in 1992, she now has 28 FTAs. FTAs offers numerous opportunities for businesses, ranging from capitalising on Singapore as the region's financial services hub or moving manufacturing operations to FTA partner territories such as Vietnam, Indonesia, and Malaysia; enabling the expansion of businesses.

It is important to understand Singapore's FTAs to capitalize on the long-term potential. The ASEAN region could become the world's fourth-largest economy by 2030, with a consumer market valued at over US\$4 trillion. This will be driven by four major forces: strong demographic trends (65% of ASEAN's 700 million population will be middle-class), increasing foreign investment, rising income levels, and digital advances. As such, developing an effective investment strategy using Singapore as the base can help businesses harness ASEAN's growth, reduce investment risk, and maximize profit.

In this guide, we look at the significance of the ASEAN services/investment market for Singapore businesses with an in-depth explanation of the Trade in Services chapters under the ASEAN and ASEAN+1 framework. We hope this guide will provide Singapore businesses with insights into key aspects of Singapore's network of FTAs and help them make an informed decision when they embark on their ASEAN expansion.

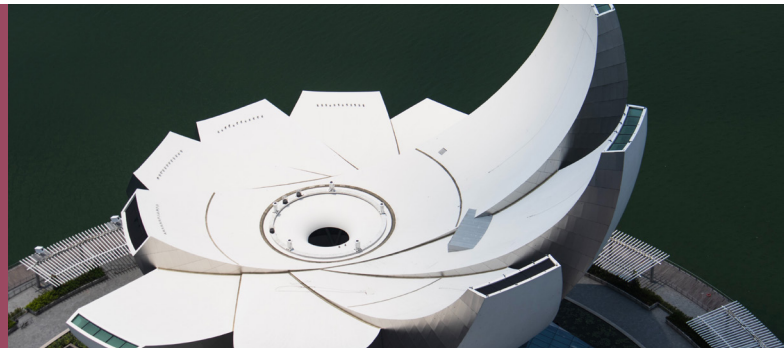


# Section 1





# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework



Singapore is known as the most open-economy country. Using limited resources to capture international opportunities, Singapore strongly encourages international investment by offering opportunities and benefits such as a good business environment, low tax rates, and the establishment of free trade agreements (FTAs) to promote trade openness.

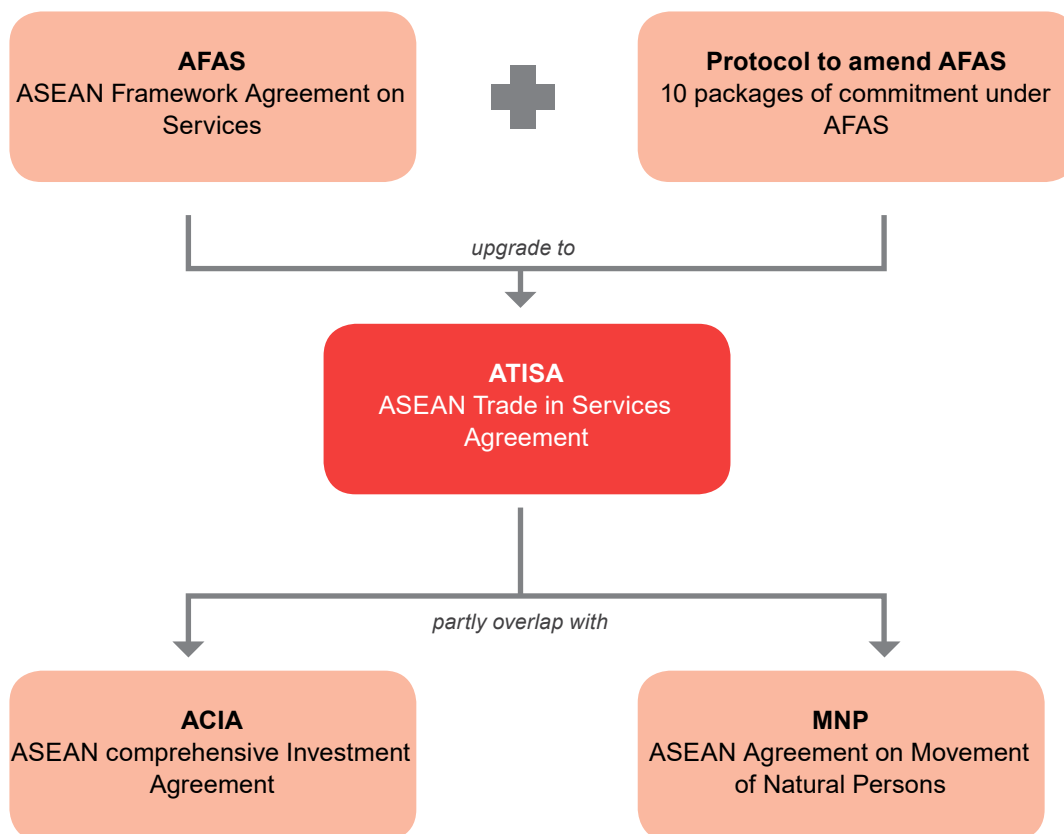
According to the World Bank's Doing Business Index data, Singapore has successfully held the first rank from 2007 to 2016 and managed to rank second globally in terms of ease of doing business for 5 years since 2017. Singapore manages business incorporation process efficiently where the incorporation takes about a day to complete, with the processes accessible through online portals lowering the barrier for foreign investors to do business. In terms of the tax rate, Singapore offers plenty of tax incentives. Singapore's corporate income tax rate is 17%, the lowest among Southeast Asian countries. Singapore also provides tax exemptions for certain industries and other tax incentives.

Apart from ease of doing business and tax incentives, Singapore has reduced barriers to trade through FTAs. Currently, Singapore has a total of 28 free trade agreements, which are both bilateral and regional. The major difference between a bilateral and regional FTA is that the former is an agreement between Singapore and a single trading partner, such as the China-Singapore Free Trade Agreement (CSFTA) and the India-Singapore Comprehensive Economic Cooperation Agreement (CECA). Regional FTAs are an agreement between Singapore and two or more trading partners such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the ASEAN Free Trade Area (AFTA).

As a core ASEAN member, Singapore is committed to promoting cooperation in the economic, social, cultural, technical, and other fields. Singapore was one of the ASEAN members that initiated the creation of the first AFTA on 28 January 1992 with five other ASEAN members: Indonesia, Malaysia, Brunei Darussalam, The Philippines, and Thailand. Vietnam joined in 1992, followed by Laos and Myanmar in 1997. The main purpose of AFTA is to support economic cooperation between member countries to create a single market and a production-base, to attract foreign direct investments and expand intra ASEAN trade and investment such as eliminating tariff barriers among member countries and creating a regional market of more than 600 million people.

As part of the AFTA, ASEAN member states are strongly committed to creating and accelerating the free movements of goods, services, and investments, acknowledged by the ASEAN Trade in Goods Agreement (ATIGA), ASEAN Trade in Service Agreement (ATISA), and the ASEAN Comprehensive Investment Agreement (ACIA). Each agreement shall explain the details of collaboration among the Member States to receive a mutual benefit.

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework



## ASEAN Trade in Service Agreement (ATISA)

The ASEAN Trade in Services Agreement (ATISA) was signed on 23 April 2019 by 7 ASEAN Economic Ministers (AEM), Singapore, Indonesia, Thailand, Brunei Darussalam, Malaysia, Laos, and Cambodia. Myanmar and Vietnam followed on 2019. Philippines was the last ASEAN member to sign the agreement on 7 October 2020. ATISA was created as an improvement of the framework from the ASEAN Framework Agreement in Service (AFAS), which was signed on December 15, 1995.

ATISA aims to strengthen services-related trading arrangements among the ASEAN Member States, by enabling ASEAN businesses to enjoy increased market access and reduced discriminatory regulatory barriers to development, increase trade and investment, and create larger markets and greater economies of scale. ATISA is expected to reduce “beyond-the-border” barriers that are enhanced by the existing agreement, the ASEAN Agreement Framework on Services (AFAS).

As a strong commitment to the transition from AFAS to ATISA, Singapore became the first ASEAN to ratify ATISA on 5 April 2021. The ASEAN market is Singapore's third-largest trading partner, with a growth of 11.3% to US\$27.3 billion in 2019, representing 10.7% of Singapore's service exports to the ASEAN region. ATISA aims to create a more transparent, stable, and predictable environment for trade in services among the ASEAN member states.

## Key benefits of ASEAN Trade in Service Agreement (ATISA)

### Further service integration and liberalization

Through ATISA, the commitments are clearer and more liberalized, like the reduction of discriminatory regulatory barriers and the creation of a more transparent regime for ASEAN services suppliers. ATISA is one of the three current ASEAN trade pillar agreements, next to the Agreement on Trade in Goods (ATIGA) and the Comprehensive Agreement on Investment (ACIA).



# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## Negative List Approach Transition

ATISA applies the negative list approach which confirms the transition from AFAS which previously used Positive List Approach. Under a negative list approach, all service sectors are considered liberalized by default. A state would therefore only list sectors or subsectors in which it has taken measures that it considers running counter to the obligations of the agreement also known as non-conforming measures (NCM).

Whereas the positive list approach registers in commitment schedules only in those areas where countries' parties have agreed to national treatment and liberalization. The transition to the negative list and resulting NCM schedules will provide businesses with a more comprehensive and informative list of service policies from the ASEAN Member States. For Singapore, more than 70% of the subsectors of the service market in ASEAN markets will be fully open to Singapore-based service suppliers. Further, Singapore businesses can own more than 51% of foreign equity shareholding rights in committed sectors, with some sectors allowing for up to 70% of foreign equity limits.

## Wide coverage of service sectors

Under ATISA, there are [3 sectoral annexes](#) which are the Annex on Financial Services, the Annex on Telecommunication Services, and the Annex on Air Transport Ancillary Services. These annexes include sector-specific obligations intended for deeper commitments and strengthened regulatory cooperation.

## Recent Updates

- The 54th ASEAN Economic Minister (AEM), 13-15 September 2022, Siem Reap, Cambodia. Related to the trade service, the progress of imposing the schedules of commitments under the ASEAN Agreement on Movement of Natural Persons (MNP) and agreed to sign the Protocol to Amend the ASEAN MNP Agreement at the earliest opportunity. This meeting noted the progress made in the implementation of the ASEAN Trade in Services Agreement (ATISA) including the discussions on scheduling obligations, the template and work plan for the scheduling of Schedules of Non-Conforming Measures (NCMs) under the Agreement as well as the progress of discussions toward developing an ASEAN Services Facilitation Framework (ASFF).

For further information on ATISA please refer to the link [here](#)

## ASEAN Framework Agreement in Service (AFAS)

Following the signing of the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO) in 1994, the ASEAN Economic Ministers (AEM) signed the ASEAN Framework Agreement on Services (AFAS) on 15 December, 1995 during the 5th ASEAN Summit in Bangkok, Thailand.

Before ATISA, AFAS was established to improve service cooperation among ASEAN members by substantially eliminating all trade restrictions in services among the ASEAN Member States and improving the efficiency and competitiveness of ASEAN service suppliers. The AFAS rules refer to the international rules for trade in services provided by the General Agreement on Trade in Services (GATS) of the WTO. From this agreement, the objectives are to strengthen service cooperation among member states to improve efficiency and competitiveness, diversify production capacity, and supply and distribution of service suppliers within and outside ASEAN. AFAS seeks to substantially eliminate restrictions on trade in services among member states while liberalizing trade in services by going beyond the depth and scope of liberalization undertaken by member countries under GATS, to achieve a free trade zone in services.

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

Following the above objectives, member states shall cooperate to strengthen and enhance existing efforts in service sectors, as well as develop cooperation in sectors not covered by the existing cooperation arrangement, such as establishing or improving infrastructure facilities, joint production, marketing, and purchasing arrangements, research and development, and information exchange. Having said that, under this agreement, member states must cooperate to find the understanding needed to deepen cooperation.

For more information on AFAS, please refer to link [here](#)

## ASEAN Comprehensive Investment Agreement (ACIA)

In addition to the trade in goods and services, the integration of investment has been covered in the ASEAN Comprehensive Investment Agreement (ACIA) signed on 26 February 2009. The ACIA is created to evolve the Framework Agreement on the ASEAN Investment Area (AIA) and Investment Guarantee Agreement (IGA) that was signed in 1998 and 1987 respectively.

ACIA is an agreement to create a more transparent, facilitative, and secure environment that protects the investors and investments in ASEAN. The main objective is to create a free and open investment regime in ASEAN to achieve the end goal of economic integration under the ASEAN Economy Community (AEC) through progressive liberalization of the investment regimes, and provision of enhanced protection to investors of all ASEAN Member States and their investments. Further, the improvement of transparency of investment rules, regulations, and procedures is conducive to increase investment with joint promotion as an integrated investment area. Finally, the cooperation creates favourable conditions for investment by investors of a Member State in the territory of the other ASEAN state.

## Key benefits of ASEAN Comprehensive Investment Agreement (ACIA)

### Investment Liberalization

The formation of ACIA expects ASEAN member states to emphasize investment liberalization to attract more investment by providing lower entry and post-entry barriers. Under ACIA, there are top 5 priority sectors such as:

- Manufacturing and related services;
- Agriculture and related services;
- Fishery and related services;
- Forestry and related services; and
- Mining and Quarrying and related services.

ASEAN member states also agree to liberalize other subject areas further. Intra-ASEAN liberalization facilitates investors to invest in the liberalized sectors and expands the market among the ASEAN Member States.

### Non-discrimination

There are four principles under non-discrimination, such as national treatment, most-favored-nation treatment, senior management and the board of directors, and no performance requirements. Through national treatment and most-favored-nation treatment, ASEAN member states agree not to treat ASEAN investors less favorably than local or foreign competitors (or similar businesses).



# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

Non-discrimination provides that ASEAN investors and their investments are not discriminated in any ASEAN member state where their investment is located. ASEAN investors are also allowed to select senior management, irrespective of their nationalities and find the best people to collaborate with. Further, ACIA prevents ASEAN investors from imposing any performance requirement that may put investors and their investments at a disadvantage, such as a production quota or export target, on any ASEAN investors and their investments.

## Transparency

ACIA contains provisions on transparency that assist ASEAN investors in becoming more aware, particularly on information affecting business, such as investment rules, regulations, policies, and procedures. Under ACIA, transparency comprises the harmonized investment policies, which may lead to investment policy convergence; streamlined and simplified procedures for investment applications and approvals, and dissemination of information on rules, regulations, policies, and procedures affecting investors and their investments within ASEAN. To ensure that transparency is maintained, the ASEAN member states are required to inform and publish at least annually any investment-related agreements, or changes to existing laws or regulations, respectively, that have a significant impact on investment within ASEAN.

## Protection

ACIA has comprehensive protection for ASEAN investors and their investments, such as fair and equitable treatment, full protection and security, no unlawful expropriation, and free transfer of funds.

## Dispute settlement mechanisms

There are three options for dispute settlement mechanisms in case of any conflict arising with the host government. The first option is alternative dispute resolution including mediation, conciliation, and negotiation. Aside from alternative dispute resolution, ASEAN investors are eligible to refer to a domestic court or tribunal or binding international arbitration, including the International Centre for Settlement of Investment Disputes (ICSID), the United Nations Commission on International Trade Law (UNCITRAL), and other agreed rules.

## Recent Updates

- The 54th ASEAN Economic Minister (AEM), 13-15 September 2022, Siem Reap, Cambodia. The Meeting noted the progress of discussions on the principles and modality for the transition of the ASEAN Comprehensive Investment Agreement (ACIA) reservation list to a two-annex negative list. The meeting also launched the ASEAN Investment Report (AIR) 2022. Further, it noted to look forward to the upcoming analytical report on sustainable investment in ASEAN, prepared with support from the Organization for Economic Cooperation and Development (OECD).

## Movement of Natural Persons (MNP)

The fourth mode of service is Movement of Natural Persons (MNP), which is the temporary movement of individuals from one country to another to supply services within a certain period of time.

Within ASEAN, this mode of service was initially negotiated within the framework of the ASEAN Trade in Services Agreement (AFAS), but was later separated for negotiation in a separate Agreement, the ASEAN Agreement on Movement of Natural Persons (MNP) was signed in 2012.

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

In addition, to facilitate the movement of skilled labor between ASEAN countries, member countries have signed Mutual Recognition Agreements (MRAs) in a number of occupations to recognize qualifications of skilled workers from each other member country in the region. As of October 2022, ASEAN countries have signed eight MRAs in eight service areas: architecture, technical consulting, nursing, medical practice, dentist, tourism, accounting and auditing, and survey.

- Scope of application: The Agreement applies to regulations affecting the temporary cross-border movement of natural persons of some ASEAN countries to the territory of another ASEAN country in the following cases:
  - Business visitors
  - Employees who move within an enterprise
  - Contracted service provider
  - Some other cases are specified in each country's Schedule of Commitments on Movement of Natural Persons attached to this Agreement.
- The Agreement does not apply to the provisions of an ASEAN country related to the restriction of labor market access by workers of other ASEAN countries. The access to the labor market of each country only applies to the occupations specified in the Schedule of Commitments of that country and belongs to one of the four cases above.

In addition, the MNP Agreement does not provide for permanent entry by such individuals, nor does it provide for movement of all types of individuals (e.g. unskilled labor) even on a temporary basis.

So far, all countries have ratified the Agreement and the MNP officially entered into force on June 14, 2016.

## Relations between ATISA and AFAS/ ACIA/ MNP

### ATISA vs AFAS

**ATISA is an upgraded version of AFAS** – ATISA is the Agreement on Trade in Services in ASEAN, built to inherit the contents of the Framework Agreement on Trade in Services ASEAN (AFAS) but has a new approach, more modern and predictable, wider tuning range, more detailed content, and higher degree of fundamental liberalization than AFAS.

Commitment to open service market in ATISA of each member country is specified in [Annex I and Annex II of that country's ATISA](#). Countries are allowed to develop these Annexes by themselves within the allowed period (from 5-13 years from October 20, 2019, depending on the country). For each country, the commitment to open the service market in ATISA will only take effect from the time that country completes the development and submits its Annexes I and II to the ASEAN Secretariat.

If a member country has not submitted its Annexes I and II to the ASEAN Secretariat, its commitment to open up its services market will be in accordance with its AFAS Schedule of Commitments.

Within two years from the date of receipt by the ASEAN Secretariat of the member country's submission of Annexes I and II, for that member country, Annexes I and II and the Schedule of Commitments in AFAS of that member country are parallel in effect. After two years, that country's AFAS Schedule of Commitments automatically expires, the service market opening of that country in ATISA shall comply with Annexes I and II.





## Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

During the above-mentioned period, if there is a difference in the provisions or interpretation between the commitments on market opening of AFAS together and its Protocols against ATISA, **priority shall be given to the commitments of AFAS and its Protocols will be applied.**

After the aforementioned period, AFAS and its Protocols cease to be effective and are completely replaced by ATISA (and its Annexes).

### *ATISA vs ACIA*

**ATISA and ACIA have the same commitments on measures to treat foreign investors** with commercial presence in the member country in the service sector.

Where ATISA and ACIA have different provisions on the same issue, except in a few cases, **the ATISA commitments will take precedence over ACIA.**

### *ATISA vs MNP*

**ATISA and MNP share the same commitments on temporary cross-border movement of natural persons** involved in the provision of trade in services.

Where the ATISA and the MNP Agreement have different provisions on the same matter, **the MNP Agreement shall prevail.**

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## ASEAN Plus One Agreement Free Trade Agreement (ASEAN + 1 FTA)

The extended framework by ASEAN member states to expand economics beyond ASEAN countries that is called ASEAN+1 FTA. Considering the growth of market access, ASEAN member states voluntarily bind themselves through the ASEAN+1 free trade agreement. The Member States also agreed to add six agreements such as ASEAN-China FTA (ACFTA), ASEAN-Korea FTA (AKFTA), ASEAN-Japan Comprehensive Economic Partnership (AJCEP), ASEAN-Australia-New Zealand FTA (AANZFTA), ASEAN Hongkong, China Free Trade Area (AHKFTA) and ASEAN-India FTA (AIFTA). These free-trade agreements are expected to deepen and broaden integration, as well as reduce the cost of doing business to further operate economies more efficiently and achieve higher growth.

## ASEAN-China Free Trade Area (ACFTA)

The ASEAN–China Free Trade Area (ACFTA) is a free trade area among the Association of Southeast Asian Nations (ASEAN) and China. China is Singapore's largest trading partner as well as for other ASEAN member countries. The priority areas of cooperation between China and ASEAN include agriculture, energy, information and communication technology (ICT), human resources, transportation, culture, tourism, and health. To further strengthen cooperation between China and ASEAN member states on 4 November 2002, ASEAN members and China signed the Framework Agreement on Comprehensive Economic Co-operation in Phnom Penh, Cambodia. This Framework Agreement is used as the legal basis that led to the creation of the ACFTA. The ACFTA is expected to overcome the barriers to goods, services, and investment among China and ASEAN members. For the services and investment sectors, China and ASEAN members have agreed on the following details:

### Trade in Services agreement

The Trade in Services agreement entered into force in July 2007. There are package-specific commitments to safeguard market access and ensure a more predictable operating environment for service suppliers. It aims for greater market access and improved foreign equity thresholds in six of China's service sectors, such as engineering, integrated engineering, construction, securities, sports, and other recreation, as well as travel agencies and tour operators.

Under this Agreement, services and services suppliers/providers in the region enjoy improved market access and national treatment in sectors/subsectors where commitments have been made, including:

 Business services	 Construction & engineering related services	 Tourism and travel related services	 Transport services	 Telecommunication services
 Health-related and social services	 Recreational, cultural and sporting services	 Environmental services	 Energy services.	 Educational services



# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## Investment

ASEAN and China have also signed an agreement to specify the protection for investors and investment known as the Investment Agreement. This agreement was signed on 15 August 2009. The objectives of this agreement are to promote investment flows and create a liberal, facilitative, transparent, and competitive investment regime in ASEAN and China. It also covers the investment's protection elements such as fair and equitable treatment for investors, non-discriminatory treatment on nationalization or expropriation and compensation for losses, allowing transfers and repatriation of profits in freely usable currency and provides investors recourse to arbitration to settle investor-state disputes.

## Future Work Programme (FWP)

In addition to the expanded economic cooperation and technical cooperation provisions, ACFTA also includes a Future Work Programme (FWP) for unfinished elements namely review product of specific rules, further tariff liberalization, promotion and protection commitments of investment.

## Recent Updates

23rd ASEAN-China Joint Cooperation Committee (ACJCC) Meeting, 5 April 2022. The meeting reviewed the progress on the implementation of the ASEAN-China Plan of Action (2021-2025) and discussed ways to develop the ASEAN-China Comprehensive Strategic Partnership, such as through the enhancement of the ACFTA and the upgrading of the ASEAN-China Air Transport Agreement (AC-ATA).

For further information on ACFTA, please refer to the link [here](#)

## ASEAN - Hong Kong, China Free Trade Area (AHKFTA)

The ASEAN - Hong Kong, China (AHKFTA) is a free trade area among ASEAN and Hong Kong.

It came into effect on 12 February 2021 for all party members.

Trade in services is covered in Chapter 8 of the AHKFTA, along with the specific Schedule of Commitment of each country. Under the agreement, liberalization in terms of market access, national treatment and others are specified for:

 Business services	 Construction & engineering related services	 Communication services	 Distribution services	 Environmental services
 Financial services	 Health related & social services	 Tourism & travel services	 Recreational, cultural, sporting services	 Transport services

For more information on the AHKFTA, please refer to the link [here](#).

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## ASEAN-Korea Free Trade Area (AKFTA)

The ASEAN – Korea Free Trade Area (AKFTA) is a free trade agreement between ASEAN and South Korea.

South Korea and ASEAN members commenced negotiations on the ASEAN-Korea Free Trade Area (AKFTA) in early 2005, and on 13 December 2005, the Framework Agreement on Comprehensive Economic Cooperation was signed and entered into force in 2007. The main objectives are to strengthen and enhance economic, trade, and investment cooperation among ASEAN and South Korea by progressively liberalizing and promoting trade in goods and services as well as create a transparent, liberal, and facilitative investment.

The AKFTA also aims to explore new areas and develop appropriate measures for closer economic cooperation and integration, facilitate effective economic integration of the new ASEAN member states and bridge development gaps and establish a cooperative framework to further strengthen economic relations among the signatories. Through this agreement, ASEAN members and South Korea committed to three agreements that are ASEAN-Korea Trade in Goods (AKTIG) Agreement, ASEAN-Korea Trade in Services (AKTIS) Agreement, and ASEAN-Korea Agreement on Investment (AK-AI).

## ASEAN-Korea Trade in Services (AKTIS) Agreement

The ASEAN-Korea Trade in Services (AKTIS) was signed on 21 November 2007 by South Korea, and ASEAN member states except Thailand which further took effect on 1 May 2009. AKTIS aims to improve market access and ensure a more predictable operating environment for service suppliers of several sectors including construction, education, communication services, environmental, tourism services, and transport services and other service such as hair and beauty. This is based on the commitment to improving the new sector and subsectors as well as easing the restriction.

The Schedule of Commitment under ASEAN – Korea Trade in Services Agreement covers a wide range of services in:

 Business services	 Communication services	 Construction, distribution services	 Education services	 Environmental services
 Financial services	 Tourism & travel services	 Recreational, cultural, sporting services	 Transport services	



# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## ASEAN-Korea Agreement on Investment (AKAI)

The ASEAN-Korea Agreement on Investment (AKAI) was signed on 2 June 2009 which aims to create a secure investment environment, promote mutually beneficial cooperation, and encourage the flow of investment. AKAI also binds transparency and protection for investment.

For further information on AKFTA, please refer to the link [here](#).

## Recent Updates

- The 19th ASEAN Member States-South Korea Consultation, 16 September 2022, Siem Reap, Cambodia. During this meeting, ASEAN members and South Korea met to discuss several points including the intention to work closely to facilitate regional recovery through the implementation of the ASEAN Comprehensive Recovery Framework and bolster the economic connectivity between ASEAN and South Korea. Furthermore, the meeting also encouraged the relevant Party to expedite its domestic process in ratifying the Third Protocol to Amend the ASEAN-Korea Trade in Goods Agreement, etc.

## ASEAN-Japan Comprehensive Economic Partnership (AJCEP)

The ASEAN - Japan Comprehensive Economic Partnership (AJCEP) is a free trade area among ASEAN and Japan.

ASEAN-Japan Comprehensive Economic Partnership (AJCEP) came into force on 1 December 2008 except for Malaysia who signed on 1 February 2009. With a strong commitment to enhancing competitiveness through strengthened partnership and links, progressively liberalizing, and facilitating the trade in goods, services, and investment, AJCEP looks to explore, develop the economic integration and facilitate trade more effectively.

## Trade in Services and Investment

All ASEAN member states will continue to discuss and negotiate provisions for trade in services to explore measures towards further liberalization and facilitation of trade in services among Japan and the ASEAN member states. Like trade in services, the investment agreement is aimed with a view to improve the efficiency and competitiveness of the investment environments.

The Schedule of Commitment for trade in services under AJCEP covers a wide range of services in:

 Business services	 Communication services	 Distribution services	 Education services	 Environmental service
 Financial services	 Health related & social services	 Tourism & travel services	 Recreational, cultural, sporting services	 Transport services

For further information on AJCEP, please refer to the link [here](#)

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)

Known as the first plurilateral agreement for ASEAN, the ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA) was signed on 27 February 2009. Like other free trade agreements, it aims to liberalize, facilitate, and establish a cooperative framework in the area of goods, services, and investment among ASEAN, Australia, and New Zealand. In addition, AANZFTA is expected to provide special and differential treatment to the ASEAN member states, especially to the newer ASEAN members, to facilitate further effective economic integration.

### Trade in services

The AANZFTA helps to create a framework to strengthen service outcomes and further improves the commitments and obligations in trade services. Singapore service suppliers seeking to provide their services in these markets can enjoy the same rules and regulations as local companies in these countries and benefit of national treatment. Further, there are three top priority sectors under AANZFTA such as financial services, telecommunications, and e-commerce.

The Schedule of Commitment under AANZFTA covers a wide range of services in:

 Business services	 Communication services	 Construction, distribution services	 Education services	 Environmental services
 Financial services	 Tourism & travel services	 Health related & social services	 Recreational, cultural, sporting services	 Transport services

### Investment

In terms of investment, AANZFTA includes greater protections for investors and adds up an investor-state dispute settlement that allows investors to seek recourse any investment-related issues. It also covers transparency provisions that require the publication of any measures affecting investors and their covered investments online. It allows interested parties to give their comments on any new measures on investment that is under consideration.

For further information on the AANZFTA, please refer to the link [here](#)

## ASEAN-India Free Trade Area (AIFTA)

On 8 October 2003, ASEAN Members and India signed the Framework Agreement on Comprehensive Economic Cooperation as the legal basis of the ASEAN-India Free Trade Area (AIFTA). This Framework Agreement comprises the trade in goods, trade in services, and investment agreement as the other free trade agreements.



# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## ASEAN-India Trade in Service Agreement (AITISA)

On 13 November 2014, India and ASEAN Members signed the trade in service agreement. The agreement contains provisions on transparency, domestic regulations, recognition, market access, national treatment, and dispute settlement. There are several top priority service sectors such as personal services, computers and related services, communication services, construction and related engineering services as well as financial services.

The Schedule of Commitment under AITISA covers a wide range of services in:

 Business services	 Communication services	 Construction, distribution services	 Education services	 Environmental service
 Financial services	 Tourism & travel services	 Health related & social services	 Recreational, cultural, sporting services	 Transport services

## ASEAN-India Investment Agreement (AIIA)

The AIIA entered into force on 1 July 2015 for six ASEAN Member States, Brunei, Malaysia, Myanmar, Singapore, Thailand, Vietnam, and India and subsequently, for the Philippines on 17 March 2016. The Investment Agreement specifies the protection of investment to ensure fair and equitable treatment for investors, non-discriminatory treatment in expropriation or nationalization as well as fair compensation.

For further information on the AIFTA, please refer to the link [here](#).

## Regional Comprehensive Economic Partnership (RCEP)

The Regional Comprehensive Economic Partnership (RCEP), the world's largest free trade agreement to date signed by 15 Asia-Pacific countries – China, Japan, South Korea, New Zealand, Australia, and the 10 ASEAN member states – entered into force in 2022. Singapore was the first country to ratify the RCEP.

It Data from the World Bank estimates that the agreement would cover 30% of the world's population, approximately 30% of global GDP (US\$25.8 trillion), approximately US\$ 12.7 trillion (25%) of global trade, and 31% of global foreign direct investment (FDI) inflows.

The RCEP sets the tone for future trade in ASEAN and became the first free trade agreement among the largest economies in Asia including China, South Korea, Japan, and Indonesia. Through the RCEP, ASEAN hopes to transform from a net importer to a net exporter of goods and services and become the new engine of growth in Asia.

For Singapore, the country hopes to reap long-term benefits under the RCEP by integrating further into global supply chains and strengthening the city-state's position as a financial and business hub in the Asia-Pacific.

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## Objectives

The objectives behind RCEP are to achieve a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement among the ASEAN and ASEAN's FTA partners. RCEP covers trade in goods, trade in services, investment, intellectual property, electronic commerce, competition, small-medium enterprise, economic and technical cooperation, government procurement and dispute settlement. Negotiations for the RCEP will recognize ASEAN centrality in the emerging regional economic architecture and the interests of ASEAN's FTA partners in supporting and contributing to economic integration, equitable economic development, and strengthening economic cooperation among the participating countries.

RCEP is also known as the ASEAN+1 Agreement's Improvement Framework. The improvement under RCEP is based on four key areas, such as:

1. Comprehensive trade facilitative measures that introduce additional clarity on goods clearance procedures at the border as well as more flexible rules of origin for companies to benefit from regional supply chains, including establishing a single rule of origin criteria across all 15 RCEP participating countries;
2. Improved market access for Trade in Services with significant number of sectors open to foreign participation in some RCEP participating markets;
3. Enhanced Investment rules and disciplines to support businesses' regional investments and
4. Expanded scope and commitments in new areas such as e-Commerce, competition policy and intellectual property rights.

## Key Benefits of the RCEP

RCEP provides several benefits as follows:

### Trade in Services

Trade in services will eliminate restrictions and discriminatory measures to RCEP participating countries. The RCEP participating countries committed to liberalizing 65% of service sectors covering telecommunication, professional services, business services, research and development, computer and related services, and distribution and logistics services. With the enactment of RCEP, Australia, Brunei, Indonesia, Malaysia, Japan, and South Korea will transit to a negative list approach while others are to transit within six years. Further, RCEP includes the ratchet mechanism for the first time in ASEAN agreement where any future liberalizations are automatically locked and unable to backtrack on any liberalization undertaken.

Overall, it provides commitments for trade in services that go beyond commitments in existing FTAs among the RCEP parties. Further, there are also three specific annexes on financial services, telecommunications services and professional services (including recognition of professional qualifications) with obligations and frameworks for increased cooperation.

### Investment

The RCEP includes commitments to prohibit regulatory requirements on investors and provisions that any future changes to rules will still benefit investors. The agreement also aims to prevent any changes in the future that will go against the previously agreed terms. This will benefit investors to have a stable and predictable business environment.



# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## Non-Tariff Measures (NTMs)

Non-tariff measure (NTM) is defined as policy measures that can potentially have an economic effect on international trade in goods, changing qualities traded, or prices or both, in addition to the ordinary custom tariff. NTM provisions aim to better facilitate preferential market access and reduce trade transaction costs for businesses through providing a platform for conducting technical consultation and strengthening commitments to improve the transparency on import and export to prevent unnecessary obstacles to trade and quantitative restrictions made effective through quotas or licensing restrictions are generally to be eliminated.

## Custom procedures and trade facilitation (CPTF)

Simplified customs procedures and enhanced trade facilitation provisions will allow efficient administration of procedures and expeditious clearance of goods including the release of express consignments and perishable goods within six hours of arrival.

## Intellectual property (IP)

RCEP raises the standards of IP protection and enforcement in all participating countries. Aside from securing the protection rights for copyright, and trademark, it also goes further to protect non-traditional trademarks (sound marks, wider range of industrial designs) and forms of digital copyright, which goes beyond what was included in the CPTPP. Singapore businesses can obtain protection while venturing to other RCEP participating countries and able to file a single patent or trademark application designating multiple countries.

## Electronic commerce (e-commerce)

The RCEP e-commerce chapter provides a more conducive digital trade environment for businesses including the enhancement of online consumer protection, online personal information protection, transparency, paperless trading and acceptance of electronic signatures. It also covers cross border data flows which is an emerging area in the digital economy.

## Competition

This competition provision aims to protect businesses from unfair competition when they are operating in RCEP markets. The rule is based on international best practices and agreed principles that are meant to maintain fair competition among businesses. Essentially, this provision ensures that businesses in RCEP countries are competing fairly with each other, and that no member is using unfair tactics to gain an advantage over others.

## Government procurement

The RCEP contains a chapter on Government procurement, something not seen in other ASEAN agreements. RCEP member countries have committed to increase transparency by publishing laws, regulations, and procedures regarding government procurement and make them publicly available. The requirements for government procurement under the RCEP are less stringent as compared to the CPTPP.

## How the RCEP benefits Singapore Businesses

The RCEP is expected to provide benefits that can be enjoyed by Singapore businesses as follows:

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## Reduction of Import custom duties

Imported goods are typically subject to import customs duties. The RCEP eliminates customs duties for nearly 90% of goods imported into RCEP markets. By reducing import duties, businesses can save on the cost of products, which can lead to higher margins. Moreover, consumers may also benefit from cheaper price as import costs are lower.

## Cumulation of raw material and semi-raw material

Through RCEP, there will be further opportunities to enjoy preferential treatment especially for Singapore manufacturers who source materials to and from other RCEP participating countries. Manufacturers can cumulate originating content that qualifies under the regional value content (RVC) from more countries as compared to existing ASEAN FTAs. RVC requires at least 40% of the good's value to originate in an FTA member country for the good to be considered as originating.

## A single set of rules to enjoy preferential customs duties

Before the RCEP, businesses would often use multiple agreements to enjoy preferential customs duties. Businesses may face administrative burdens to determine the origin of materials, the limitation to cumulate raw materials from different countries and increases in the risk of non-compliance when claiming preferential duties under various FTAs. The RCEP harmonizes qualifying rules across participating countries to make the process simpler with one single set of rules through the coordination of required documents, local content, and certificate of origin across RCEP participating countries.

## Recent updates on the RCEP

- Malaysia became the 12th signatory for the RCEP that has announced the ratification on 21 January 2022 and entered into force on 18 March 2022. Upon the ratification, Malaysia is expected to increase in its export to region worth US\$200 million. Indonesia ratified Regional Comprehensive Economic Partnership (RCEP) On 30 August 2022, Indonesia's parliament approved the country's membership in RCEP. Indonesia becomes the 13th out of 15 signatories to ratify the RCEP. The RCEP presents an opportunity to better integrate Indonesia into regional value chains and attract investments into its industries, particularly manufacturing, which accounts for 20% of its GDP.
- The Philippines Senate officially ratified the RCEP in February 2023, making the country the last signatory aside from Myanmar. The Philippines focuses in gaining benefits from the sectors of agriculture, electronics, and business process outsourcing.
- Myanmar has received rejections of RCEP instruments from several participating countries, including New Zealand and the Philippines. These rejections were due to human rights concerns. Myanmar has been in turmoil since the military overthrew the previously elected government in February 2020 and ordered a crackdown on anti-coup protests.

For more information on the RCEP, please refer to the link [here](#).

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## Understanding ASEAN Trade in Service Agreement (ATISA) Key Text

The ASEAN Trade in Service Agreement (ATISA) is one of the official agreements under the AFTA that was signed on 23 April 2019 and took effect on 5 April 2021. It is an improved framework of the AFAS and includes the transition of a positive list to a negative list approach where all sectors are liberalized by default unless listed in the non-conforming measures created by member states. The transition aims to reduce the discriminatory barrier and emphasize transparency. The creation of ATISA promotes intra-ASEAN economic cooperation that will secure a liberal trading framework to strengthen and enhance trade in services among ASEAN members based on the principles of the General Agreement Trade in Service (GATS).

Under ATISA, we have highlighted 5 key sections:

ATISA's 5 Key Sections				
General provisions	Core obligations and disciplines	Reservations	Regulatory obligations and disciplines	Facilitations and cooperation

### 1. General Provisions

ATISA aims for five **objectives**: strengthening economic links, providing greater opportunities, increasing trade and investment, creating larger markets and greater economies of scale. It is expected to reduce barriers to trade and investment in services and create a predictable business environment. It also aims to promote and facilitate the utilization of the opportunities, promoting regulatory cooperation, developing cooperation in the field of human resource development, increasing the participation of SMEs in trade and investment activities and narrow development gaps between the member states to achieve a more equitable, balanced, and sustainable socio-economic development.

While ATISA's scope applies to all member states, there are several scopes that **do not** apply such as services supplied related to:

- Government authority within the territory of each member state
- Laws, regulations, or requirements governing the procurement by governmental agencies for governmental purposes not for commercial purposes.
- Cabotage, where the transport of goods between two places or points in a country
- Subsidies and grants
- Air traffic rights, however, granted, or services directly related to the exercise of traffic rights
- Air transport services except for air transport ancillary services

Therefore, any breach arising under this agreement will not be subject to ATISA's dispute settlement.

Further, the general provision also includes the **relation to the ASEAN agreement on the movement of natural persons (MNP)** which apply to measures affecting the supply of services through the presence of natural persons of the member state in other members' territory.



# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

## 2. Core obligations and disciplines

With regards to the **national treatment** in Article 6, member states shall provide the same treatment or no less favorable treatment to services and services suppliers from another member state. Treatment is considered less favorable if the member states are more favorable in the competition compared to other member states.

Moreover, ATISA emphasizes the **most-favored national treatment** with details below:

Each member ensures to provide equal treatment to other member and non-member states related to service suppliers and services supplied that refer to the most-favored-nation basis. However, this does **not** apply to financial services.

In addition, the most favored nation includes any member state where it is possible to provide an advantage to facilitate exchanges limited to the contiguous border zone of locally produced and consumed services.

For the above points, two or more member states may negotiate and agree to liberalize trade in services for a particular sector or subsector. For other member states that wish to join the ongoing negotiations, they can consult and make similar offers to join the negotiations. Further, any outcome of the negotiations shall be made known to other member states through the ASEAN Secretariat.

With respect to **market access** in Article 8, member states shall not restrict:

Service number (numerical quotas, services suppliers etc)	total value of service transactions	total number of service operations	total quality of service output	total number of natural person	form of business entity or joint venture	participation of foreign capital (maximum percentage limit on foreign shareholders)
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Further, in Article 9, there is no requirement for the member states to have a **local presence** such as establishing an office in the other member territory to participate in cross-border supply of services. The member states are also not required to appoint a **senior manager** position of any nationality. In addition, member states have the freedom to choose directors for a company's board based on their nationality or if they reside in the country, as long as it doesn't affect the investor's ability to control the investment.

## 3. Reservations

In section 3, non-conforming measures explain Article 6 (National Treatment), Article 7 (Most-Favoured-Nation Treatment), Article 8 (Market Access), Article 9 (Local Presence), and Article 10 (Senior Management and Board of Directors) do not apply to:

1. Any existing non-conforming measure that is maintained by a country at the government of central level, regional level, and local level.
2. The continuation or prompt renewal of any nonconforming measure referred to in subparagraph (1); or
3. An amendment to any non-conforming measure referred to in subparagraph (1), to the extent that it does not decrease the conformity of the measure, as it existed before the date of entry into force of each Member State's Schedule of Non-Conforming Measures.

Concerning the **schedule of non-conforming measures** or also known as the commitment of member states to convert the positive list approach into the negative list approach that implores that all sectors are liberalized by default. This negative list approach aims to enhance transparency and improve market access. The schedule of non-conforming measures must

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

be submitted to the ASEAN Secretariat within 5 years after this agreement enters into force, except 7 years for Vietnam, and 13 years for Cambodia, Laos, and Myanmar. Moreover, the amendment of the non-conforming measures is allowed within two years after submissions.

In addition, with respect to protection measures, these consist of:

- For emergency safeguard measures, countries should focus on multilateral negotiations under [Article X of the GATS](#).
- Where such commitments give rise to substantial opposing effects, the affected member state may request consultations with the members concerned.
- The consulting member shall mutually agree on any action taken under subparagraph (2).
- The consulting member shall notify the outcome no later than the next ASEAN Economic Ministers (AEM) meeting.

## 4. Regulatory Obligations and Disciplines

As per article 14, **transparency** measures must be applied by each member state to access and operate in each other's markets including publications and contact points. For further information regarding publications and contact points under Transparency please refer to the [link here](#)

Regarding **the Disclosure of Confidential Information**, ATISA justifies that member states do not have an obligation to provide confidential information which impedes law enforcement, is contrary to the public interest, and prejudices legitimate commercial interest. If the member state provides confidential information to other member states, the information must be kept confidential unless there is permission to disclose the information.

With respect to **domestic regulations** in Article 16, each member ensures all general application affecting trade in services are administrated in an impartial manner.

If authorization is required for the supply of a service, countries should provide reasonable time and information for suppliers to provide the required information for their applications. In addition, for documentation requirements, member states should ensure that their authorities accept copies of documents authenticated as per its local regulations as well as those in digital formats.

Concerning the **recognition** for the purpose of the licensing and certification of service suppliers, the member state recognizes the education, experiences, licenses, and certification obtained from other member states that can be achieved through coordination, and arrangement or may be accorded autonomously. In addition, to ease the movement of skilled labor and professionals, member states should prompt relevant authorities to discuss mutual recognition agreements relating to the relevant sectors.

The **transfer and payment** related to the provision of services are not restricted under Article 18 of payment and transfer. Additionally, the use of exchange measures, as well as the member's rights under the IMF's agreement, will not be affected. The member shall not impose limitations on any capital transactions, except under Article 19 (Restriction to Safeguard the Balance of Payments) or at the request of the IMF.

**The restriction to safeguard the balance of payment** must be maintained in the event of a serious balance of payment and external financial difficulties that cause economic or financial disturbance in a member state. Such restrictions shall not discriminate among member states, consistent with the IMF's agreement, shall avoid unnecessary damage to the commercial, economic, and financial interests of any other member state, shall not

# Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

exceed those necessary to deal with the circumstances described, and is temporarily further phased out progressively. To determine the restrictions, member states may give priority to more essential services in their economic or development program but not to protect service sectors.

With respect to the **Monopolies and Exclusive Service Suppliers**, member states ensure the monopoly supplier will supply the service consistently and will not abuse its monopoly position with inconsistent commitment. To grant monopoly rights, member states must notify AEM no later than three months before the implementation date the monopoly rights are granted. In case there is an inconsistent manner, the AEM may request the member states that maintain the monopoly supplier to provide specific information concerning the relevant operations. It also includes cases of exclusive service suppliers such as authorizing a small number of services supplier and preventing competition among services suppliers.

Further, other **business practices** that are not mentioned as monopoly and exclusive service suppliers may restrain the competition and thus restrict trade in services. To remove the practices of monopoly and exclusive service suppliers, at the request of any other member states, each member state shall enter consultations to cooperate and provide non-confidential relevant information to the requesting member states.

Article 22 concerning **general exceptions** prohibits the application of measures in a manner that results in unjustifiable or arbitrary discrimination between countries with similar conditions, or a concealed restriction on trade in services. However, this Agreement does not prevent any member state from adopting or enforcing measures:

- i. Necessary to protect public morals or to maintain public order
- ii. Necessary to protect human, animal, or plant life or health.
- iii. Necessary to secure compliance with laws or regulations including those relating to the prevention of deceptive and fraudulent practices or to deal with the effects of a default on services contracts, the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts and safety.
- iv. Inconsistent with article 6 (National Treatment) and Article 7 (Most-Favoured-Nation Treatment)

Under **security exceptions**, the member states are not required to disclose any contrary information or prevents to take any action to protect their essential security including the supply of services to provide a military establishment, fissionable and fissionable materials, protection of critical public infrastructures, and actions taken during war or other emergencies. In addition, nothing in the section prevents member states from taking on obligations under the United Nations Charter for the maintenance of international peace and security.

The last of section 4 is relates to **subsidies**; member states shall review subsidies that are agreed in Article XV of GATS in this Agreement. If the member states are adversely affected by a subsidy of another member state, they may request a consultation. Upon the consultation request of this article, article 34 regarding dispute settlement will not apply.

## 5. Facilitation and Cooperation

With respect to Article 25 in **increasing the participation of Micro, Small, and Medium Enterprises (MSMEs)**, member states shall cooperate to develop and promote MSMEs through training, mentoring, workshops, and seminar. Moreover, member states need to facilitate MSMEs through development programs, identify and address any barriers, identify solutions to improve, and exchange information that relate to MSMEs and other activities to be mutually agreed upon to achieve greater participation and effective integration.





## Singapore's Free Trade Network under the ASEAN and ASEAN+1 Framework

Special facilitation and cooperation in place for Cambodia, Laos, Myanmar and Vietnam considering they are the least developed countries. Recognizing their development status, ATISA emphasizes increasing the participation of these four member states facilitated through the access technology on a commercial basis to enhance the domestic service capacity, improving access to distribution channels as well as information networks, extending the flexibility on the schedule and amendment of their annexes.

Technical assistance and sharing knowledge among member states are also important to facilitate the preparation of non-conforming measures.

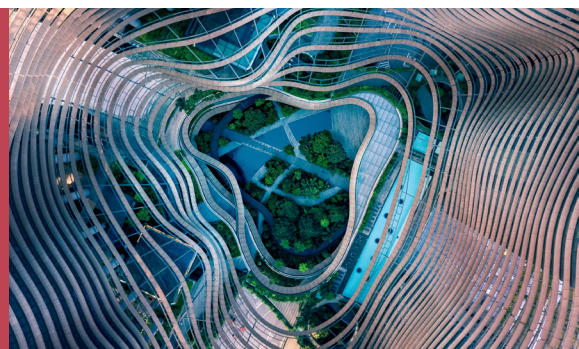


## Section 2





# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Key liberalized service sectors in the FTAs .

### Professional services

Professional services cover legal services, accounting services, architectural and engineering services, as well as medical, dental, and veterinary services.

#### *Legal services*

The legal services includes advisory and representations services for host country law, home country and/or third country law, international law, legal documentation and certification, other advisory and information services.

Currently, all ASEAN members and other key partners including China, South Korea, Japan, Australia, and New Zealand, have made market access and national treatment commitments on trade in legal services under AFAS, RCEP and other ASEAN+1 agreements. India and Hong Kong are two key partners that have not committed to liberalize its legal services sector under any trade agreements.

With these FTAs in effect, the legal services of China, Japan, South Korea, Australia, and ASEAN countries have been further liberalized, compared to GATS for WTO members. Meanwhile, commitments of New Zealand are similar with those under GATS as the country already removed all market access and national treatment for the mode 1, 2 and 3 for legal service supply.

That said, there remain a number of barriers to trade in services for this sector regarding:

- foreign equity limitations;
- limitations on legal form and right to establish new companies;
- restrictions on the types of activities that can be undertaken by foreign service suppliers;
- restrictions on the movement of natural persons; and
- discrimination in the application of laws and regulations.

#### *Accountancy services*

Accountancy services include accounting, auditing and bookkeeping services (CPC 862). They include financial auditing services, accounting review services, compilation of financial statements services, and bookkeeping services. A closely related sector is taxation services (CPC 863).

Currently, all ASEAN members and other key partners including China, South Korea, Japan, Australia, and New Zealand, have made market access and national treatment commitments



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

on trade in accounting, auditing, bookkeeping, and taxation services under AFAS, RCEP and other ASEAN+1 agreements. Meanwhile, India has only committed to liberalize its accounting, auditing and bookkeeping services sector under the AIFTA.

With the FTAs in effect, commitments of India, Hong Kong, China, and ASEAN countries are more favourable for Singaporean businesses, while the schedules of Australia, New Zealand, Japan, and South Korea remain similar to those under GATS for WTO members, in which New Zealand is the only key partner that applies no market access and national treatment limitation to mode 1, 2 and 3 of service supply for this subsector. Commitments tend to be somewhat more restrictive for auditing services, and least restrictive for bookkeeping services.

The existing limitation that key partners apply are:

- foreign equity limitations;
- limitations on legal form and right to establish new companies;
- restrictions on the types of activities that can be undertaken by foreign service suppliers; and
- discrimination in the application of laws and regulations.

## *Architectural and engineering services*

Architectural services (CPC 8671) include advisory and pre-design architectural services, architectural design services, and contract administration services.

Currently, all ASEAN members and other key partners including China, India, South Korea, Japan, Hong Kong, Australia and New Zealand have made market access and national treatment commitments on trade in architectural and engineering services under AFAS, RCEP and other ASEAN+1 agreements. With these FTAs in effect, the sector in China, India, Hong Kong, and ASEAN members, is more opened for Singaporean businesses compared to the previous period. Meanwhile, market access and national treatment of Japan, South Korea, Australia, and New Zealand remain the same as for other WTO members, with Australia and New Zealand already removed all limitations for mode 1, 2 and 3 of service supply for architectural and engineering services.

However, key FTA partners still apply certain restriction for Singaporean service suppliers in this sector, including:

- foreign equity limitations
- limitations on legal form and right to establish new companies
- discriminatory licensing or registration procedures
- restrictions on the movement of natural persons
- discrimination in the application of laws and regulations

## **Telecommunications**

Telecommunication services include all forms of voice telephony and data transmission as well as leasing of circuit capacity (considered “basic” telecommunications) and a host of messaging and online information and data retrieval and processing services (considered value-added telecommunications). Such services are covered by the sector regardless of the technology used to supply them.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

Currently, all ASEAN members and other key partners including China, India, South Korea, Japan, Hong Kong, Australia, and New Zealand have made market access and national treatment commitments on trade in telecommunications services under AFAS, RCEP and other ASEAN+1 agreements. This includes commitments to allow the establishment of new telecoms companies, foreign direct investment in existing companies and cross-border transmission of telecoms services.

With these FTAs in effect, the telecommunication sector of India, China, Japan, and ASEAN countries have been further liberalized for Singaporean businesses, compared to their original commitments within WTO. Meanwhile, market access and national treatment commitments of Australia and New Zealand remain the same since these countries already removed all limitations for mode 1, 2, and 3 for WTO members. Some advance was made by South Korea when it still applies a number of similar limitations as under the GATS of WTO, such as the requirement to supply cross-border public telecommunication services into South Korea through a commercial arrangement with a supplier of public telecommunications services that is licensed in the country.

In addition, certain market access and national treatment limitations under these commitments are still applicable, including:

- foreign equity limitations;
- limitations on legal form and right to establish new companies;
- discriminatory licensing or registration procedures;
- requirements regarding joint-venture or cooperation with local businesses;
- restrictions on the types of activities that can be undertaken by foreign service suppliers; and
- discrimination in the application of laws and regulations.

## Financial services

The financial services sector covers all insurance and insurance-related services (e.g. life and non-life insurance, reinsurance, insurance brokerage and agency, actuarial services, risk assessment and claim settlement services).

It also includes all banking and other financial services (e.g. deposit-taking; lending of all types; financial leasing; payment and money transmission services; securities trading; securities underwriting; money broking; asset management, including pension fund management; custodial, depository and trust services; settlement and clearing services for financial assets and negotiable instruments; provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and advisory, intermediation and other auxiliary financial services, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy).

Currently, all ASEAN members and other key partners including China, India, South Korea, Japan, Hong Kong, Australia, and New Zealand have made market access and national treatment commitments on trade in financial services under AFAS, RCEP and other ASEAN+1 agreements. Further, as of 2022, Japan, Australia, New Zealand, and ASEAN countries including Cambodia and Vietnam, had undertaken specific commitments on the whole range of insurance, banking and other financial services.

Under these agreements, partner nations adopt appropriate commitments on both mode 1 (services supplied from one country to another) and mode 2 (consumers moving abroad to consume services), remove national treatment limitations, and eliminate other non-discriminatory limitations. Their schedules of commitments ensure the right to establish new

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

and acquire existing companies, and in the form of wholly owned subsidiaries, joint ventures or branches (mode 3). Further liberalization is also committed for mode 4.

With these FTAs in effect, Japan, Australia, and ASEAN countries have further opened up their financial and banking services for suppliers from Singapore, compared to the previous period when GATS is the prevailing agreement in effect. Additionally, China, South Korea, and New Zealand have liberalized their insurance and insurance related services, while Hong Kong eased their market access limitation for the acceptance of deposits and other repayable funds from the public, a business line in the banking sector. Meanwhile, the AIFTA does not bring any further favorable commitments in India for Singaporean businesses in financial and banking sector when its Schedule of Specific Commitment for this area remains the same as under GATS.

Besides, certain trade barriers still exist in the form of:

- limitations on the right to establish new companies and to acquire existing companies;
- limitations on legal form;
- limitations on foreign ownership (i.e. freedom to establish in the form of wholly-owned subsidiaries, joint ventures or branches);
- non-discriminatory limitations, such as economic needs tests (ENTs — a test using economic criteria to decide whether the entry into the market of a foreign firm is warranted) and mandatory cessions; and
- discrimination in the application of laws and regulations.

## Logistics services

Logistics services broadly cover transport and distribution services.

### *Transport services*

In particular, the transport sector includes air, maritime, road transport and other services auxiliary to all modes of transport.

Currently, all ASEAN members and other key partners including China, India, South Korea, Japan, Hong Kong, Australia, and New Zealand have made market access and national treatment commitments on trade in transport services under AFAS, RCEP and other ASEAN+1 agreements.

Regarding air transport, extensive commitments were sought in five subsectors (aircraft repair and maintenance, selling and marketing, computer reservation services, as well as ground handling services and airport operation services). While China, South Korea, Japan, and ASEAN countries have made more liberalized commitments under relevant FTAs for Singaporean service suppliers, commitments of India, New Zealand and Hong Kong remain the same as compared to those under GATS for WTO members in general.

For maritime transport, international shipping is highly liberalized, and many restrictive maritime policies have been discontinued. In particular, India, China, Japan, South Korea, Australia, Hong Kong, and ASEAN members, have made higher commitments for market access and national treatment under the FTAs for Singaporean service suppliers, especially for international maritime transport of freight and passengers. Meanwhile, commitments of New Zealand remained similar compared to GATS since the country has largely liberalized its maritime transport services to WTO members.

In terms of land transport, which cover road, rail and pipeline transport services, some land transport activities are subject to planning considerations and the need to provide a public or universal service (urban public transport, passenger rail transport) whereas others are



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

purely market activities (pipelines, freight transport by road and rail). Under the FTAs in effect, China, Japan, South Korea, Australia, Hong Kong, and other ASEAN countries have opened up their land transport services sector with different level of market access and national treatment. Meanwhile, commitment of India and New Zealand for Singapore in this subsector are similar as for other WTO members.

As for the remaining logistics services (including cargo handling services, storage and warehouse services, and freight transport agency services, and other supporting and auxiliary transport services), China, South Korea, Australia, New Zealand, and Vietnam committed on the widest range of services. Storage and warehousing, along with freight transport agency service, are among the most frequently committed business segments under the FTAs.

Despite a wide range of commitments under FTAs, a number of limitations are still applied by FTA partners, including:

- foreign equity limitations;
- limitations on legal form and right to establish new companies;
- economic needs tests on establishment;
- discriminatory licensing or registration procedures;
- restrictions on the types of activities that can be undertaken by foreign service suppliers; and
- discrimination in the application of laws and regulations.

## *Distribution services*

Distribution services include wholesale trade services, retailing services, franchising, and commission agents' services. The sector is diverse, encompassing various formats (fixed location stores, electronic commerce, door-to-door sales, markets etc.), outlets (hypermarkets, supermarkets, department stores, convenience stores, small shops), product offerings (food vs. non-food, multi-product vs. specialized goods, etc.) and legal structures (e.g. independent, integrated groups, franchises).

Currently, all ASEAN members and other key partners including China, South Korea, Japan, Hong Kong, Australia, and New Zealand, have made market access and national treatment commitments on trade in distribution services under AFAS, RCEP, and other ASEAN+1 agreements. Meanwhile, India is the only key partner that has not committed to liberalize its distribution sector under any trade agreements.

Within distribution services sector, commission agents' services, wholesale trade and retailing services are among the most frequent opened sub-sectors, with certain restriction on sensitive goods like tobacco and alcohol.

Under specific commitments of these FTAs, countries still apply certain limitations on market access and national treatment, such as:

- foreign equity limitations;
- economic needs tests on establishment and expansion of stores (a government screening for the purpose of deciding whether the entry into the market of a foreign firm is needed);
- requirements regarding joint-venture or cooperation with local businesses; and
- limitations on the scope of operations (e.g. number of outlets, geographical areas);

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Additional key chapters of trade in services agreements

### E-commerce

The E-commerce sector has barely been touched upon in parties' Schedule of Specific Commitment under the AFAS, RCEP and other ASEAN+1 FTAs.

In this case, those FTAs, that comply with GATS of WTO, generally apply to all services regardless of the means by which they are delivered, and sector-specific commitments for trade in services also apply for the electronic delivery of services. Thus, commitments for e-commerce are largely those under the distribution sector.

Among FTA partners that have committed to liberalize the distribution services sector, only Myanmar, Japan, and South Korea have explicitly mentioned e-commerce in their Schedule of Specific Commitments. In particular, Myanmar applies no limitation on any mode of supply for e-commerce, while South Korea and Japan make restrictions of e-commerce for tobacco and liquor.

As for other FTA partners that have not mentioned e-commerce in their Schedule of Specific Commitments, commitments for relevant distribution services are applied. E-commerce services are largely liberalized through commitments under mode 1 (Cross Border Supply), that remain few or no limitations.

### Education

The education sector includes primary, secondary, higher, and adult education services as well as other education services.

Currently, all ASEAN members and other key partners including China, South Korea, Japan, Hong Kong, Australia and New Zealand, have made market access and national treatment commitments on trade in educational services under AFAS, RCEP and other ASEAN+1 agreements. India is the only key partner that has not committed to liberalize its education sector under any trade agreements.

With these FTAs in effect, the education sector of Australia, New Zealand, Japan, Hong Kong, and ASEAN members have been further liberalized for Singaporean businesses. Meanwhile, commitments of South Korea and China for this sector mostly remain the same as before.

Education is relatively less open compared to other sectors, with current limitations focus on mode 3 (Commercial Presence), including:

- foreign equity limitations;
- limitations on legal form and right to establish new companies;
- discriminatory licensing or registration procedures;
- restrictions on the types of activities that can be undertaken by foreign service suppliers;
- restrictions on the movement of natural persons; and
- discrimination in the application of laws and regulations.

Among sub-sectors, higher education, along with primary and secondary education, has the highest number of commitments in this sector.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Construction

The Construction and related engineering services includes construction work for buildings and civil engineering, installation and assembly work, building completion and finishing work.

Currently, all ASEAN members and other key partners including China, India, South Korea, Japan, Hong Kong, Australia, and New Zealand have made market access and national treatment commitments on trade in construction and related engineering services under AFAS, RCEP, and other ASEAN+1 agreements. With these FTAs in effect, the construction sector of all relevant partners has been further liberalized for Singaporean businesses compared to before.

Specifically, all sub-sectors including general construction work for buildings, civil engineering, installation and assembly work, building completion and finishing work, and others, of China, Japan, South Korea, Australia, New Zealand, and some ASEAN members, are open for Singaporean service suppliers under the same conditions as for domestic service suppliers. Meanwhile, India has only committed to open certain general construction works for roads and bridges, while Hong Kong has only opened its interior design and project management services.

However, under these commitments, there exist certain limitations, in terms of:

- foreign equity limitations;
- joint venture and joint operation requirements;
- discriminatory licensing or registration procedures;
- restrictions on the types of projects that can be undertaken by foreign service suppliers; and
- restrictions on the movement of natural persons.

## Tourism

Tourism and travel-related services include services provided by hotels and restaurants (including catering), travel agencies and tour operator services, tourist guide services and other related services. Tourism is now one of the highest committed sectors by ASEAN and ASEAN+1 partners.

Currently, all ASEAN members and other key partners including China, India, South Korea, Japan, Hong Kong, Australia, and New Zealand have made market access and national treatment commitments on travel and tourism services under AFAS, RCEP, and other ASEAN+1 agreements. Further, as of 2022, Japan, South Korea, Australia, and Brunei, have undertaken specific commitments on the entire range of tourism and travel-related services. Hotels and restaurants (including catering), along with travel agencies and tour operator services, are among the most frequently opened sub-sectors.

That said, there remain a number of barriers to trade in services for this sector regarding:

- foreign equity limitations;
- discriminatory licensing or registration procedures;
- restrictions on the types of activities that can be undertaken by foreign service suppliers; and
- restrictions on the movement of natural persons



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Schedules of Specific Commitments for Services of the FTA partners of Singapore

This section highlights the key commitments of each FTA partner for all modes of service supply.

There are 4 basic modes of supply for Trade in Services:



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Schedule of Commitment

To date, commitments of India for Singaporean businesses have been made under the AIFTA, 1st Package of Schedule of Specific Commitments.

India has a single schedule that is applied to Brunei, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand, and Vietnam, and two separate individual schedules that are applicable to Indonesia and to the Philippines. These have been structured as positive lists.

In general, India only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that India maintains are mentioned below.

## Sector-specific Commitment

### Professional Services

- For the (1) and (2) mode of supply, implementation of architectural and engineering services in India has to be carried out under applicable laws of India.
- For the (3) mode of supply, foreign equity limitation of 49% or 51% is applied and further approval by Foreign Investment Promotion Board is required if foreign investors having prior collaboration in that specific service sector
- For the (4) mode of supply, services requiring use of special titles are subject to registration with relevant professional body as per applicable domestic laws.
- Some services remain unbound.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Telecommunication Services</i>	<ul style="list-style-type: none"> <li>For the (1) mode of supply, the provision of certain services is subject to commercial arrangements with licensed Telecom service suppliers.</li> <li>The (3) mode of supply is subject to: <ul style="list-style-type: none"> <li>Licensing by the Designated Authority.</li> <li>Foreign equity limitation of 49% or 51% is applied and further approval by Foreign Investment Promotion Board is required for most cases.</li> <li>Resale of telephone services will not be permitted.</li> </ul> </li> <li>The (4) mode of supply remains unbound.</li> </ul>
<i>Financial Services</i>	<ul style="list-style-type: none"> <li>Most services are unbound in the (1) and (2) mode of supply, except that reinsurance can be taken with foreign reinsurers to certain extent, while goods in transit to and from India can be insured with Indian insurance companies only in the case of insurance of freight.</li> <li>For the (3) mode of supply, specific limitations of India are: <ul style="list-style-type: none"> <li>Foreign equity limitation is 49% or 51% depending on each service.</li> </ul> </li> </ul>
<i>Financial Services</i>	<ul style="list-style-type: none"> <li>Overseas brokers are allowed to have resident representatives and representative offices with limited scope of activities, including procuring reinsurance business and placing reinsurance business from Indian insurance companies.</li> <li>Establishing and operating banking business in India is only allowed through branch operations of a foreign bank licensed and supervised as a bank in its home country. Certain limitations are also applied for this kind of business, including additional licensing, constitution of a Local Advisory Board, and restrictions on investments in other financial services companies.</li> <li>The (4) mode of supply remains unbound.</li> </ul>
<i>Logistics Services</i>	<p>India only opens the (3) mode of supply for maritime transport services. Particularly, to operate a ship under the Indian flag, a registered company, or a cooperative society under any Central Act or State Act having its principal place of business in India, must be established. A maximum of 49% foreign equity, with Foreign Investment Promotion Board approval, is allowed</p>



## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Construction and Related Engineering Services</i>	India only opens construction work for civil engineering, specifically for roads and bridges. Cross border supply of consultancy in this area is allowed with no restriction. Meanwhile, for commercial presence, foreign equity is capped at 51% and further approval by the Foreign Investment Promotion Board is required if foreign investors having prior collaboration in this service.
<i>Tourism and Travel Related Services</i>	India opens the (3) mode of supply for hotels and other lodging services, as well as travel agency and tour operator services. For commercial presence, foreign equity is capped at 51% and further approval by the Foreign Investment Promotion Board is required if foreign investors having prior collaboration in this service.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## China



### Schedule of Commitment

To date, commitments of China for Singaporean businesses have been made under the ACFTA, 3rd Package of Schedule of Specific Commitments, and RCEP, 1st Package of Schedule of Specific Commitments.

Both schedules are structured as a positive list. However, China, along with other parties currently using positive list under RCEP, is required to transit to a negative list before 1 January, 2028. Overall, China's commitments under RCEP would be more preferable for Singapore than ACFTA.

In general, China only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that China maintains are mentioned below.

For most sectors, the (4) mode of supply remains unbound.

### Sector-specific Commitment

#### *Professional Services*

- For the (1) and (2) mode of supply, China requires co-operation with Chinese professional organizations in architectural and engineering services.
- Regarding the (3) mode of supply, some key limitations are:
  - Foreign law firms can provide legal services only in the form of representative offices. Representative offices can engage in a limited scope of profit-making activities.
  - Partnerships or incorporated accounting firms are limited to Certified Public Accountants (CPAs) licensed by the Chinese authorities.
  - Further licensing and compulsory experience and resident time in China

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Telecommunication Services</i>	<ul style="list-style-type: none"> <li>For the (1) and (3) mode of supply, foreign service suppliers are permitted to establish partly foreign-invested value-added telecommunication enterprises, and foreign investment in the enterprises shall be no more than 49% or 50%</li> </ul>
<i>Financial Services</i>	<ul style="list-style-type: none"> <li>For mode (1) of service supply, China only opens certain services, such as reinsurance, international marine, aviation, and transport insurance, brokerage for large scale commercial risks, reinsurance and so on.</li> <li>For the (3) mode of supply, limitations on the form of establishment, business scope, geographical coverage and licencing are largely eased. For example, foreign insurers and insurance brokerage can establish branches with no economics needs test, conduct the same business scope as domestic companies. For foreign currency business, there will be no geographic restriction.</li> </ul>
<i>Logistics Services</i>	<p>Transportation services:</p> <ul style="list-style-type: none"> <li>For the (1) mode of supply, the notable commitment is for computer reservation system service, in which foreign systems may provide services to Chinese aviation businesses and aviation agents by connecting through a Chinese computer reservation system. It can also serve representative sales offices established in China by foreign aviation businesses.</li> <li>In terms of the (3) mode of supply, some key limitations are: <ul style="list-style-type: none"> <li>Computer reservation system service is subject to licensing with economics needs test.</li> <li>Foreign freight forwarding agencies which have at least three consecutive years' experience are permitted to set up partly foreign-invested freight forwarding agency in China. Operation term of the partly foreign-invested businesses shall not exceed 20 years.</li> <li>Foreign suppliers for freight inspection which have been engaged in inspection services in their home countries for more than three years are permitted to establish partly foreign-invested businesses conducting technical testing, analysis and freight inspection with no less than US\$ 350,000 in registered capital.</li> </ul> </li> </ul> <p>Distribution services:</p> <ul style="list-style-type: none"> <li>The (1) mode of supply mostly remains unbound, except for mail order.</li> </ul>

## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Logistics Services</i>	<ul style="list-style-type: none"> <li>For the (3) mode of supply, particularly chain stores which sell products of different types and brands from multiple suppliers with more than 30 outlets, foreign majority ownership will not be permitted if those chain stores distribute any of the following products: books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, processed oil, chemical fertilizers. The foreign chain store operators will have the freedom of choice of any partner, legally established in China according to China's laws and regulations.</li> </ul>
<i>Education Services</i>	China opens the (3) mode of supply for many educational services, such as primary or secondary education, with partly foreign-invested schools and foreign majority ownership permitted.
<i>Construction and Related Engineering Services</i>	<ul style="list-style-type: none"> <li>The (1) mode of supply mostly remains unbound.</li> <li>Regarding the (3) mode of supply, wholly foreign-owned businesses are permitted but are only limited to certain types of construction projects.</li> </ul>
<i>Tourism and Travel Related Services</i>	<ul style="list-style-type: none"> <li>The (1) and (2) mode of supply has no limitations.</li> <li>For mode (3) of service supply, foreign services suppliers may construct, renovate and operate hotel and restaurant establishments in China. Wholly foreign-owned subsidiaries are permitted. However, foreign-invested businesses are not permitted to engage in travel agency and tour operators activities of Chinese traveling abroad and to Hong Kong, Macao, and Chinese Taipei.</li> </ul>



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Japan



### Schedule of Commitment

To date, commitments of Japan for Singaporean businesses have been made under the AJCEP, 1st Package of Schedule of Specific Commitments, and RCEP, 1st Package of Schedule of Specific Commitments.

While the commitments under AJCEP was a positive list, the schedule under RCEP has been made as a negative list. In this case, for Singaporean businesses, Japan's commitments under RCEP are more preferable than AJCEP.

Except for the listed limitations, all sectors are, by default, opened to foreign service suppliers under the same conditions as for domestic service suppliers.

### Sector-specific Commitment

#### *Professional Services*

Depending on certain subsectors, there are some limitations to market access and local presence, such as:

- A natural person who intends to supply professional services in Japan has to be qualified under the laws and regulations of Japan, including legal, legal advisory services, patent attorney services, judicial scrivener services, certified public accountants services, certified public tax accountant services, etc.
- An enterprise which intends to supply professional services is required to establish corporation under laws and regulations of Japan.
- In some services, only a Japanese national is permitted.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Telecommunication Services</i></p>	<ul style="list-style-type: none"> <li>• A foreign natural person is not allowed to register as shareholders if their voting rights exceed one-third, or become a member of the board of directors, in Nippon Telegraph and Telephone Corporation, Nippon Telegraph and Telephone East Corporation, and Nippon Telegraph and Telephone West Corporation.</li> <li>• Any foreign investment has to undergo screening procedures, and the investor may be required to alter the content of the investment or discontinue the investment process, depending on the screening result.</li> </ul>
<p><i>Financial Services</i></p>	<p>For insurance and insurance related services, commercial presence is in principle required for insurance contracts on goods being transported within Japan, and ships of Japanese registration which are not used for international maritime transport, along with any liability arises therefrom.</p> <p>For banking and other financial services, the deposit insurance system only covers financial institutions which have their head offices within the jurisdiction of Japan, not deposits taken by branches of foreign banks.</p> <p>Further, Japan may introduce other measures in the future regarding the (1), (2) and (4) mode of supply in this sector.</p>
<p><i>Logistics Services</i></p>	<p>Transportation Services: depending on certain subsectors, there are some limitations, as below:</p> <ul style="list-style-type: none"> <li>• Any foreign investment has to undergo screening procedures, and the investor may be required to alter the content of the investment or discontinue the investment process, depending on the screening result.</li> <li>• In some services, only a Japanese national is permitted.</li> <li>• Foreign investor is required to establish an office in Japan or obtain permission from Ministries in case of certain businesses.</li> <li>• Any person who intends to conduct the businesses in the “semi-specified regions” or “emergency supply or demand adjustment area” designated by the Minister of Land, Infrastructure, Transport and Tourism are not granted permission.</li> </ul> <p>Distribution Services</p> <ul style="list-style-type: none"> <li>• The number of licenses conferred to service suppliers in those subsectors relating to alcoholic beverages may be limited, where it is necessary to maintain a supply-demand balance of liquors in order to secure liquor tax revenue.</li> </ul>

## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Education Services</i>	<p>Higher educational services supplied as formal education in Japan are required to be supplied by formal education institutions established by school juridical persons.</p> <p>Further, Japan may introduce measures relating to investment in the supply of primary and secondary educational services in the future.</p>
<i>Construction and Related Engineering Services</i>	<p>A person who intends to conduct construction business or demolition work is required to establish an office in Japan and to be registered with the prefectural governor having jurisdiction over the district where the place of business is located.</p>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## South Korea



### Schedule of Commitment

To date, commitments of South Korea for Singaporean businesses have been made under the AKTIS, 1st Package of Schedule of Specific Commitments, and RCEP, 1st Package of Schedule of Specific Commitments.

While the commitments under AKTIS was a positive list, the schedule under RCEP has been made by a hybrid approach, including a positive list for financial services and a negative list for the remaining services. For Singaporean business, RCEP is considerably preferable than AKTIS.

Except for the listed limitations, all sectors are, by default, opened to foreign service suppliers under the same conditions as for domestic service suppliers.

### Sector-specific Commitment

#### *Professional Services*

The following key limitations are applied depending on each business:

- Only South Korean-licensed lawyer registered with the South Korean Bar Association may supply legal services and establish commercial presence in certain types.
- South Korean-licensed lawyer and South Korean notary public must establish an office in the jurisdiction of the district office in which he or she practices.

#### *Professional Services*

- Commercial presence is required for supplying industrial safety, health institution, and consulting services, architectural services, engineering services, integrated engineering services, urban planning and landscape architectural services or surveying and map-making services (not including cadastral surveying and cadastral mapmaking services).

The country may also apply further measures for foreign legal consultants, accounting and auditing services, tax accountant in the future.



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Telecommunication Services</i></p>	<p>Key limitations for telecommunication services are:</p> <ul style="list-style-type: none"> <li>Any license for facilities-based public telecommunications services or a registration for non-facilities-based public telecommunications services shall be granted only to a juridical person organized under South Korean law.</li> <li>A foreign person holding more than 49% of the total voting shares of a facilities-based supplier of public telecommunications services may not be granted a license.</li> <li>A foreign government, or its representative, or a foreign person may not obtain or hold a radio station license.</li> <li>A foreign person may not supply cross-border public telecommunications services into South Korea, except through a commercial arrangement with a supplier of public telecommunications services that is licensed in South Korea.</li> </ul> <p>In the future, South Korea may adopt further measures with respect to subscription-based video services.</p>
<p><i>Financial Services</i></p>	<p>For this sector, South Korea only commits to open the certain subsectors, in which services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that South Korea maintains are mentioned below.</p> <p>For insurance and insurance related services:</p> <ul style="list-style-type: none"> <li>The (1) and (2) mode of supply are unbound for most cases.</li> <li>The (3) mode of supply is permitted to foreign insurance, reinsurance and retrocession insurance, insurance brokerage, foreign claim settlement and adjustment companies and actuarial companies. Top executive personnel of each establishment must reside in South Korea.</li> </ul> <p>For banking services:</p> <ul style="list-style-type: none"> <li>The (1) and (2) mode of supply are unbound for most cases.</li> <li>Regarding the (3) mode of supply, the following commitments are undertaken: <ul style="list-style-type: none"> <li>Commercial presence is permitted only to foreign financial institutions (except for financial leasing) which deal with the same services in their country of origin.</li> <li>A person may own up to 10% of the stocks of a bank (up to 4% in case of non-financial service business entity) and 15% of the stocks of a provincial bank without the special authorization of the relevant authorities.</li> </ul> </li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Financial Services

- A person can own up to 100% of a bank and a provincial bank with the special authorization of the relevant authorities.
- Foreign exchange position is regulated.
- The oversold position of spot foreign exchange is US\$ 5 million, or 3% of capital (whichever is greatest).
- Deposit for specific purpose, such as housing subscription deposit, may be handled only by designated institutions.
- Securities savings and credit granting are subject to restriction of ceiling and operation.
- Lending to credit card members through such means as card loans is subject to limitation.
- For credit card services, maximum limits are applied to various rates such as fees and interest rates.
- The maturity of CDs shall be more than 30 days. Underlying transaction and documentation requirements apply to foreign exchange transactions. Underlying documentation requirements are exempt in the case of forward transactions.
- Mandatory lending to small-and medium sized companies is required.
- Foreign currency loans are restricted with respect to ceiling and uses.
- Top executive personnel of financial leasing, credit granting and security savings companies must reside in South Korea.

For securities services:

- The (1) and (2) mode of supply are unbound for most cases.
- The (3) mode of supply is permitted to foreign financial institutions which deal with the same instruments in their country of origin, foreign financial institutions which deal with the issuing of all kinds of securities, foreign asset management companies, foreign investment advisory companies. Representative offices may be established by prenotification. Top executive personnel of each establishment must reside in South Korea.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Logistics Services</i></p>	<p>Transport Services: Depending on certain subsectors, there are some limitations, as below:</p> <ul style="list-style-type: none"> <li>• A person that supplies transport services must establish an office or a company in South Korea and obtain authorization from relevant authorities, and may subject to an economic needs test.</li> <li>• In some cases, only South Korea nationals are allowed to supply services, such as some rail and air transportation services.</li> <li>• In the future, South Korea may adopt measures with respect to road transportation services, internal waterways transportation services and space transportation services, storage and warehousing services, maritime passenger transportation and maritime cabotage, air services</li> </ul>
<p><i>Logistics Services</i></p>	<p>Distribution services: Limitations are mostly for sensitive goods, such as:</p> <ul style="list-style-type: none"> <li>• A person that supplies wholesale or retail distribution must establish an office or a place in South Korea particularly for tobacco, liquor, and healthcare products</li> <li>• A foreign person may not hold 50% or more of the shares or equity interest of an enterprise.</li> <li>• Some services such as liquor-selling have to undergo economic tests or review processes on an ad hoc basis.</li> <li>• In the future, South Korea may adopt measures with commission agents' services of agricultural raw materials, live animals, food products, beverage; wholesaling (including importation) services of grain, meat, poultry, grain powder, ginseng, red ginseng, fertilisers; and retailing services of rice, ginseng and red ginseng.</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Education Services

South Korea applies limitations for higher education and adult education services, such as:

- At least 50% of the members of the board of directors of a private higher education institution must be South Korean nationals. If a foreign person contributes at least 50% of the basic property of a higher education institution, up to but not including two thirds of the members of the board of directors of such an institution may be foreign nationals.
- The Minister of Education may restrict the total number of students per year in the fields of medicine, pharmacology, veterinary medicine, traditional Asian medicine, medical technicians, and higher education for pre-primary, primary, and secondary teachers, and higher education institutions located in the Seoul Metropolitan Area.
- A foreign national hired by a private teaching institute for adults as a lecturer must possess at least a bachelor's degree or the equivalent and reside in South Korea. The establishment, extension, and transfer of the training facilities in Seoul Metropolitan Areas may be restricted.
- Commercial presence is required for certain businesses, such as vocational competency development training services
- Limited types of establishments by a foreign person

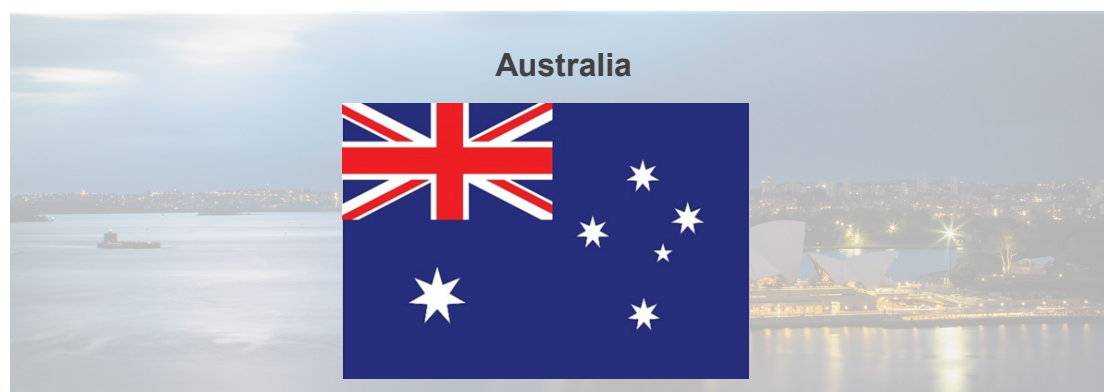
In the future, the country may introduce further measures for pre-primary, primary, secondary, higher, adult and other education.

## Construction and Related Engineering Services

- A person that supplies construction services in South Korea must, prior to the signing of the first contract related to such services, establish an office in South Korea.
- A person that supplies leasing, rental, maintenance, repair, sales, and disposal services related to construction machinery and equipment must establish an office in South Korea.



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Schedule of Commitment

To date, commitments of Australia for Singaporean businesses have been made under the AANZFTA, 1st Package of Schedule of Specific Commitments, and RCEP, 1st Package of Schedule of Specific Commitments.

While the commitments under AANZFTA was a positive list, the schedule under RCEP has been made as a negative list. For Singaporean businesses, the service sector of Australia is more open under RCEP compared to under the AANZFTA.

Except for the listed limitations, all sectors are, by default, opened to foreign service suppliers under the same conditions as for domestic service suppliers.

## Sector-specific Commitment

<p><i>Professional Services</i></p>	<p>Notable limitations include:</p> <ul style="list-style-type: none"> <li>• In order to register to practice in Australia, patent attorneys must have been employed for at least 2 continuous years, or a total of 2 years within 5 continuous years, in Australia or New Zealand, or in both countries, in a position or positions that provided the applicant with required experience in Australia's and New Zealand's patent attorney regime.</li> <li>• To practice as a migration agent in Australia a person must be an Australian citizen or permanent resident or a citizen of New Zealand with a special category visa.</li> <li>• A person who is not ordinarily resident in Australia may be refused registration as a company auditor or liquidator.</li> <li>• At least one partner in a firm providing auditing services must be a registered company auditor who is ordinarily resident in Australia.</li> <li>• To act as a customs broker in Australia, service suppliers must supply the service in and from Australia.</li> </ul>
<p><i>Telecommunication Services</i></p>	<ul style="list-style-type: none"> <li>• Aggregate foreign equity is restricted to no more than 35% of shares of Telstra. Individual or associated group foreign investment is restricted to no more than 5% of shares.</li> <li>• The Chairperson and a majority of directors of Telstra must be Australian citizens and Telstra is required to maintain its head office, main base of operations and place of incorporation in Australia.</li> </ul>

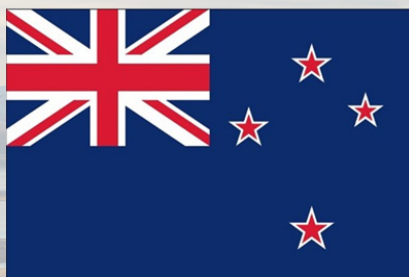
# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Financial Services</i>	<p>The following restrictions are applied for certain businesses:</p> <ul style="list-style-type: none"> <li>To undertake banking business in Australia an entity must be a body corporate and authorized as an authorized deposit-taking institution (ADI).</li> <li>Foreign deposit-taking institutions (including foreign banks) may only operate a banking business in Australia through locally incorporated deposit-taking subsidiaries or authorized branches (foreign ADIs), or through both structures.</li> </ul>
<i>Financial Services</i>	<ul style="list-style-type: none"> <li>A branch of a foreign bank that is authorized as a deposit-taking institution in Australia (foreign ADI) is not permitted to accept initial deposits (and other funds) from individuals and non-corporate institutions of less than AUD250,000 (~US\$162,000).</li> <li>A representative office of a foreign bank is not permitted to undertake any banking business, including advertising for deposits, in Australia. Such a representative office is only permitted to act as a liaison point.</li> <li>Approval of non-resident life insurers is restricted to subsidiaries incorporated under Australian law.</li> </ul> <p>Further, Australia may introduce measures related to financial services in the future.</p>
<i>Logistics Services</i>	<p>Transport services:</p> <ul style="list-style-type: none"> <li>In some cases, services suppliers are required to be represented by a natural person who is resident in Australia.</li> <li>Foreign ownership in Australian international airlines, including Qantas, is restricted to a maximum of 49% with some specific requirements for head office and operational case location, or nationality of directors</li> <li>Some air services are reserved to provisions by the statutory authority.</li> <li>Australia may apply new measures related to transport services in the future</li> </ul> <p>Distribution services: Australia may introduce measures with respect to wholesale and retail trade services of tobacco products, alcoholic beverages, or firearms in the future.</p>
<i>Education Services</i>	<p>Australia may apply new measures related to primary education in the future</p>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## New Zealand



### Schedule of Commitment

To date, commitments of New Zealand for Singaporean businesses have been made under the AANZFTA, 1st Package of Schedule of Specific Commitments, and RCEP, 1st Package of Schedule of Specific Commitments.

Both schedules are structured as positive list. In general, New Zealand's commitments under RCEP and AANZFTA are mostly similar, while there are still certain cases where RCEP is more preferable for foreign service suppliers.

In general, New Zealand only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that New Zealand maintains are mentioned below.

For most sectors, the (4) mode of supply remains unbound.

### Sector-specific Commitment

#### *Professional Services*

- New Zealand has no limitation on the (1), (2) and (3) mode of supply for most professional services.

#### *Telecommunication Services*

- New Zealand has no limitation on the (1) and (2) mode of supply for most telecommunication services.
- Meanwhile, for commercial presence, the shareholding by any single overseas entity in Chorus Limited is limited to 49.9% and at least half of board directors are required to be New Zealand citizens.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Financial Services</i>	<ul style="list-style-type: none"> <li>For mode (1) and mode (2) of supply, New Zealand permits non-resident suppliers of financial services to supply, as a principal, through an intermediary or as an intermediary, for certain insurance and insurance related services. However, the country does not allow its residents to purchase insurance abroad.</li> <li>For the (3) mode of supply, two notable requirements are: <ul style="list-style-type: none"> <li>Overseas companies must prepare financial statements on an annual basis comprising a balance sheet, a profit and loss statement, and a statement of cash flows.</li> <li>Depending on certain sub-sectors, The Accident Compensation Act 2001 provides for compulsory worker's compensation insurance via levies on vehicle owners, employers, employees and the self-employed.</li> </ul> </li> </ul>
<i>Logistics Services</i>	<p>Transport services</p> <ul style="list-style-type: none"> <li>For the (1) and (2) mode of supply, most services are opened.</li> <li>For the (3) mode of supply, establishment of registered company for the purpose of operating a fleet under the New Zealand flag, certain air transport services, and marketing and sales of maritime transport services are unbound.</li> </ul> <p>Distribution services: New Zealand has no limitation on the (1), (2) and (3) mode of supply for most distribution services.</p>
<i>Education Services</i>	<p>New Zealand opens most modes of supply for primary, secondary, and tertiary education in private institutions, language training provided in private specialist language institutions; and tuition in subjects taught at the primary and secondary levels.</p>
<i>Construction and Related Engineering Services</i>	<p>For mode (1), except consultancy services experience no limitations, New Zealand has not made any further commitments. Meanwhile, there is no limitation for the (2) and (3) mode of supply.</p>
<i>Tourism and Travel Related Services</i>	<p>New Zealand commits to open hotels (including apartment buildings) and restaurants, travel agencies, tour guides, and tour operator services, with no restriction.</p>



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Hong Kong



### Schedule of Commitment

To date, commitments of Hong Kong for Singaporean businesses have been made under the AHKFTA, 1st Package of Schedule of Specific Commitments, as a positive list.

In general, Hong Kong only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that Hong Kong maintains are mentioned below.

For most sectors, the (4) mode of supply remains unbound.

### Sector-specific Commitment

<i>Professional Services</i>	<ul style="list-style-type: none"> <li>Most services remain unbound in the (1) and (2) mode of supply.</li> </ul>
<i>Professional Services</i>	<ul style="list-style-type: none"> <li>For mode (3), depending on certain subsectors, year of experience and regular residency in Hong Kong is required. Further, accounting, auditing and bookkeeping services are limited to auditing and advisory services on matters such as financial management consultancy, company formation and restructuring, raising of capital, debt-rescheduling, receivership and liquidation. The provision of statutory auditing services is limited to corporate practices and natural persons licensed as certified public accountants (practicing), either as sole proprietors or in partnership.</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Telecommunication Services</i></p>	<p>Local services are completely opened.</p> <p>For international services, limitations are mainly for the (1) and (3) mode of supply, including:</p> <ul style="list-style-type: none"> <li>• Public external telephone service is not allowed;</li> <li>• For self-provision of external satellite circuits, connection to the public-switched telephone network (PSTN) at the Hong Kong, China end may be restricted;</li> <li>• For virtual private network service, connection to the public-switched telephone network at the Hong Kong end may be restricted;</li> <li>• For mobile satellite service, gateway station for mobile satellite traffic is not allowed.</li> </ul> <p>For value added services, commercial presence must take the form of a company.</p>
<p><i>Financial Services</i></p>	<p>For insurance and insurance related services:</p> <ul style="list-style-type: none"> <li>• For mode (1) and mode (2) of service supply, statutory insurances must be purchased from an insurer authorized in Hong Kong</li> <li>• For the (3) mode of supply, the following are required: <ul style="list-style-type: none"> <li>◦ Only an incorporated company authorised by the Insurance Authority (IA) or an association of underwriters approved by the IA is permitted to carry on insurance business. In the case of the former, commercial presence must take the form of a subsidiary, branch or representative office, although insurance business shall not be carried out through a representative office.</li> <li>◦ The chief executive appointed by the authorised insurer should normally reside in Hong Kong.</li> </ul> </li> </ul> <p>For banking services:</p> <ul style="list-style-type: none"> <li>• The (1) and (2) mode of supply are unbound.</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Financial Services

- For the (3) mode of supply, Hong Kong requires all authorised institutions (i.e. licensed banks, restricted licence banks and deposit-taking companies) shall maintain a physical presence in Hong Kong. There are also further requirements for an overseas bank seeking to establish a locally incorporated full licensed bank or a representative office in Hong Kong. Additionally, all authorised institutions (local or overseas) must appoint a chief executive and at least 1 alternative chief executive, each of whom shall be an individual and ordinarily resident in Hong Kong.

For securities business:

- The (1) and (2) mode of supply are unbound.
- For the (3) mode of supply, only corporations incorporated in Hong Kong may become members of exchange companies recognised under the Securities and Futures Ordinance (in addition, natural persons born in Hong Kong or resident in Hong Kong for five of the preceding seven years or partnerships composed of such persons may also become members of the Stock Exchange of Hong Kong Limited). For dealing in securities or commodities futures, there is a residence requirement in Hong Kong in respect of a sole proprietor, or, in the case of a partnership or company, in respect of at least one partner or director, who is registered as a dealer.

Transport services:

- Certain services are unbound for mode (1), (2) and (3) of service supply. In terms of Maritime Transport Services, income derived from international operation of ships registered in the Hong Kong Shipping Register is exempted from Hong Kong's profits tax.

Distribution services:

- Hong Kong opens the (1) and (2) mode of supply for commission agents' services, wholesales and retails services.
- While Hong Kong opens the (3) mode of supply for wholesale and retail trade services for most products, commission agents' services and wholesale trade services of fishery products remain unbound.

## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Education Services</i>	<ul style="list-style-type: none"><li>• For mode (1), the provision of local courses and non-local courses at post-secondary level are subject to different registration requirements for institutions and persons providing local and non-local courses.</li><li>• The (2) mode of supply has no limitations</li><li>• The (3) mode of supply is unbound.</li></ul>
<i>Construction and Related Engineering Services</i>	<ul style="list-style-type: none"><li>• Hong Kong only opens the (2) and (3) mode of supply for interior design services and certain project management services.</li></ul>
<i>Tourism and Travel Related Services</i>	<ul style="list-style-type: none"><li>• The (1) and (2) mode of supply are unbound.</li><li>• For the (3) mode of supply, travel agencies and tour operator services are limited to the business of obtaining for clients carriage and/or accommodation outside Hong Kong and the provision of related services such as the furnishing of travel information, advice and planning. Only a company may operate tours and open branch offices for these services.</li></ul>



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Philippines



### Schedule of Commitment

To date, commitments of the Philippines for Singaporean businesses have been made under:

- AFAS: 7th Package of Specific Commitments for Financial Services; 11th Package of Specific Commitments for Air Transport Services; and 10th Package of Specific Commitments for other sectors, as positive lists, to be effective until the Philippines enacts the 1st Schedule of Specific Commitment under ATISA
- MNP
- ATISA, as a negative list. The Philippines has yet to submit the 1st Schedule of Specific Commitments under the agreement. The country will submit its schedule within 5 years since the date of entry into force of the ATISA (no later than April 5, 2026). Upon submission of the Philippines' Schedule of Specific Commitments to ASEAN Secretariat, it will be effective in parallel with AFAS within 2 years until completely replacing AFAS.
- RCEP, as a positive list

The Philippines' commitments under RCEP and AFAS are mostly similar, while there are still certain cases where RCEP or AFAS is more preferable for foreign service suppliers.

In general, the Philippines only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that the Philippines maintains are mentioned below.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



Sector-specific Commitment	
Professional Services	<p>For the (3) mode of supply, certain limitation below is applied depending on each business:</p> <ul style="list-style-type: none"> <li>• Only up to 70% foreign equity participation is allowed.</li> <li>• Certain corporate practice is not allowed.</li> <li>• Single practitioners and partnerships for public accountancy practice shall be registered Certified Public Accountants (CPA) in the Philippines; CPAs in public practice are required minimum of three-year experience in any area of public practice, including taxation, prior to issuance of Certificate of Accreditation.</li> <li>• Only registered civil engineers, among themselves, or with properly registered architects, may form registration as firm for civil engineering practice.</li> <li>• Certain activities require registering with competent authorities, such as metallurgical engineering, sanitary engineering, landscape architecture, and environmental planning</li> <li>• Unbound</li> </ul> <p>For the (4) mode of supply, the following commitments are notable:</p> <ul style="list-style-type: none"> <li>• Valid temporary/ special permit duly issued by Professional Regulatory Board or Professional Regulation Commission is required to practice the profession</li> <li>• Foreign accountants can practice in the Philippines according to international treaty organisations, provided that foreign country admits Filipinos to practice same profession without restriction</li> <li>• Unbound for some services</li> </ul>
Telecommunication Services	<p>For the (1) mode of supply, certain services are:</p> <ul style="list-style-type: none"> <li>• Subject to commercial arrangement with licensed operators</li> <li>• Only through duly enfranchised and certificated domestic public telecommunications carriers.</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Telecommunication Services

- Unbound

For the (3) mode of supply, entry is subject to some of the following conditions:

- Franchise from Congress of the Philippines
- Certificate of Public Convenience and Necessity from the National Telecommunications Commission
- Foreign equity is permitted up to 40%.
- Resale of private leased lines is not allowed.
- Private leased circuit services shall not be connected to a public network.
- Call back, dial back and other similar schemes, which result in the same operation, are not authorized.
- Subject to the availability and efficient utilization of radio frequencies.
- Only duly enfranchised and certificated telecommunications, broadcast or cable TV entities can access satellite space segment service providers.
- Philippine satellite operators shall be given the preference to provide the space segment capacity requirements of enfranchised entity after all factors are equally considered.
- Satellite space segment service provisioning in the Philippines shall be on the basis of reciprocal arrangements.
- The number of non-Filipino citizens in the Board of Directors of an entity shall be proportionate to the aggregate share of foreign capital of that entity.
- All executives and managers must be citizens of the Philippines.
- Must register with the Philippines regulatory body but is not allowed to build its own network.

For the (4) mode of supply, Service suppliers must be Filipino citizens for certain services. Meanwhile, the Philippines also leaves some services unbound under this mode.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Financial Services

Generally, commercial presence is required at the (1) mode of supply for certain services, such as money broking, foreign exchange broking, credit card services.

For insurance services, the following limitations are applied:

- Risks located in the Philippines shall be insured with companies authorized to transact business in the Philippines, except for marine hull and marine cargo insurance.
- Priority cessions to authorized insurance or reinsurance companies
- Commercial presence required subject to:
  - Acquisition of up to 100% of the voting stock of an existing domestic insurance company; or
  - Investments of up to 100% of the voting stock of a new locally incorporated insurance company; and
  - Participation of a non-Filipino citizen in the Board of Directors of a locally incorporated insurance company is proportional to the percentage of foreign equity
  - Foreign equity limitation of 50% or joint venture for auxiliary services to insurance

For commercial banking, only established, reputable and financially sound foreign banks that are widely owned and publicly listed may operate in the Philippine banking system through any one of the following modes of entry, subject to relevant licensing and other requirements prior to actual entry. However, this shall not preclude secondary investment in the equity of a locally incorporated bank not exceeding 40% of voting stock.

- Establishment of foreign bank branches with full banking authority. Each foreign bank authorized to do banking business in the Philippines shall be allowed to open up to five sub-branches as may be approved by the Monetary Board.
- Acquisition of up to 100% of the voting stock of an existing domestic bank.
- Investing in up to 100% of the voting stock of a new locally incorporated banking subsidiary.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Financial Services</i></p>	<p>Prior authorization is required for performance of trust, investment management and other fiduciary functions; foreign currency deposit unit operations; and derivatives activities. Underwriting (firm and best efforts basis) may be performed only by commercial banks with expanded commercial banking authority.</p> <p>There is no foreign equity limit for non-bank financial intermediary.</p> <p>Commercial presence in some type of securities businesses must be organized as a stock corporation, including investment house, transactions of an issuer primarily engaged in the business of investing, reinvesting, or trading in securities, performance of the functions of stock transfer agent such as but not limited to monitoring the issuance and transfer of stock certificates, participation in issues of all kinds of securities, including underwriting and placement as agent and so on. 100% foreign ownership is allowed for most of these businesses.</p> <p>The (4) mode of supply mainly remains unbound.</p>
<p><i>Logistics Services</i></p>	<p>Transportation services:</p> <ul style="list-style-type: none"> <li>• The (1) and (4) mode of supply are unbound for most cases, with some exceptions.</li> <li>• Regarding commercial presence, the key limitations are: <ul style="list-style-type: none"> <li>◦ Subject to approval by the Maritime Industry Authority, or permits and supervision by the Philippine Coast Guard, or by the SEC.</li> <li>◦ Foreign equity limitation is 40% - 70%, or 100% foreign equity allowed, depending on each service.</li> </ul> </li> </ul> <p>Distribution services:</p> <ul style="list-style-type: none"> <li>• The (1) mode of supply is unbound for certain businesses, while for retailing, 70% foreign equity is allowed subject to compliance with the prequalification, minimum paid-in equity capital, and investment per store requirements and other conditions.</li> <li>• Regarding the (3) mode of supply, different levels of foreign equity limitation are applied for certain services, such as <ul style="list-style-type: none"> <li>◦ 100% foreign equity is allowed provided that the minimum paid-in equity capital for domestic market businesses is complied with. Otherwise, only up to 40% foreign equity is allowed for commission agents.</li> <li>◦ 70% foreign equity limitation for wholesales and retails services.</li> </ul> </li> <li>• The (4) mode of supply is mainly unbound</li> </ul>




## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Education Services</i>	<ul style="list-style-type: none"><li>• The (1) and (4) mode of supply are unbound for most cases.</li><li>• For the (3) mode of supply of education services, foreign equity limitations of 51% or 70% is applied with further requirements in terms of management, administration and foreign student population.</li></ul>
<i>Construction and Related Engineering Services</i>	<ul style="list-style-type: none"><li>• The (1) and (4) mode of supply are unbound for most cases.</li><li>• For the (3) mode of supply of construction and related engineering services, foreign equity limitations of 25% or 40% is applied with further licensing requirements from the Philippine Contractors Accreditation Board.</li></ul>
<i>Tourism and Travel Related Services</i>	<ul style="list-style-type: none"><li>• There is no restriction for the (1), (2) and (4) mode of supply</li><li>• For the (3) mode of supply, foreign equity limitation of 51% or 70% is applied.</li></ul>

## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



Indonesia

### Schedule of Commitment

To date, commitments of Indonesia for Singaporean businesses have been made under:

- AFAS: 7th Package of Specific Commitments for Financial Services; 11th Package of Specific Commitments for Air Transport Services; and 10th Package of Specific Commitments for other sectors, as positive lists, to be effective until Indonesia enacts the 1st Schedule of Specific Commitment under ATISA.
- MNP
- ATISA, as a negative list. Indonesia has yet to submit the 1st Schedule of Specific Commitments under the agreement. The country will submit its schedule within 5 years since the date of entry into force of the ATISA (no later than April 5, 2026). Upon submission of Indonesia's Schedule of Specific Commitments to ASEAN Secretariat, it will be effective in parallel with AFAS within 2 years until completely replacing AFAS.
- RCEP, a hybrid list, including a positive list for financial services and a negative list for the remaining services.

In general, Indonesia's commitments under RCEP are more favourable in most cases.

Indonesia only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that Indonesia maintains are mentioned below.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



Sector-specific Commitment	
<i>Professional Services</i>	<p>Commercial presences of foreign law firm services supplier are prohibited.</p> <p>Indonesia may apply future measures for architectural and engineering services:</p> <ul style="list-style-type: none"> <li>Commercial presence can only be in the form of joint operation by establishing a joint venture company or a representative office in Indonesia. Permit for representative office shall be valid for three years and can be extended.</li> <li>Foreign service suppliers can only provide services in relation to projects that use advanced technology or are high risk or high capital.</li> <li>The domestic partner in the joint venture is a member of an Indonesian consultant association.</li> </ul>
<i>Telecommunication Services</i>	<p>Indonesia may apply future measures requiring:</p> <ul style="list-style-type: none"> <li>Service supply through commercial presence in the form of joint venture with foreign equity not exceeding 35%, 51%, or 70%; and the supply of services in certain provinces or areas are subject to an economic needs test;</li> <li>Services shall be provided only for closed user group; and</li> <li>The network service supplier is prohibited to connect to other networks for greater certainty, cross-border supply of service is permitted.</li> </ul>
<i>Financial Services</i>	<p>For this sector, Indonesia only commits to open the certain subsectors, in which services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that Indonesia maintains are mentioned below.</p> <p>Non-banking financial services:</p> <ul style="list-style-type: none"> <li>The (1) and (2) mode of supply are unbound for certain services. Reinsurance service suppliers from other Parties must be rated a minimum of BBB by Standard and Poor or equivalent</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Financial Services</i></p>	<ul style="list-style-type: none"> <li>• For the (3) mode of supply, the share ownership of foreign services suppliers is bound at the prevailing laws and regulations at the date of entry into force of RCEP. No transfer of ownership shall take place without the consent of all parties in the joint venture concerned. All joint venture companies shall provide training for their employees. Particularly for some securities businesses, commercial presence is only permitted through establishment of a Securities Company that is licensed as a Securities Broker Dealer or Securities Underwriter.</li> <li>• Regarding the (4) mode of supply, Director, Manager, Technical Expert or Advisor can be assumed by foreign natural person with maximum stay of 3 years and can be extended. Temporary entry will be granted to technical experts or advisors for no longer than 3 months per person for any year.</li> </ul> <p>For banking services, limitations are for the (3) mode of supply:</p> <ul style="list-style-type: none"> <li>• Foreign services supplier shall be in the form of a joint venture bank locally incorporated in Indonesia. Only financial institutions are permitted to establish joint venture banks.</li> <li>• Acquisition of existing local banks is allowed through the purchase of shares in the stock exchange is allowed up to 51% of the shares of locally incorporated bank traded on the stock exchange.</li> <li>• Foreign bank and joint ventures bank may open their offices in the cities of Jakarta, Surabaya, Semarang, Bandung, Medan, Makasar, Denpasar, Batam, Padang, Manado, Ambon, Balikpapan, Banda Aceh, and Jayapura.</li> <li>• A person shall be a controlling shareholder in only one bank.</li> </ul>
<p><i>Logistics Services</i></p>	<p>Transportation Services:</p> <ul style="list-style-type: none"> <li>• For maritime transport services, foreign suppliers are not permitted to establish a commercial presence in Indonesia for international passenger or freight maritime transport, except through a joint venture with foreign equity participation not exceeding 49%. The joint venture must operate at least one Indonesian flagged vessel with a minimum 5,000 gross tonnage and crewed by Indonesian nationals. Foreign shipping businesses can only provide international passenger</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Logistics Services</i></p>	<p>transportation services to and from seaports and special ports that are open for foreign trade and are required to appoint an Indonesian shipping enterprise or shipping agent enterprise as its General Agent.</p> <ul style="list-style-type: none"> <li>• Indonesia may apply future measures relating to: <ul style="list-style-type: none"> <li>◦ The (1) and (2) mode of supply</li> <li>◦ Commercial presence can only be in the form of joint venture, with foreign capital limitations of 30%, 35%, or 51%, depending on specific services.</li> <li>◦ Different permit requirements compared to domestic service suppliers.</li> <li>◦ Foreign service suppliers are only permitted to operate in main port such as: Tanjung Priok, Tanjung Perak, Belawan, Semarang, and Makasar.</li> </ul> </li> </ul> <p>Distribution Services:</p> <ul style="list-style-type: none"> <li>• Indonesia may apply future measures relating to: <ul style="list-style-type: none"> <li>◦ The (1) and (2) mode of supply</li> <li>◦ Commercial presence can only be in the form of joint venture, with foreign capital limitations of 51%, depending on specific services.</li> <li>◦ Different permit requirements compared to domestic service suppliers.</li> <li>◦ Foreign service suppliers are required to undertake certain obligations, such as to include Indonesian product in the list of products, to join in Indonesian direct selling association, to appoint national trade enterprises as agent, single agent, distributor, or single distributor, or to cooperate with at least 100 Indonesian SMEs yearly as a supplier and retailer</li> <li>◦ Foreign service suppliers are only permitted to operate in the suburbs of the provincial capitals in the Island of Kalimantan, Sulawesi, Nusa Tenggara, Maluku, and Papua and have to be located in the suburbs of provincial capitals for franchising.</li> </ul> </li> </ul>
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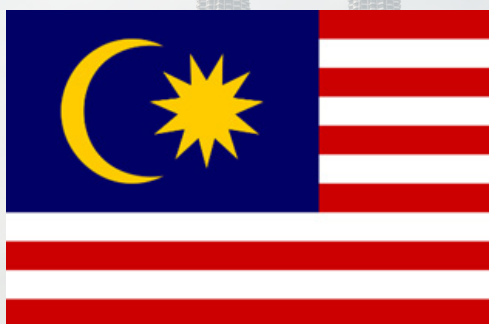
# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Education Services</i></p>	<p>Indonesia may apply future measures requiring:</p> <ul style="list-style-type: none"> <li>• Commercial presence in the form of joint venture with certain conditions. For example, compulsory mutual recognition arrangement between relevant institutions on credits, programs, and certifications, compulsory partnership with accredited domestic stakeholders and so on. A foreign equity limitation of 51% is also applied for post-secondary technical and vocational education services.</li> <li>• Numbers of educators shall include at least 30% of Indonesian educators.</li> <li>• Numbers of employees other than educators and the head shall include at least 80% of Indonesian nationals.</li> <li>• Different permit requirements compared to domestic service suppliers.</li> </ul>
<p><i>Construction and Related Engineering Services</i></p>	<p>Indonesia maintains all existing non-conforming measures at the central level of government.</p> <p>Further, the country may apply future measures requiring commercial presence to be in the form of joint operation by establishing a joint venture company with maximum foreign equity of 55%; or a representative office in Indonesia. Permit for representative office shall be valid for three years and can be extended.</p>
<p><i>Tourism and Travel Related Services</i></p>	<p>Indonesia may apply future measures requiring:</p> <ul style="list-style-type: none"> <li>• Commercial presence to be in the form of joint venture and the supply of services in certain provinces or areas to be subject to an economic needs test.</li> <li>• Different permit requirements compared to domestic service suppliers.</li> <li>• 100% of foreign equity is allowed for hotels of 3 to 5 stars.</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Malaysia



### Schedule of Commitment

To date, commitments of Malaysia for Singaporean businesses have been made under:

- AFAS: 7th Package of Specific Commitments for Financial Services; 11th Package of Specific Commitments for Air Transport Services; and 10th Package of Specific Commitments for other sectors, as positive lists, to be effective until Malaysia enacts the 1st Schedule of Specific Commitment under ATISA
- MNP
- ATISA, as a negative list. Malaysia has yet to submit the 1st Schedule of Specific Commitments under the agreement. The country will submit its schedule within 5 years since the date of entry into force of the ATISA (no later than April 5, 2026). Upon submission of Malaysia's Schedule of Specific Commitments to ASEAN Secretariat, it will be effective in parallel with AFAS within 2 years until completely replacing AFAS.
- RCEP, a hybrid list, including a positive list for financial services and a negative list for the remaining services.

In general, Malaysia's commitments under RCEP are more favourable in most cases. Malaysia only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that Malaysia maintains are mentioned below.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



Sector-specific Commitment	
<i>Professional Services</i>	<ul style="list-style-type: none"> <li>For architectural and engineering services, any qualified persons, who are resident in Malaysia and registered with the relevant professional boards are allowed to provide consultancy practices and supply engineering, quantity surveying, land surveying, and architectural services. For these establishments, a two thirds majority of its directors shall be registered and authorised professionals. For multi-disciplinary practices (Architecture, Engineering, or Quantity Surveying), foreign equity up to a maximum of 30% for joint ventures by professionals who are registered in the country of origin. Foreign directorship is not allowed.</li> <li>Accounting, bookkeeping, and tax services in the form of commercial presence can only be supplied through a locally registered partnership or private limited company with Malaysian authorised tax agents or firms, Malaysian accountants or Malaysian accounting firms, and the aggregate foreign interests shall not exceed 51%.</li> </ul>
<i>Telecommunication Services</i>	<p>Licences for the supply of telecommunications services in Malaysia are divided into individual licences and class licences, depending on the character of the service:</p> <ul style="list-style-type: none"> <li>Individual licence cannot be applied by an individual or a sole proprietorship; a partnership.</li> <li>Class licence cannot be applied by a foreign individual who is not a permanent resident, and a foreign company.</li> </ul> <p>The Minister charged with the responsibility for Communications and Multimedia may permit either of the above to apply to be registered as any one of the licensees mentioned above in certain cases.</p> <p>Foreigners are not permitted to apply for Content Applications Service Providers (CASP) services, a special subset of applications service providers that refers to satellite broadcasting, subscription broadcasting, terrestrial free to air television, or terrestrial radio broadcasting.</p>
<i>Financial Services</i>	<p>For this sector, Malaysia only commits to open the certain subsectors, in which services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that Malaysia maintains are mentioned below.</p>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Financial Services

For the (1) and (2) of supply, depends on specific business, some of the following limitations are applied:

- Soliciting, advertising, and acceptance of deposits in Malaysia are not allowed.
- Financial services associated with lending to residents in any currency in excess of an equivalent of RM25 million (~US\$5.4 million) must be undertaken jointly with commercial banks or investment banks in Malaysia.
- Leasing services to residents in any currency must be undertaken jointly with leasing companies or investment banks in Malaysia.
- Electronic fund transfer system requires approval.
- For charge cards, entry is limited to establishment of a company incorporated in Malaysia. Approval of the Central Bank is required.
- Broking services, involving the Ringgit and financial instruments issued in Malaysia must be affected through authorised dealers and money and foreign exchange brokers incorporated in Malaysia.
- Dealing in securities for account of customers is limited to securities traded on recognised stock exchanges. Dealing in derivatives for account of customers is limited to derivatives contracts traded on the derivatives market of a Specified Exchange and are not contracts prohibited by the Malaysian regulatory authorities.
- Commercial presence is required for underwriting, asset management, advisory, intermediation, and other auxiliary financial services
- Trades on Malaysian stock exchanges must be transacted through locally incorporated companies in Malaysia which are participating organisations of the stock exchange.
- Approval of the Central Bank is required for direct placement abroad of insurance is required
- Outward reinsurance is permitted only if local capacity is not available. Voluntary cession up to 30% of each class of non-life reinsurance business to the Malaysian Reinsurance Berhad.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## *Financial Services*

- Insurance underwriting and insurance management are not permitted.
- Unbound for certain businesses

Regarding the (3) mode of supply:

- Financial services are only permitted through relevant financial businesses. For example, acceptance of deposits, and other repayable funds from the public, wholesale and retail are only permitted through a commercial bank, an investment bank, or an offshore bank.
- Entry as a non-bank is limited to foreign financial institutions through the establishment of a locally incorporated joint venture company and aggregate foreign shareholding in such company shall not exceed 30% or 49%; or a representative office, which can only undertake research and liaison services.
- Operational headquarters for financial sector must be a locally incorporated wholly foreign-owned company, and fulfill certain criteria.
- Investment banks are not permitted to provide consumer credit and home mortgages.
- Only commercial banks are permitted to provide overdraft facilities, to issue credit cards or debit cards, to provide checking account services, or to underwrite corporate bonds only.
- Offshore entities are permitted to carry on services in foreign currencies only, and in certain cases, are not permitted to provide services to Malaysian residents.
- Foreign-controlled banking institutions in Malaysia are allowed to extend credit facilities (including factoring and leasing) up to a maximum of 50% of the total credit facilities obtained by non-resident controlled companies from banking institutions.
- Branching is permitted with foreign shareholding not exceeding 30% or 50%.
- Authorisation and licence by competent authorities is required for certain businesses.

The (4) mode of supply is unbound for certain services, with particular exceptions



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Transportation Services:

- For maritime transport:
  - Foreign shipping vessels are not permitted to supply domestic shipping services.
  - Malaysia International Ship Registry: Foreign persons may provide international maritime services in domestic waters only through a representative office, regional office, or locally incorporated joint venture or corporation with Malaysian individuals or Malaysian controlled corporations or both. Aggregate foreign shareholding in the joint venture or corporation shall be the majority shares including the voting shares. All joint ventures or corporations seeking to register ships under this registry shall appoint a ship manager prior to registration of a ship, who shall be a Malaysian citizen having his or her permanent residence in Malaysia; or a company incorporated in Malaysia and having its principal place of business in Malaysia.

## Logistics Services

- Malaysia Ship Registry: Only ships registered on the Malaysia Ship Registry may provide domestic maritime services. Foreign persons may only register a ship on the Malaysia Ship Registry through a representative office, regional office, or locally incorporated joint venture or corporation with Malaysian individuals or Malaysian-controlled corporations or both. Aggregate foreign shareholding in the joint venture or corporation shall not be the majority shares including the voting shares. All joint ventures or corporations seeking to register ships under this registry must have the majority of senior managers and board of directors shall be Malaysians; and incorporated in Malaysia and having main business operations in Malaysia.
- A foreign capital limitation of 51% may be applied in the future for certain maritime transport services.
- For road freight transport services, foreigners are not allowed to hold more than 49% of equity shareholding in any entity providing freight transportation services covering transportation of containerised freight based on a fee or contractual basis.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Logistics Services</i></p>	<p>Distribution Services</p> <p>Foreigners are not allowed to operate supermarkets, mini markets, provision shop or general vendor, permanent wet markets, permanent pavement markets, fuel stations with or without kiosks, news agents, medical halls, Malaysian cuisine restaurants, bistros, and textile stores.</p> <p>Malaysia may apply future measures relating to:</p> <ul style="list-style-type: none"> <li>• Distribution services covering hypermarkets, superstores, departmental stores, specialty stores, franchise businesses, and convenience stores.</li> <li>• Wholesale and distribution services for a number of products, including rice, sugar, alcoholic beverages, etc.</li> <li>• For commission agents' services, foreign suppliers may be required to establish and register in Malaysia and only through a locally incorporated joint venture corporation with Malaysian and Bumiputera shareholding in the joint venture corporation is at least 51%.</li> </ul>
<p><i>Education Services</i></p>	<p>Education services, skill training centres, and vocational institutions can only be provided by education services suppliers that are registered and established in Malaysia, and with authorisation.</p> <p>Malaysia may apply future measures relating to certain businesses, including pre-school, primary, secondary schools and so on.</p>
<p><i>Construction and Related Engineering Services</i></p>	<p>Only an entity incorporated in Malaysia registered with the Malaysian Construction Development Board (CIDB) and locally incorporated either through a representative office, regional office, or joint venture corporation, with Malaysian individuals or Malaysian-controlled corporations, may be permitted to provide construction and related services.</p> <p>Any entity incorporated in Malaysia, whose foreign equity exceeds more than 30% by way of a joint venture corporation or consortium with Malaysian individuals or Malaysian-controlled corporations, is subject to the registration requirements by CIDB.</p> <p>The senior management and board of directors of each foreign entity shall be of Malaysian majority that shall have control over its management and investment.</p>
<p><i>Tourism and Travel Related Services</i></p>	<p>Malaysia may apply future measures with respect to the commercial presence mode of supply. For joint venture with Malaysian, the aggregate foreign shareholding in the joint venture corporation shall not exceed 51%.</p>

## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

### Vietnam



#### Schedule of Commitment

To date, commitments of Vietnam for Singaporean businesses have been made under:

- AFAS: 7th Package of Specific Commitments for Financial Services; 11th Package of Specific Commitments for Air Transport Services; and 10th Package of Specific Commitments for other sectors, as positive lists, to be effective until Vietnam enacts the 1st Schedule of Specific Commitment under ATISA
- MNP
- ATISA, as a negative list. Vietnam has yet to submit the 1st Schedule of Specific Commitments under the agreement. The country will submit its schedule within 7 years since the date of entry into force of the ATISA (no later than April 5, 2028). Upon submission of Vietnam's Schedule of Specific Commitments to ASEAN Secretariat, it will be effective in parallel with AFAS within 2 years until completely replacing AFAS.
- RCEP, as a positive list

Vietnam's commitments under RCEP and AFAS are mostly similar, while there are still certain cases where RCEP or AFAS is more preferable for foreign service suppliers.

In general, Vietnam only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that Vietnam maintains are mentioned below.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



Sector-specific Commitment	
Professional Services	<ul style="list-style-type: none"> <li>Foreign lawyers organisations are permitted to establish commercial presence in the form of branches, subsidiaries, foreign law firms, or partnerships with Vietnamese. They are permitted to undertake consultations on Vietnamese laws if the consulting lawyers have graduated from a Vietnamese law college and satisfy requirements applied to Vietnamese law practitioners. However, foreign lawyers organisations must commit and ensure to have at least two foreign lawyers including Chief of branch, Director of foreign law firm, presenting and practicing in Vietnam for at least 183 days within any 12 consecutive months.</li> <li>The supply of services related to topographical, geotechnical, hydro geological and environmental surveys and technical surveys for urban-rural development planning, sectoral development planning under commercial presence is subject to the authorisation of the Government.</li> </ul>
Professional Services	<ul style="list-style-type: none"> <li>In some areas, foreign service suppliers may not be permitted to provide urban planning and landscape architectural services due to national security and social stability purposes.</li> <li>The (4) mode of supply is unbound</li> </ul>
Telecommunication Services	<p>For the (1) mode of supply:</p> <ul style="list-style-type: none"> <li>Wire-based and mobile terrestrial service must be offered through commercial arrangements with an entity in Vietnam and licensed to provide international telecommunication services.</li> <li>Satellite-based services are subject to commercial arrangements with Vietnamese international satellite service suppliers duly licensed in Vietnam, except satellite-based services offered to off-shore or on sea based business customers, government institutions, facilities-based service suppliers, radio and television broadcasters, official international organisations' representative offices, diplomatic representatives and consulates, high tech and software development parks who are licensed to use satellite-earth stations; and Multinational companies, which are licensed to use satellite-earth stations</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Telecommunication Services</i></p>	<p>Meanwhile, the (3) mode of supply requires:</p> <ul style="list-style-type: none"> <li>• For non-facilities-based services: Joint venture will be allowed without limitation on choice of partner. Foreign capital shall not exceed 70% of legal capital of the joint ventures.</li> <li>• Facilities-based services: Joint venture with telecommunications service suppliers duly licensed in Vietnam will be allowed. Foreign capital shall not exceed 49% of legal capital of the joint ventures. 51% gives management control of the joint venture.</li> </ul> <p>The (4) mode of supply is unbound.</p>
<p><i>Financial Services</i></p>	<p>In general, the (1) and (4) mode of supply are unbound for certain businesses.</p> <p>Regarding the (3) mode of supply,</p> <p>For Insurance and insurance related services, non-life branches of foreign insurance businesses shall be permitted, subject to prudential regulations.</p> <ul style="list-style-type: none"> <li>• For banking and other financial services, <ul style="list-style-type: none"> <li>◦ Foreign credit institutions are only permitted to establish commercial presence in Vietnam in the following forms:</li> </ul> </li> </ul> <ol style="list-style-type: none"> <li>1. With respect to foreign commercial banks: representative office, branch of foreign commercial bank, commercial joint venture bank with foreign capital contribution not exceeding 50% of chartered capital, joint venture financial leasing company, 100% foreign-invested financial leasing company, joint venture finance company and 100% foreign invested finance company, and 100% foreign-owned banks.</li> <li>2. With respect to foreign finance companies: representative office, joint venture finance company, 100% foreign-invested finance company, joint venture financial leasing company, and 100% foreign-invested financial leasing company.</li> </ol>



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



## Financial Services

3. With respect to foreign financial leasing companies: representative office, joint venture financial leasing company, and 100% foreign invested financial leasing company.
  - Equity participation:
    1. Vietnam may limit equity participation by foreign credit institutions in equitized Vietnamese state-owned banks to the same level as equity participation by Vietnamese banks.
    2. For capital contribution in the form of buying shares, the total equity held by foreign institutions and individuals in each Vietnam's joint-stock commercial bank may not exceed 30% of the bank's chartered capital, unless otherwise provided by Vietnam's laws or authorised by a Vietnam's competent authority.
      - A branch of foreign commercial bank is not allowed to open other transaction points outside its branch office.
      - Foreign credit institutions are allowed to issue credit cards on a national treatment basis.
      - To establish a branch of a foreign commercial bank in Vietnam, the parent bank has total assets of more than US\$20 billion at the end of the year prior to application.
      - To establish a joint venture bank or a 100% foreign owned bank, the parent bank has total assets of more than US\$10 billion at the end of the year prior to application.
      - To establish a 100% foreign-invested finance company or a joint venture finance company, a 100% foreign-invested financial leasing company or a joint venture financial leasing company. The foreign credit institution has total assets of more than US\$10 billion at the end of the year prior to application.
- For securities services, foreign suppliers are permitted to establish representative offices and joint ventures with Vietnamese partners in which foreign capital contribution not exceeding 49%. Securities service suppliers with 100% foreign-invested capital shall be permitted. Branches of foreign securities services suppliers are also permitted for certain services.

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<p><i>Logistics Services</i></p>	<p>For transportation services:</p> <ul style="list-style-type: none"> <li>• The (1) and (4) mode of supply are unbound for certain services.</li> <li>• Depends on specific services, the (3) mode of supply must be in the form of joint ventures with the foreign ownership limitation capped at 49%, 50%, 51%, 70% or allows up to 100% with a limited scope of activities. Further, for maritime transport services, to operate a fleet under the national flag of Vietnam, the Master or first chief executive must be Vietnamese citizen.</li> </ul> <p>For distribution services:</p> <ul style="list-style-type: none"> <li>• Unbound for cigarettes and cigars, books, newspapers and magazines, video records, precious metals and stones, pharmaceutical products and drugs, explosives, processed oil and crude oil, rice, cane and beet sugar.</li> <li>• The (1) and (4) mode of supply are unbound for certain services.</li> </ul> <p>For the (3) mode of supply:</p> <ul style="list-style-type: none"> <li>• Foreign-invested companies engaging in distribution services will be permitted to engage in the commission agents', wholesale and retail business of all legally imported and domestically produced products. The establishment of outlets for retail services (beyond the first one) shall be allowed on the basis of an Economic Needs Test (ENT)</li> <li>• Regarding franchising services, branching is allowed with the chief of the branch being a resident in Vietnam</li> </ul>
<p><i>Education Services</i></p>	<ul style="list-style-type: none"> <li>• The (1) and (4) mode of supply are unbound for certain services.</li> <li>• With regard to Higher education services (CPC 923); Adult education (CPC 924) and Other education services (CPC 929 including foreign language training), the education content must be approved by Vietnam's Ministry of Education and Training.</li> </ul>
<p><i>Construction and Related Engineering Services</i></p>	<ul style="list-style-type: none"> <li>• The (1) and (4) mode of supply are unbound for certain services.</li> <li>• For general construction works, installation and assembly works, as well as building completion and finishing works, branching is allowed with the chief of the branch being a resident in Vietnam</li> </ul>

## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



### *Tourism and Travel Related Services*

- The (1) and (4) mode of supply are unbound for certain services.
- For the (3) mode of supply:
  - Regarding travel agencies and tour operators, foreign suppliers can provide services in the form of joint ventures with Vietnamese partners with no limitation on foreign capital contribution. Tourist guides in foreign invested businesses shall be Vietnamese citizens. Foreign service supplying businesses can only do inbound services and domestic travel for inbound tourists as an integral part of inbound services
  - In terms of theme parks, foreign companies are permitted to provide services in the form of joint venture with Vietnamese partners, with foreign capital not exceeding 70% of the legal capital. Certain measures may be applied to protect national security, social safety, environment, natural resources and public benefits, cultural heritages, values of culture, moral and customs

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

## Thailand



### Schedule of Commitment

To date, commitments of Thailand for Singaporean businesses have been made under:

- AFAS: 7th Package of Specific Commitments for Financial Services; 11th Package of Specific Commitments for Air Transport Services; and 10th Package of Specific Commitments for other sectors, as positive lists, to be effective until Thailand enacts the 1st Schedule of Specific Commitment under ATISA
- MNP
- ATISA, as a negative list. Thailand has yet to submit the 1st Schedule of Specific Commitments under the agreement. The country will submit its schedule within 5 years since the date of entry into force of the ATISA (no later than April 5, 2026). Upon submission of Thailand's Schedule of Specific Commitments to ASEAN Secretariat, it will be effective in parallel with AFAS within 2 years until completely replacing AFAS.
- RCEP, as a positive list

Thai commitments under RCEP and AFAS are mostly similar, while there are still certain cases where RCEP or AFAS is more preferable for foreign service suppliers.

In general, Thailand only commits to open the following sectors, in which certain services shall be open to foreign service suppliers under the same conditions as for domestic service suppliers. Notable limitations that Thailand maintains are mentioned below.

For commercial presence, depending on sub-sector:

- Foreign equity must not exceed 49% of the registered capital; and the number of foreign shareholders must be less than half of the total number of shareholders; or
- Foreign equity must not exceed 51% of the registered capital; or
- Foreign equity must not exceed 70% of the registered capital and shall only operate through joint-venture with a juridical person of Thai national

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



Sector-specific Commitment	
<i>Professional Services</i>	<ul style="list-style-type: none"> <li>The (1) and (4) mode of supply are unbound depending on particular sub-sector, such as legal and bookkeeping services, architectural and engineering services.</li> <li>For certain engineering services, at least half of its director(s), or its managing director must be Thai and obtain a license from the Architects Council.</li> <li>Foreign-owned legal entity must meet the requirements under Thai laws on foreign investment.</li> </ul>
<i>Telecommunication Services</i>	<ul style="list-style-type: none"> <li>Any foreign business that intends to operate a telecommunication business in Thailand shall obtain a licence from the designated national authority and operate for public use through existing facilities</li> <li>Thai legislation requires the head office and management to be located in the Thai territory.</li> <li>Unbound for the measures pertaining to subsidies or privileges, minimum capital requirements, acquisition and usage of land, taxation measures, and nationality requirement.</li> <li>The (4) mode of supply is unbound for certain services.</li> </ul>
<i>Financial Services</i>	<p>Generally, for commercial presence of insurance services and locally incorporated banks:</p> <ul style="list-style-type: none"> <li>The amount of shares held by Thai shall not be less than 75% of the total amount of voting shares sold. Combined shareholding of an individual and related persons shall not exceed 10% of total number of shares sold, unless otherwise permitted by the Insurance Committee or the Bank of Thailand. In case appropriate, the Insurance Committee or the Bank of Thailand may grant permission that non-Thai nationality hold shares up to 49% of the total amount of voting shares sold. The Finance Minister with the recommendation of the Insurance Committee or the Bank of Thailand shall have the power to relax the requirement of the shareholding in certain cases.</li> <li>At least three-fourths of the directors must be of Thai nationality. In case appropriate, the Insurance Committee or the Bank of Thailand may permit a proportion of non-Thai nationality directors of more than one-quarters but shall not reach one half of the total number of directors. The Finance Minister with the recommendation of the Insurance Committee or the Bank of Thailand shall have the power to relax the requirement of the directorship in certain cases.</li> </ul>



# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



Financial Services	<p>For insurance services:</p> <ul style="list-style-type: none"> <li>• Commercial presence requires license approval by the Minister of Finance with the consent of the Cabinet.</li> <li>• Life insurance premium is tax deductible up to a certain amount for holders of policies issued by local companies</li> <li>• For non-life insurance, unbound except for international marine, aviation and transit and all classes of reinsurance</li> <li>• For the (4) mode of supply, only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner and unbound for individual broker and agent.</li> </ul> <p>For Banking and Other Financial Services:</p> <ul style="list-style-type: none"> <li>• The (1) mode of supply is unbound for certain businesses.</li> </ul>
Financial Services	<ul style="list-style-type: none"> <li>• For the (3) mode of supply: <ul style="list-style-type: none"> <li>◦ Representative office of foreign banks is allowed.</li> <li>◦ Regarding foreign bank branches, new establishment requires licence approved by the Minister of Finance with the consent of the Cabinet. ATM operation is only permitted via joining ATM pools operated by Thai banks; or operation within own premises or sharing the facilities with other commercial banks in Thailand. Participation in cheque clearing and settlement system is allowed.</li> <li>◦ For locally incorporated banks, market access limited to the acquisition of shares of existing banks.</li> <li>◦ Financial leasing services and factoring services must be licenced and can only be provided by relevant companies with maximum foreign equity of 49% of paid-up registered capital, or by finance companies with maximum foreign equity of 25% of paid-up registered capital.</li> <li>◦ Credit, charge and debit cards must be licenced and can only be provided by companies with maximum foreign equity of 49% of paid-up registered capital or locally incorporated banks and foreign bank branches.</li> <li>◦ Foreign equity can be allowed up to 100% of paid-up capital for licensed securities companies and asset management companies. However, during the first five years after the license has been granted, at least 50% of the paid-up capital of the asset management company must be held by financial institutions established under Thai law.</li> </ul> </li> </ul>

## ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs



<i>Logistics Services</i>	<p>Regarding transportation services:</p> <ul style="list-style-type: none"> <li>The (1) and (4) mode of supply is unbound for certain services</li> <li>For Computer Reservation System, service provider must use public telecommunication network under telecommunication authorities. Radio application service is subject to frequency availability.</li> </ul> <p>For distribution services, the (4) mode of supply is unbound.</p>
<i>Education Services</i>	<ul style="list-style-type: none"> <li>The (1) and (4) mode of supply is unbound.</li> <li>For the (3) mode of supply of primary education services, adult education services, foreign language tuition services, and higher education services, the representative who applies for a licence, the school director and deputy director, the school manager or executive manager must be of Thai nationality.</li> <li>For science technology and innovation faculty (conducted in English language), 100% foreign equity is allowed provided that it meets relevant Thai regulations, and at least half of the university council members must be of Thai nationality.</li> </ul>
<i>Construction and Related Engineering Services</i>	<ul style="list-style-type: none"> <li>The (4) mode of supply is unbound for civil engineer.</li> </ul>
<i>Tourism and Travel Related Services</i>	<ul style="list-style-type: none"> <li>The (4) mode of supply is unbound</li> </ul>

# ASEAN Trade in Services Agreement (ATISA) and other similar trade in services arrangements via ASEAN + 1 FTAs

The following table outlines the most effective FTAs for Singapore across different sectors and international markets. Singaporean businesses keen on entering other countries can utilize relevant FTAs mentioned for their sector. Unchanged section refers to no further liberalization under any FTA.

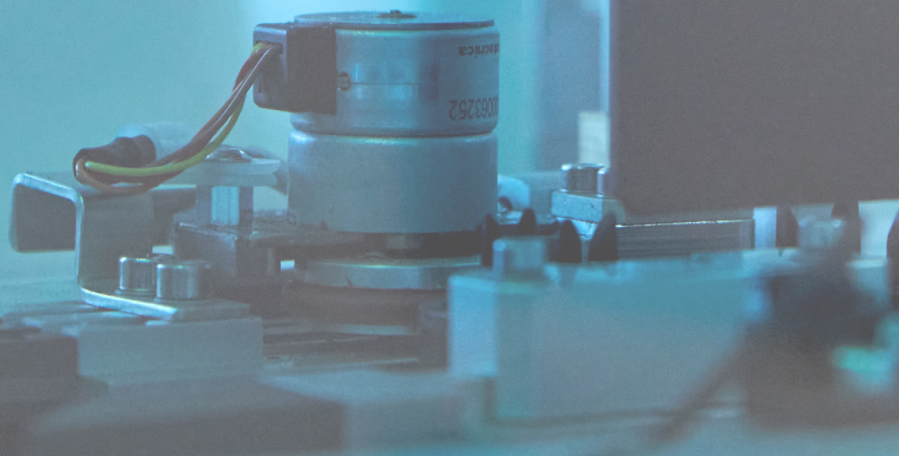
Sector		India	China	Japan	South Korea	Australia	New Zealand	Hong Kong	ASEAN countries
Professional services	Legal services	Unchanged	RCEP	RCEP, AJCEP	RCEP	RCEP, AANZFTA	Unchanged	Unchanged	RCEP, AFAS
	Accountancy services	AIFTA	ACFTA, RCEP	Unchanged	Unchanged	Unchanged	Unchanged	AHKFTA	AFAS
	Architectural and engineering services		RCEP						RCEP, AFAS
	Medical, dental, and veterinary services		Unchanged	RCEP	RCEP, AKTIS	RCEP, AANZFTA	RCEP, AANZFTA		
Telecommunications			ACFTA, RCEP	RCEP, AJCEP	RCEP, AKTIS	Unchanged	Unchanged		
Financial services		Unchanged			RCEP	RCEP	RCEP		
Logistics services	Transport services	AIFTA	RCEP	RCEP		RCEP, AANZFTA	Unchanged		
	Distribution services	Unchanged	ACFTA, RCEP	RCEP, AJCEP	RCEP, AKTIS				
E-commerce									
Education			RCEP		Unchanged		RCEP, AANZFTA		
Construction		AIFTA			RCEP, AKTIS				
Tourism				RCEP		Unchanged	Unchanged		

*New Services and Investment Access Beyond WTO Commitments*



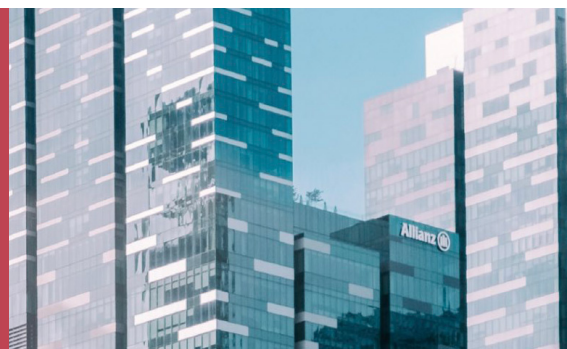


## Section 3





# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)



## Free Trade Agreements

The Free Trade Agreements in focus under ASEAN and ASEAN + 1 Framework (including RCEP) are:

Free Trade Agreement (in-effect)	Trade in Services Agreement Status	Latest Protocol Year
ASEAN Trade in Services Agreement (ATISA)	Entry into force since 2021	2020
ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)	Entry into force since 2010	2009
ASEAN-China Free Trade Area (ACFTA)	Entry into force since 2007	2016
ASEAN-Hong Kong, China Free Trade Area (AHKFTA)	Entry into force since 2019	2018
ASEAN-India Free Trade Area (AIFTA)	Entry into force since 2015	2015
ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	Entry into force since 2020	2020
ASEAN-Korea Free Trade Area (AKFTA)	Entry into force since 2009	2009
Regional Comprehensive Economic Partnership (RCEP)	Entry into force since 2022	2022

Source: Enterprise Singapore

## 1. Scope of Commitments

In trade agreements, the parties can define their scope of commitments and exceptions in their schedules according to two different techniques – using a positive list or a negative list.

- Positive list - Presumes at the beginning, that all sectors are not committed. Countries only provide the list of specific sectors that they are prepared to make a commitment in and list limitations on each mode of supply for the committed sectors.



# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

Commitments could be any of the following;

- None - Full commitment (no limitations in that sub-sector)
- Unbound - No commitments to liberalise (retain full authority to maintain existing limitations and restrictions)
- Unbound except as indicated in horizontal commitments - No commitments other than those stated in the horizontal commitments (commitments that apply to trade in services in all scheduled services sectors unless otherwise specified)
- Negative list - Presumes at the beginning, that all sectors are committed. Countries list reservations on specific sectors that they are not prepared to make commitments in.

There could be two types of reservations;

- Standstill reservation - Enables FTA partner to preserve existing trade restricting measures. This means that it can only remove or loosen, and not tighten, current restrictions in the future.
- Reservations for future flexibility - FTA partner retains full discretion and flexibility to implement future trade restrictive measures for a particular service sector or government activity.

**Overview of the key sections of each of the FTAs:**

## Movement of Natural Persons

The FTAs in focus are;

### ASEAN Trade in Services Agreement (ATISA)

[ATISA](#) is a free trade agreement that builds upon and enhances the previous existing [ASEAN Framework Agreement on Services \(AFAS\)](#) by further reducing “beyond-the-border” barriers. The [ASEAN Agreement on the Movement of Natural Persons](#) applies to the supply of a service through the presence of natural persons of a country in the territory of another country. It covers business visitors, intra-corporate transferees, contractual service suppliers, and other categories of natural persons. This agreement does not apply to natural persons seeking access to the employment market in another country, citizenship, residence, or employment permanently.

### ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

[Chapter 9](#) of the AANZFTA provides information about the rights and obligations concerning the movement of natural persons for business purposes. Each country has a schedule containing its commitments in [Annex 4](#) of the AANZFTA.

### ASEAN-China Free Trade Area (ACFTA)

The horizontal commitments related to natural persons are highlighted in the [Annex 2: ASEAN-China Agreement on Trade in Services](#).

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ASEAN-Hong Kong, China Free Trade Area (AHKFTA)

The schedule is highlighted in [Annex 8-1](#) (Schedules of Specific Commitments) in [AHKFTA](#).

## ASEAN-India Free Trade Area (AIFTA)

The schedule for the ASEAN-India Free Trade Agreement (Trade in Services) ([AITISA](#)) focusing on natural persons is highlighted in the [Schedules of Commitments](#).

## ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

According to [Article 50 bis.4](#) (Specific Commitments), in the [First Protocol To Amend The Agreement On Comprehensive Economic Partnership Among Member States Of The Association Of Southeast Asian Nations And Japan](#), each country should grant entry and temporary stay to natural persons of another country in accordance with the agreement, including the terms of the categories in [Annex 9](#), provided they follow the laws and regulations. The country commitments are mentioned in the [Annex 9 - Specific Commitments for the Movement of Natural Persons](#):

## ASEAN – Korea Free Trade Area (AKFTA)

The schedule of horizontal commitments for the ASEAN-Korea Free Trade Agreement (Trade in Services) focusing on natural persons is highlighted in the [Schedules of Specific Commitments](#).

## Regional Comprehensive Economic Partnership (RCEP)

The schedule of horizontal commitments for RCEP countries focusing on the movement of natural persons is highlighted in [Annex IV \(Schedules of Specific Commitments on Temporary Movement of Natural Persons\)](#).

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

ASEAN FTA members have similar provisions for movement of natural persons across all the FTAs. In case, there are additional or different provisions, we have highlighted those specific provisions as well. The key provisions country-wise for ASEAN members across all the FTAs are;

Country	Provisions
Brunei	<ul style="list-style-type: none"> <li>i. Entry for Intra-corporate transferees (executive, manager, or specialist), is limited to a 3-year period that may be extended for up to 2 additional years for a total term not to exceed 5 years.</li> </ul> <p>In case of AJCEP, additional provisions include;</p> <ul style="list-style-type: none"> <li>i. Business visitors of Japan - Entry and temporary stay of a period not exceeding 90 days, which may be extended.</li> <li>ii. Investors - Entry and temporary stay shall be granted to an investor of another country for up to 3 months which can be extended for up to 12 months.</li> </ul>
Cambodia	<ul style="list-style-type: none"> <li>i. Entry visa for business visitors is valid for a period of 90 days for an initial stay of 30 days, which may be extended.</li> <li>ii. For intra-corporate transferees (executives, managers, specialists), permits are issued for 2 years and may be renewed annually for up to a maximum of a total of 5 years.</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>i. For business visitors, entry and temporary stay are permitted for a period of 60 days, extendable to a maximum of 120 days.</li> <li>ii. For intra-corporate transferee (executive, manager, and specialist) stays are permitted for up to 2 years and may be extended twice maximum, with each extension being up to 2 years.</li> </ul> <p>In case of AIFTA;</p> <ul style="list-style-type: none"> <li>i. subject to the country's immigration and labour laws, only directors, managers, and technical experts/advisors, unless mentioned otherwise, are allowed a maximum stay of 2 years subject to a one-year extension.</li> <li>ii. the entry of business visitors may be permitted for a period of 60 days and is extendable.</li> </ul> <p>In case of AJCEP;</p> <ul style="list-style-type: none"> <li>i. Business visitors - Entry and temporary stay for a period not exceeding 30 days, which may be extended to a maximum of 60 days.</li> <li>ii. Intra-corporate Transferees - Entry and temporary stay for a period of 1 year, which may be extended for not more than 2 years each time and not more than two times.</li> </ul>

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

Laos	<ul style="list-style-type: none"> <li>i. business visitors are granted a maximum of 30 days of duration of stay which is renewable twice, each time not more than 30 days.</li> <li>ii. intra-corporate transferees (executives, managers, specialists) need to obtain visas, stay permits, and work permits. Visa is granted for 1 month at first entry and then renewable for multiple visas for 3 months, 6 months, and 1 year. Stay and working permits are granted for the same period as visas, as well.</li> </ul>
	In case of AANZFTA;
	<ul style="list-style-type: none"> <li>i. Business visitors - temporary stay is subject to a maximum duration of stay of 60 days.</li> <li>ii. Intra-Corporate Transferee's - temporary residency and work permit will be issued for 6 months which may be renewed for up to 1 year.</li> </ul>
	In case of AJCEP;
	<ul style="list-style-type: none"> <li>i. Business visitors - Entry and temporary stay shall be granted to a short-term business visitor of a natural person of Japan. 30 days is for an initial stay and 90 days is the maximum period allowed in accordance with the visa for short-term business visitors.</li> <li>ii. Intra-Corporate Transferees - Entry and temporary stay for a period of 1 year which may be renewed every 6 months for up to 3 years.</li> <li>iii. Investors - Entry and temporary stay for investors shall be granted 30 days for an initial stay and can be extended for up to 90 days is the maximum.</li> </ul>
	In case of AKFTA;
	<ul style="list-style-type: none"> <li>i. Services salespersons - temporary stay is subject to a maximum duration of stay of 30 days.</li> <li>ii. Intra-Corporate Transferees - temporary residency and work permit will be issued for 6 months which may be renewed for up to 1 year.</li> </ul>
	In case of RCEP;
	<ul style="list-style-type: none"> <li>i. Business visitor - Temporary stay of business visitors is subject to a maximum duration of stay of 90 days.</li> <li>ii. Intra-corporate transferees - Temporary residency and work permits will be issued for 1 year which may be renewed every 6 months for up to 3 years as long as conditions indicated for each category are satisfied.</li> </ul>

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

Malaysia	i. Intra-corporate Transferees / Other professionals - Entry and temporary stay cannot exceed a total of 10 years;
	ii. Business visitors - Entry and temporary stay cannot exceed a total of 90 days.
	In case of ACFTA, AHKFTA AIFTA, and, AKFTA;
	i. Entry and stay of natural persons for intra-corporate transferees cannot exceed a total of 5 years.
	In case of RCEP;
Myanmar	i. Intra-corporate transferees - Temporary entry is allowed for an initial period of up to 2 years and may be extended every 2 years.
	i. Management level is allowed to stay up to 1 year and may be extendable there on subject to the approval of concerned agencies.
	ii. Business visitors – visa granted for a period of 70 days and extended up to 1 year.
Philippines	iii. The duration of registration for overseas workers is 6 months.
	i. Business Visitors - Entry and temporary stay shall be granted for an initial period of 59 days, which may be extended every 2 months thereafter for a total period of stay of 1 year.
	ii. Intra–Corporate Transferee - Temporary stay is granted for 1 year, which may be extended.
	In case of RCEP;
	i. Business visitor - Temporary entry and stay are granted for an initial period of 30 days, which may be extended.
Thailand	ii. Intra-corporate transferees - Temporary entry and temporary stay are granted s for an initial period of 30 days, which may be extended.
	i. Business Visitors - temporary entry will be permitted for an initial period of not more than 90 days and may be extended for a cumulative period of not more than 1 year.
Vietnam	ii. Intra–Corporate Transferee - temporary stay is limited to 1 year and may be extended for a further 3 terms of not more than 1 year each
	i. Intra–Corporate Transferee - entry and a stay permit are granted for an initial period of 3 years which may be extended.
	ii. Service salespersons - stay is limited to 90 days.
	iii. Persons responsible for setting up a commercial presence - stay is limited to 90 days.
	iv. Contractual service suppliers (CSS) – Entry and stay are granted for a period of 90 days or for the duration of the contract, whichever is less.



# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

For non-ASEAN FTA partners, the provisions are;

## ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

Country	Provisions
Australia	<ul style="list-style-type: none"> <li>i. Intra-Corporate Transferees - For executives and senior managers, the entry is for an initial period of stay of up to 4 years, with provision for extensions up to a maximum stay of 14 years. For specialists, the entry is for periods of 2 years, with a provision for an extension.</li> <li>ii. Independent Executives - Entry is for periods of stay up to a maximum of 2 years.</li> <li>iii. Business Visitors - Entry is for a maximum of 3 months.</li> <li>iv. Contractual Service Suppliers - Entry is for periods of stay up to 12 months, with provision for an extension.</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>i. Business Visitors - Entry for a period not exceeding in aggregate 3 months in any calendar year.</li> <li>ii. Intra-corporate transferees - Entry for an initial stay of up to a maximum of 3 years for executives/managers who have been employed by their employer for at least 12 months before their proposed transfer to New Zealand. For specialists, entry for an initial stay of up to a maximum of 3 years.</li> <li>iii. Installers/Service providers - Entry for periods not exceeding 3 months in any 12-month period.</li> <li>iv. Independent Service Suppliers - Subject to the economic needs tests, entry for a period of stay up to a maximum of 12 months.</li> </ul>

## ASEAN-China Free Trade Area (ACFTA)

### China

Country	Provisions
China	<ul style="list-style-type: none"> <li>i. For <a href="#">market access</a>, limitations are unbound except for measures concerning the entry and temporary stay of natural persons who fall into one of the following categories: <ul style="list-style-type: none"> <li>• intra-corporate transferees - entry is permitted for an initial stay of 3 years.</li> <li>• service salespersons - entry is limited to a 90-day period.</li> <li>• contractual service suppliers - duration of stay is subject to the duration of the contract and (if longer) cannot exceed 1 year. Services provided by them are limited to only a few sectors, as mentioned <a href="#">here</a>.</li> <li>• installers and service providers - duration of stay is subject to the duration of the contract but cannot exceed 3 months.</li> </ul> </li> </ul>

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ASEAN-Hong Kong, China Free Trade Area (AHKFTA)

Country	Provisions
Hong Kong	<ul style="list-style-type: none"> <li>i. Limitation for market access is for;               <ul style="list-style-type: none"> <li>• business visitors                   <ul style="list-style-type: none"> <li>◦ entry and temporary stay for a period not exceeding 90 days, provided that normal immigration requirements are met.</li> </ul> </li> <li>• intra-corporate transferees                   <ul style="list-style-type: none"> <li>◦ the temporary stay shall be limited to 1 year in the first instance, which may be extended up to a total of 5 years. The commitments apply to the sectors and sub-sectors as set out in <a href="#">Appendix I</a>.</li> </ul> </li> </ul> </li> </ul>

## ASEAN-India Free Trade Area (AIFTA)

Country	Provisions
India	<p>Below are for ASEAN-8 countries, except Indonesia and the Philippines, as India has specific commitments for the 2 countries.</p> <ul style="list-style-type: none"> <li>i. For market access               <ul style="list-style-type: none"> <li>• business visitors - entry is granted for not more than 180 days.</li> <li>• intra-corporate transferees – entry is for a maximum period of 5 years.</li> <li>• contractual service suppliers - stay of up to 1 year. A service contract has to be obtained in the computer and related services sector.</li> <li>• independent professionals – stay is granted for a period of up to 12 months, with permission for extending to a maximum of 3 months to perform a service according to a contract. A service contract has to be obtained in the computer and related services sector.</li> <li>• other – Stay is granted for up to 12 months, for natural persons who travel to India temporarily to fulfil qualification and licensing requirements, in cases where their presence in India is an essential condition.</li> </ul> </li> </ul>

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

Country	Provisions
Japan	<ul style="list-style-type: none"> <li>i. Business visitors - Entry and temporary stay for a period not exceeding 90 days, which may be extended.</li> <li>ii. Intra-Corporate Transferees - Entry and temporary stay for a period of up to 5 years, which may be extended.</li> <li>iii. Business activities that require technology or knowledge at an advanced level based on a personal contract with public or private organisations in Japan - Entry and temporary stay for a period of up to 5 years, which may be extended.</li> <li>iv. Investors - Entry and temporary stay for a period of up to 5 years, which may be extended.</li> <li>v. Persons engaged in professional services (legal, accounting, or taxation service supplier) - Entry and temporary stay for a period of up to 5 years, which may be extended.</li> </ul>

### ASEAN – Korea Free Trade Area (AKFTA)

Country	Provisions
South Korea	<ul style="list-style-type: none"> <li>i. Intra-corporate Transferees - Entry and stay are limited to a period not exceeding 3 years that may be extended.</li> <li>ii. Business visitors / Service salespersons - Entry and stay are limited to a period of 90 days.</li> <li>iii. Contractual Service Suppliers - Juridical person has to obtain a service contract for a period not exceeding 1 year from a juridical person incorporated in South Korea. A contract is required to be obtained in only selected service-supplying activities as mentioned <a href="#">here</a>. Entry and stay of the natural persons are limited to the duration of the contract, which is not exceeding 1 year.</li> </ul>

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## Regional Comprehensive Economic Partnership (RCEP)

Country	Provisions
Australia	<ul style="list-style-type: none"> <li>i. Business visitor - Temporary entry is for periods of stay up to a maximum of 3 months and in the case of service sellers, temporary entry is for an initial stay of 6 months and up to a maximum of 12 months.</li> <li>ii. Intra-corporate transferees - Temporary entry is for an initial period of stay of up to 4 years, with the possibility of further stay, for Executives and Senior Managers. For Specialists, Temporary entry is for periods of stay up to 2 years, with the possibility of further stay.</li> <li>iii. Independent Executives - Temporary entry is for periods of stay up to a maximum of 2 years.</li> <li>iv. Contractual Service Suppliers - Temporary entry is for periods of stay up to 12 months, with the possibility of further stay.</li> </ul>
China	<ul style="list-style-type: none"> <li>i. Business visitor - Temporary entry and temporary stay for a business visitor are limited to 90 days.</li> <li>ii. Intra-corporate transferees - Temporary entry and temporary stay as stipulated in the terms of the contract concerned or an initial stay of 3 years, whichever is shorter. The temporary stay may be extended for subsequent periods. China commits to another party that no numerical restrictions and no labour market test or other procedures of similar effect will be imposed on temporary entry and temporary stay of other parties, provided that other parties also make similar commitments.</li> <li>iii. Contractual Service Supplier (CSS) - Temporary entry and temporary stay for a CSS is subject to the duration of the contract, but shall not exceed 1 year. they are only limited to specific sectors as mentioned <a href="#">here</a>.</li> <li>iv. Installers and Servicers - Temporary entry and temporary stay is subject to the duration of the contract, but shall not exceed 3 months.</li> </ul>
Japan	<ul style="list-style-type: none"> <li>i. Short-term business visitor - Temporary entry and temporary stay for a period of up to 90 days.</li> <li>ii. Intra-corporate transferees - Temporary entry and temporary stay for a period of up to 5 years, which may be extended.</li> <li>iii. Investor - Temporary entry and temporary stay for a period of up to 5 years, which may be extended.</li> <li>iv. Qualified Professional - Temporary entry and temporary stay for a period of up to 5 years, which may be extended.</li> <li>v. Independent Professionals - Temporary entry and temporary stay for a period of up to 5 years, which may be extended.</li> <li>vi. Contractual Service Suppliers - Temporary entry and temporary stay for a period of up to 5 years, which may be extended.</li> </ul>

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

South Korea	<ul style="list-style-type: none"> <li>i. Business visitor - Temporary entry and temporary stay is limited to a period of 90 days.</li> <li>ii. Intra-corporate transferees - Temporary entry and temporary stay are limited to a period not exceeding 3 years that may be extended. They may be subject to the application of a numerical ceiling, numerical limitation, and economic need tests.</li> <li>iii. Contractual Service Suppliers (CSS) - Temporary entry and temporary stay is limited to the duration of the contract, which is not exceeding 1 year, and may be extended if the extension is deemed to be necessary. Service contracts should only be in specific sectors as mentioned <a href="#">here</a>.</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>i. Business visitor - Entry for a period not exceeding in aggregate 3 months in any calendar year.</li> <li>ii. Intra-corporate transferees - Entry for a period of initial stay up to a maximum of 3 years.</li> <li>iii. Installer or Service - Entry for periods not exceeding 3 months in any 12-month period.</li> <li>iv. Independent Service Supplier - Entry for a period of stay up to a maximum of 12 months.</li> </ul>



# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## Cross-Border Supply of Services

### ASEAN Trade in Services Agreement (ATISA)

As per [Article 9](#) (Local Presence) of ATISA, for cross-border supply of a service, a country cannot compel a service supplier of another country to establish or maintain a representative office or any form of a juridical person, or to be a resident, in its territory, as a condition. According to the [10th Package of Commitments under AFAS](#) Schedule of Horizontal Commitments regarding cross-border supply, the following countries have commitments;

1. Myanmar – Except for Hong Kong, China which does not have nationals, for a services supplier of another country who is a natural person of that country but is not national of that country, the limitations on market access or national treatment are unbound.
2. The Philippines – in the case of professional services sub-sectors (except for Non-regulated/Non-licenced services), for professions with specific service outputs (e.g., plans, specifications, audit reports), such outputs shall be recognised by the Philippine Government only if the foreign professional is registered with the Professional Regulation Commission (PRC).

### ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

In this section, the focus is on horizontal commitments (if any) related to cross-border supply (mode 1), rather than sector-specific, only for relevant countries.

1. Laos - Concerning [National Treatment](#), for cross-border supply, Laos is unbound (case where a member wishes to remain free, in a given sector and mode of supply, to introduce or maintain measures, inconsistent with market access, or national treatment) with respect to subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses.
2. Philippines - All [measures](#) taken by local government units are unbound concerning Market Access and National Treatment. As for measures relating to permanent residents for National Treatment, they are unbound as well, as the Philippines reserves the right to enact laws on the treatment of permanent residents of foreign countries.
3. Thailand - Concerning Market Access and National Treatment, the [obligations](#) of Thailand under the Agreement for permanent residents of other countries are unbound.

### ASEAN-China Free Trade Area (ACFTA)

Here, the focus is on horizontal commitments which can limit market access or national treatment in the area of cross-border supply. Based on the [3rd Package of Commitments under ASEAN - China FTA Trade in Services](#) the following are the commitments;

1. Laos – Borrowing from abroad by banks and businesses shall be approved by the Bank of the Laos.
2. Philippines (2nd Package of Commitments) - All measures taken by local government units are unbound.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ASEAN-Hong Kong, China Free Trade Area (AHKFTA)

Here, the focus is on horizontal commitments which can limit market access or national treatment in the area of cross-border supply. The following are the commitments;

### 1. Philippines

With respect to [market access](#);

- i. all measures taken by local government units are unbound;
- ii. all measures relating to taxation are unbound.

With respect to the [national treatment](#);

- i. all measures relating to taxation are unbound.

### 2. Hong Kong

With respect to [market access](#) and [national treatment](#), limitations are unbound for any measures with respect to;

- i. the provision of public law enforcement, ambulance services, correctional services, and firefighting services; and
- ii. the following, to the extent that they are social services established for a public purpose:
  - health;
  - education;
  - housing;
  - training;
  - transport;
  - public utilities;
  - social security; and
  - social welfare.

## ASEAN-India Free Trade Area (AIFTA)

Here, the focus is on horizontal commitments which can limit market access or national treatment in the area of cross-border supply. The following are the commitments;

1. Indonesia – Regarding the limitation on [national treatment](#), all measures related to taxation are unbound.
2. Myanmar – With regards to the limitation on [market access](#) and [national treatment](#), all measures for a service supplier of another country who is a natural person of that country but is not national of that country, are unbound.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

3. Philippines - With regard to the limitation on [market access](#) and [national treatment](#), the following measures are unbound;
  - i. all measures taken by local governments units;
  - ii. all measures governing permanent residents;
  - iii. all measures relating to taxation.
4. Thailand – Limitations on [market access](#) and [national treatment](#) are;
  - i. for a service supplier of another country who is a natural person of that country but is not a national of that country, limitations are unbound;
  - ii. Thailand reserves the right to apply all measures relating to taxation on a reciprocal basis.

### ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

Annex 6 in the [First Protocol To Amend The Agreement On Comprehensive Economic Partnership Among Member States Of The Association Of Southeast Asian Nations And Japan](#), has the Schedules of Specific Commitments. Following are the horizontal commitments of the countries.

#### 1. Laos

- i. With respect to [national treatment](#), limitations can be unbound with respect to subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses.

#### 2. Myanmar

- i. With respect to [market access](#) and [national treatment](#), limitations can be unbound for a service supplier of another country who is a natural person of that country but is not a national of that country.

#### 3. Philippines

- i. With respect to [market access](#) and [national treatment](#), the following measures are unbound;
  - All measures taken by local government units.
  - All measures governing permanent residents.
  - All measures relating to taxation.

### ASEAN – Korea Free Trade Area (AKFTA)

The schedule of horizontal commitments for the ASEAN-Korea Free Trade Agreement (Trade in Services) focusing on cross-border supply is highlighted in the [Schedules of Specific Commitments](#).

#### 1. Laos

- i. With respect to [national treatment](#), limitations can be unbound with respect to subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 2. Philippines

- i. With respect to [market access](#) and [national treatment](#), the following measures are unbound;
  - All measures taken by local government units.
  - All measures governing permanent residents.

## 3. Thailand

- i. With respect to [market access](#) and [national treatment](#), limitations are unbound for a service supplier of another country who is a natural person of that country but is not a national of that country.

## Regional Comprehensive Economic Partnership (RCEP)

As per [Article 8.11](#) (Local Presence), a country making commitments in accordance with Article 8.8 (Schedules of Non-Conforming Measures) cannot require a service supplier of another country to establish or maintain a representative office, a branch, or any form of juridical person, or to be resident, in its territory as a condition for the supply of a service.

The schedule of horizontal commitments for RCEP focusing on cross-border supply for some countries is provided in [Annex II – Schedules of Specific Commitments for Services](#).

## 1. Cambodia

- i. With respect to [market access](#) and [national treatment](#), the country remains unbound in all measures concerning permanent residents.

## 2. Laos

- i. With respect to [national treatment](#), the country remains unbound with respect to subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or juridical persons.

## 3. Myanmar

- i. With respect to limitations on [market access](#);
  - Commercial presence of foreign service suppliers or providers and cross-border supply of services are permitted under local laws.
  - Services activities are restricted under section 3 of the State-owned Economic Enterprises Law 1989. However, these activities may be permitted by cabinet notification under section 4 of the State-owned Economic Enterprises Law 1989.
  - Tax exemption or relief may be granted by Myanmar Investment Commission under the Myanmar Investment Law 2016.
  - Myanmar reserves the right to adopt or maintain any measures to protect its essential security interests to another party including measures in conformity with its Schedule and Myanmar's Schedule in [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment).
  - Myanmar reserves the full rights to maintain or adopt any measures on Economic Needs Test requirements (ENT) including terms and conditions, limitations, qualification, and other required testing or examination of temporary entry of natural person.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- Myanmar reserves the full right to maintain or adopt any measures concerning permanent residents of another party.
- ii. Concerning limitations on [national treatment](#);
  - non-resident foreigners will be subject to withholding tax.
  - For certain taxpayers (other income except for income under the salary heading of non-resident foreigner), before the relief under section 6 of the Income Tax Law 1974 is deducted, 25% of income tax will be assessed on the total net profit income.
  - in the case of a non-resident foreigner, the relief under sections 6 and 6-a of the Income Tax Law 1974, will not be deducted in the case of income under the salary heading, income tax will be assessed on the total income at the tax rates under subsection 19 (c) of the Union Taxation Law 2019.
  - a foreign lawyer may perform service to a client in Myanmar but is not allowed to practice in Myanmar courts of law.
  - foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long-term lease, depending on individual circumstances.
  - Regarding recognition of the educational certificates and technical standard certificates, Myanmar only determines equivalent factors depending on syllabus, contents, volume, and time frame. Myanmar needs the syllabus, contents, volume, and time frame of respective countries in the English language.
  - Myanmar reserves the right to adopt or maintain any measures to protect its essential security interests to another party including measures in conformity with its Schedule and Myanmar's Schedule in [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment).
  - Myanmar reserves the full rights to maintain or adopt any measures on Economic Needs Test requirements (ENT) including terms and conditions, limitations, qualification, and other required testing or examination of temporary entry of natural person.

### 4. Philippines

- i. With respect to [market access](#) and [national treatment](#), limitations include;
  - All measures governing permanent residents are unbound.
  - All measures relating to taxation are unbound.
  - All measures it considers necessary for the protection of its essential security interests are reserved.
  - All measures to control, develop, and protect ancestral domain, rights and Indigenous Knowledge Systems and Practices of Indigenous Peoples and Communities are reserved.
  - The Philippines may adopt or maintain any measure relating to data, and e-commerce provided that they do not constitute arbitrary or unjustifiable discrimination.



## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- The country may have limitations on market access in certain areas of investment or activities, as the 1987 Philippine Constitution provides that the Philippine Congress can, upon recommendation of the economic and planning agency, if the national interest dictates, reserve to citizens of the Philippines or to corporations or associations at least 60% of whose capital is owned by such citizens, or similar higher percentage.

### 5. Thailand

- With respect to limitations on [market access](#) and [national treatment](#);
  - obligations of Thailand with respect to permanent residents of other parties are unbound.

### 6. China

- With respect to limitations on [market access](#) and [national treatment](#);
  - unbound with respect to the social services established or maintained for a public purpose. Such services may be subject to public monopolies or exclusive rights granted to private operators.;
  - China reserves the right to adopt or maintain any measure it considers necessary to protect its essential security interests against another party, including screening of investments if that other party reserves the right to adopt or maintain a measure it considers necessary to protect its security interests in its Schedule in [Annex II](#) (Schedules of Specific Commitments for Services) or [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment).

### 7. New Zealand

- With respect to [market access](#), the country remains unbound for;
  - provision of public law enforcement and correctional services.
  - Social services established for a public purpose: child care; health; income security and insurance; public education; public housing; public training; public transport; public utilities; social security and insurance; or social welfare.
  - in cases of labour or management disputes, and also with respect to ships' crews.
  - all measures necessary to protect national treasures or specific sites of historical or archaeological value, or measures necessary to support creative arts of national value.

## Safeguard Measures

Safeguard measures are defined as "emergency" actions with respect to increased imports of particular products, where such imports have caused or threaten to cause serious injury to the importing country's domestic industry.

With respect to safeguard measures, WTO members continue discussions on advancing [negotiations](#) to achieve a higher level of market opening, as mandated in Article XIX of the General Agreement on Trade in Services (GATS). The Chairman of the Working Party on GATS Rules produced a [Progress Report](#) (opens separately as a MS Word document) on 14 April 2011, reflecting the progress so far achieved in the discussions. The Working Party last met in October 2016.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

The safeguard measures are similar across all the FTAs, as mentioned below.

1. For emergency safeguard measures, countries should focus on multilateral negotiations under [Article X of GATS](#). Upon the conclusion of the negotiations, the countries needed to incorporate the results of the negotiations into the respective FTAs.
2. Affected countries may request consultations with other country or countries if implementation causes an impact.
3. Any measures taken should be mutually agreed upon by the concerned countries and consulting countries should notify the results to all other countries.

## Recognition of Service Suppliers

The recognition of service supplier's provisions is similar across all the FTAs, as mentioned below.

According to the National Treatment provisions in the respective FTAs, each country is required to provide similar treatment to services and service suppliers of other country(ies), as it provides to its services and service suppliers. In addition, according to the Most-Favoured-Nation Treatment provisions in the respective FTAs, each member state should accord to service suppliers of another member state, treatment no less favourable than that it accords, to service suppliers of any other member state or a non-member state.

As for recognition of suppliers, as per Recognition provisions in the respective FTAs, a country may recognise the education or experience obtained, requirements met, or licences or certifications granted in another country, for the purpose of licensing or certification of service suppliers. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement with the concerned country or provided autonomously. In case a country provides recognition autonomously, it should also provide adequate and similar opportunities for recognition to other countries. A country should not grant recognition in a way that could lead to discrimination between the other partner countries or restrict trade in services.

## Overseas Consumption of Services

### ASEAN Trade in Services Agreement (ATISA)

In this section, the focus is on horizontal commitments (if any) related to overseas consumption or mode 2, i.e., consumption abroad, rather than sector-specific, for relevant countries as per [commitments under AFAS](#).

1. Myanmar – the limitation on market access and national treatment is unbound for a service supplier of another country who is a natural person of that country but is not a national of that country.

### ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

In this section, the focus is on horizontal commitments (if any) related to overseas consumption or mode 2, i.e., consumption abroad, rather than sector-specific, for relevant countries.

1. Laos - With respect to [National Treatment](#), for consumption abroad, Laos is unbound with respect to subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

2. Philippines - All [measures](#) taken by local government units are unbound with respect to Market Access and National Treatment. As for measures relating to permanent residents with respect to National Treatment, they are unbound, as the Philippines reserves the right to enact laws on the treatment of permanent residents of foreign countries.
3. Thailand - With respect to Market Access and National Treatment, the [obligations](#) of Thailand under the Agreement with respect to permanent residents of other countries are unbound.

### ASEAN-China Free Trade Area (ACFTA)

In this section, the focus is on commitments (if any) related to overseas consumption or mode 2, i.e., consumption abroad, rather than sector-specific, for relevant countries. Based on [Annex 2: ASEAN-China Agreement on Trade in Services](#) of the [3rd Package of Commitments under ASEAN - China FTA Trade in Services](#), the following are the horizontal commitments;

1. Laos - A resident of Laos who wants to invest in a foreign country needs to be approved by the concerned government authorities. The [transfer of funds](#) to be invested abroad shall be approved by the Bank of the Laos.
2. Philippines (2nd Package of Commitments) - All measures taken by local government units are unbound.

### ASEAN-Hong Kong, China Free Trade Area (AHKFTA)

In this section, the focus is on commitments (if any) related to overseas consumption or mode 2, i.e., consumption abroad, rather than sector-specific, for relevant countries

1. Myanmar - Except for Hong Kong, China which does not have nationals, for a services supplier of another country who is a natural person of that country but is not national of that country, the limitations on [market access](#) or [national treatment](#) are unbound.
2. Philippines

With respect to [market access](#);

- all measures taken by local government units are unbound;
- all measures relating to taxation are unbound.

With respect to [national treatment](#);

- all measures relating to taxation are unbound.

3. Hong Kong

With respect to [market access](#) and [national treatment](#), limitations are unbound for any measures with respect to;

- i. the provision of public law enforcement, ambulance services, correctional services, and firefighting services; and

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- ii. the following, to the extent that they are social services established for a public purpose:
  - health;
  - education;
  - housing;
  - training;
  - transport;
  - public utilities;
  - social security; and
  - social welfare.

### ASEAN-India Free Trade Area (AIFTA)

In this section, the focus is on commitments (if any) related to overseas consumption or mode 2, i.e., consumption abroad, rather than sector-specific, for relevant countries;

1. Indonesia – Concerning the limitation on [national treatment](#), all measures related to taxation are unbound.
2. Myanmar - For a service supplier of another country who is a natural person of that country but is not a national of that country, limitations on [market access](#) or [national treatment](#) are unbound.
3. Philippines - With regard to the limitation on [market access](#) and [national treatment](#), the following measures are unbound;
  - i. all measures taken by local governments units;
  - ii. all measures governing permanent residents;
  - iii. all measures relating to taxation.
4. Thailand – Limitations on [market access](#) and [national treatment](#) are;
  - i. for a service supplier of another country who is a natural person of that country but is not a national of that country, limitations are unbound;
  - ii. Thailand reserves the right to apply all measures relating to taxation on a reciprocal basis.

### ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

In this section, the focus is on commitments (if any) related to overseas consumption or mode 2, i.e., consumption abroad, rather than sector-specific, for relevant countries;

1. Laos – With respect to [national treatment](#), the limitations are unbound for subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

2. Myanmar – With respect to [market access](#) and [national treatment](#), limitations are unbound for a service supplier of another country who is a natural person of that country but is not a national of that country.
3. Philippines - With regard to the limitation on [market access](#) and [national treatment](#), the following measures are unbound;
  - i. all measures taken by local governments units;
  - ii. all measures governing permanent residents;
  - iii. all measures relating to taxation.

## ASEAN – Korea Free Trade Area (AKFTA)

In this section, the focus is on commitments (if any) related to overseas consumption or mode 2, i.e., consumption abroad, rather than sector-specific, for relevant countries;

1. Laos – With respect to [national treatment](#), the limitations are unbound for subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses.
2. Philippines - With regard to the limitation on [market access](#) and [national treatment](#), the following measures are unbound;
  - i. all measures taken by local governments units;
  - ii. all measures governing permanent residents;
3. Thailand - With respect to [market access](#) and [national treatment](#), limitations are unbound for a service supplier of another country who is a natural person of that country but is not a national of that country.

## Regional Comprehensive Economic Partnership (RCEP)

The schedule of horizontal commitments for RCEP focusing on overseas consumption or mode 2, i.e., consumption abroad for some countries are provided in [Annex II – Schedules of Specific Commitments for Services](#).

1. Cambodia – With respect to limitations on [market access](#) and [national treatment](#), Cambodia remains unbound in all measures concerning permanent residents.
2. Laos - With respect to limitations on [national treatment](#), the country is unbound with respect to subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or juridical persons.
3. Myanmar
  - i. With respect to limitations on [market access](#);
    - Commercial presence of foreign service suppliers or providers and cross-border supply of services are permitted under local laws.
    - Services activities are restricted under section 3 of the State-owned Economic Enterprises Law 1989. However, these activities may be permitted by cabinet notification under section 4 of the State-owned Economic Enterprises Law 1989.
    - Tax exemption or relief may be granted by Myanmar Investment Commission under the Myanmar Investment Law 2016.



## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- Myanmar reserves the right to adopt or maintain any measures to protect its essential security interests to another party including measures in conformity with this Schedule and Myanmar's Schedule in [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment)

### ii. With respect to limitations on [national treatment](#);

- non-resident foreigner will be subject to withholding taxes;
- For certain taxpayers (other income except income under the salary heading of non-resident foreigner), before the relief under section 6 of the Income Tax Law 1974 is deducted, 25% of income tax will be assessed on the total net profit income.
- in the case of a non-resident foreigner, the relief under sections 6 and 6-a of the Income Tax Law 1974, will not be deducted in the case of income under the salary heading, income tax will be assessed on the total income at the tax rates under subsection 19 (c) of the Union Taxation Law 2019.
- a foreign lawyer may perform service to a client in Myanmar but is not allowed to practice in Myanmar courts of law.
- foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long-term lease, depending on individual circumstances.
- Regarding recognition of the educational certificates and technical standard certificates, Myanmar only determines equivalent factors depending on syllabus, contents, volume, and time frame. Myanmar needs the syllabus, contents, volume, and time frame of respective countries in the English language.

## 4. Philippines

### i. With respect to [market access](#) and [national treatment](#), the following are the limitations;

- All measures governing permanent residents are unbound.
- All measures relating to taxation are unbound.
- All measures it considers necessary for the protection of its essential security interests are reserved.
- All measures to control, develop, and protect ancestral domain, rights and Indigenous Knowledge Systems and Practices of Indigenous Peoples and Communities are reserved.
- The Philippines may adopt or maintain any measure relating to data, and e-commerce provided that they do not constitute arbitrary or unjustifiable discrimination.
- In certain areas of investment or activities, the 1987 Philippine Constitution provides that the Philippine Congress will, upon recommendation of the economic and planning agency, if the national interest dictates, reserve to citizens of the Philippines or to corporations or associations at least 60% of whose capital is owned by such citizens, or similar higher percentage.
- All measures taken by local government units are unbound (only market access).

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 5. Thailand

- i. With respect to limitations on [market access](#) and [national treatment](#);
  - obligations of Thailand under this Agreement with respect to permanent residents of other parties are unbound.

### 6. China

- i. With respect to [market access](#) and [national treatment](#), the limitations are;
  - unbound with respect to the social services established or maintained for a public purpose. Such services may be subject to public monopolies or exclusive rights granted to private operators.
  - China reserves the right to adopt or maintain any measure it considers necessary to protect its essential security interests against another party, including screening of investments if that other party reserves the right to adopt or maintain a measure it considers necessary to protect its security interests in its Schedule in [Annex II](#) (Schedules of Specific Commitments for Services) or [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment).

### 7. New Zealand

- i. With respect to [market access](#), the country remains unbound for;
  - provision of public law enforcement and correctional services.
  - Social services established for a public purpose: child care; health; income security and insurance; public education; public housing; public training; public transport; public utilities; social security and insurance; or social welfare.
  - in cases of labour or management disputes, and also with respect to ships' crews.
  - all measures necessary to protect national treasures or specific sites of historical or archaeological value, or measures necessary to support creative arts of national value.

## Payments

**The payments provisions are similar across all the FTAs, as mentioned below.**

According to **Payments and Transfers** provisions in the respective FTAs, a country cannot apply restrictions on international transfers and payments for current transactions that relate to the supply of services, except under the circumstances mentioned in the provisions for Safeguarding the Balance of Payments in the respective FTAs.

Such restrictions must not discriminate among the FTA partners and avoid unnecessary damage to the commercial, economic, and financial interests of the other countries. They should also be consistent with the Articles of Agreement of the IMF and shall be temporary in nature and be phased out as the situation improves. While implementing such restrictions, countries can give priority to sectors that are critical to their economic development, however, they should not be implemented to protect a particular sector.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## Restrictions/Exceptions

The restrictions/exceptions (General and Security) provisions are similar across all the FTAs, as mentioned below.

### General Exceptions

These exceptions cannot be applied arbitrarily or lead to unjustifiable discrimination between countries, and neither can be applied as a disguised restriction on trade in services. In exception to such implementation, nothing in the respective FTAs shall be construed to prevent the adoption by FTA partners of measures focusing on:

- i. protection of public morals or to maintain public order;
- ii. protection of human, animal, or plant life or health;
- iii. complying with laws or regulations which are not inconsistent with the provisions of the respective FTA Agreement including those relating to;
  - prevention of deceptive and fraudulent practices or to deal with the effects of a default on services contracts;
  - protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts; or
  - safety.
- iv. inconsistent with National Treatment provisions, provided that the difference in treatment is focused on direct taxes;
- v. inconsistent with Most-Favoured-Nation Treatment provisions, provided that the difference in treatment is the result of avoidance of a double taxation agreement or similar provisions in any other agreements.

### Security Exceptions

As per the security exceptions, nothing in the respective FTAs can be interpreted to require any country to provide any information or take any action, that it considers contrary to or protection of its essential security interests. With regards to protection, it relates to the supply of services to provision a military establishment, fissionable and fusionable materials, protection of critical public infrastructures, and actions taken during war or other emergencies. In addition, no section of the respective FTAs can prevent any country from taking any action as per its obligations under the United Nations Charter for the maintenance of international peace and security.

### Subsidies

The subsidies provisions are similar across all the FTAs, as mentioned below.

According to the scope and coverage provisions of the respective FTAs, the trade in services section of the FTAs does not apply to measures or conditions affecting subsidies or grants

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

including government-supported loans, guarantees, and insurance, provided by a country, whether or not they are offered exclusively to domestic services, service consumers, or service suppliers. If a country considers that it is adversely affected by a subsidy of another country, it may request consultations.

## Dispute Settlement

Dispute settlement in a timely and structured manner is important for investors. It helps to prevent the negative effects of unresolved cross-border trade conflicts and to mitigate the imbalances between stronger and weaker players by having their disputes settled on the basis of FTAs rule-oriented system, rather than having power determine the outcome. The dispute settlement system in FTAs provide security and predictability to the multilateral trading system, as market participants need stability and predictability in the government laws, rules and regulations applying to their commercial activity. This system provides for a relatively rapid resolution of the matter through an independent ruling that must be implemented promptly, or the non-implementing member faces possible trade sanctions.

**The provisions related to dispute settlement across all the FTAs mostly focus on the following issues;**

### Consultation

FTA parties should provide adequate opportunity for consultations regarding any representations made by other parties with respect to any matter.

### Establishment of Panels

This allows for the setting up of a panel, in case, a party does not reply to or enter into consultations within a specific period.

### Comply with Recommendations

Parties involved in a dispute are required to comply with the findings or recommendations of panel reports. In case the findings or recommendations are not adopted by the parties in the required time, temporary measures could be used such as compensation and the suspension of concessions or other obligations. As for arbitration, parties can resort to arbitration subject to mutual agreement and use it as an alternative means of dispute settlement.

### Denial of Benefits

An FTA member has the right to deny the preferential treatment provided for by the FTA agreement, under several conditions. The denial of benefits provisions is similar across all the FTAs, as mentioned below.

A member country can deny the benefits of its respective FTAs, in the following cases;

1. if it establishes that the service is supplied from or in the territory of a non-member state;
2. in the case of the supply of maritime transport service, if it establishes that the service is supplied:
  - by a vessel registered under the laws of a non-member state; and
  - by a person of a non-member state who operates and/or uses the vessel in whole or in part.
3. to a service supplier that is a juridical person, if it establishes that it is not a service supplier of another member state.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## Non-Conforming Measures

In FTAs, under non-conforming measures or reservations, members may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by market access, national treatment, and other provisions.

### ASEAN Trade in Services Agreement (ATISA)

According to [Article 11](#) (Non-Conforming Measures), Article 6 (National Treatment), Article 7 (Most-Favoured Nation Treatment), Article 8 (Market Access), Article 9 (Local Presence), and Article 10 (Senior Management and Board of Directors) do not apply to;

1. any existing non-conforming measure that is maintained by a country at;
  - i. the central or regional level of Government as set out in its Schedule of Non-Conforming Measures in Annex I; or
  - ii. a local government;
2. the continuation or prompt renewal of any nonconforming measure referred to in subparagraph (1); or
3. an amendment to any non-conforming measure referred to in subparagraph (1), to the extent that it does not decrease the conformity of the measure, as it existed before the date of entry into force of each Member State's Schedule of Non-Conforming Measures.

As for the Schedule of Non-Conforming Measures, ATISA establishes a built-in agenda for ASEAN Member States to convert their ASEAN Framework Agreement on Services liberalisation commitments to a [negative list](#) approach, under which all services sectors would be considered as liberalised by default.

As of the 54th ASEAN Economic Minister's Meeting in September 2022, some progress was being made in the implementation of the ATISA including the discussions on scheduling obligations, as well as the template and work plan for the scheduling of Schedules of Non-Conforming Measures (NCMs) under the Agreement.

For the meeting statement, please click [here](#).

### ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

Schedules of Reservations and Non-Conforming Measures for Services and Investment in AANZFTA have not been finalized. The countries are discussing the transition to Negative Listing for services commitments as per the [media release](#).

### ASEAN-China Free Trade Area (ACFTA)

As per [Article 6 \(Non-Conforming Measures\)](#) in the [Investment Agreement on Investment of the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and the People's Republic of China](#), Article 4 (National Treatment) and Article 5 (Most-Favoured-Nation Treatment) cannot apply to:

1. any existing or new non-conforming measures maintained or adopted within its territory;
2. the continuation or amendment of any nonconforming measures referred to above.

Countries will be required to progressively remove the non-conforming measures.



# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ASEAN-Hong Kong, China Free Trade Area (AHKFTA)

According to Article 6 (Non-conforming Measures) in the [Agreement on Investment among the Governments of the Hong Kong Special Administrative Region of the People's Republic of China and the Member States of the Association of Southeast Asian Nations](#),

1. Article 3 (National Treatment) and Article 4 (Most-Favoured-Nation Treatment) cannot apply to;
  - i. Any existing non-conforming measure maintained by a country;
    - In the case of an ASEAN Member State, at the central or regional levels of government, as set out by that country in its Schedule to List 1 under Annex 1 (Schedules of Reservations), or at the local level of government; and
    - In the case of the Hong Kong Special Administrative Region, as set out in its Schedule to List 1 under Annex 1 (Schedules of Reservations);
  - ii. the continuation or prompt renewal of any non-conforming measure referred to in 1(i) or;
  - iii. an amendment to any non-conforming measure referred to in 1(i) to the extent that the amendment does not decrease the conformity of the measure, as it was as of the date of entry into force of that country's Schedule to List 1 under Annex 1 (Schedules of Reservations), with [Article 3](#) (National Treatment) and [Article 4](#) (Most-Favoured-Nation Treatment).
2. Article 3 (National Treatment) and Article 4 (Most-Favoured-Nation Treatment) cannot apply to any measure that a country adopts or maintains with respect to sectors, subsectors or activities as set out in its Schedule to List 2 under Annex 1 (Schedules of Reservations).
3. Procedures for the modification of the Schedules are to be agreed upon according to [Article 22](#) (Work Programme).
4. Article 3 (National Treatment) and Article 4 (Most-Favoured-Nation Treatment) cannot apply to any measure that falls within [Article 5 of the TRIPS Agreement](#), and any measure that is covered by an exception to, or derogation from, the obligations under [Article 3](#) or [Article 4](#) of the TRIPS Agreement.

As per Article 22, the countries need to enter into discussions on Annex 1 (Schedules of Reservations).

## ASEAN-India Free Trade Area (AIFTA)

As per Article 4 (Reservations) of the [Agreement on Investment under the Framework Agreement on Comprehensive Economic Cooperation between the Association of Southeast Asian Nations and the Republic of India](#), Article 3 (National Treatment) cannot apply to;

1. any existing non-conforming measure that is maintained by a country at;
  - i. the central or regional level of government as set out by that country in its Schedule of Reservations in List 1; or
  - ii. the local level of government.
2. the continuation or prompt renewal of any nonconforming measure referred to in subparagraph 1; or

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

3. an amendment to any non-conforming measure referred to in subparagraph (1) to the extent that it does not decrease the conformity of the measure, as it was at the date of entry into force of the country's Schedule of Reservations in List 1, with Article 3 (National Treatment).

Also, [Article 3](#) (National Treatment) cannot apply to any reservation for measures that a country adopts or maintains for existing or new and emerging sectors, subsectors or activities, as set out in List 2.

In case of temporary safeguard measures, countries can adopt or maintain measures not conforming with their obligations under Article 3 (National Treatment) relating to cross-border capital transactions or Article 11 (Transfers) in the event of serious balance of payments and external financial difficulties or under threat, as per [Article 12](#) (Temporary Safeguard Measures). A country can adopt measures not conforming with its obligations under [Article 11](#) (Transfers) in case, movements of capital could cause or threaten serious economic or financial disturbance for the operation of monetary or exchange rate policies in the concerned country.

Countries part of the AIFTA, need to provide their respective Schedule of Reservations.

## ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

According to [Article 51.7](#) (Reservations and Exceptions), the following articles: Articles 51.3 (National Treatment), 51.5 (Prohibition of Performance Requirements) and 51.6 (Senior Management and Boards of Directors), do not apply to;

1. any existing non-conforming measure that is maintained by the following;
  - i. the central government of the country; or
  - ii. a prefecture of Japan or a regional government of an ASEAN Member State;
2. any existing non-conforming measure that is maintained by a local government of a country other than those referred to in subparagraph (1)(ii);
3. the continuation or prompt renewal of any nonconforming measure referred to in (1) and (2); or
4. an amendment or modification to any nonconforming measure referred to in (1) and (2), provided that it does not decrease the conformity of the measure, as it existed at the date of entry into force of the country's schedule.

## ASEAN – Korea Free Trade Area (AKFTA)

[Agreement on Investment under the Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of the Association of Southeast Asian Nations and the Republic of Korea.](#)

According to Article 9 (Reservations), the following articles: Articles 3 (National Treatment), 4 (Most-Favoured Nation Treatment), 7 (Senior Management and Boards of Directors) and in the case of Laos, Article 6 (Performance Requirements), shall not apply to;

1. any existing non-conforming measure that is maintained by a Party at;
  - i. the central/regional level of government as set out by the Party in its Schedule of Reservations in List 1; or
  - ii. the local level of government.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

2. the continuation or prompt renewal of any nonconforming measure referred to in (1); or
3. an amendment or modification to any nonconforming measure referred to in (1), to the extent that it does not decrease the conformity of the measure, as it existed at the date of entry into force of the Party's Schedule of Reservations in List 1, with Article 3, Article 4, Article 7, and in the case of Laos, Article 6.

Article 3, Article 4, Article 7, and in the case of Laos, Article 6 cannot apply to any reservation for measures that a Party adopts or maintains with respect to sectors, sub-sectors or activities, as set out in List 2.

The application of Article 9 (Reservations) is subject to [Article 27](#) (Work Programme), which lists different schedules, annexes, and articles for which the FTA partners need to enter into discussions.

### Regional Comprehensive Economic Partnership (RCEP)

As per [Article 8.8](#) (Schedules of Non-Conforming Measures), for a party making commitments in line with this Article, Article 8.4 (National Treatment), Article 8.5 (Market Access), Article 8.6 (Most-Favoured-Nation Treatment), and Article 8.11 (Local Presence) cannot apply to;

1. any existing non-conforming measure that is maintained by a party at;
  - i. the central/regional level of government as set out by the party in List A of its Schedule in [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment) or
  - ii. the local level of government.
2. the continuation or prompt renewal of any nonconforming measure referred to in (1); or
3. an amendment or modification to any nonconforming measure referred to in (1), to the extent that it does not decrease the conformity of the measure as it existed immediately before the amendment, with Article 8.4 (National Treatment), Article 8.5 (Market Access), Article 8.6 (Most-Favoured-Nation Treatment), or Article 8.11 (Local Presence).

In addition, Article 8.4 (National Treatment), Article 8.5 (Market Access), Article 8.6 (Most-Favoured-Nation Treatment), and Article 8.11 (Local Presence) cannot apply to any measure that a party has with respect to sectors, subsectors, or activities set out in List B of its Schedule in [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment).

According to [Annex III](#), the following are the Schedules of Reservations and Non-Conforming Measures for Services (not Investment), for all sectors, for specific countries, having reservations and non-conforming measures. Each schedule has a List A and List B with different obligations as mentioned below;

- List A - This List sets out, according to Article 8.8 (Schedules of Non-Conforming Measures) and Article 10.8 (Reservations and Non-Conforming Measures), a country's existing measures that are not subject to some or all of the obligations imposed by;
  - Article 8.4 (National Treatment) or Article 10.3 (National Treatment);
  - Article 8.5 (Market Access);
  - Article 8.6 (Most-Favoured-Nation Treatment) or Article 10.4 (Most-Favoured-Nation Treatment);

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- Article 8.11 (Local Presence);
- Article 10.6 (Prohibition of Performance Requirements); or
- Article 10.7 (Senior Management and Board of Directors)
- List B - This List sets out, according to Article 8.8 (Schedules of Non-Conforming Measures) and Article 10.8 (Reservations and Non-Conforming Measures), the specific sectors or activities for which a country may maintain existing or adopt new or more restrictive measures that do not conform with some or all of the obligations imposed by:
  - Article 8.4 (National Treatment) or Article 10.3 (National Treatment);
  - Article 8.5 (Market Access);
  - Article 8.6 (Most-Favoured-Nation Treatment) or Article 10.4 (Most-Favoured-Nation Treatment);
  - Article 8.11 (Local Presence);
  - Article 10.6 (Prohibition of Performance Requirements); or
  - Article 10.7 (Senior Management and Board of Directors)

Following are the country schedules for Non-Conforming Measures under RCEP:

- [Brunei](#)
- [Indonesia](#)
- [Malaysia](#)
- [Australia](#)
- [Japan](#)
- [South Korea](#)

### Local Presence

#### ASEAN Trade in Services Agreement (ATISA)

As per [Article 9](#) (Local Presence), a country cannot compel a service supplier of another country to establish or maintain a representative office or any form of a juridical person, or to be resident, in its territory as a condition for the cross-border supply of a service.

According to [10th Package of Commitments under AFAS Schedule of Horizontal Commitments](#) regarding the commercial presence, the following countries have commitments;

1. Brunei – With respect to national treatment, one of the 2 directors or where there are more than 2 directors at least 2 of them shall be ordinarily resident in Brunei.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 2. Cambodia

- i. With respect to Market Access;
  - Investors, seeking incentives are obliged to provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.
- ii. With respect to National Treatment;
  - limitation is unbound for subsidies, including for research and development;
  - Non-Cambodian natural and juridical persons may lease but not own land.

## 3. Indonesia

- i. With respect to Market Access;
  - Commercial Presence of the foreign service provider(s) may be in the form of a joint venture and/or representative office unless mentioned otherwise. Joint venture should meet the following requirements:
    - should be in the form of Limited Liability Enterprise (Perseroan Terbatas/PT),
    - not more than 49% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT), may be owned by foreign partner(s).
- ii. With respect to National Treatment;
  - The Income Tax Law provides that non-resident taxpayers will be subject to withholding tax if they derive the following income from an Indonesian source:
    - interest
    - royalties
    - dividend
    - fee from service performed in Indonesia

The tax rate can be changed due to the tax treaty.

- As for land acquisitions;
  - Undang-Undang Pokok Agraria (Land Law) No. 5 of 1960 stipulates that no foreigners (juridical and natural persons) are allowed to own land. However, a joint venture enterprise could hold the right for land use (Hak Guna Usaha) and building rights (Hak Guna Bangunan), and they may rent/lease land and property.
- Any juridical and natural persons should meet professional qualification requirements.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 4. Laos

#### i. With respect to Market Access;

- Commercial presence of foreign service suppliers can be in the following form:
  - A wholly domestic or foreign-owned investment;
  - A joint venture between domestic and foreign investors;
  - Business cooperation by contract;
  - A joint venture between a state-owned enterprise and a private enterprise;
  - A public-private partnership (PPP).
- A company is considered a joint venture when it has at least 10% foreign equity.
- The commercial presence of foreign service suppliers is subject to approval by the concerned competent authorities. Businesses with foreign capital require an investment licence, which sets out the terms of operation, and a business cooperation contract.
- Approval shall be under sectoral laws, regulations, government orders, decisions and instructions and companies shall operate in compliance with them.

#### ii. With respect to National Treatment

- Foreign service suppliers in the Laos may lease land within Laos and transfer their leasehold interest. They may own improvements on the land and other movable property and transfer those ownership interests.
- Foreign investors shall provide adequate training opportunities to Laos nationals.
- Tax measures, generally pertaining to small and medium businesses, may result in a difference of treatment in favour of Laos services and service suppliers.

### 5. Myanmar

#### i. With respect to Market Access;

- Investment may be carried out in any of the following forms:
  - carrying out an investment by a foreigner with 100% foreign capital on the business permitted by the Myanmar Investment Commission;
  - carrying out a joint venture between a foreigner and a citizen or the relevant Government department and organisations;
  - carrying out by any system contained in the contract which is approved by both parties.
- Incorporation of an enterprise, not involving a state enterprise is to be made under the Myanmar Companies Law 2017, with the effect from 1 August 2018. If the investment involves a state enterprise, incorporation shall be made under the Myanmar Companies Law 2017, with the effect from 1 August 2018, Partnership Act 1932, Special Companies Act 1950.



## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- Certain services activities are restricted under the State-owned Economic Enterprises Law (1989). However, these can be permitted by cabinet notification.
- Income Tax Exemption for promoted sectors may be granted by Myanmar Investment Commission.

### ii. With respect to National Treatment;

- Non-resident foreigners are subject to a withholding tax.
- According to the 2018 Union Taxation Law, in respect of the following kind of taxpayer, before the reliefs under the Income Tax Law are deducted, 25% of income tax shall be assessed on the total net profit income:
  - Other income except income under the salary heading of a non-resident foreigner.

And, in the case of a non-resident foreigner, the reliefs under the income tax law shall not be deducted in the case of income under the salary heading, and income tax shall be assessed on the total income at the applicable tax rates

- A foreign lawyer may perform service to a client in Myanmar but is not allowed to practice in Myanmar courts of law.
- The commercial presence of foreign service providers shall be subject to licensing by the government authorities.
- According to the Farm Land Law 2012 and the Transfer of Immoveable Property Restriction Law 1987, the Law Amending the Transfer of Immoveable Property Restriction Law (2005), foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long term lease.

## 6. Malaysia

### i. With respect to National Treatment;

- Approval may be denied if the acquisition, disposal or dealing of land or any interest in land, property and real estate is undertaken for speculative or non-productive purposes or for purposes which may conflict with the interest of the State.
- Incentives are limited to eligible Malaysian-owned corporations engaged in service sectors promoted by the Government. Any measure and special preference granted to Bumiputera, Bumiputera status companies, trust companies and institutions set up to meet the objectives of the New Economic Policy (NEP) and the National Development Policy (NDP) are unbound.
- Corporations in which the Government has an interest, while acquiring services, need to give first consideration to service suppliers in which the Government has an interest. This requirement does not prevent the acquisition of services from other service suppliers where their services are competitive in terms of price, quality and delivery.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 7. Philippines

#### i. With respect to Market Access;

- The participation of foreign investors in the governing body of any corporation engaged in activities expressly reserved to citizens of the Philippines by law shall be limited to the proportionate share of foreign capital of such entities.
- All executive and managing officers must be citizens of the Philippines.
- All lands in the public domain are owned by the State. Only citizens of the Philippines or corporations or associations at least 60% of whose capital is owned by such citizens may own land other than public lands and acquire public lands through lease. Foreign investors may lease only private-owned lands.

#### ii. With respect to National Treatment;

- A foreign firm, engaged in nonmanufacturing activities availing itself of peso borrowings, shall observe, at the time of borrowing, the prescribed 50:50 debt-to-equity ratio. Foreign firms covered are:
  - Partnerships, more than 40% of whose capital is owned by non-Filipino citizens; and
  - Corporations, more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens.

This requirement does not apply to banks and non-bank financial intermediaries.

### 8. Thailand

#### i. With respect to Market Access;

- Commercial presence in sectors or subsectors in its country schedule is permitted only through a limited liability company which is registered in Thailand or the other type of legal entity as specified in the sector-specific commitments.
- Foreign nationals or domestic companies which are deemed foreigners are not allowed to purchase or own land in Thailand. However, they may lease land and own buildings.

#### ii. With respect to National Treatment;

- Legal entities with foreign equity participation must meet the requirements as stipulated by laws and regulations regarding foreign investment.
- Limitation is unbound for the measures pertaining to subsidies or privileges, minimum capital requirements, acquisition and usage of the land, taxation measures, and nationality requirements.
- The board of directors, including administrative and executive positions or alike in the legal entity, must be of Thai national and have permanent domicile in Thailand. The person or the representative of the juridical person who applies for a licence must be of Thai nationality.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 9. Vietnam

### i. With respect to Market Access;

- Unless otherwise indicated in sector-specific commitments, the establishment of branches is unbound.
- conditions of ownership, operation and juridical form and scope of activities provided by an existing foreign service supplier should not be made more restrictive than they exist.
- Foreign-invested businesses shall be permitted by competent authorities of Viet Nam to lease the land to carry out their investment projects. The land leasing period shall correspond to the time of operation of those businesses and shall be stipulated in their investment licences and shall be extended whenever the time of operation of those businesses is extended by competent authorities.

### ii. With respect to National Treatment;

- Eligibility for subsidies may be limited to Vietnamese service suppliers.
- Unbound for subsidies for Research and Development as well as Health, Education and Audiovisual sectors.
- Unbound for subsidies aimed at promoting the welfare and employment of ethnic minorities.

## ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

In this section, the focus is on horizontal commitments (if any) related to the commercial presence, rather than sector-specific, for relevant countries.

### 1. Australia

- i. With respect to [Market Access](#), under the country's foreign investment policy, which comprises the Foreign Acquisitions and Takeovers Act 1975 (FATA), Foreign Acquisitions and Takeovers Regulations, and Ministerial Statements, the following investment activities require notification and prior approval from the Australian Government:
  - acquisitions by 'foreign persons of 'substantial interests' in existing Australian businesses with total assets of \$A50 million or more;
  - proposals to take over offshore companies whose Australian subsidiaries or gross assets account for 50% or more of the target company's global assets and are valued at \$A50 million or more;
  - proposals to take over offshore companies whose Australian subsidiaries or gross assets account for less than 50% of the target company's global assets and are valued at more than \$A200 million;
  - proposals to establish new businesses in Australia involving a total investment of \$A10 million or more;
  - direct investments by foreign governments or their agencies, irrespective of size;

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- proposed acquisitions of interests in urban land (including interests that arise via leases, financing, and profit-sharing arrangements and the acquisitions of interests in urban land corporations and trusts)
  - proposals in which any doubt exists as to whether they are notifiable (Funding arrangements that include debt instruments having quasi-equity characteristics will be treated as a direct foreign investment).
- ii. With respect to Market Access in the banking sector, foreign investment in the banking sector needs to be consistent with the Banking Act 1959, the Financial Sector (Shareholdings) Act 1998, and banking policy, including prudential requirements. Any proposed foreign takeover or acquisition of an Australian bank will be considered on a case-by-case basis and judged on its merits.
- iii. Concerning [National Treatment](#), Australia's foreign investment policy guidelines apply to foreign-owned or controlled businesses after their establishment in Australia.
- At least 2 of the directors of a public company must be ordinarily resident in Australia.
  - For commercial presence, Australia's commitments are unbound for current and future measures at the federal, state, or local government levels granting rights or preferences to any indigenous person or organisation providing for the favorable treatment of any indigenous person or organisation in relation to acquisition, establishment or operation of any commercial or industrial undertaking in the service sector.
  - In addition, the country's commitments are unbound for subsidies for research and development.
2. Brunei
- i. Concerning [Market Access](#), the country's horizontal commitments are unbound for measures concerning foreign equity or interest in companies established or wishing to establish a commercial presence.
- ii. For [National Treatment](#), the country's horizontal commitments are unbound except with respect to existing commercial presence: half of the board members of a public company and half the directors of a private company must be nationals or residents of Brunei Darussalam. In addition, all companies incorporated outside Brunei Darussalam which establish or have established a place of business in Brunei Darussalam must have 1 or more locally resident agents to accept service of process and any service of process or any notices required to be served on the company.
3. Cambodia
- i. Concerning [Market Access](#), the conditions for having a commercial presence by a foreign service supplier, will not be made more restrictive than those already in place as of the date of Cambodia's accession to the WTO. In addition, investors, seeking incentives under the provisions of the Law on Investment, shall have the obligation to provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.
- ii. Concerning [National Treatment](#), the country's commitments are unbound for subsidies, including for research and development. In addition, Non-Cambodian natural and juridical persons may lease but not own land.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 4. Indonesia

- i. With respect to [Market Access](#), the commercial presence of the foreign service provider(s) may be in the form of a joint venture and/or representative office, unless mentioned otherwise. A joint venture should meet the following requirements:
  - Should be in the form of Limited Liability Enterprise (Perseroan Terbatas/PT);
  - Not more than 49% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT), may be owned by foreign partner(s).
- ii. With respect to [National Treatment](#), (Land Law) No. 5 of 1960 stipulates that no foreigners (juridical and natural persons) are allowed to own land. However, a joint venture enterprise could hold the right for land use (Hak Guna Usaha) and building rights (Hak Guna Bangunan), and they may rent/lease land and property.

## 5. Laos

- i. Concerning [Market Access](#), unless otherwise specified in each specific sector or sub-sector of the “schedule of Specific Service Commitments”, foreign businesses are allowed to establish a commercial presence in Laos in the form of business cooperation by contract, joint venture businesses, 100% foreign-invested businesses. A foreign juristic entity incorporated under the law of other countries may establish Representative Offices in Laos to collect information, study the feasibility of investment and coordinate to apply for investment. As for measures related to publicly funded services including with respect to national treatment, the country’s commitments are unbound.
- ii. With respect to [National Treatment](#):
  - Non-Lao natural and juridical persons are not allowed to own land but may own premises and lease land for up to 75 years.
  - Unbound for subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses.
  - Foreign investors will have an obligation to provide training, upgrade professional skills, and transfer of technology, as well as to promote Laos. nationals to higher skilled and specialized positions, including managerial.
  - Tax measures, generally about small and medium businesses may result in a difference in treatment in favour of Laos services and service suppliers.

## 6. Malaysia

- i. Concerning [Market Access](#), the acquisition of assets or interests of Malaysian companies and businesses, mergers or take-overs requires approval and applies to the following:
  - the acquisition of voting rights of a Malaysian corporation by any single foreign interest or associated group of 15% or more, or an aggregate foreign interest of 30% or more or exceeding RM 10 million in value;
  - any proposed acquisition of any assets or interests by any means which will result in ownership or control passing to foreign interest; and
  - control of Malaysian corporations through any form of joint-venture agreement, management agreement, technical assistance agreement, or other arrangements.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

Approval is normally granted. However, it may be denied in circumstances where the proposed investment conflicts with the interest of the State.

ii. With respect to [National Treatment](#);

- Approval may be denied if the acquisition, disposal, or dealing of land or any interest in land, property, and real estate is undertaken for speculative or nonproductive purposes or for purposes that may conflict with the interest of the State;
- Incentives are limited to eligible Malaysian-owned corporations engaged in service sectors promoted by the Government;
- Any measure and special preference granted to Bumiputera, Bumiputera status companies, trust companies, and institutions set up to meet the objectives of the New Economic Policy (NEP) and the National Development Policy (NDP) are unbound; and
- Corporations in which the Government has an interest shall, in acquiring services, give first consideration to service suppliers in which the Government has an interest. This requirement does not prevent the acquisition of services from other service suppliers where their services are competitive in terms of price, quality, and delivery.

## 7. Myanmar

i. With respect to [Market Access](#),

- commercial presence of foreign service suppliers and/or providers is permitted per the Myanmar Companies Act 1914, Partnership Act 1932, Special Company Act (1950), Union of Myanmar Foreign Investment Law (1988), and Union of Myanmar Citizens' Investment Law (1994). Under these laws:
  - 100% Foreign investment; or
  - A joint venture with a Myanmar citizen or enterprise with a minimum of 35% equity is permitted. The form of incorporation can be a sole proprietorship, partnership, or limited company. The proposed investment may be refused subject to such implications as financial arrangements security risk involved and compliance with existing conditions.
- Incorporation of an enterprise, not involving a state enterprise is to be made under the Myanmar Companies Act 1914. Minimum share capital requirements for companies and branches are as follows, -
  - Service Company equivalent of K300,000 in USD;
  - Industrial Company equivalent of K1000,000 in USD.

Under this Law;

If the investment involves a state enterprise, incorporation will be made under the Myanmar Companies Act 1914, Partnership Act 1932, Myanmar Company Rules 1940, Special Company Act (1950), Special Company Act (Amendment) Act, 1955, 1959.



## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- According to the Land Nationalization Act 1953 and the Transfer of Immoveable Property Restriction Law (1987), foreign organisations and persons are not allowed to own land in Myanmar. The state is the sole owner of all land. Land may be acquired on a long-term lease, depending on individual circumstances.
- Subject to the Union of Myanmar Foreign Investment Law, Myanmar Immigration (Emergency Provisions) Act 1947, The Foreigners Act 1846, The Registration of Foreigners Act 1940, The Registration of Foreigners Rules 1948, and Immigration rules and regulations, the management level employees are allowed to stay up to 1 year and may be extendable subject to the approval of concerned agencies.
- Services activities are restricted under section 3 of the State Economic Enterprises Law. However, these activities may be permitted by cabinet notification according to section 4 of the said law.

As for tax, under the Myanmar Foreign Investment Law, the Commission shall, to promote foreign investments within the States, grant the investor exemption or relief from taxes.

ii. With respect to [National Treatment](#);

- The Income Tax Law 1974 states that non-residents (foreigners) will be subject to a withholding tax. According to Notification No. 115/2006, income tax should be paid in foreign currency of non-resident foreigners' total income at the rate of 35%.

As for tax, according to Sections 3 (k) of the Income Tax Law, resident foreigners are as follows:

- in the case of an individual, a foreigner who resides in Myanmar for not less than 183 days during the income year;
- in the case of a company, a company formed under the Myanmar Companies Act or any other existing law wholly or partly with foreign shareholders;
- in the case of an association of persons other than a company, an association formed wholly or partly with foreigners and where the control, management, and decision-making of its affairs is situated and exercised in Myanmar
  - In this regard, foreign workers and staff who work for at least 1 year in Myanmar and the foreign businesses formed in Myanmar may be assumed to be resident foreigners. The existing Notification No. 124/2006 by the Ministry of Finance and Revenue determined that the income tax for the resident foreigners earning income in foreign currency under the head "Salaries" is to be paid at the rate of 15% in such foreign currency;
  - However, the income of the resident foreigner who operates economic businesses such as companies formed in Myanmar shall be calculated per clause 5 (B) of the Income Tax Regulation and paid in foreign currency;
  - A judicial person may perform service to a client in Myanmar but is not allowed to practice in the Myanmar courts.

As for land, according to the Transfer of Immoveable Property Restriction Law 1987, foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long-term lease, depending on individual circumstances.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 8. New Zealand

- i. Concerning [National Treatment](#), under the Overseas Investment Regulations, 1985, issued under the Overseas Investment Act 1973, Overseas Investment Commission approval is required for the following investments by an "overseas person":
  - acquisition or control of 25% or more of the shares or voting power in a company where either the consideration of transfer or the value of the assets of the company exceeds \$NZ10 million;
  - the establishment of a new business in New Zealand where the total expenditure in setting up the business exceeds \$NZ10 million;
  - the acquisition of the assets of the business where the total consideration paid or payable for the assets exceeds \$NZ10 million;
  - the issue or allotment of shares where the 25% threshold has already been exceeded or will be exceeded as a result of the issue and where the total consideration paid or payable exceeds \$NZ10 million.

Overseas Investment Commission consent is required, regardless of the dollar value of the investment, for the acquisition of rural land. Approval is also required under the Land Settlement Promotion and Land Acquisition Act for the purchase of some classes of land. It is Unbound for businesses currently in State ownership.

## 9. Philippines

- i. With respect to [Market Access](#):
  - The participation of foreign investors in the governing body of any corporation engaged in activities expressly reserved to citizens of the Philippines by law shall be limited to the proportionate share of foreign capital of such entities. All executive and managing officers must be citizens of the Philippines;
  - All lands in the public domain are owned by the State. Only citizens of the Philippines or corporations or associations, at least 60% of whose capital is owned by such citizens may own land other than public lands and acquire public lands through lease. Foreign investors may lease only private-owned lands;
  - All measures taken by local government units are unbound.
- ii. With respect to [National Treatment](#):
  - A foreign firm, engaged in nonmanufacturing activities availing itself of peso borrowings, shall observe, at the time of borrowing, the prescribed 50:50 debt-to-equity ratio. Foreign firms covered are:
    - Partnerships, more than 40% of whose capital is owned by non-Filipino citizens; and
    - Corporations, more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens.

This requirement does not apply to banks and non-bank financial intermediaries.

- All measures taken by local government units are unbound.
- All measures relating to permanent residents are unbound.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 10. Thailand

#### i. With respect to [Market Access](#);

- The obligations of Thailand under this Agreement with respect to permanent residents of the other countries are unbound;
- In the case of the supply of services through commercial presence, only juridical persons of another country owned and controlled by persons of any country may benefit from Thailand's commitments. Unless otherwise specified at the sector-specific level, commercial presence in sectors or sub-sectors in its schedule is permitted only through a limited liability company that is registered in Thailand and which meets the following conditions:
  - Foreign equity participation must not exceed 49% of the registered capital; and
  - The number of foreign shareholders must be less than half of the total number of shareholders of the company concerned.
- As for acquisition and usage of the land, according to the Land Code of Thailand, foreign nationals or domestic companies which are deemed foreigners are not allowed to purchase or own land in Thailand. However, they may lease land and own buildings. Foreigners are also allowed to own part of condominium units under the laws and regulations governing the ownership of condominiums.

#### ii. With respect to [National Treatment](#);

- The obligations of Thailand under This Agreement with respect to permanent Residents of the other countries are unbound;
- In the case of the supply of services through commercial presence, only juridical persons of another country owned and controlled by persons of any country may benefit from Thailand's commitments. The limitations are none unless otherwise specified at the sector-specific level, for commercial entities incorporated under Thailand's laws and regulations with foreign equity participation not exceeding 49% of the registered capital, and for others, it is unbound.
- Acquisition and usage of land are unbound, except as provided in the Market Access.

### 11. Vietnam

#### i. With respect to [Market Access](#);

- There are no limitations, unless, otherwise specified in each specific sector or subsector of its Schedule, foreign businesses are allowed to establish a commercial presence in Vietnam in the form of a business cooperation contract, joint venture enterprise, or 100% foreign-invested enterprise.
- Representative offices of foreign service suppliers are permitted to be established in Vietnam, but they shall not engage in any direct profit-making activities. Unless otherwise indicated in each specific sector or subsector of its Schedule, the establishment of branches is unbound.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- The conditions of ownership, operation and juridical form and scope of activities as set out in the respective licences or other forms of approval establishing or authorizing the operation or supply of services by an existing foreign service supplier shall not be made more restrictive than they exist as of the date of entry into force of this Agreement.
  - Foreign-invested businesses shall be permitted by competent authorities of Vietnam to lease the land to carry out their investment projects. The land leasing period shall correspond to the time of operation of those businesses and shall be stipulated in their investment licences and shall be extended whenever the time of operation of those businesses is extended by competent authorities.
  - Foreign service suppliers are permitted to make a capital contribution in the form of buying shares of Vietnam's enterprises. In this case, the total equity held by foreign investors in each enterprise may not exceed 30% of the enterprise's charter capital unless otherwise provided by Vietnam's laws or authorized by Vietnam's competent authority. Upon the entry into force of this Agreement, the 30% foreign equity limitation for the acquisition of Vietnamese enterprises shall be eliminated, except for capital contribution in the form of buying shares of joint-stock commercial banks, and except for the sectors not committed in this Schedule. For the other sectors and sub-sectors committed in its Schedule, the level of equity held by foreign investors in the acquisition of Vietnamese enterprises shall be corresponding to the limitations on foreign capital participation that are set, if any, including the limitations in the form of transitional periods, where applicable.
- ii. With respect to [National Treatment](#);
- There are no limitations, except eligibility for subsidies may be limited to Vietnamese service suppliers, i.e. to juridical persons established within the territory of Vietnam, or a part. The granting of one-time subsidization to promote and facilitate the process of equitization is not in breach of this commitment. It is unbound for subsidies for research and development. Unbound for subsidies in the health, education, and audiovisual sectors. Unbound for subsidies aimed at promoting the welfare and employment of ethnic minorities.

### ASEAN-China Free Trade Area (ACFTA)

In this section, the focus is on commitments (if any) related to commercial presence, rather than sector-specific, for relevant countries. Based on [Annex 2: ASEAN-China Agreement on Trade in Services](#) of the [3rd Package of Commitments under ASEAN - China FTA Trade in Services](#) the following are the horizontal commitments;

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 1. Brunei

- i. For [market access](#),
  - Unbound for measures concerning foreign equity or interest in companies established or wishing to establish a commercial presence.
- ii. For [national treatment](#),
  - With respect to existing commercial presence;
    - One of the 2 directors or where there are more than 2 directors at least 2 of them shall be ordinarily resident in Brunei
    - All companies incorporated outside Brunei Darussalam which establish or have established a place of business in Brunei Darussalam must have one or more locally resident agents to accept the service of process and any service of process or any notices required to be served on the company.

## 2. Cambodia

- i. For [market access](#),
  - Investors seeking incentives have the obligation to provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.
- ii. For [national treatment](#),
  - Unbound for subsidies, including for research and development.
  - Non-Cambodian natural and juridical persons may lease but not own land.

## 3. Indonesia

- i. For [market access](#),
  - Commercial Presence of a foreign service provider must be in the form of a joint venture and/or representative office unless mentioned otherwise.
  - Joint venture should meet the following requirements;
    - should be in the form of a Limited Liability Enterprise (Perseroan Terbatas/PT).
    - not more than 49% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT), may be owned by foreign partner(s).
- ii. For [national treatment](#),
  - no foreigners (juridical and natural persons) are allowed to own land. However, a joint venture enterprise could hold the right for land use (Hak Guna Usaha) and building rights (Hak Guna Bangunan), and they may rent/lease land and property.
  - Any juridical and natural persons should meet professional qualification requirements.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 4. Laos

- i. For [market access](#),
  - Joint ventures need to be jointly owned and operated by one or more legal foreign investors/service suppliers and by one or more legal domestic Lao investors.
  - Foreign investors/service suppliers in a joint venture must contribute a minimum portion of 30% of the total equity investment in that venture.
- ii. For [national treatment](#),
  - Foreign service suppliers in Laos may lease land within the country and transfer their leasehold interest. They can own improvements on the land and other moveable property and transfer those ownership interests.
  - Foreign businesses subject to the Law on Promotion and Management of Foreign Investment in Laos shall pay an annual profit tax.

### 5. Malaysia

- i. For [market access](#),
  - acquisition of assets or interests of Malaysian companies and businesses, mergers or takeovers requires approval
- ii. For [national treatment](#),
  - With regards to land, real estate, and property, approval may be denied if the acquisition, disposal or dealing of land or any interest in land, property and real estate is undertaken for speculative or non-productive purposes, as well as for purposes which may conflict with the interest of the State.
  - Incentives are limited to eligible Malaysian-owned corporations engaged in services sectors promoted by the Government.
  - Any measure and special preference granted to Bumiputera, Bumiputera status companies, trust companies, and institutions set up to meet the objectives of the New Economic Policy (NEP) and the National Development Policy (NDP) are unbound.
  - Corporations in which the Government has an interest give first consideration to services suppliers in which the Government has an interest. This does not prevent the acquisition of services from other services suppliers in case they are competitive in terms of price, quality and delivery.



## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 6. Myanmar

#### i. For [market access](#),

- Incorporation of an enterprise, involving or not involving a state enterprise is made under different regulations.
- Services activities are restricted under section 3 of the State-owned Economic Enterprises Law (1989). However, these activities may be permitted by Cabinet notification.
- Investors may be granted income tax exemption for 5 consecutive years, inclusive of the year of commencement of production of goods or services. In addition, one or more than one or all of the remaining tax exemptions or tax reliefs may be granted if it is applied.

#### ii. For [national treatment](#),

- Non-resident foreigners are subjected to withholding taxes.
- Foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long term lease.

### 7. Thailand

#### i. For [market access](#)

- Commercial presence in sectors or subsectors in the country's "[Schedule of Specific Commitments](#)" is permitted only through a limited liability company registered in Thailand or other types of entities as specified in the sector-specific commitments. They would be required to meet one of the following conditions as indicated in the sector-specific commitments:
  - Foreign equity participation must not exceed 49% of the registered capital and the number of foreign shareholders must be less than half of the total number of shareholders of the company; or
  - Foreign equity participation must not exceed 51% of the registered capital and can only operate through a joint venture with a juridical person of Thai nationality. They must meet several other conditions as well.
  - Foreign nationals or domestic companies which are deemed foreigners are not allowed to purchase or own land in Thailand. However, they may lease land and own buildings.

#### ii. For [national treatment](#),

- There are no limitations for legal entities incorporated as per Thai laws and regulations with foreign equity participation not exceeding 49% of the registered capital.
- Limitations are unbound measures pertaining to subsidies or privileges, minimum capital requirements, acquisition and usage of the land, taxation measures and nationality requirements.
- board of directors, including administrative and executive positions or alike in the legal entity, must be of Thai national and have permanent domicile in Thailand. The person or the representative of the juridical person who applies for a licence must be of Thai nationality.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 8. Vietnam

#### i. For [market access](#),

- Foreign-invested businesses are permitted by authorities to lease land to carry out their investment projects. The land leasing period shall correspond to the time of operation of those businesses.
- Foreign service suppliers are permitted to make a capital contribution in the form of buying shares of Vietnam's enterprises. In case of contribution to joint-stock commercial banks and for sectors not committed in the country's Schedule, the total equity held by foreign investors cannot exceed 30% of the enterprise's chartered capital unless otherwise authorized by the government authorities.

#### ii. For [national treatment](#),

- Eligibility for subsidies may be limited to Vietnamese service suppliers.
- Limitations are unbound for subsidies for R&D, health, education, and audio-visual sectors, as well as for the welfare and employment of ethnic minorities.

### 9. China

#### i. For [market access](#),

- Proportion of foreign investment in an equity joint venture cannot be less than 25% of the registered capital of the joint venture.
- The land is State-owned. Use of land by businesses and individuals is subject to several term limitations ranging from 40 to 70 years.

#### ii. For [national treatment](#),

- Limitations are unbound for all subsidies to domestic services suppliers except those committed by China in its WTO accession.

### 10. Philippines (2nd Package of Commitments)

#### i. For [market access](#),

- The participation of foreign investors in any corporation engaged in activities reserved for citizens of the Philippines by law, shall be limited to the proportionate share of foreign capital of such entities. All executives and managing officers must be citizens of the Philippines.
- All lands in the public domain are owned by the State. Only citizens of the Philippines or corporations or associations at least 60% of whose capital is owned by such citizens can own land other than public lands and acquire public lands through lease. Foreign investors can lease only private lands.
- All measures taken by local government units are unbound.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ii. For [national treatment](#)

- A foreign firm, engaged in non-manufacturing activities, availing itself of peso borrowings, shall observe, at the time of borrowing, the prescribed 50:50 debt-to-equity ratio. . Foreign firms covered include partnerships more than 40% of whose capital is owned by non-Filipino citizens as well as corporations, more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens. This requirement does not apply to banks and non-bank financial intermediaries
- Banks are prohibited from extending peso loans to non-residents.
- All measures taken by local government units are unbound.

## ASEAN-Hong Kong, China Free Trade Area (AHKFTA)

In this section, the focus is on commitments (if any) related to commercial presence, rather than sector-specific, for relevant countries. Based on [Annex 8-1](#): Schedules of Specific Commitments under AHKFTA, the following are the horizontal commitments;

### 1. Brunei

#### i. With respect to limitations to [market access](#);

- unbound for measures concerning foreign equity or interest in companies established or wishing to establish a commercial presence unless otherwise specified in the specific commitments;

#### ii. With respect to limitations to [national treatment](#);

- One of the 2 directors or where there are more than 2 directors at least 2 of them shall be ordinarily resident in Brunei;
- All companies incorporated outside Brunei which establish or have established a place of business in Brunei must have one or more locally resident agents to accept the service of process and any service of process or any notices required to be served on the company.

### 2. Cambodia

#### i. With respect to [market access](#);

- Investors have the obligation to provide adequate and consistent training to Cambodian staff, including for promotion to senior positions;

#### ii. With respect to [national treatment](#);

- Unbound for subsidies, including for R&D;
- Non-Cambodian natural and juridical persons may lease but not own land.

### 3. Indonesia

#### i. With respect to [market access](#);

- Joint venture should meet the following requirements;
  - should be in the form of Limited Liability Enterprise (Perseroan Terbatas/PT);
  - not more than 49% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT), may be owned by foreign partner(s).

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### ii. With respect to [national treatment](#):

- non-resident taxpayers will be subject to withholding tax as stipulated in Indonesian tax laws and regulations if they derive the following income from an Indonesian source;
- no foreigners (juridical and natural persons) are allowed to own land. However, a joint venture enterprise could hold the right for land use and building rights, and they may rent/lease land and property.

## 4. Malaysia

### i. With respect to [market access](#):

- acquisition of assets or interests of Malaysian companies and businesses, mergers or takeovers requires approval and applies only under certain conditions of value or foreign interest.

### ii. With respect to [national treatment](#):

- Approval may be denied if the acquisition, disposal or dealing of land or any interest in land, property and real estate is undertaken for speculative or non-productive purposes or for purposes which may conflict with the interest of the State.
- Incentives are limited to eligible Malaysian-owned corporations engaged in services sectors promoted by the Government.
- Any measure and special preference granted to Bumiputera, Bumiputera status companies, trust companies, and institutions set up to meet the objectives of the New Economic Policy (NEP) and the National Development Policy (NDP) are unbound.
- Corporations with government interest, while acquiring services, should give first consideration to services suppliers in which the government has an interest. This requirement does not prevent the acquisition of services from other services suppliers where their services are competitive in terms of price, quality and delivery.

## 5. Myanmar

### i. With respect to [market access](#):

- Incorporation of an enterprise, not involving a state enterprise is to be made under the Myanmar Companies Act 1914. If the investment involves a state enterprise, incorporation will be covered by additional regulations.
- Services activities are restricted under section 3 of the State-owned Economic Enterprises Law (1989). However, these activities may be permitted by Cabinet notification.
- Income Tax exemption for promoted sectors may be granted.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### ii. With respect to [national treatment](#):

- Non-resident foreigners will be subject to a withholding tax;
- According to the 2017 Union Taxation Law, with respect to the following kind of taxpayer, before the reliefs under section 6 of the Income Tax Law are deducted, 25% of income tax shall be assessed on the total net profit income:
  - other income except for income under the salary heading of a non-resident foreigner.
- In the case of a nonresident foreigner, the reliefs under sections 6 and 6-a of the Income Tax Law, cannot be deducted in the case of income under the salary heading.
- A foreign lawyer may perform service to a client in Myanmar but is not allowed to practice in Myanmar courts of law.
- foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long-term lease, depending on individual circumstances.

## 6. Philippines

### i. With respect to [market access](#):

- participation of foreign investors in a corporation engaged in activities reserved for citizens of the Philippines will be limited to the proportionate share of foreign capital of such entities.
- All executive and managing officers must be citizens of the Philippines.
- All lands in the public domain are owned by the State. Only citizens of the Philippines or corporations or associations at least 60% of whose capital is owned by such citizens may own land other than public lands and acquire public lands through lease. Foreign investors may lease only private lands.

### ii. With respect to [national treatment](#):

- foreign firm, engaged in nonmanufacturing activities availing itself of peso borrowings, shall observe, at the time of the borrowing, the prescribed 50:50 debt-to-equity ratio. Foreign firms covered are;
  - Partnerships, more than 40% of whose capital is owned by non-Filipino citizens; and
  - Corporations, more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens

The above requirement does not apply to banks and nonbank financial intermediaries.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 7. Thailand

### i. With respect to [market access](#);

- Only a limited liability company or a type of legal entity as specified in the country's schedule, incorporated and registered in Thailand according to Thai laws and regulations is permitted. Companies must meet one of the following categories as mentioned in the sector-specific commitments.
  - Foreign equity participation must not exceed 49% or unless otherwise specified in the sector-specific commitments, of the registered capital; and the number of foreign shareholders must be less than half of the total number of shareholders.
  - Foreign equity participation must not exceed 70% of the registered capital or unless otherwise specified in the sector-specific commitments, owned, or controlled by foreigner(s) must meet the following conditions:
    - a. Shall operate through a joint venture with a juridical person of Thai national;
    - b. a minimum capital requirement rate must be met;
    - c. board of directors including administrative and executive positions or alike in a limited liability company or the legal entity must be of Thai national and have a domicile in Thailand;
    - d. person or representative of the limited liability company or the legal entity who applies for a licence must be of Thai nationality.

### ii. With respect to [national treatment](#);

- Unbound for the measures pertaining to subsidies or privileges, minimum capital requirements, acquisition and usage of the land, taxation measures, and nationality requirements.

## 8. Vietnam

### i. With respect to [market access](#);

- conditions of ownership, operation and juridical form and scope of activities as set out in the respective licences or other approvals authorizing the supply of services by an existing foreign supplier cannot be made more restrictive than they exist as of the date of entry into force of this Agreement.
- Foreign-invested businesses can lease land to carry out their investment projects.
- Foreign service suppliers are permitted to make a capital contribution in the form of buying shares of Vietnam's enterprises, under certain conditions.

### ii. With respect to [national treatment](#);

- Eligibility for subsidies may be limited to Vietnamese service suppliers. The granting of one-time subsidization to promote and facilitate the process of equitisation is not in breach of this commitment
- Unbound for subsidies for R&D, Health, Education and Audio-visual sectors, as well as for subsidies aimed at promoting the welfare and employment of ethnic minorities.



# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 9. Hong Kong

- i. With respect to [market access](#) and [national treatment](#);
  - Unbound for any measures with respect to:
    - the provision of public law enforcement, ambulance services, correctional services, and firefighting services; and
    - the following, to the extent that they are social services established for a public purpose:
      - a. health;
      - b. education;
      - c. housing;
      - d. training;
      - e. transport;
      - f. public utilities;
      - g. social security; and
      - h. social welfare

## ASEAN-India Free Trade Area (AIFTA)

In this section, the focus is on commitments (if any) related to commercial presence, rather than sector-specific, for relevant countries.

### 1. Brunei

- i. With respect to [market access](#);
  - limitation is unbound for measures concerning foreign equity or interest in companies established or wishing to establish a commercial presence;
- ii. With respect to [national treatment](#);
  - limitation is unbound except with respect to existing commercial presence;
  - half of the board members of a public company and half the directors of a private company must be nationals or residents of Brunei;
  - all companies incorporated outside Brunei which establish or have established a place of business in Brunei must have one or more locally resident agents to accept the service of process and any service of process or any notices required to be served on the company.

### 2. Cambodia

- i. With respect to [market access](#);
  - Investors, seeking incentives should provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

ii. With respect to [national treatment](#);

- limitation is unbound for subsidies, including for R&D;
- Non-Cambodian natural and juridical persons may lease but not own land.

## 3. Indonesia

i. With respect to [market access](#);

- Commercial presence of the foreign service provider(s) should be in the form of a joint venture or joint operation unless mentioned otherwise;
- Joint venture should meet the following requirements;
  - Should be in the form of Limited Liability Enterprise (Perseroan Terbatas/PT);
  - Not more than 49% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT), may be owned by foreign partner(s).

ii. With respect to [national treatment](#);

- No foreigners are allowed to own land. However, a joint venture enterprise may hold the right for land use and building rights, and they may rent/lease land and property;
- Eligibility for subsidies shall be reserved for nationals;
- foreign services suppliers should;
  - have the obligation to transfer its technology and pass on its experience to national personnel;
  - prove commitment to recruiting and developing more local human resources;
  - in the context of JV shall be required to offer on-the-job training for national employees;
  - provide training to national.

## 4. Laos

i. With respect to [market access](#);

- Foreign investors/service suppliers in a joint venture must contribute a minimum portion of 30% of the total equity investment in that venture;

ii. With respect to [national treatment](#);

- Foreign service suppliers in the Laos may lease land within the country and transfer their leasehold interest. They may also own improvements on the land and other moveable property and transfer those ownership interests.
- Foreign businesses subject to the Law on Promotion and Management of Foreign Investment in Laos shall pay an annual profit tax, calculated under the provisions of the applicable laws.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 5. Malaysia

- i. With respect to [market access](#);
  - acquisition of assets or interests of Malaysian companies and businesses, mergers or take-overs require approval in certain conditions;
- ii. With respect to [national treatment](#);
  - Approval may be denied if the acquisition, disposal, or dealing of land or any interest in land, property, and real estate is undertaken for speculative or non-productive purposes or for purposes that may conflict with the interest of the State;
  - Incentives are limited to eligible Malaysian-owned corporations engaged in service sectors promoted by the Government;
  - Any measure and special preference granted to Bumiputera, Bumiputera status companies, trust companies, and institutions set up to meet the objectives of the New Economic Policy (NEP) and the National Development Policy (NDP) are unbound;
  - Corporations in which the Government has an interest, while acquiring services, should consider service suppliers in which the Government has an interest. This does not prevent the acquisition of services from other suppliers if they are competitive.

### 6. Philippines

- i. With respect to [market access](#);
  - Participation of foreign investors in any corporation engaged in activities reserved for citizens of the Philippines should be limited to the proportionate share of foreign capital of such entities. In addition, for such activities, all executive and managing officers must be citizens of the Philippines;
  - All lands in the public domain are owned by the State. Only citizens of the Philippines or corporations or associations with at least 60% of capital owned by such citizens, can own land other than public lands and acquire public land through lease. A foreign investor may lease only private-owned lands.
  - All measures, taken by local government units, governing permanent residents, and related to taxation are unbound.
- ii. With respect to [national treatment](#);
  - foreign firm, engaged in nonmanufacturing activities availing itself of peso borrowings, shall observe, at the time of borrowing, the prescribed 50:50 debt-to-equity ratio. Foreign firms covered are;
    - Partnerships, more than 40% of whose capital is owned by non-Filipino citizens; and
    - Corporations, more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens.

This requirement does not apply to banks and non-bank financial intermediaries.

- All measures, taken by local government units, governing permanent residents, and related to taxation are unbound.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 7. Thailand

### i. With respect to [market access](#);

- Limitations are unbound for a service supplier of another country who is a natural person of that country but is not a national of that country;
- Thailand reserves the right to apply all measures relating to taxation on a reciprocal basis;
- Unless otherwise specified at the sector-specific level, commercial presence in sectors or subsectors is permitted only through a limited liability company that is registered in Thailand and under certain conditions of shareholders and equity participation.

### ii. With respect to [national treatment](#);

- Limitations are unbound for a service supplier of another country who is a natural person of that country but is not a national of that country;
- Thailand reserves the right to apply all measures relating to taxation on a reciprocal basis;
- Commercial presence which is owned or controlled by foreigner(s) may be subject to certain requirements;
- The manager or the representative of the juridical person who applies for a licence must be a Thai national;
- The director and deputy director as well as, the manager and executive manager must be Thai nationals;
- As for other areas, limitations are unbound including subsidies.

## 8. Vietnam

### i. With respect to [market access](#);

- conditions of ownership, operation and juridical form and scope of activities as set out in the different forms of approval for the operation or supply of services by an existing foreign service supplier should not be made more restrictive than they exist as of the date of entry into force of the Agreement;
- Foreign-invested businesses should be permitted by competent authorities to lease the land to carry out their investment projects;
- Foreign service suppliers are permitted to make a capital contribution in the form of buying shares, under certain conditions;
- For sectors mentioned in the country's Schedule, the level of equity held by foreign investors in the acquisition of Vietnamese enterprises should be corresponding to the limitations on foreign capital participation;

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

ii. With respect to [national treatment](#);

- Eligibility for subsidies may be limited to Vietnamese service suppliers;
- Granting of one-time subsidization to promote and facilitate the process of equitisation is not in breach of this commitment;
- Limitations are unbound for subsidies for R&D, health, education, and audio-visual sectors as well as for the promotion of the welfare and employment of ethnic minorities.

9. India (For ASEAN-8 countries, except Indonesia and the Philippines, as India has specific commitments for the 2 countries)

i. With respect to [market access](#);

- For sectors mentioned in the country's schedule, the policy on foreign direct investment (FDI) as announced by the government from time to time, other than those already specified, will apply. Concerning foreign equity and other restrictions specified in sectoral commitments, such restrictions should prevail over any provision of the policy on FDI announced from time to time with regard to relevant sectoral commitments;
- In all sectors in the country's schedule where the type of legal entity is not specified, commercial presence shall take the form of a company incorporated in India;

ii. With respect to [national treatment](#);

- In case of collaboration with public sector businesses or government undertakings as joint venture partners, preference will be given to foreign service suppliers which offer the best terms for the transfer of technology;
- Limitations exist for the transfer of equity in an existing company, to the investor of the other country, where Security and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended, are applicable.
- Repatriation of sale proceeds of immovable property is subject to prior approval of the Reserve Bank of India;
- Limitations are unbound for subsidies;
- Purchase of property by a foreign person resident outside India is prohibited. This restriction does not apply to companies formed under the laws of India, or to a branch office or other place of business authorized by the Reserve Bank of India when such acquisition is necessary for or incidental to carrying on the permitted activity. A resident of India can acquire and hold property.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

In this section, the focus is on horizontal commitments (if any) related to the commercial presence, rather than sector-specific, for relevant countries, as per the [First Protocol to Amend the Agreement on AJCEP](#).

### 1. Brunei

- i. With respect to [market access](#);
  - Limitations are unbound for measures concerning foreign equity or interest in companies established or wish to establish a commercial presence unless otherwise specified in the specific commitments.
- ii. With respect to [national treatment](#);
  - Unbound except with respect to existing commercial presence:
    - half of the board members of a public company and half the directors of a private company must be nationals or residents of Brunei;
    - all companies incorporated outside Brunei which establish a place of business in Brunei must have one or more locally resident agents to accept the service of process and any service of process or any notices required to be served on the company.

### 2. Cambodia

- i. With respect to [market access](#);
  - Investors have the obligation to provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.
- ii. With respect to [national treatment](#);
  - Unbound for subsidies, including for research and development;
  - Non-Cambodian natural and juridical persons may lease but not own land.

### 3. Indonesia

- i. With respect to [market access](#);
  - Joint venture enterprise should meet the following requirements;
    - should be in the form of Limited Liability Enterprise (Perseroan Terbatas/PT); and
    - not more than 49% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT), may be owned by foreign partner(s).
- ii. With respect to [national treatment](#);
  - nonresident taxpayers will be subject to withholding tax;
  - no foreigners (juridical and natural persons) are allowed to own land. However, a joint venture enterprise could hold the right for land use and building rights, and they may rent/lease land and property.



## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 4. Laos

- i. With respect to [market access](#);
  - To establish a commercial presence, a services provider must be incorporated in a specific legal form under the laws and regulations of Lao.
- ii. With respect to [national treatment](#);
  - Non-Laos natural and juridical persons are not allowed to own land but may own premises and lease land for up to 75 years;
  - Unbound concerning subsidies, investment incentives, and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses;
  - Foreign investors shall provide adequate training opportunities to Laos nationals;
  - Tax measures, generally pertaining to small and medium businesses may result in a difference of treatment in favour of Laos services and service suppliers.

### 5. Malaysia

- i. With respect to [market access](#);
  - acquisition of assets or interests of Malaysian companies and businesses, mergers or take-overs require approvals;
- ii. With respect to [national treatment](#);
  - Approval may be denied if the acquisition, disposal, or dealing of land or any interest in land, property, and real estate is undertaken for speculative or nonproductive purposes or for purposes that may conflict with the interest of the State.
  - Incentives are limited to eligible Malaysian-owned corporations engaged in services sectors promoted by the Government.
  - Any measure and special preference granted to Bumiputera, Bumiputera status companies, trust companies, and institutions set up to meet the objectives of the New Economic Policy (NEP) and the National Development Policy (NDP) are unbound.

### 6. Myanmar

- i. With respect to [market access](#);
  - Services activities are restricted under section 3 of the State-owned Economic Enterprises Law (1989). However, these activities may be permitted by Cabinet.
  - Income tax exemption for promoted sectors may be granted by Myanmar Investment Commission under the Myanmar Investment Law (2016) based on the zoning system.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ii. With respect to [national treatment](#);

- Nonresident foreigners are subject to a withholding tax.
- According to the 2017 Union Taxation Law, with respect to the following kind of taxpayer, before the reliefs under section 6 of the Income Tax Law are deducted, 25% of income tax shall be assessed on the total net profit income:
  - other income except income under the salary heading of a non-resident foreigner.

In the case of a nonresident foreigner, the reliefs under sections 6 and 6-a of the Income Tax Law, cannot be deducted in the case of income under the salary heading.

- A foreign lawyer may perform service to a client in Myanmar but is not allowed to practice in Myanmar courts of law.
- Foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long-term lease.

## 7. Philippines

### i. With respect to [market access](#);

- Limitations exist in activities reserved by law for citizens of the Philippines (i.e. foreign equity is limited to a minority share).
- All executive and managing officers must be citizens of the Philippines.
- All lands in the public domain are owned by the State. Only citizens of the Philippines or corporations or associations at least 60% of whose capital is owned by such citizens may own land other than public lands and acquire public lands through lease. Foreign investors may lease only privately owned lands.
- All measures taken by local government units, governing permanent residents, and related to taxation, are unbound.

### ii. With respect to [national treatment](#);

- Foreign firms (partnerships, more than 40% of whose capital is owned by non-Filipino citizens; and corporations, more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens), engaged in non-manufacturing activities availing themselves of peso borrowings, shall observe, at the time of borrowing, the prescribed 50:50 debt-to-equity ratio. This requirement does not apply to banks and non-bank financial intermediaries.
- All measures taken by local government units, governing permanent residents, and related to taxation, are unbound.

## 8. Thailand

### i. With respect to [market access](#);

- Only a limited liability company or a type of legal entity as specified in its [schedule](#), incorporated and registered in Thailand are permitted.
- A natural person or juridical person of another member that acquires or gains ownership of land is deemed ineligible to exercise rights and privileges under this agreement.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- A natural person or a juridical person who receives other special privileges or incentives from Thai authorities to supply services may not claim benefits under this agreement.
- ii. With respect to [national treatment](#):
  - Unbound for the measures pertaining to subsidies or privileges, minimum capital requirements, acquisition and usage of the land, and nationality requirements.
  - A natural person or juridical person of another Party is not allowed to purchase or own land in Thailand.

## 9. Vietnam

- i. With respect to [market access](#):
  - Conditions of ownership, operation and juridical form and scope of activities as set out in the licences or other forms of approvals establishing or authorizing the supply of services by an existing foreign service supplier cannot be made more restrictive than they exist as of the date of entry into force of this Protocol.
  - Foreign-invested businesses can be permitted to lease the land to carry out their investment projects.
  - Foreign service suppliers are permitted to make a capital contribution in the form of buying shares of Vietnam's enterprises, under certain conditions.
- ii. With respect to [national treatment](#):
  - Eligibility for subsidies may be limited to Vietnamese service suppliers.
  - Unbound for subsidies for R&D, health, education and audiovisual sectors as well as for subsidies aimed at promoting the welfare and employment of ethnic minorities.

## ASEAN – Korea Free Trade Area (AKFTA)

In this section, the focus is on horizontal commitments (if any) related to the commercial presence, rather than sector-specific, for relevant countries;

### 1. Brunei

- i. With respect to [market access](#):
  - Limitations are unbound for measures concerning foreign equity or interest in companies established or wishing to establish a commercial presence.
- ii. With respect to [national treatment](#):
  - Unbound except with respect to existing commercial presence:
    - half of the board members of a public company and half the directors of a private company must be nationals or residents of Brunei;
    - all companies incorporated outside Brunei which establishes a place of business in Brunei must have one or more locally resident agents to accept the service of process and any service of process or any notices required to be served on the company.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 2. Cambodia

- i. With respect to [market access](#);
  - Investors have the obligation to provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.
- ii. With respect to [national treatment](#);
  - Unbound for subsidies, including for research and development;
  - Non-Cambodian natural and juridical persons may lease but not own land.

## 3. Indonesia

- i. With respect to [market access](#);
  - Joint venture enterprise should meet the following requirements;
    - should be in the form of Limited Liability Enterprise (Perseroan Terbatas/PT); and
    - not more than 49% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT), may be owned by foreign partner(s).
- ii. With respect to [national treatment](#);
  - nonresident taxpayers will be subject to withholding tax;
  - no foreigners (juridical and natural persons) are allowed to own land. However, a joint venture enterprise could hold the right for land use and building rights, and they may rent/lease land and property.

## 4. Laos

- i. With respect to [market access](#);
  - Foreign individuals or legal entities should be registered;
  - Unbound for measures related to publicly funded services including with respect to national treatment.
  - NGOs are not covered in this schedule.
- ii. With respect to [national treatment](#);
  - Non-Lao natural and juridical persons are not allowed to own land but may own premises and lease land for up to 75 years;
  - Unbound with respect to subsidies, investment incentives and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or businesses;
  - Foreign investors shall provide adequate training opportunities to Laos nationals;
  - Tax measures, generally pertaining to small and medium businesses may result in a difference of treatment in favour of Laos services and service suppliers.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### 5. Malaysia

- i. With respect to [market access](#);
  - acquisition of assets or interests of Malaysian companies and businesses, mergers or take-overs require approvals;
- ii. With respect to [national treatment](#);
  - Approval may be denied if the acquisition, disposal or dealing of land or any interest in land, property and real estate is undertaken for speculative or nonproductive purposes or for purposes which may conflict with the interest of the State.
  - Incentives are limited to eligible Malaysian-owned corporations engaged in services sectors promoted by the Government.
  - Any measure and special preference granted to Bumiputera, Bumiputera status companies, trust companies and institutions set up to meet the objectives of the New Economic Policy (NEP) and the National Development Policy (NDP) are unbound.
  - Corporations in which the Government has an interest, while acquiring services, should give first preference to service suppliers with Government interest. This requirement does not prevent the acquisition of services from other service suppliers where their services are competitive in terms of price, quality and delivery.

### 6. Philippines

- i. With respect to [market access](#);
  - Limitations exist in activities reserved by law for citizens of the Philippines (i.e. foreign equity is limited to a minority share).
  - All executive and managing officers must be citizens of the Philippines.
  - All lands in the public domain are owned by the State. Only citizens of the Philippines or corporations or associations at least 60% of whose capital is owned by such citizens may own land other than public lands and acquire public lands through lease. Foreign investors may lease only privately owned lands.
  - All measures taken by local government units and governing permanent residents are unbound.
- ii. With respect to [national treatment](#);
  - Foreign firms (partnerships, more than 40% of whose capital is owned by non-Filipino citizens; and corporations, more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens), engaged in non-manufacturing activities availing themselves of peso borrowings, shall observe, at the time of borrowing, the prescribed 50:50 debt-to-equity ratio. This requirement does not apply to banks and non-bank financial intermediaries.
  - All measures taken by local government units and governing permanent residents are unbound.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 7. South Korea

- i. With respect to [market access](#);
  - acquisition of outstanding stocks of existing domestic companies in such areas as energy and aviation by a natural person or juridical persons of another Member may be restricted. Foreign investment in newly privatized companies may be restricted.
- ii. With respect to [national treatment](#);
  - acquisition of land is unbound except;
    - that the acquisition of land by companies which are not deemed as foreign under the Alien Land Law is permitted, and;
    - that the acquisition of land by companies which are deemed as foreign under the Alien Land Law and branches of a foreign company is permitted, subject to approval, for the following legitimate business purposes;
      - a. land used for supplying services during normal business activities;
      - b. land used for housing senior company personnel under pertinent laws; and
      - c. land used for fulfilling land-holding requirements.
  - Eligibility for subsidies, including tax benefits, may be limited to companies which are established in Korea according to the pertinent laws.
  - Unbound for research and development subsidies.

## 8. Thailand

- i. With respect to [market access](#);
  - Unless otherwise specified at the sector-specific level, commercial presence in sectors or subsectors in this schedule is permitted only through a limited liability company which is registered in Thailand and which meets the following conditions;
    - Foreign equity participation must not exceed 49% of the registered capital;
    - The number of foreign shareholders must be less than half of the total number of shareholders of the company concerned.
- ii. With respect to [national treatment](#);
  - Unbound for subsidies.



# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 9. Vietnam

- i. With respect to [market access](#);
  - Conditions of ownership, operation and juridical form and scope of activities as set out in the licences or other forms of approvals establishing or authorizing the supply of services by an existing foreign service supplier cannot be made more restrictive than they exist as of the date of Vietnam's accession to the WTO.
  - Foreign-invested businesses can be permitted to lease the land to carry out their investment projects.
  - Foreign service suppliers are permitted to make a capital contribution in the form of buying shares of Vietnam's enterprises, under certain conditions.
- ii. With respect to [national treatment](#);
  - Eligibility for subsidies may be limited to Vietnamese service suppliers.
  - Unbound for subsidies for R&D, health, education and audiovisual sectors as well as for subsidies aimed at promoting the welfare and employment of ethnic minorities.

## Regional Comprehensive Economic Partnership (RCEP)

As per [Article 8.11](#) (Local Presence), a country making commitments in accordance with Article 8.8 (Schedules of Non-Conforming Measures) shall not require a service supplier of another country to establish or maintain a representative office, a branch, or any form of juridical person, or to be resident, in its territory as a condition for the supply of a service. The schedule of horizontal commitments for RCEP focusing on the commercial presence or local presence for some countries is provided in [Annex II – Schedules of Specific Commitments for Services](#).

## 1. Cambodia

- i. With respect to [market access](#);
  - Investors should provide adequate and consistent training to Cambodian staff, including for promotion to senior positions.
  - Cambodia remains unbound to all measures with respect to permanent residents.
- ii. With respect to [national treatment](#);
  - Unbound for subsidies, including for research and development.
  - Non-Cambodian natural and juridical persons may lease but not own land.
  - Cambodia remains unbound to all measures with respect to permanent residents.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 2. Laos

### i. With respect to [market access](#);

- To establish a commercial presence, a services provider must be incorporated in a specific legal form under the laws and regulations of Laos.

### ii. With respect to [national treatment](#);

- Non-Lao natural and juridical persons are not allowed to own land but may own premises and lease land for up to 75 years.
- Unbound with respect to subsidies, investment incentives and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or juridical persons.
- Foreign investors shall provide adequate training opportunities to Lao nationals.
- Tax measures, generally pertaining to small and medium businesses may result in a difference of treatment in favour of Laos services and service suppliers.

## 3. Myanmar

### i. With respect to [market access](#);

- Commercial presence of foreign service suppliers or providers and cross-border supply of services are permitted under local laws.
- Services activities are restricted under section 3 of the State-owned Economic Enterprises Law 1989. However, these activities may be permitted by cabinet notification under section 4 of the State-owned Economic Enterprises Law 1989.
- Tax exemption or relief may be granted by Myanmar Investment Commission under the Myanmar Investment Law 2016.
- Myanmar reserves the right to adopt or maintain any measures to protect its essential security interests to another party including measures in conformity with this Schedule and Myanmar's Schedule in Annex III (Schedules of Reservations and Non-Conforming Measures for Services and Investment)
- Myanmar reserves the full rights to maintain or adopt any measures on Economic Needs Test requirements (ENT) including terms and conditions, limitations, qualification, and other required testing or examination of temporary entry of natural person.

### ii. With respect to [national treatment](#);

- Nonresident foreigners will be subject to withholding taxes.
- For certain taxpayers (other income except income under the salary heading of non-resident foreigner), before the relief under section 6 of the Income Tax Law 1974 is deducted, 25% of income tax will be assessed on the total net profit income.
- in the case of a non-resident foreigner, the relief under sections 6 and 6-a of the Income Tax Law 1974, will not be deducted in the case of income under the salary heading, income tax will be assessed on the total income at the tax rates under subsection 19 (c) of the Union Taxation Law 2019.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- a foreign lawyer may perform service to a client in Myanmar but is not allowed to practice in Myanmar courts of law.
- foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on a long-term lease, depending on individual circumstances.
- Regarding recognition of the educational certificates and technical standard certificates, Myanmar only determines equivalent factors depending on syllabus, contents, volume, and time frame. Myanmar needs the syllabus, contents, volume, and time frame of respective countries in the English language.
- Myanmar reserves the right to adopt or maintain any measures to protect its essential security interests to another party including measures in conformity with this Schedule and Myanmar's Schedule in [Annex III](#) (Schedules of Reservations and Non-Conforming Measures for Services and Investment).
- Myanmar reserves the full rights to maintain or adopt any measures on Economic Needs Test requirements (ENT) including terms and conditions, limitations, qualification, and other required testing or examination of temporary entry of natural person.

### 4. Philippines

#### i. With respect to [market access](#);

- participation of foreign investors in the governing body of any corporation engaged in activities expressly reserved to citizens of the Philippines by law will be limited to the proportionate share of foreign capital of such entities.
- All executive and managing officers must be citizens of the Philippines.
- All lands in the public domain are owned by the State. Only citizens of the Philippines or Filipino corporations or associations may own land other than public lands and acquire public lands through lease. Foreign investors may lease only private-owned lands. Also limits national treatment.
- All measures taken by local government units are unbound.
- All measures governing permanent residents are unbound.
- All measures relating to taxation are unbound.
- In certain areas of investment or activities, the 1987 Philippine Constitution provides that the Philippine Congress can, upon recommendation of the economic and planning agency, when the national interest dictates, reserve to citizens of the Philippines or to corporations or associations at least 60% of whose capital is owned by such citizens, or similar higher percentage.
- All measures it considers necessary for the protection of its essential security interests are reserved.
- All measures to control, develop, and protect ancestral domain, rights and Indigenous Knowledge Systems and Practices of Indigenous Peoples and Communities are reserved.
- The Philippines may adopt or maintain any measure relating to data, and e-commerce provided that they do not constitute arbitrary or unjustifiable discrimination.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

### ii. With respect to [national treatment](#);

- Foreign firms, engaged in non-manufacturing activities availing themselves of peso borrowings, should observe at the time of the borrowing, the prescribed 50:50 debt-to-equity ratio. Foreign firms covered are partnerships (more than 40% of whose capital is owned by non-Filipino citizens) and corporations (more than 40% of whose total subscribed capital stock is owned by non-Filipino citizens). This requirement does not apply to banks and non-bank financial intermediaries.
- All measures governing permanent residents are unbound.
- All measures relating to taxation are unbound.
- All measures it considers necessary for the protection of its essential security interests are reserved.
- All measures to control, develop, and protect ancestral domain, rights and Indigenous Knowledge Systems and Practices of Indigenous Peoples and Communities are reserved.
- The Philippines may adopt or maintain any measure relating to data, and e-commerce provided that they do not constitute arbitrary or unjustifiable discrimination.

## 5. Thailand

### i. With respect to [market access](#);

- obligations of Thailand under this Agreement with respect to permanent residents of other parties are unbound.
- Only a limited liability company or a type of legal entity as specified in their Schedule, incorporated and registered in Thailand under Thai laws and regulations is permitted. Commercial presence must meet certain conditions.
- A natural person or juridical person of another Party that acquires or gains ownership of land shall be deemed ineligible to exercise rights and privileges under RCEP.
- A natural person or a juridical person who receives other special privileges or incentives from Thai authorities to supply services may not claim benefits under RCEP.

### ii. With respect to [national treatment](#);

- obligations of Thailand under this Agreement with respect to permanent residents of other parties are unbound.
- For a limited liability company or a type of legal entity as specified in their Schedule, which is owned or controlled by foreigners must meet the requirements as stipulated by Thai laws and regulations regarding foreign investment.
- Unbound for the measures pertaining to subsidies or privileges, minimum capital requirements, taxation measures, acquisition and usage of the land, and nationality requirements.
- A natural person or juridical person of another party is not allowed to purchase or own land in Thailand. The Land Code of Thailand shall be applied to the acquisition and usage of the land of a natural person, a limited liability company, or a type of legal entity as specified in their Schedule.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## 6. Vietnam

- i. With respect to [market access](#);
  - Unless otherwise specified in each specific sector or subsector of their Schedule, foreign businesses are allowed to establish a commercial presence in Vietnam in the form of a business cooperation contract, joint venture enterprise, or 100% foreign-invested enterprise.
  - conditions of ownership, operation and juridical form, and scope of activities as set out in the licences or other forms of approval establishing or authorising the operation or supply of services by an existing foreign service supplier cannot be made more restrictive than they exist as of the date of entry into force of RCEP.
  - Depending on the land use purpose for implementing investment projects foreign-invested businesses shall be permitted by Vietnam to allocate land with a land use fee, to lease land with a full one-off rental payment for the entire lease period or an annual land rental payment.
  - Foreign service suppliers are permitted to make a capital contribution in the form of buying shares of Vietnam's businesses, under certain conditions.
- ii. With respect to [national treatment](#);
  - Eligibility for subsidies may be limited to Vietnamese service suppliers.
  - Unbound for subsidies for R&D, health, education and audio-visual sectors. In addition, limitations are also unbound for subsidies aimed at promoting the welfare and employment of ethnic minorities.

## 7. China

- i. With respect to [market access](#);
  - Unbound with respect to the social services established or maintained for a public purpose. Such services may be subject to public monopolies or exclusive rights granted to private operators.
  - China reserves the right to adopt or maintain any measure it considers necessary to protect its essential security interests against another party, including screening of investments if that other party reserves the right to adopt or maintain a measure it considers necessary to protect its security interests in its Schedule in Annex II (Schedules of Specific Commitments for Services) or Annex III (Schedules of Reservations and Non-Conforming Measures for Services and Investment).
  - The land in China is state-owned. Use of land by businesses and individuals is subject to conditions and term limitations.
- ii. With respect to [national treatment](#);
  - Unbound with respect to the social services established or maintained for a public purpose. Such services may be subject to public monopolies or exclusive rights granted to private operators.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

- China reserves the right to adopt or maintain any measure it considers necessary to protect its essential security interests against another party, including screening of investments if that other party reserves the right to adopt or maintain a measure it considers necessary to protect its security interests in its Schedule in Annex II (Schedules of Specific Commitments for Services) or Annex III (Schedules of Reservations and Non-Conforming Measures for Services and Investment).

### 8. New Zealand

#### i. With respect to [market access](#);

- New Zealand remains unbound concerning:
  - the provision of public law enforcement and correctional services; and
  - the following, to the extent that they are social services established for a public purpose: child-care; health; income security and insurance; public education; public housing; public training; public transport; public utilities; social security and insurance; or social welfare.
- Unbound in cases of labour or management disputes, and also with respect to ships' crews.
- Unbound concerning all measures necessary to protect national treasures or specific sites of historical or archaeological value, or measures necessary to support creative arts of national value.

#### ii. With respect to [national treatment](#);

- Overseas Investment Office (OIO) approval is required for certain types of investments such as acquisitions of shares/assets, establishment, or issue/allotment of shares.
- OIO consent is required, regardless of the dollar value of the investment, for the acquisition or control of certain classes of land that are regarded as sensitive or require specific approval according to New Zealand's overseas investment regime.
- Unbound for businesses currently in State ownership.



# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## Domestic Regulation

The domestic regulations provisions are similar across all the FTAs, as mentioned below.

1. sectors in which specific commitments are undertaken, each country needs to ensure that all measures of general application affecting trade in services are administered in a reasonable, objective, and impartial manner.
2. Countries should have judicial, arbitral, or administrative systems that provide a review of, and where justified, appropriate remedies for, administrative decisions affecting trade in services.
3. Measures focused on qualification requirements and procedures, technical standards, and licensing requirements should not lead to unnecessary barriers to trade in services.
4. Countries should provide adequate procedures to verify the competence of professionals of another country.

## Monopolies and Exclusive Service Suppliers

The monopolies and exclusive service suppliers' provisions are similar across all the FTAs, as mentioned below.

1. Each country should ensure that any monopoly service supplier in its territory does not, in the supply of the monopoly service in the relevant market, act in a manner inconsistent with that country's obligations under the respective FTA obligations such as national treatment and market access.
2. Where a country's monopoly supplier competes, either directly or through an affiliated company, in the supply of service outside the scope of its monopoly rights, the country shall ensure that such a supplier does not abuse its monopoly position to act in its territory in a manner inconsistent with such commitments.
3. If a country believes that a monopoly supplier is acting inconsistently, then it may request the country establishing, maintaining, or authorising such suppliers to provide specific information concerning the relevant operations.
4. These provisions also apply to cases of exclusive service suppliers, where a country, formally or in effect:
  - authorizes or establishes a small number of service suppliers; and
  - substantially prevents competition among those suppliers in its territory.

## Investment Treatment

The investment treatment provisions are similar across all the FTAs, as mentioned below.

Every FTA member country shall provide investments, fair and equitable treatment and full protection and security. This includes:

1. to not deny justice in any legal or administrative proceedings;
2. ensure the protection and security of the covered investment;

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## Competition Policy

The competition policy provisions are similar across all the FTAs, as mentioned below. As per the “Business Practices” provisions, member countries recognise that certain business practices of services suppliers, other than those falling under “Monopolies and Exclusive Service Suppliers” provisions, may restrain competition and thereby restrict trade in services. Countries can enter into consultations to eliminate such practices, and each of the countries should provide consideration to such a consultation request and shall mutually cooperate.

**The following FTAs have additional provisions under Competition Policy;**

### ***ASEAN Trade in Services Agreement (ATISA)***

As per [Article 21](#) (Business Practices), countries have recognized that certain business practices of service suppliers, other than those falling under Article 20 (Monopolies and Exclusive Service Suppliers), may restrain competition and thereby restrict trade in services. To eliminate such practices, each country at the request of any other country should enter into consultations to eliminate such practices.

For a detailed Competition framework, the Economic Ministers launched the negotiations for the 54th [ASEAN Framework Agreement on Competition](#) (AFAC) in September 2022. This aims to serve as a formal cooperation agreement that would facilitate cross-border cooperation and coordination on Competition Policy and Law (CPL) matters among the ASEAN Member States (AMS). It is also consistent with strategic measures of the ASEAN Economic Community Blueprint and the [ASEAN Competition Action Plan \(ACAP\) 2025](#) which calls for a regional cooperation arrangement on competition policy and law by establishing competition enforcement cooperation agreements, to effectively deal with cross-border commercial transactions.

### ***ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)***

As per [Chapter 14](#) (Competition), countries should recognize the importance of cooperation, reduce anti-competitive practices, and respect the sovereign rights of each country. Nothing in this Chapter requires a country to develop specific competition-related measures to address anticompetitive practices or prevents a country from adopting policies in other fields, for example, to promote economic development. Countries may engage in cooperation activities, in the field of competition, including:

1. exchange of experience regarding the promotion and enforcement of competition law and policy;
2. exchange of publicly available information about competition law and policy;
3. exchange of officials for training purposes;
4. exchange of consultants and experts on competition law and policy;
5. participation of officials as lecturers, consultants, or participants in training courses on competition law and policy;
6. participation of officials in advocacy programs;
7. other related activities following the introduction of competition law in a country; and
8. any other form of technical cooperation as agreed by the countries.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

In case the implementation of this Chapter is inhibited by capacity constraints, Australia and New Zealand may provide cooperation as appropriate to assist the ASEAN Member States. [Chapter 17](#) (Consultations and Dispute Settlement) does not apply to any matter arising under this Chapter.

## ***Regional Comprehensive Economic Partnership (RCEP)***

As per [Article 8.18](#) (Business Practices), countries recognise that certain business practices of service suppliers, other than those falling under Article 8.17 (Monopolies and Exclusive Service Suppliers), may restrain competition and thereby restrict trade in services. Countries can enter into consultations to eliminate such practices, and each of the countries should provide consideration to such a consultation request and shall mutually cooperate.

In addition, [Chapter 13](#) (Competition) of RCEP aims to promote competition in markets and enhance economic efficiency and consumer welfare, through the adoption and maintenance of laws and regulations to remove anti-competitive activities. According to [Article 13.3](#) (Appropriate Measures against Anti-Competitive Activities), countries can adopt or maintain competition laws and regulations to forbid anti-competitive activities and enforce those laws and regulations accordingly. Examples of activities include such as, anti-competitive agreements, abuses of a dominant position, and anti-competitive mergers and acquisitions. If required, parties need to make public the grounds for any final decision or order to impose a sanction or remedy under its competition laws.

As for consumer protection, as per [Article 13.7](#) (Consumer Protection), countries should adopt or maintain laws or regulations to remove the use of misleading practices, or false or misleading descriptions in trade. In addition, importance should also be given to improving consumer redress mechanisms. As for dispute settlement, no party can have the possibility of settling disputes under Chapter 19 (Dispute Settlement) for any matter arising under Chapter 13 (Competition).

## **Intellectual Property Rights**

### **ASEAN Trade in Services Agreement (ATISA)**

Regional cooperation in the field of Intellectual Property Rights (IPR) began with the goal of providing a firm basis for economic progress and expediting the realization of the ASEAN Free Trade Area among the ASEAN Member States (AMS).

AMS signed the [ASEAN Framework Agreement on Intellectual Property Cooperation](#) (the IP Cooperation Agreement) in December 1995 to promote cooperation in the field of intellectual property rights and to explore appropriate intra-ASEAN cooperation arrangements. Article 3 of the IP Cooperation Agreement on the Scope of Cooperation envisaged AMS in cooperative activities that shall aim to “strengthen ASEAN intellectual property administration; enhance ASEAN cooperation in intellectual property enforcement and protection and to explore the possibility of setting up the ASEAN patent and trademark system”.

IPR cooperation in ASEAN is spearheaded by the ASEAN Working Group on Intellectual Property Cooperation (AWGIPC), which was established in 1996 to formulate the details and modalities to implement the cooperative activities. There have been several action plans on IPRs covering all these aspects, the latest being the [ASEAN IPR Action Plan 2016-2025 \(AIPRAP\)](#), which comprises several initiatives and deliverables.

Other than initiatives and deliverables identified in the AIPRAP 2025, more IPR initiatives, priorities, goals and objectives can also be found in the ASEAN Digital Integration Framework Action Plan ([DIFAP](#)) 2019-2025 and ASEAN Innovation Roadmap (AIR) 2019 to 2025 and its Implementation Plan. ASEAN DIFAP provides coordination mechanisms to enhance the enforcement of intellectual property rights in the digital environment; and on policy,

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

adoption to support creativity, entrepreneurship, and the flourishing of technology. It is further complemented by the AIR which focuses on the development of multiple IP licensing options and the development of guidelines for blockchain on Smart Contracts for crypto digital assets.

In 2020, the AWGIPC embarked on a Mid Term Review (MTR) of the ASEAN IPR Action Plan 2016-2025. This MTR gave rise to the [ASEAN IPR Action Plan 2016- 2025 v2.0](#) which saw the addition of new deliverables, the dropping of some as well as amendments to the existing ones. As of March 2021, 18% of the deliverables under the AIPRAP have been completed, 64% are ongoing and 18% have not started.

## ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

According to [Chapter 13](#) (Intellectual Property);

### 1. National Treatment (Article 3)

- i. Each country shall accord treatment to nationals of each other country no less favourable than it accords to its nationals concerning the protection of intellectual property, subject to the exceptions provided in the [TRIPS Agreement](#) and those multilateral agreements concluded under the auspices of [WIPO](#). Countries may avail these exceptions, in relation to their judicial and administrative procedures, including requiring a national of any other country to designate an address for service of process in its territory, or to appoint an agent in its territory, only where such exceptions are:
  - necessary to secure compliance with laws and regulations that are not inconsistent with this Chapter; and
  - not applied in a manner that would constitute a disguised restriction on trade.

### 2. As for Copyright (Article 5), each country;

- i. should provide to authors of works the exclusive right to authorize any communication to the public of their works by wire or wireless means.
- ii. provide criminal procedures and penalties at least in cases where a person willfully infringes a copyright for commercial advantage or financial gain;
- iii. foster the establishment of appropriate bodies for the collective management of copyright

In addition, each country should provide;

- i. to authors of sound recordings, the exclusive right to authorize any communication to the public of their sound recordings by wire or wireless means.
- ii. adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by copyright owners;
- iii. provide criminal procedures and penalties at least in cases where a person willfully commits a significant infringement of copyright, which has a substantial prejudicial impact on the owner of the copyright.

### 3. As for Government Use of Software (Article 6), each country should;

- i. maintain appropriate laws that make provision for its central government agencies (as well as regional/local governments) to continue to use only legitimate computer software;

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

4. Concerning Trademarks and Geographical Indications (Article 7), each country should;
  - i. maintain a trademark classification system that is consistent with the [Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks](#);
  - ii. provide high-quality trademark rights;
  - iii. protect trademarks where they predate, in its jurisdiction, geographical indications per its domestic law and the TRIPS Agreement;
  - iv. recognize that geographical indications may be protected through a trademark system.

As for Genetic Resources, Traditional Knowledge, and Folklore (Article 8), each country may establish appropriate measures to protect genetic resources, traditional knowledge, and folklore.

### ASEAN-China Free Trade Area (ACFTA)

As per [Article 7](#) (II) (Areas of Economic and Technical Cooperation) in the [Protocol to Amend the Framework Agreement on Comprehensive Economic Co-operation and Certain Agreements thereunder between the Association of Southeast Asian Nations \(ASEAN\) and the People's Republic of China](#) (effective from 2016), countries based on mutual benefit will explore and undertake economic cooperation activities in several areas including, Intellectual Property Rights.

### ASEAN-Hong Kong, China Free Trade Area (AHKFTA)

According to [Chapter 10](#) (Intellectual Property) of AHKFTA, countries agree to promote and strengthen cooperation in the area of intellectual property rights and state their rights and obligations concerning another Party under the Agreement on Trade-Related Aspects of Intellectual Property Rights in [Annex 1C](#) to the WTO Agreement (the "TRIPS Agreement").

### ASEAN-India Free Trade Area (AIFTA)

[The ASEAN-India Investment Agreement \(AIIA\)](#), has provisions related to intellectual property.

As per [Article 4](#) (Reservations), nothing in the investment agreement can be construed to lessen the rights and obligations under international agreements focusing on the protection of intellectual property rights to which the countries are party to, including the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights ([TRIPS Agreement](#)) and other treaties concluded under the auspices of the [World Intellectual Property Organization](#).

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## ASEAN – Japan Comprehensive Economic Partnership (AJCEP)

As per [Annex 5](#) (Work Programmes for Economic Cooperation), under [Chapter 8](#) (Economic Cooperation), countries should cooperate in the field of Intellectual Property (IP), subject to the availability of resources and their respective applicable laws and regulations. Countries need to promote;

- creation and commercialisation of IP;
- exchange of information and sharing of best practices on transparent and simplified procedures concerning IP;
- exchange of information and sharing of best practices on effective protection and enforcement of IP; and
- public awareness of IP.

To ensure the effective implementation and operation of IP laws, the Sub-Committee on Economic

Cooperation has to establish a Special Sub-Committee on Intellectual Property, to review and monitor the implementation.

On August 26, 2022, the Japan Patent Office (JPO) and the intellectual property offices (IPOs) of the ASEAN Member States held the 12th Japan-ASEAN Heads of IP Offices Meeting in Malaysia. At this meeting, JPO and ASEAN IPOs agreed on the FY2022-2023 Japan-ASEAN IP Rights Action Plan, which focuses on providing training, holding expert meetings, studying patent examination practices, and other cooperation activities. JPO is expected to further improve their cooperation with ASEAN IPOs by holding top-level and expert-level meetings. For further details, please refer [here](#).

## ASEAN – Korea Free Trade Area (AKFTA)

The [Agreement on Investment under the Framework Agreement on Comprehensive Economic Cooperation Among ASEAN Member Countries and the Republic of Korea](#) has provisions related to intellectual property.

As per [Article 9](#) (Reservations), nothing in the investment agreement can be construed to lessen the rights and obligations under international agreements focusing on the protection of intellectual property rights to which the countries are party to, including the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights ([TRIPS Agreement](#)) and other treaties concluded under the auspices of the [World Intellectual Property Organization](#).

## Regional Comprehensive Economic Partnership (RCEP)

In RCEP, [Chapter 11](#) focuses on the protection and enforcement of intellectual property (IP) rights. In the event of any inconsistency between a provision of this Chapter and a provision of the [TRIPS Agreement](#), the latter shall prevail to the extent of such inconsistency.

As per [Article 11.4](#) (Principles), parties may adopt appropriate measures, consistent with Chapter 11, to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology. However, parties do recognise that intellectual property rights by themselves do not necessarily confer market dominance.



## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

As for treatment towards nationals of other parties, as per [Article 11.7](#) (National Treatment), parties should provide treatment to the nationals of other parties, no less favourable than that it accords to its nationals concerning the protection of intellectual property, subject to the exceptions provided in the TRIPS Agreement and the multilateral agreements administered by the World Intellectual Property Organization. One may avail itself of the exceptions, in relation to its judicial and administrative procedures, including requiring a national of another Party to designate an address for service of process in its territory, or to appoint an agent in its territory, only where such exceptions are;

- necessary to secure compliance with its laws and regulations that are not inconsistent with this Chapter; and
- not applied in a manner that would constitute a disguised restriction on trade.

For Genetic Resources, Traditional Knowledge, and Folklore related issues, please refer to [Section G](#) of Chapter 11.

For copyright-related issues, please refer to [Section B](#) of Chapter 11. It focuses on areas such as;

- Exclusive Rights of Authors, Performers, and Producers of Phonograms;
- Right to Remuneration for Broadcasting;
- Protection of Broadcasting Organisations and Encrypted Programme-Carrying Satellite Signals;
- Protection for Electronic Rights Management Information;
- Government Use of Software.

For trademark-related issues, please refer to [Section C](#) of Chapter 11. It focuses on areas such as;

- Trademarks Protection;
- Protection of Collective Marks and Certification Marks;
- Registration and Applications of Trademarks;
- Protection of Trademarks that Predate Geographical Indications.

For geographical indication-related issues, please refer to [Section D](#) of Chapter 11. It focuses on areas such as;

- Protection of Geographical Indications;
- Domestic Administrative Procedures;
- Grounds for Opposition and Cancellation.

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

For patents-related issues, please refer to [Section E](#) of Chapter 11. It focuses on areas such as;

- Patentable Subject Matter;
- Other Use without Authorisation;
- Experimental Use;
- Electronic Patent Application System.

For industrial design related issues, please refer to [Section F](#) of Chapter 11. It focuses on areas such as;

- Protection of Industrial Designs;
- Registration or Grant and Applications;
- International Classification System;

As per [Article 11.54](#) (Effective Protection against Unfair Competition), parties should have effective protection against acts of unfair competition under the [Paris Convention](#).

As for the enforcement of IP rights, as per [Article 11.58](#) (General Obligations), each country should ensure that enforcement procedures are available under its laws and regulations, that allow effective action against any act of infringement of IP rights covered by this Chapter, including remedies to prevent infringements and remedies which can lead to further infringements. Also, countries should make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right, according to [Article 11.59](#) (Fair and Equitable Procedures).

For criminal remedies, as per [Article 11.74](#) (Criminal Procedures and Penalties), countries should provide for criminal procedures and penalties to be applied at least in cases of wilful copyright or related rights piracy or trademark counterfeiting on a commercial scale.

RCEP also covers the digital environment as per [Article 11.75](#) (Effective Action against Infringement in the Digital Environment), which states that enforcement procedures set out in civil and criminal remedies should be available to the same extent with respect to acts of infringement of copyright or related rights and trademarks, in the digital environment.

As for providing transitional periods for least developed country parties, [Article 11.78](#) (Transitional Periods for Least Developed Country Parties under the TRIPS Agreement) states that, nothing in Chapter 11, should derogate from the rights of any party to avail itself of any applicable transitional period under the TRIPS Agreement that has been or may be agreed in the WTO, either before, on, or after the date of entry into force of this agreement. Countries in different stages of development may have different transition periods, and they may delay the implementation of certain provisions of [Chapter 11](#), under [Annex 11A \(Party-Specific Transition Periods\)](#), as per [Article 11.79](#).

# Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

## Comparison of all the FTAs

In this section, all the FTAs are compared across key chapters such as movement of natural persons, safeguard measures, dispute settlement, local presence, investment treatment, and competition policy<sup>1</sup>.

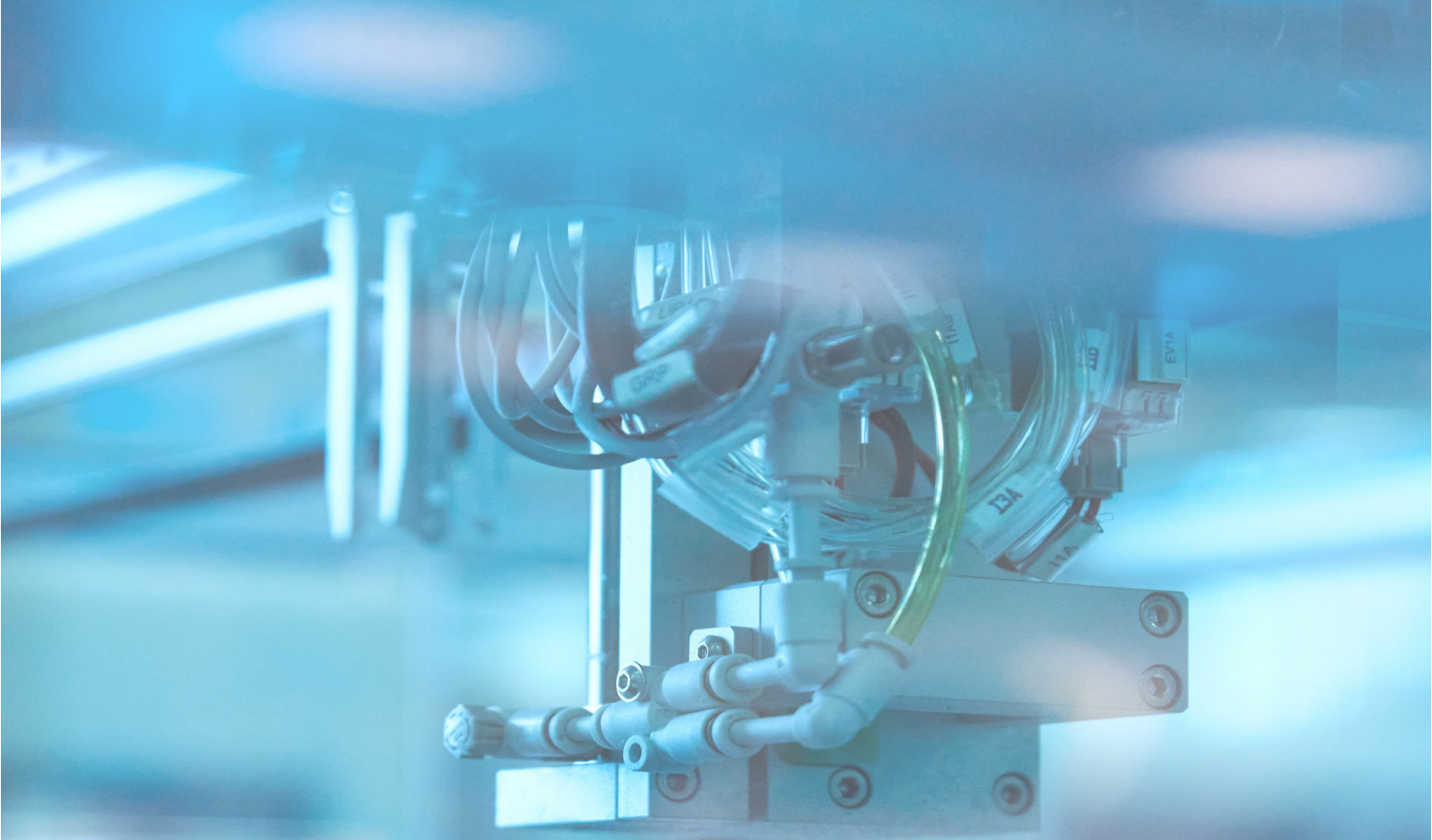
Comparison of FTAs								
FTAs	ATISA	AANZFTA	ACFTA	AHKFTA	AIFTA	AJCEP	AKFTA	RCEP
Movement of Natural Persons (MNP)	MNP (ASEAN Agreement of the MNP) does not apply to measures affecting natural persons seeking access to the employment market of another country, nor shall it apply to measures regarding citizenship, residence or employment permanently.	Similar provisions						
Safeguard Measures	Standard "Emergency Safeguard Measure" provisions.	Similar provisions						
Recognition of Service Suppliers	Standard "National Treatment" and "Recognition" provisions	Similar provisions						
Payments	Standard "Payments and Transfers" and "Restriction/Measures to Safeguard the Balance of Payments" provisions	Similar provisions						
Restrictions/ Exceptions	Standard exceptions provisions	Similar provisions						
Subsidies	Standard subsidies application provisions	Similar provisions						
Dispute Settlement	Standard dispute settlement provisions (ex. consultations, arbitration panel, and implementation)	Similar provisions						
Denial of Benefits	Standard conditions for denial of benefits	Similar provisions						
Non-Conforming Measures	No schedules							Schedules for Non-Conforming measures available

<sup>1</sup>Similar provisions mean the respective FTAs have similar provisions as ATISA.

## Breakdown of FTAs under the ASEAN and ASEAN + 1 Framework (in effect and to be ratified agreements)

Local Presence	A Party shall not require a service supplier of another Party to establish or maintain a representative office or any form of juridical person, or to be resident, in its territory as a condition for the cross-border supply of a service.	No provisions		A Party making commitments (under Schedules of Non-Conforming Measures) shall not require a service supplier of another Party to establish or maintain a representative office, a branch, or any form of juridical person, or to be resident, in its territory as a condition for the supply of a service.
Domestic Regulation	Standard application of domestic regulations	Similar provisions		
Monopolies and Exclusive Service Suppliers	Standard provisions for the treatment of monopoly service providers	Similar provisions		
Investment Treatment	Standard "Treatment of Investment" provisions	Similar provisions		
Competition Policy	Standard provisions	Additional provisions related to cooperation between countries.	Standard provisions	Deeper set of provisions and obligations related to competition laws and regulations compared to ASEAN + 1 FTAs.
Intellectual Property Rights	Additional initiatives compared to standard provisions.	Additional provisions compared to standard provisions.	Standard provisions	Significant improvement in commitments compared to ASEAN+1 FTAs





## Section 4



# FAQs



## 1. What are Free Trade Agreements?

Free Trade Agreements (FTAs) are treaties which make trade and investment between two or more economies easier. Singapore has an open economy which is driven by trade in goods and services.

## 2. How are trade in services, different from trade in goods?

Unlike trade in goods where benefits are calculated through tariff savings, trade in services focuses on the trading environment. FTAs safeguard market access and ensure conducive conditions for service suppliers in other countries.

## 3. Where can I find the list of Singapore FTAs?

For a list of bilateral, regional (multilateral) FTAs, please refer to [Enterprise Singapore](#).

## 4. How to check if your Trade in Services benefits from FTAs?

Companies or investors need to:
Determine the relevant FTAs for your target market
Check if the service(s) you want to provide is covered by the FTA;
Determine the mode of the service (they are 4 modes) that you are providing;
Check the FTA's commitment format (i.e. whether negative or positive list) for the specific mode of service, and confirm if the provided service qualifies.
If it qualifies, then the service provided can benefit from the FTAs.

## 5. What are some of the examples of the 4 modes of service?

There are four modes of service as follows;

- Cross-border - Telecommunications, postal, telemedicine, distant-learning, e-banking.
- Consumption abroad - Tourism, hotel & restaurant services, training programmes for foreign students; also covered is the movement of consumer's property (e.g. sending a ship or other equipment abroad for repair).
- Commercial Presence - Local branch or subsidiary of multinational companies, tourism, hotel and restaurant branches.
- Movement of Natural Person(s) - Independent service suppliers such as consultants, and professionals.



**6. Apart from the traditional concept of cross-border trade, why do trade in services agreements have 3 additional modes of supply?**

The supply of many services often involves the simultaneous physical presence of both producer and consumer. There are thus many instances in which, in order to be commercially meaningful, trade commitments must extend to cross-border movements of the consumer, the establishment of a commercial presence within a market, or the temporary movement of the service provider.

**7. Several provisions in the FTAs mentioned, have referred to the General Agreement on Trade in Services (GATS). What is this agreement?**

The General Agreement on Trade in Services (GATS) is a treaty of the World Trade Organization (WTO) that entered into force in 1995. The objectives are;

- creating a credible and reliable system of international trade rules for trade in services;
- stimulating economic activity through guaranteed policy bindings;
- promoting trade and development through progressive liberalisation; and
- ensuring fair and equitable treatment of all participants

All members of the WTO are parties to the GATS, and the fundamental principles of the GATS apply, in principle, to all service sectors. However, there are two exceptions;

- services supplied in the exercise of governmental authority on a non-commercial basis, such as social security schemes, public health, education
- services related to air transport

The GATS also applies to all services procured by all levels of government (central, regional, local, etc.).

For further details, please refer [here](#).

**8. What information is contained in services “schedules”?**

Each FTA member-state is required to have a Schedule of Commitments which identifies the services for which the member guarantees market access and national treatment and any limitations that may be attached. The Schedule may also be used to assume additional commitments regarding, for example, the implementation of specified standards or regulatory principles. Commitments are undertaken with respect to each of the 4 different modes of service supply.

Most schedules consist of both sectoral and horizontal sections. The “Horizontal Section” contains entries that apply across all sectors subsequently listed in the schedule. Horizontal limitations often refer to a particular mode of supply, notably commercial presence and the presence of natural persons. The “Sector-Specific Sections” contain entries that apply only to the particular service.

**9. What is the common issue encountered by companies when setting up a 100% foreign-owned business in Thailand?**

Foreign investors wishing to establish a 100% foreign-owned entity in Thailand must keep in mind that a foreign company (i.e., a company where more than 50% of the shares are owned by non-Thai) must comply with the Foreign Business Act (“FBA”). The FBA limit foreign ownership of certain industries: some are completely prohibited (such as newspaper business, radio-broadcasting station or radio/television business, but also forestry and timber conversion

from natural forests), some may be engaged in but must obtain a Foreign Business License prior to commencing operation (it is the case for the accountancy business, legal services or architecture services which are included into the List 3 of the FBA and which are businesses in which Thais are not ready to compete in undertaking with foreigners) and some do not require any approval at all.

### **10. What are the common issues encountered by foreigner when establishing a foreign-owned company in the Philippines?**

The Foreign Investments Act of 1991 ("FIA") was promoted in to provide and attract foreign investors to participate into the industrialisation and development of the country. The FIA allows 100% foreign ownership of business activities not covered under the Foreign Investment Negative List ("FINL"). The FINL is a list of sectors where foreign ownership is regulated. The List A provides the sectors where foreign equity is not allowed (such as mass media, the practice of professions such as law, criminology, or the utilisation of marine resources in archipelagic waters), or where foreign equity is allowed up to 25% (such as servicing construction of defence structures), 30% (such as advertising) or up to 40% (such as education, except for religious group). The List B details the sector where foreign ownership is limited up to 40% for reasons of security, defence, risk to health and morals, and protection of small and medium scale businesses (such as sauna and steam bathhouses or massage clinics). Investors must keep in mind that under the Filipino Laws, a domestic company is considered being Filipino if 60% of the shares (or more) are Filipino owned.

### **11. What are the common issues encountered by investors when setting up a company in Vietnam?**

The Law of Investment ("LOI") details the sectors in which foreign investment is prohibited or conditional in Vietnam. There are prohibited sectors such as press activity, the provision of debt collection services or the trading of firecrackers. The conditional list comprises sectors which must met specific conditions (such as proof of professional qualifications) and where foreign ownership is limited. The conditions are reviewed by the Ministry of Planning and Investment and other relevant Ministries. Provided that the market access conditions are met, foreign investment in these sectors is permitted such as tourism or freight transportation. Investors must also keep in mind that before undertaking the approved business activities, companies may be required to apply for specific sub-licenses or other types of licensing provisions as required by law for conditional sectors.

### **12. What is the negative investment list approach that is a transition from the AFAS positive investment list?**

This negative list approach aims to reduce the discriminatory barrier and foster transparency. Under the negative investment list approach, all services sectors are considered liberalised by default. Member state will list only those sectors/sub-sectors in which it has taken measures that it considers running counter to the obligations of the agreement known as non-conforming measures. This is the opposite of the positive list approach that lists down the sector/sub-sectors in which it intends to liberalise.

### **13. What countries are included in ASEAN plus one agreement?**

The countries joining ASEAN plus one are 10 Countries of ASEAN along with China-Hongkong, South Korea, Japan, Australia, New Zealand, and India.

### **14. What are the National Treatment (NT) and Most-Favoured Nations (MFN) Principles?**

National treatment (NT) is the principle of giving others the same treatment as one's own nationals. Therefore, under NT principle, if a country provides certain rights and privileges to its own services and service suppliers, it also should provide equivalent rights and privileges to foreign ones, in respect of the commitment in its FTAs.

The most favoured nation (MFN) principle is based on the idea that countries should treat all their trade partners equally—that no one country should be “more favoured.” Thus, under MFN principle, no country should give special treatment to goods or services coming from one particular trading partner, in respect of the commitment in its FTAs.

### **15. What is the difference between the positive list and negative list in countries' Schedule of Specific Commitment under FTAs?**

The Parties can inscribe their commitments and exceptions in their schedules according to two different techniques – using a positive list or a negative list.

When using a positive list, a Party has to explicitly (“positively”) list those sectors and subsectors in which it undertakes Market Access and National Treatment commitments. As a second step, the Party lists all exceptions or conditions to these commitments, stating the Market Access and/or National Treatment limitations it wants to apply.

When using a negative list, the Parties only need to go through the second step.

They do not have to list the sectors for which they take commitments. All sectors or subsectors that are not listed are, by default, open to foreign service suppliers under the same conditions as for domestic service suppliers.

The Parties list only those sectors or subsectors which they limit or exclude by inscribing reservations for all measures which they consider would run counter to the Market Access and National Treatment principles. As such a negative list approach fosters transparency for those sectors and measures which are not fully liberalised.

A Party typically uses two different annexes to inscribe its reservations in a negative list:

- In Annex I the Party explicitly lists all existing national legislation which derogates from Market Access and/or National Treatment.
- In Annex II the Party lists the sectors and subsectors for which it reserves the right to derogate in the future from Market Access and/or National Treatment, including in cases where no measures currently exist.

In negative lists, Parties would usually attach legal citations - references to relevant legislation - which provide additional transparency and clarity to services suppliers and investors. The preparation of negative lists requires particular care.

### **16. Where ATISA has commitments that are different from other international agreements that each member country has signed, how should it be handled in this case?**

Commitment in the ATISA Agreement does not affect the rights or obligations in force of the member countries under any international agreement which that country is a member. The international agreements referred to herein include the tax agreement.

This can be understood as for each ATISA member country, if commitments in ATISA and commitments in other international agreements or treaties, which are in force, has different provisions on the same matter, with respect to the same subject, the commitments in other international agreements or treaties shall prevail.

# Case Studies



## Case 1: Air Transport Auxiliary Services

A Singaporean company (Company A) would like to establish a commercial presence in China to supply Aircraft repair and maintenance services (CPC 8868) (Company A):

Business line: Aircraft repair and maintenance services (CPC 8868) Mode 3: Commercial presence	Under GATS	Under ACFTA and RCEP
Market Access Limitation	Foreign service suppliers are permitted to establish joint venture aircraft repair and maintenance businesses in China. The Chinese side shall hold controlling shares or be in a dominant position in the joint ventures. Licenses for the establishments of joint ventures are subject to economic needs test.	Foreign service suppliers are permitted to establish joint venture aircraft repair and maintenance businesses in China. The Chinese side shall hold controlling shares or be in a dominant position in the joint ventures.
National Treatment Limitation	The joint ventures have the obligation to undertake business in the international market.	
Additional Limitation	None	

Previously, Company A must undertake economic needs test to establish joint venture aircraft repair and maintenance businesses in China, which is a government screening for the purpose of deciding whether the entry into the market of a foreign firm is needed. With the ACFTA and RCEP in effect, Company A can form a joint venture with the dominant share owned by Chinese without subjecting to the economic needs test.

## Case Studies

### Case 2A: Legal Services

A Singaporean law firm Company (B) would like to establish a commercial presence in Australia to provide legal advisory and representational services in domestic law (host-country law):

Business line: Legal advisory and representational services in domestic law (host-country law)  Mode 3: Commercial presence	Under GATS	Under AANZFTA and RCEP
Market Access Limitation	Unbound	None
National Treatment Limitation	Unbound	None
Additional Limitation	Unbound	None

Previously, Australia remains free to introduce or maintain laws or regulations that limit market access or national treatment or favor domestic over foreign firms in this business. With the AANZFTA and RCEP in effect, Australia commits to open its legal advisory and representational services in domestic law (host-country law) service and Singaporean services suppliers are treated equally as domestic suppliers.

### Case 2B: Legal Services

A Singaporean law firm (Company C) would like to establish a commercial presence in Thailand to provide legal advisory for drafting of documents concerning **only** international commercial law, excluding local laws and regulations (CPC Version 1.1: part of 82119):

Business line: Legal advisory for drafting of documents concerning only international commercial law, excluding local laws and regulations (CPC Version 1.1: part of 82119)  Mode 3: Commercial presence	Under GATS	Under AFAS and RCEP
Market Access Limitation	<p>Commercial presence is permitted only through a limited liability company which is registered in Thailand and which meets the following conditions:</p> <ul style="list-style-type: none"> <li>a. Foreign equity participation must not exceed 49% of the registered capital; and</li> <li>b. The number of foreign shareholders must be less than half of the total number of shareholders of the company concerned.</li> </ul>	<p>Commercial presence is permitted only through a limited liability company which is registered in Thailand and which meets the following conditions:</p> <ul style="list-style-type: none"> <li>a. Foreign equity participation must not exceed 70% of the registered capital; and</li> <li>a. Shall only operate through joint-venture with a juridical person of Thai national.</li> </ul>

## Case Studies

National Treatment Limitation	No limitations as long as foreign equity participation does not exceed 49%	If foreign equity exceeds 49%, a legal entity which is owned or controlled by foreigner(s) must apply for a certificate of business operation and comply to the Foreign Business Act
Additional Limitation	Unbound	None

With AFAS and RCEP in place, the foreign equity limitation increased from 49% to 70%. Company C can now establish a joint venture with Thai national and own up to 70% of the equity, with certain requirements under the Thai Foreign Business Act.

### Case 3: Construction and Engineering-related Services

A Singaporean-based company specializing in General construction work for civil engineering (Company D) would like to provide consultancy services for the construction of highways in India:

<b>Business line:</b> <b>Construction work for civil engineering (Roads and Bridges only)</b>  <b>Mode 1: Cross-border supply</b>	Under GATS	Under AIFTA
Market Access Limitation	Unbound	None
National Treatment Limitation	Unbound	None
Additional Limitation	Unbound	None

Previously, India has the flexibility to introduce or maintain laws or regulations that limit market access or national treatment or favor domestic over foreign firms in this business. With AIFTA in effect, India commits to treat Company D the same as domestic suppliers when providing consultancy services for the construction of highways in India.



## Case Studies

### Case 4: Telecommunication services

A Singaporean telecommunication service supplier (Company E) would like to supply Voice telephone services (International: Public switched telephone service (7521); Circuit switched public data network services (7523\*\*); Teleconferencing services (75292)) for Indonesian citizen travelling/ visiting Singapore:

<b>Business line: Voice telephone services (International: Public switched telephone service (7521); Circuit switched public data network services (7523**); Teleconferencing services (75292))</b> <b>Mode 2: Consumption abroad</b>	<b>GATS</b>	<b>AFAS and RCEP</b>
Market Access Limitation	Call back is not permitted	None
National Treatment Limitation	Unbound	None
Additional Limitation	Unbound	None

Previously, Indonesians travelling to Singapore could not perform international call back using Singaporean telecommunication service since the service in Indonesia is provided exclusively by PT Indosat and PT Satelindo. With AFAS and RCEP, Indonesian consumers in Singapore can use Singaporean networks to perform such calls.

# Glossary



- **Commercial Presence** means any type of business or professional establishment, including through:
  - the constitution, acquisition, or maintenance of a juridical person; or
  - the creation or maintenance of a branch or a representative office, within the territory of a Party for the purpose of supplying a service
- **Competent authorities** mean those authorities within each Party recognised by the national government as responsible for developing and administering the sanitary and phytosanitary measures within that Party
- **Direct taxes** comprise all taxes on total income, on total capital or on elements of income or of capital, including taxes on gains from the alienation of property, taxes on estates, inheritances and gifts, and taxes on the total amounts of wages or salaries paid by businesses, as well as taxes on capital appreciation;
- **Foreign direct investment** means a category of cross-border investment in which an investor resident in one economy establishes a lasting interest in and a significant degree of influence over an enterprise resident in another economy.
- **GATS** means the General Agreement on trade in services
- **Investment** means every kind of asset investors by the investors of a party in accordance with the relevant laws, regulations, and policies of another party in the territory of the latter including, but not limited to, the following;
  - movable/immovable property;
  - shares, stocks, and debentures
  - IP rights;
  - business concessions required for conducting economic activities and having financial value conferred by law or under a contract;
  - claims to money or any contractual performance having financial value.
- **Investor** means a natural person of a Member State or a juridical person of a Member State that is making or has made an investment in the territory of any other Member State
- **Juridical person** means any legal entity duly constituted or otherwise organised under applicable law of a Member State, whether for profit or otherwise, and whether privately-owned or government-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or, association;

## Glossary

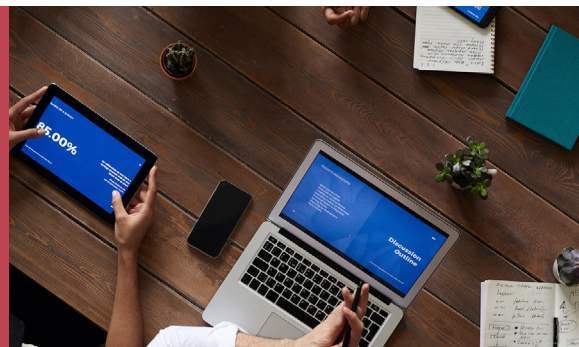
- **Measures** means any measure by a Member State, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form
- **Monopoly supplier of a service** means any person, public or private, which in the relevant market of the territory of a Member State is authorised or established formally or in effect by that Member State as the sole supplier of that service;
- **Most favored nation** means the principle of not discriminating between one's trading partners in the granting of any privileges consistent with the obligations under the WTO
- **Movement of Natural person** means the temporary presence of individuals in another country to supply services and is one of the four ways through which services can be supplied across international borders
- **Natural person** of another Member State means a natural person who under the law of that Member State:
  - is a national or citizen of that Member State; or
  - has the right of permanent residence in that Member State, where both that Member State and the Member State in which the person supplies services recognise permanent residents and accord substantially the same treatment to their respective permanent residents as they accord to their respective nationals in respect of measures affecting trade in services
- **Newer ASEAN member states** include Cambodia, Laos, Vietnam, and Myanmar.
- **Qualification requirements** mean substantive requirements that a service supplier is required to fulfil to obtain certification or licence.
- **Sanitary and phytosanitary measures procedures** mean the basic rules for food safety and animal and plant health standards.
- **Services** include any service in any sector except services supplied in the exercise of governmental authority
- **Service of another Party** means a service which is supplied;
  - from or in the territory of that other Party; or
  - in the case of the supply of a service through the commercial presence or through the presence of natural persons, by a service supplier of that other Party;
- **Service supplier** means any person that supplies a service
- **Small and medium enterprise** means any small and medium enterprise, including any micro-enterprise, and may be further defined, where applicable, in accordance with the respective laws, regulations, or national policies of each member states.
- **Supply of service** means the production, distribution, marketing, sale, and delivery of a service
- **Trade facilitation** means a specific set of measures that streamline and simplify the technical and legal procedures for products entering or leaving a country to be traded internationally.



## Glossary

- **Trade in services** means the supply of a service.
  - from the territory of one Party into the territory of any other Party;
  - in the territory of one Party to the service consumer of any other Party;
  - by a service supplier of one Party, through commercial presence in the territory of any other Party;
  - by a service supplier of one Party, through the presence of natural persons of a Party in the territory of any other Party.

# Resources



## ASEAN Trade in Services Agreement (ATISA)



Source	Information
<a href="https://asean.org/our-communities/economic-community/services/agreements/">https://asean.org/our-communities/economic-community/services/agreements/</a>	Website for ASEAN Trade in Service Agreement (ATISA)
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AFTA">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AFTA</a> and <a href="https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/04/Singapore-ratifies-the-ASEAN-Trade-in-Services-Agreement.pdf">https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/04/Singapore-ratifies-the-ASEAN-Trade-in-Services-Agreement.pdf</a>	Singapore Government website for ASEAN Free Trade Area
<a href="https://www.asean-competition.org/">https://www.asean-competition.org/</a>	ASEAN Competition
<a href="https://aseanip.org/">https://aseanip.org/</a>	ASEAN IP

## ASEAN Australia New Zealand Free Trade Area



Source	Information
<a href="https://aanzfta.asean.org/">https://aanzfta.asean.org/</a>	Website for ASEAN Australia New Zealand Free Trade Area
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AANZFTA">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AANZFTA</a>	Singapore Government website for ASEAN Australia New Zealand Free Trade Area
<a href="https://aanzfta.asean.org/publications">https://aanzfta.asean.org/publications</a>	Trade in Services Publications

## ASEAN-China Free Trade Area (ACFTA)



Source	Information
<a href="http://fta.mofcom.gov.cn/topic/chinaasean.shtml">http://fta.mofcom.gov.cn/topic/chinaasean.shtml</a>	China Government website for ASEAN China Free Trade Area
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/ACFTA">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/ACFTA</a>	Singapore Government website for ASEAN China Free Trade Area
<a href="http://www.asean-cn.org/">http://www.asean-cn.org/</a>	ASEAN China Free Trade Area Business Portal

## ASEAN-Hong Kong, China Free Trade Area (AHKFTA)



Source	Information
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AHKFTA">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AHKFTA</a>	Singapore Government website for ASEAN Hong Kong, China Free Trade Area
<a href="https://www.tid.gov.hk/english/ita/fta/hkasean/index.html">https://www.tid.gov.hk/english/ita/fta/hkasean/index.html</a>	Hong Kong Government website for ASEAN Hong Kong, China Free Trade Area

## ASEAN-India Free Trade Area (AIFTA)



Source	Information
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AIFTA">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AIFTA</a>	Singapore Government website for ASEAN India Free Trade Area
<a href="https://commerce.gov.in/international-trade/trade-agreements/india-asean-agreements/">https://commerce.gov.in/international-trade/trade-agreements/india-asean-agreements/</a>	India Government website for ASEAN India Free Trade Area
<a href="https://asean.org/asean-india-free-trade-area/">https://asean.org/asean-india-free-trade-area/</a>	ASEAN website for ASEAN India Free Trade Area



## ASEAN – Japan Comprehensive Economic Partnership (AJCEP)



Source	Information
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AJCEP">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/AJCEP</a>	Singapore Government website for ASEAN Japan Comprehensive Economic Partnership
<a href="https://www.mofa.go.jp/policy/economy/fta/asean.html">https://www.mofa.go.jp/policy/economy/fta/asean.html</a>	Japanese Government website for ASEAN Japan Comprehensive Economic Partnership
<a href="https://asean.org/our-communities/economic-community/integration-with-global-economy/asean-japan-economic-relation/">https://asean.org/our-communities/economic-community/integration-with-global-economy/asean-japan-economic-relation/</a>	ASEAN website for ASEAN Japan Comprehensive Economic Partnership

## ASEAN – Korea Free Trade Area (AKFTA)



Source	Information
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/asean---korea-free-trade-area">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/asean---korea-free-trade-area</a>	Singapore Government website for ASEAN Korea Free Trade Area
<a href="https://www.fta.go.kr/main/situation/kfta/lov5/asean/">https://www.fta.go.kr/main/situation/kfta/lov5/asean/</a>	South Korean Government website for ASEAN Korea Free Trade Area
<a href="https://asean.org/our-communities/economic-community/integration-with-global-economy/asean-korea-free-trade/">https://asean.org/our-communities/economic-community/integration-with-global-economy/asean-korea-free-trade/</a>	ASEAN website for ASEAN Korea Free Trade Area

## Regional Comprehensive Economic Partnership (RCEP)



Source	Information
<a href="https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/RCEP">https://www.enterprisesg.gov.sg/Grow-Your-Business/go-global/international-agreements/free-trade-agreements/find-an-fta/RCEP</a>	Singapore Government website for RCEP
<a href="https://rcepsec.org/">https://rcepsec.org/</a>	RCEP Website
<a href="https://asean.org/the-regional-comprehensive-economic-partnership-rcep/">https://asean.org/the-regional-comprehensive-economic-partnership-rcep/</a>	ASEAN website for RCEP

# Resources

## Additional Resources

Source	Information
<a href="https://asean.org/asean2020/wp-content/uploads/2020/12/ASEAN-Trade-in-Goods-Agreement.pdf">https://asean.org/asean2020/wp-content/uploads/2020/12/ASEAN-Trade-in-Goods-Agreement.pdf</a>	ATIGA
<a href="https://asean.org/wp-content/uploads/images/2015/October/outreach-document/Edited%20Tariff%20Liberalisation.pdf">https://asean.org/wp-content/uploads/images/2015/October/outreach-document/Edited%20Tariff%20Liberalisation.pdf</a>	Tariff Liberalisation
<a href="https://www.customs.gov.sg/files/businesses/ttsb-roo/Handbook%20on%20PCO%20December%202021.pdf">https://www.customs.gov.sg/files/businesses/ttsb-roo/Handbook%20on%20PCO%20December%202021.pdf</a>	Back-to-back, TPI, Accumulation
<a href="https://asean.org/wp-content/uploads/2021/09/ASEAN-wide-Self-Certification-Guidebook-web.pdf">https://asean.org/wp-content/uploads/2021/09/ASEAN-wide-Self-Certification-Guidebook-web.pdf</a>	ASEAN wide self-certification
<a href="https://asean.org/wp-content/uploads/2021/08/ASEAN-Framework-Agreement-on-Services-AFAS.pdf">https://asean.org/wp-content/uploads/2021/08/ASEAN-Framework-Agreement-on-Services-AFAS.pdf</a>	AFAS
<a href="https://investasean.asean.org/files/upload/ACIA%20guidebook%20Business.pdf">https://investasean.asean.org/files/upload/ACIA%20guidebook%20Business.pdf</a>	ACIA
<a href="#">ASEAN-plus-one Free Trade Agreements and their trade effects Munich Personal RePEc Archive (uni-muenchen.de)</a> <a href="https://www.mti.gov.sg/-/media/MTI/improving-trade/FTAs/All-you-need-to-know-about-SG-FTAs-and-DEAs.pdf">https://www.mti.gov.sg/-/media/MTI/improving-trade/FTAs/All-you-need-to-know-about-SG-FTAs-and-DEAs.pdf</a>	ASEAN plus one

# Annex: Significance of ASEAN for Singapore Businesses

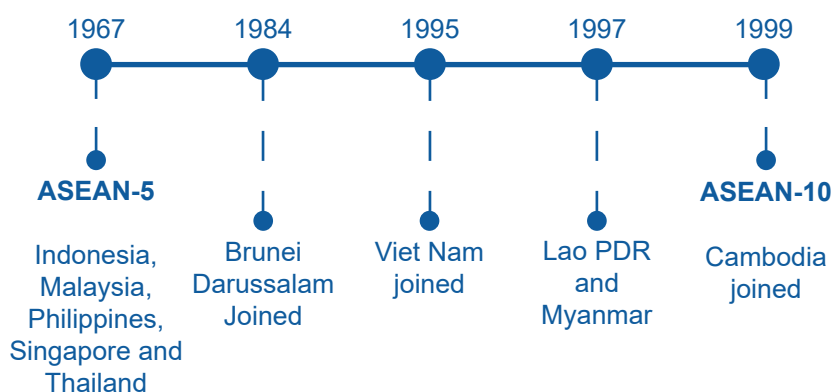


## ASEAN Market Overview

### Historical and potential growth

#### 1. Creation of ASEAN

The Association of Southeast Asian Nations, commonly known as ASEAN was formed on 8 August 1967.



Source: ASEAN Economic Progress, 50 years, 2017

As mentioned in the ASEAN Declaration of 1967 the goals and pillars of this associations are politic, economic, social, and cultural. The 1967 Declaration clearly expresses that its members aim to (among others) promote economic growth, social progress and cultural development while maintaining peace and stability in the region; and collaboration and assistance among the members; and ensure international collaboration with existing international and regional organisations. In 1976 the ASEAN member States signed the Treaty of Amity and Cooperation in Southeast Asia which contains the fundamental principle of the community, and notably the mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations and the principle of non-interference in the internal affairs of one another, which stirred up controversy in 2021 due to the political crisis in Myanmar. In 2008, the 10 members stepped their integration up a notch by ratifying the ASEAN Charter. The Charter provided legal status and institutional framework for ASEAN, but it also codified its norms, rules, and values, and draw up a plan for the establishment of the ASEAN Economic Community (AEC), the ASEAN Political-Security Community (APSC), and the ASEAN Socio-Cultural Community (ASCC).

## Annex: Significance of ASEAN for Singapore Businesses

	Population 2021 <i>thousands</i>	GDP 2021 <i>M US\$</i>	GDP per Capital in 2021 <i>US\$</i>	Human Dev. Index 2020 <i>1=best</i>	HDI Ranking <i>Total=184 countries</i>	Political Stability 2020 <i>2.5=good; -2.5=bad</i>	Political Stability Ranking <i>Total=194 countries</i>	Ease of Doing Business 2019 <i>Total=190 countries</i>
INDONESIA	276,362	1,186,093	4,291.80	0.718	105	-0.5	135	73
PHILIPPINES	111,047	394,086.42	3,548.80	0.718	106	-0.79	155	95
THAILAND	69,951	505,981.66	7,233.40	0.777	77	-0.62	143	21
MALAYSIA	32,776	372,701.36	11,371.10	0.81	61	0.12	88	12
SINGAPORE	5,454	396,986.90	72,794	0.938	12	1.47	4	2
VIETNAM	98,169	362,637.52	3,694.00	0.704	114	-0.07	101	70
BRUNEI	442	14,006.57	31,722.70	0.829	51	1.12	15	66
MYANMAR	54,806	65,067.81	1,187.20	0.585	149	NO DATA	NO DATA	165
LAO PDR	7,379	18,827.15	2,551.30	0.607	140	0.68	55	154
CAMBODIA	16,946	26,961.06	1,591.00	0.593	146	-0.24	109	144

Source: World Bank 2021 (Population, GDP, GDP per Capita), United Nations Development Programme 2020 (HDI), the Global Economy 2020 (Political Stability), World Bank 2019 (Ease of Doing Business)

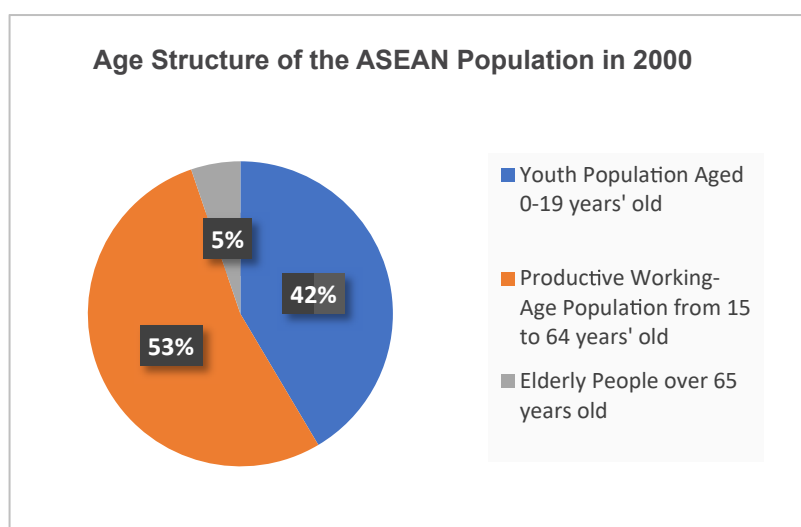
### 2. A Large Market with a Favorable Demographics

When ASEAN was created in 1967, there were 185,000 people living in the region. In 2020, the ASEAN population was 661.8 million (an average increase of 1.3% per year since 1980) and it now has the third-largest population in the world, after China and India. More than a third of ASEAN's total population is living in Indonesia and the most densely populated country is Singapore with 7,923 people per sq km. It is estimated that in 2030 the total ASEAN population will reach 723 million.

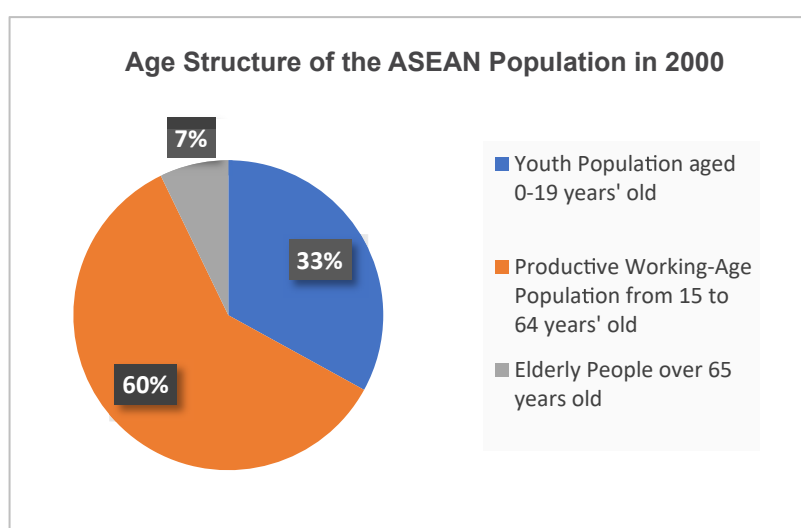
#### a. The on-going demographic transition

There have been significant changes to ASEAN population over the last decades and the demographic shift varies between countries. The ASEAN population is currently dominated by the working-age group which accounted for 60% of the region's total population in 2020. Since 2000, the region is witnessing a decrease in its youth population, and an increase in the elderly population. A 2020 study published by Yusof Ishak Institute highlighted that the population of East and Southeast Asia has been ageing rapidly and will begin to decline ahead of other regions by 2040.

## Annex: Significance of ASEAN for Singapore Businesses



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat

All countries are experiencing a decline in their total fertility rate and each new generation will be less populous than the previous. As mortality rates decline, the supply of labour will continue to increase and the aging population will drive the need for reliable medical care and facilities.

### b. A strong workforce

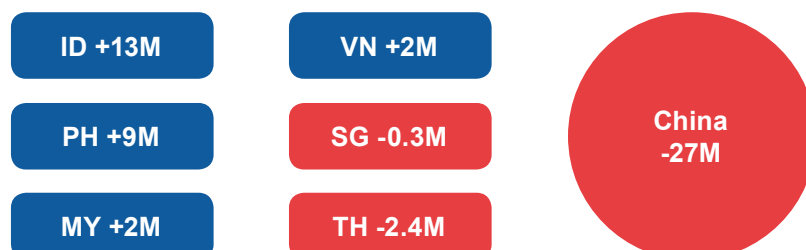
With ASEAN having the 3rd largest labour force in the world (10% compared to China's 23% and India's 14%) in 2021, all ASEAN countries, except Singapore and Thailand, had an increasing share of working age population, potentially contributing to poverty reduction and economic growth.

## Annex: Significance of ASEAN for Singapore Businesses

By 2030, the working population is estimated to grow by 23 million. The below table shows how Indonesia is set to lead this trend with its working population to increase by 13 million, followed by the Philippines at 9 million. In comparison, China's working population is expected to decline by 27 million.

### Southeast Asia's working age population set to rise

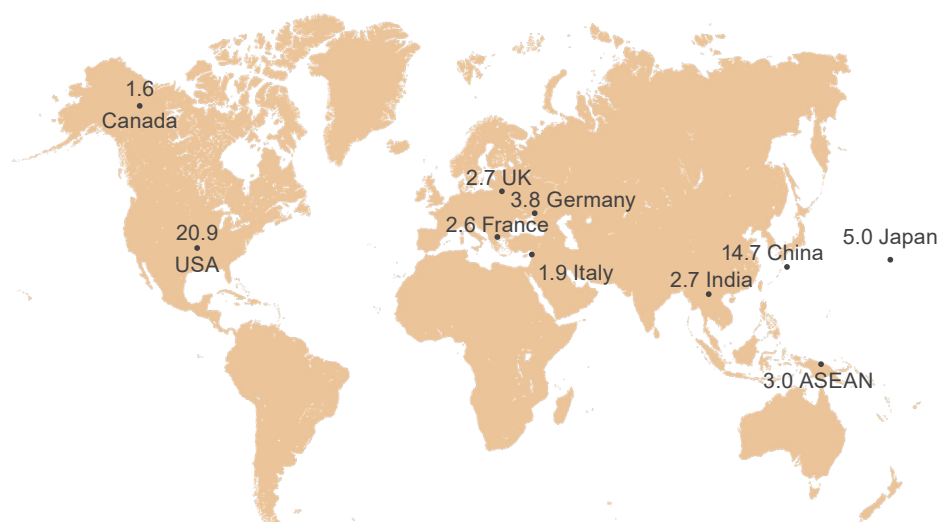
Addition to working age population (aged 15-64 years old), 2022-2030



Source: Southeast Asia's digital consumers: a new stage of evolution, September 2022, Meta, Bain & Company

### 3. The World's Fourth-Largest Economy by 2030

Despite a decline in 2019 due to the worldwide pandemic, ASEAN is the fifth largest economy in the world, with a GDP of US\$ 3 trillion in 2020. ASEAN is positioned after Germany (US\$ 3.8 trillion), Japan (US\$ 5 trillion), China (US\$14.7 trillion) and the United States (US\$ 20.9 trillion). The World Economic Forum forecasts that ASEAN is on track to become the world's fourth-largest economy by 2030. The below graph details the top 10 largest economies in the world in 2020.



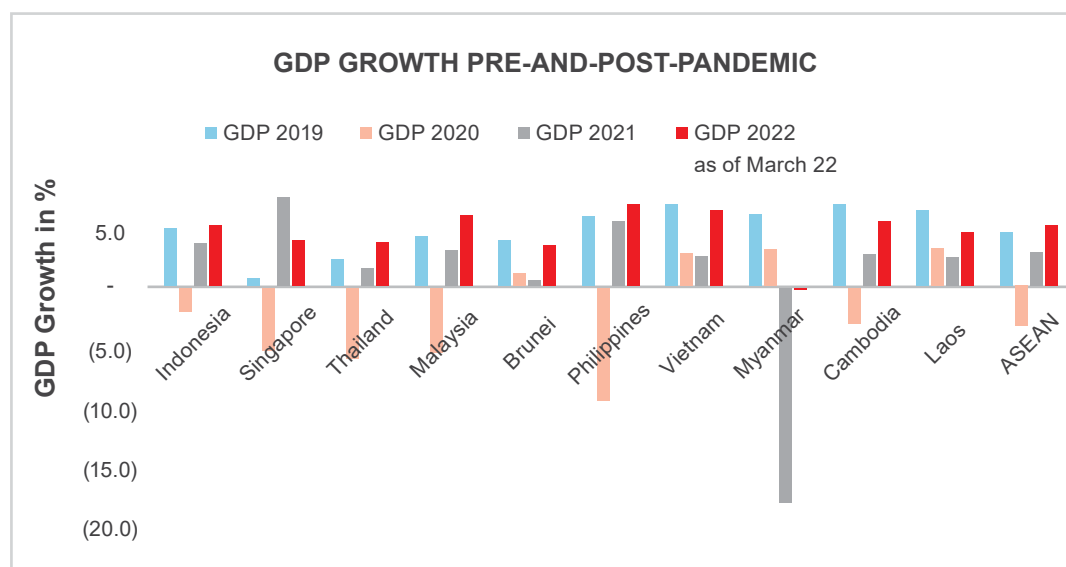
Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat



## Annex: Significance of ASEAN for Singapore Businesses

### 3. The World's Fourth-Largest Economy by 2030

When comparing the GDP growth pre-and post-pandemic the consequential damages of the COVID-19 pandemic to ASEAN's economies are blatant. In 2020, the economy of the Philippines experienced the largest contraction (-9.6% as per the ASEAN Secretariat) and on average, the ASEAN economies declined by 3.3%. The Asian Development Bank (ADB) found that 9.3 million jobs were cut in ASEAN in 2021 and 4.7 million people were pushed into extreme poverty – which is defined by the United Nations as living on less than US\$ 1.90 a day.



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat (2019, 2020) and OECD Library (2021, 2022)

ASEAN countries responded swiftly to the pandemic by adopting the ASEAN Comprehensive Recovery Framework in 2020 and its Implementation Plan as an exit strategy from the COVID-19 crisis. The ASEAN Comprehensive Recovery Framework set up 5 strategies:

- The 1st one is to enhance health systems (by maintaining and strengthening essential health services for example or enhance capacity of human resources for health).
- The 2nd strategy set by the ASEAN Comprehensive Recovery Framework is to strengthen human security (by further strengthening and broadening of social protection and social welfare or ensuring food security and safety and nutrition for instance).
- The 3rd strategy is to maximise the potential of intra-ASEAN market and broader economic integration (by keeping markets open for trade and investment for example and enhancing public and private partnerships for regional connectivity).
- The 4th strategy is to accelerate digital transformation (by promoting eCommerce, the digital economy, eGovernment and e-services for instance or promoting ICT in education).
- Finally, the 5th strategy is to advance towards a more sustainable and resilient future (by building green infrastructure and addressing basic infrastructure gaps among others or promoting high-value industries, sustainability, and productivity in agriculture).

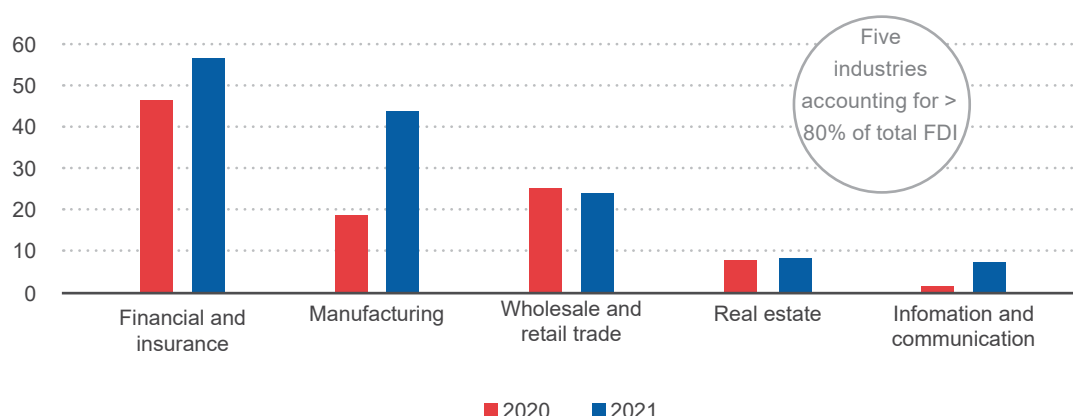
This Framework brings opportunities for Singapore businesses looking to expand in ASEAN in the provision of education services (especially in health education or ICT), healthcare, digital services or operating in the green industry, agrobusiness, or construction industry.

## Annex: Significance of ASEAN for Singapore Businesses

After COVID-19 restrictions were lifted, Indonesia, Philippines, Thailand, Malaysia, Singapore, and Vietnam experienced a boost in 2021 and Indonesia, with its GDP of US\$ 1,186,093 million was the biggest economy in the region. Figures for 2022 are almost back to pre-pandemic levels, and according to the World Bank, the Philippines, Malaysia, Vietnam, and Indonesia will be experiencing the largest growth. As of March 2022, as per the OECD, the Philippines (+7%) and Vietnam (+6.5%) were the two economies experiencing the strongest rebound. In the same period, the average GDP growth for ASEAN members was 5.2% and Germany at only 1.8%.

### 4. A Top recipient of FDI

In 2021, inflows of foreign direct (FDI) in ASEAN increased by 42% to US\$ 174 billion, at pre-pandemic record levels. ASEAN remained a top recipient of FDI in developing regions (second after China in 2021) and there were several factors which led to recovery. As per the ASEAN Investment Report (AIR) 2022, these factors include rising investment across different modalities, a strong rebound in manufacturing, corporate investment strategies focusing on capacity expansion to bolster supply chains and for the post-pandemic recovery, significant investment from key source countries and investment in infrastructure-related activities, including in the digital economy. The below graph details the FDI by industry and compares 2020 to 2021:



Source: ASEAN Investment Report 2022 – Pandemic Recovery and Investment Facilitation, ASEAN Secretariat

As shown above, strong investment in manufacturing, finance, and services industries (with finance remained the largest FDI recipient industry) played a key role in 2021 along with the booming digital economy, the active FinTech industry, and the industry 4.0 activities. Investment in manufacturing and infrastructure-related activities rose by 134% in 2021 to US\$ 45 billion, in electric vehicles (EVs), electronics, biomedical and pharmaceuticals industries. In the next few years, key industries like semiconductor, electric vehicles (EVs), electronics and the digital economy have the potential to drive continued FDI growth. As per the AIR2022, greenfield investment in electronics and electrical equipment quadrupled to \$33 billion in 2021, increasing the share of these two industries from 12.4% in 2020 to a total value of 52%.

In 2021, 5 countries contributed to more than 55% to total FDI inflows in ASEAN. The US is the top investor in the region and investment rose to US\$ 40 billion (+41% year-on-year), mainly in banking and finance, electronics, biomedical and pharmaceutical industries. Intra-ASEAN investment is second even though it fell by US\$ 2 billion (-9% compared to 2020). Intra-ASEAN flows remained high with US\$ 21 billion, and investments mainly oriented towards the manufacturing industry. As per AIR2022, FDI from China increased to almost US\$ 14 billion in 2021 (+96% compared to 2020), mostly in manufacturing, EV-related activities, digital economy, infrastructure, and real estate.

















# Annex: Significance of ASEAN for Singapore Businesses

## ASEAN Trade in Service Agreement (ATISA)

### Growth driver will play out differently based on different factors

A 2020 study done by World Economic Forum pointed-out the growth drivers for the ASEAN members as follows:

#### Growth drivers

		Increasing working population	Rising disposable income	Tier 2 city growth	High value-added services	Exports	Domestic vs exports (2018)	Main export categories	Potential emerging focus
Developed			✓		✓			Electronics, machinery	Fintech, agritech, advanced manufacturing
			✓		✓	✓		Electronics, machinery	Public infrastructure, logistics, e-commerce
								Electronics, oil and gas	Robotics, biotech, aerospace, tourism
Emerging		✓	✓	✓				Oil and gas, palm oil	Tourism, infrastructure and property development
		✓	✓	✓				Semi-conductors	Manufacturing, public infrastructure
		✓	✓	✓				Electronics, textiles	E-commerce, edtech, modern agribusiness
Frontier	<div>            Opportunistic investments from north Asia         </div> <div>            China is largest foreign investor to Laos, second-largest trade partner         </div> <div>            China to mitigate Cambodia's losses from potential EU sanctions         </div> <div>            65 of 113 foreign invested projects in Yangon are funded by China         </div>								

Source: Future of Consumption in Fast-Growth Consumer Markets: ASEAN, World Economic Forum, June 2020

As there is a wide disparity in the levels and speed of development in ASEAN, as well as political, regulatory maturity and openness to foreign investment, growth drivers will play out differently based on different factors, such as demographics and other macro factors. For example, as per the World Economic Forum, Indonesia will benefit from a large domestic consumer class with rising disposable income levels and growth in Tier-2 cities such as Surabaya, Semarang, Makassar, and Bandung.

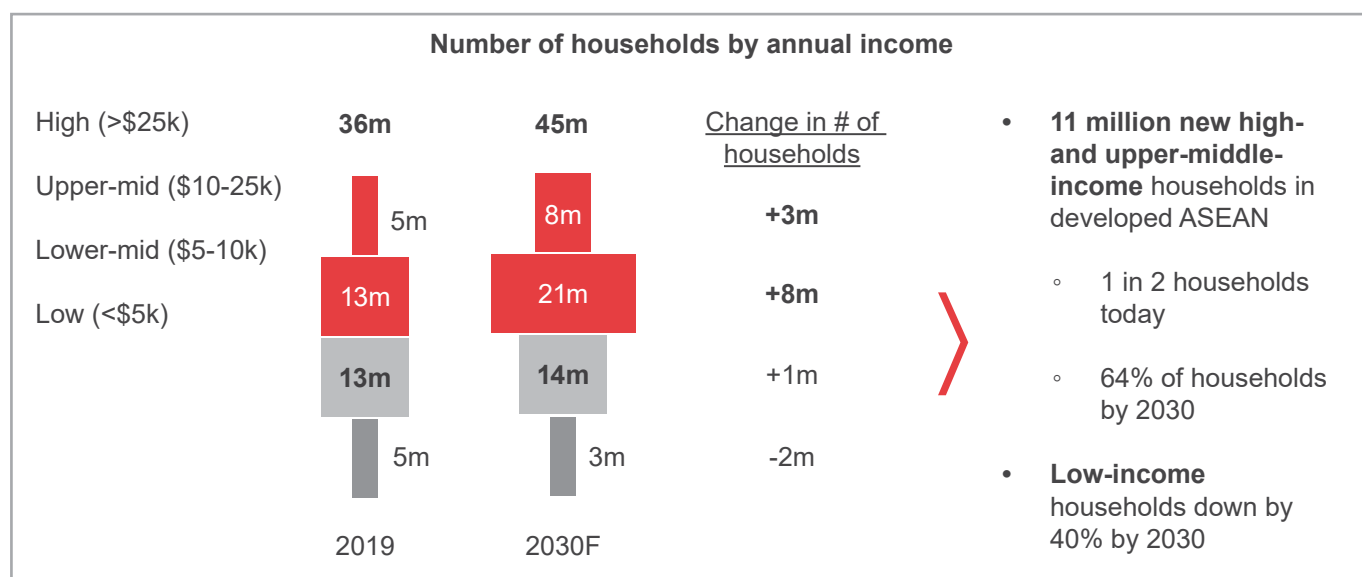
### A Booming Middle-Class Powering Consumption

ASEAN GDP per capita in 2020 was 37 times higher than in 1967. Some countries, such as Singapore, recorded the highest value while others, like Vietnam, has grown at an exciting pace. The GDP per capita across ASEAN will grow overall by 4% per year to each US\$ 6,600 in 2030.

The economies of the Philippines, Indonesia (which represents the largest consumer opportunity as it will represent one third of ASEAN's consumption by 2030), and Vietnam will be driven by the middle class. The World Economic Forum estimates that the ASEAN's middle-class will explode in 2030 and – take up 67% of the region's total population.

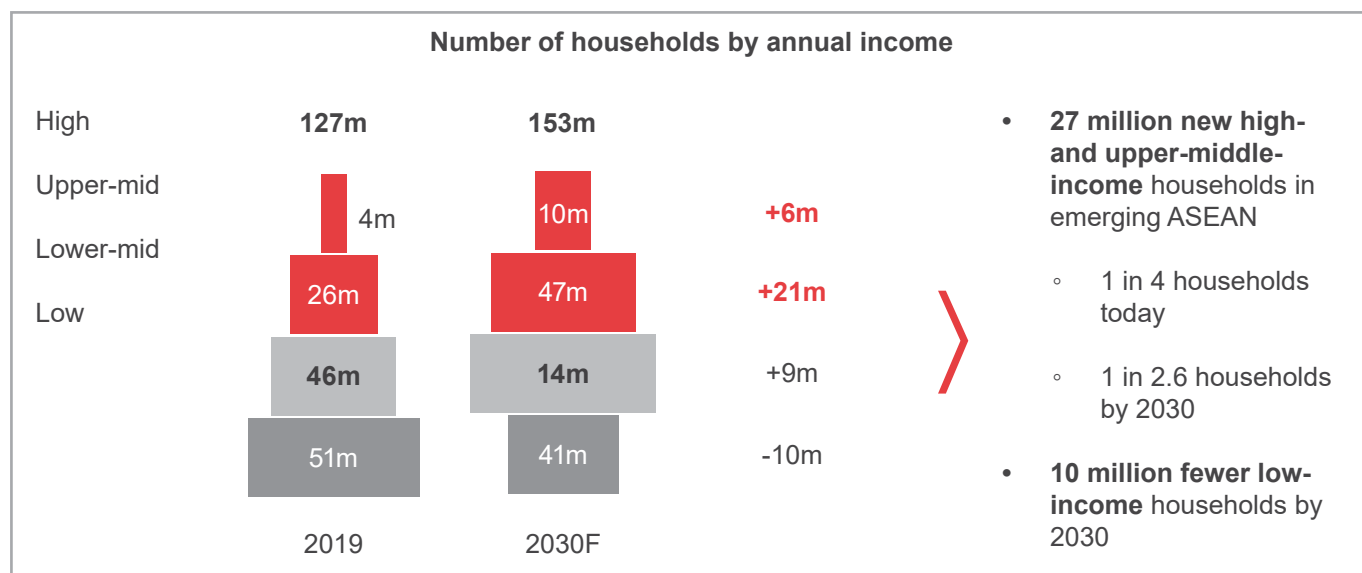
## Annex: Significance of ASEAN for Singapore Businesses

By 2030 ASEAN will contribute 140 million new consumers, representing 16% of the world's new consumer class. The graph below details the number of household income profiles for developed ASEAN nations, i.e., Singapore, Malaysia, Thailand. In 2030, there will be 11 million new high-and-upper-middle income households in Singapore, Malaysia, or Thailand.



Source: Future of Consumption in Fast-Growth Consumer Markets: ASEAN, June 2020, a report by the World Economic Forum in collaboration with Bain & Company

While the graph below details the number of household income profiles for emerging ASEAN nations, i.e., Indonesia, the Philippines and Vietnam. By 2030, 1 in 2.6 new high-and upper-middle-income households will be in either of these three countries.



Source: Future of Consumption in Fast-Growth Consumer Markets: ASEAN, June 2020, a report by the World Economic Forum in collaboration with Bain & Company

It is expected that in 2030, the number of high and upper-mid household will nearly double from 30 million to 57 million in Indonesia, the Philippines and Vietnam.

As a result of the expansion of the middle-class, total consumption will double across the region. The World Economic Forum estimated that ASEAN consumption will reach nearly US\$ 4.5 trillion by 2030 (1.4x than 2022). ASEAN consumers will spend more on food

## Annex: Significance of ASEAN for Singapore Businesses

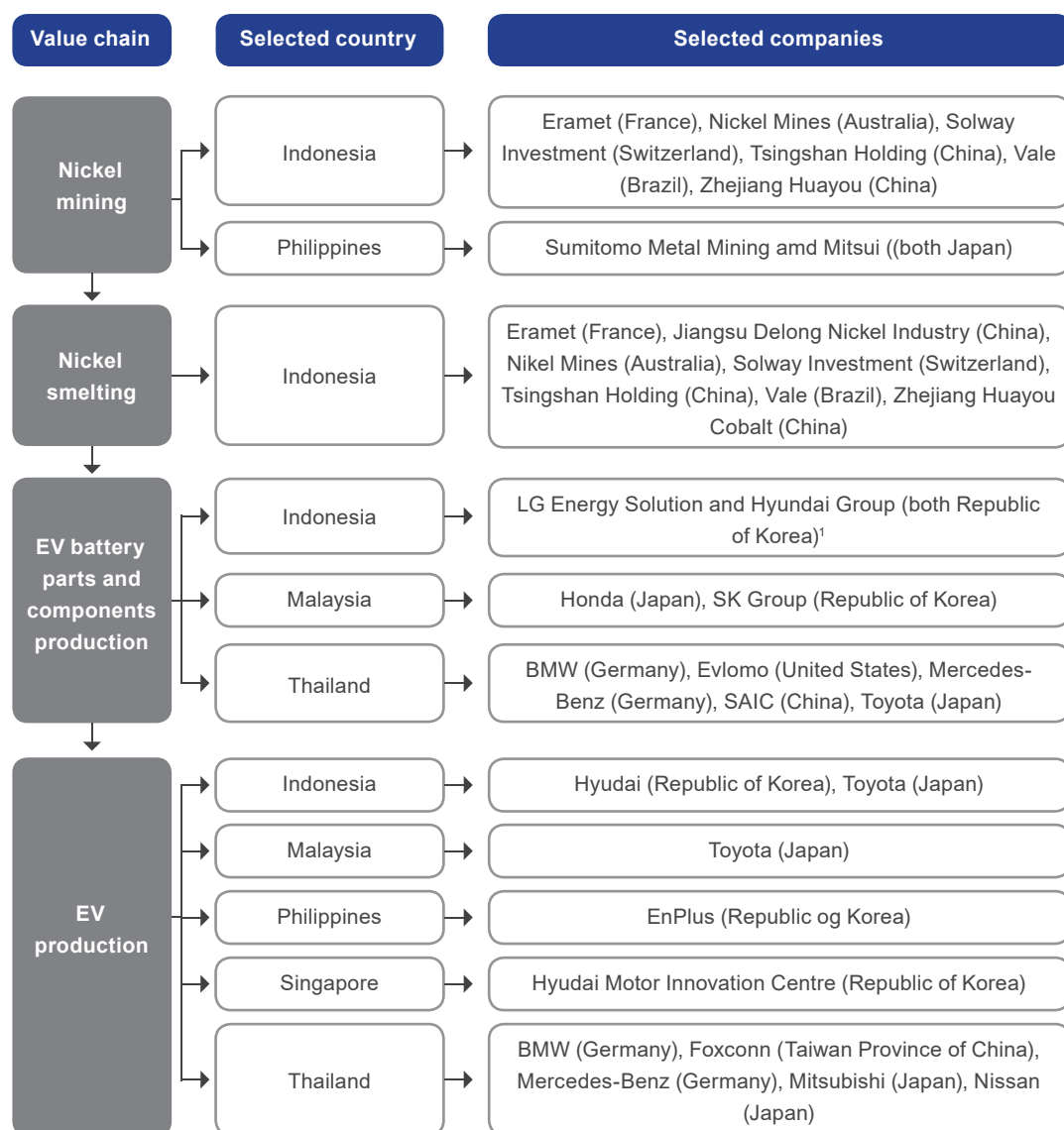
and beverage (F&B): 30% of ASEAN consumption will be directed towards F&B spending and in Vietnam and the Philippines, F&B spending will represent 40% of consumption. Electronics, education, and transport are expected to experience a 7%-8% growth per year. Additionally, ASEAN consumers will shift towards premium purchases but continue to be value conscious, likely due to rising prices. The World Economic Forum highlighted that due to the pandemic, consumer behaviour has changed in non-reversible ways. It forecasts that in the post-recovery future, categories such as healthy snacks, food delivery and hand sanitizers are likely to be highly in demand.

### 1. EV Industry

ASEAN, especially Thailand, Indonesia, and Vietnam hope to become the next EV hub. There has been a significant increase recently in investment in the EV value chain. ASEAN countries are taking notable steps to establish their domestic industries as an essential part of the EV ecosystem by developing materials that support supply chain resilience and implementing economic policies to facilitate domestic adoption. The International Renewable Energy Agency estimates that by 2025, 20% of all vehicles will be electric and a study by Tech Wire Asia in 2021 estimates that the market for EV batteries in the Indo-Pacific will surpass US\$ 90 billion by 2028.

The EV value chain includes different activities from nickel mining and smelting to battery production, EV production, and R&D activities. All the top 10 manufacturers have presence in ASEAN, such as Tesla, BMW, Hyundai, and Toyota and newcomers, such as VinFast in Vietnam, are entering the market thus posing a challenge to the traditional automotive manufacturers and, in some cases, operating in partnership with them to manufacture EVs or invest in EV charging stations. As shown in the below graph, FDI in ASEAN is poured throughout the whole EV value chain: investment is connecting the countries and companies with production processes reinforcing regional production networks and the automotive ecosystem.

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Source: ASEAN Investment Report 2022 – Pandemic Recovery and Investment Facilitation, ASEAN Secretariat

The global EV battery market is dominated by 10 multinational businesses (accounting for 94% of the global market in 2021) and 9 of them are present in ASEAN with headquarters in Asia. The region has huge raw material resources and even though around 75% of all lithium-ion batteries and 50% of battery refining materials currently come from China, 79% of the nickel global reserves are located in two ASEAN member states (Indonesia and the Philippines), with 27% of reserves as per the ASEAN Secretariat.

Indonesia also has the world's largest deposits of nickel, tin, and copper, and thus is well-positioned to become an epicentre for battery production. For example, LG Energy Solution and Hyundai Motors began construction on an EV battery plant in Indonesia aiming for mass production of battery cells in 2024. Vietnam is also a prime location for battery location as it has vast reserves of nickel. In December 2021, Vietnam's largest private conglomerate Vinfast started the construction of a facility to produce 100,000 EV batteries annually for sale and use in its own vehicles. Malaysia has also potential: in June 2022 Malaysia's Hong Seng Consolidated Berhad and EoCell signed a memorandum of understanding (MoU) to develop a regional EV battery manufacturing hub in the country. ASEAN countries are scaling up production for export. Indonesia aims to export 200,000 EVs by 2025, comprising almost 20% of all its car exports. VinFast has an EV manufacturing facility in Vietnam with the capacity to build 950,000 EVs annually and is targeting the world's second largest automotive market, United States: the conglomerate will create a US\$ 2 billion manufacturing



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center in North Carolina and invest US\$ 200 million to establish a US headquarters in Los Angeles. Foreign investment and domestic adoption are pushed by ASEAN governments: many ASEAN countries have incorporated into their economic and sustainable development goals greater EV adoption and manufacturing. In February 2022, the Thai Government has announced a reduction of the excise tax from 8% to 2% till 2026 to make electric battery vehicles more affordable. The customs duty incentives range from a reduced import duty rate of 40% (from 80%) to a full exemption.

In addition, the manufacturing of battery electric vehicles and motorcycles are also subject to foreign investment incentives and can benefit from tax-related incentives (such as income tax reduction) and non-tax incentives (like visa and work permit facilitation for foreigners). Singapore is also implementing similar incentives as the government distributed around US\$ 31 million in rebates in 2021 to lower upfront costs of purchasing EVs, resulting in an increase of EV registrations from 0.2% in 2020 to 4.4% in 2021.

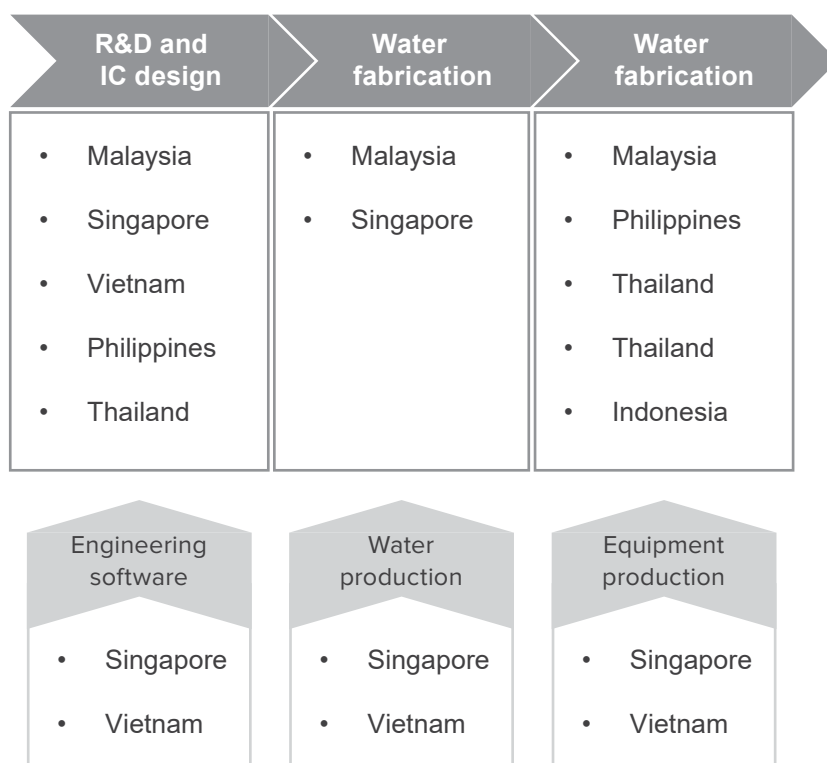
Nonetheless, the EV industry is facing two substantial challenges in ASEAN: the reliance of the electricity grid on fossil fuels and the lack of charging networks. The limited charging network offers investment opportunities, and some ASEAN states are encouraging investment. For example, Malaysia plans to build 25,000 public charging points and 100,000 private charging points by 2030.

### 2. The semi-conductor industry

With the COVID-19 pandemic, the world has adjusted to remote working and shifted online, fuelling the demand for semiconductors, chips, connectivity, data bases and analytics. Governments across the world are increasingly cognizant that the semiconductor and chip sectors are strategic, which is leading to market interventions, industry protection, subsidies, and trade disputes. To illustrate this, the American Congress has passed the CHIPS Act in July 2022 to strengthen domestic semiconductor manufacturing, design and research and reinforce the supply chain. As per EY in 2022, the industry is witnessing an unprecedented level of segmentation and trends pointing toward structurally higher semiconductor demand. Indeed, the demand is no longer drive by a single application but by a multitude of applications and end markets including cloud, servers, internet of things, 5G, automotive and AI.

## Annex: Significance of ASEAN for Singapore Businesses

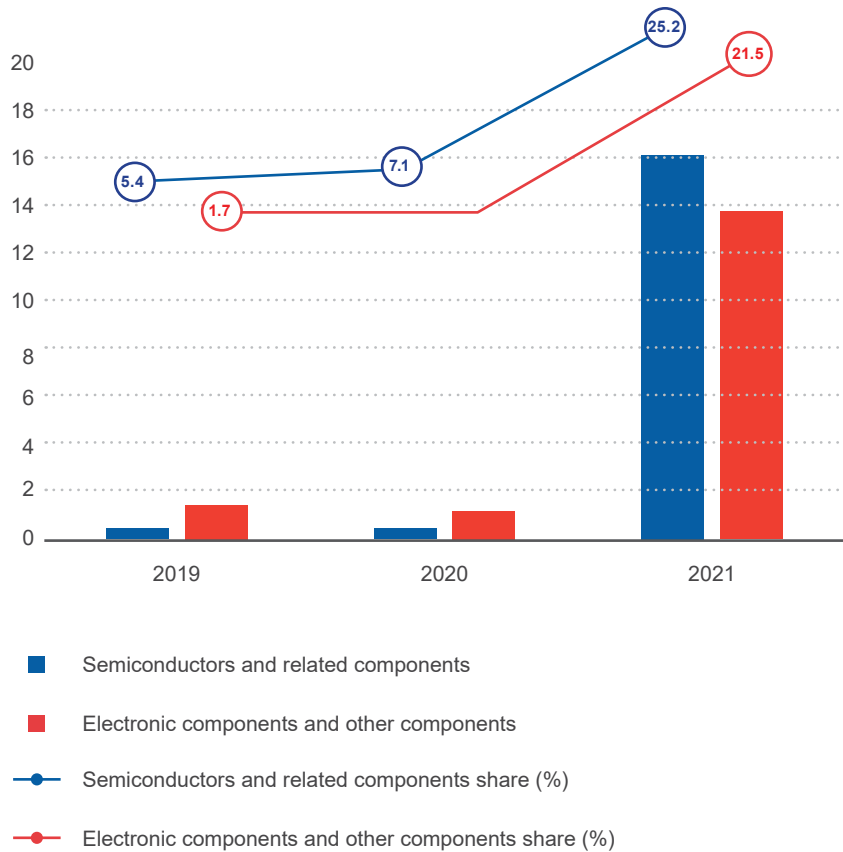
Since the 1970s, ASEAN is home to chip production, thus, the region is now well positioned as an established and diverse semiconductor ecosystem and its governments support investment in the semiconductor industry. In 2021, five ASEAN nations (Malaysia, Singapore, Vietnam, Thailand, and the Philippines) were in the world's top 15 semiconductor exporters while ASEAN is the second-largest semiconductor exporter in the world, controlling 22.5% of the shares of the world's exports as per EY. The spread of specialization and diversification across ASEAN shows that the region has strength in the EV value chain:



Source: When the chips are down, ASEAN could be the answer to the semiconductor crunch, EY, February 2022

In 2021, greenfield investment in semiconductors and other electronic components rose significantly as shown in the graph below. The share of semiconductors in total greenfield investment rose from 7.1% in 2020 to 25.2% in 2021 while the share of electronic components grew exponentially: it represented less than 2% in 2020 while it was 21.5% in 2021 as per AIR2022. The global shortage (which is anticipated to persist through 2024 as per Intel), along with supply chain disruptions aggravated by the pandemic and China's stringent zero-covid policy has forced electronics multinational enterprises (MNEs) to shore up production capacity in the region. As per the AIR, many MNEs further expanded in Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

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Source: ASEAN Investment Report 2022 – Pandemic Recovery and Investment Facilitation, ASEAN Secretariat

20 global semiconductor MNEs have a presence in ASEAN: these MNEs have established many business functions such as manufacturing, testing, regional HQs, R&D centres, sales, and distribution in ASEAN.

The segmentation of the industry, along with current trends are pointing towards higher semiconductor demand. Indeed, the rise of 5G, the growing EV industry, and next-generation technologies promises to sustain heavy chip demand for years to come. As per a report by EY in 2022, technology trends will drive R&D expenditure such as new materials, innovative manufacturing processes for increasingly complex chip design, advanced integrated circuit, 5G, etc. As a result of the above, the ASEAN semiconductor market is projected to grow from US\$ 27.64 billion in 2021 to US\$ 41.88 billion in 2028, at a compound annual growth rate (CAGR) of 6.1% during the 2021-2028 period.

For example, Indonesia has been making electronics as one on its five-priority sector as part of the Making Indonesia 4.0 roadmap. As per EY, the sector represented an export value of US\$ 9.2 billion in 2020 and the country has attracted foreign direct investment in excess of US\$ 3.3 billion from 2010 to 2020. The semiconductor industry has been recognized as a priority industry eligible for tax incentives by the Government. In addition, there are 19 Special Economic Zones (such as the Batam's free trade zone for example where numerous assembly and packaging operations for foreign-headquartered semiconductor and electronic component manufacturers are established) where eligible business activities can benefit from tax, customs, and excise exemptions as well as immigration and business licensing flexibilities. Indonesia is also the largest automotive market and 2nd-largest production hub in ASEAN, fuelling domestic demand for electronic components. On the other hand, Malaysia's share of global semiconductor exports was estimated at 6.3% in 2020, which positions the country as the 6th world's largest exporter in semiconductor.

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The Government is also supporting and fostering a pro-business environment through a robust legal system (including intellectual property protection) and globally competitive labour costs. As per EY, the country's mature semiconductor sector features activities across the supply chain from IC design to materials and equipment manufacturing.

### 3. Health services

The life expectancy in ASEAN has increased 11 years since 1980 to reach 72.2 years in 2020. It will stimulate the demand for health services and challenge healthcare providers to equip themselves with resources and skills for elderly care. It is estimated that by 2025, the elderly (i.e., seniors aged 65 or older) will represent 10% of the Asian population, or 456 million people. Asia is primed for rapid healthcare change, driven by shifting demographics, rising consumer expectations, technological innovations, and limited legacy health infrastructure. In many ASEAN countries, focus has shifted to treating chronic diseases (such as diabetes and cardiovascular diseases caused by sedentary lifestyles) and injuries, which are now the top death causes.

The World Health Organisation estimates that ASEAN spends close to 4.5% of its GDP on healthcare (compared with the OECD average of 12%), with an average total healthcare expenditure per capita of US\$ 544. Singapore is at the top of the list with a total of US\$ 2,700 expenditure per capita, followed by Brunei US\$ 1,449. While Singapore is a regional hub for medical services and medical technology research, the health gaps in many other ASEAN countries are prominent. Indeed, ASEAN countries fall short of the global average on the number of doctors per capita except for Brunei, Singapore, and Malaysia; and all ASEAN members have figures lower than the world average for hospital bed density.

As per the World Bank there was an average 1.8 physicians per 1,000 population globally in 2017 while only 0.6 physicians per 1,000 population in the Philippines; the world's average of hospital beds per 1,000 people was 2.9 with only 1 in Indonesia. These statistics highlight the significant gap in medical services in the region, while economic growth has stirred greater demand for quality and innovative healthcare services. Major markets such as Indonesia and the Philippines have succeeded in implementing their national insurance programs. Indonesia's programmes now cover more than 180 million people and are considered the largest in the world.

The enhancement of digital health was designated as one of the main public service priorities in the ASEAN Digital Master Plan 2025. A McKinsey & Company 2021 study estimates digital health in Asia (and not only in ASEAN) could create up to US\$ 100 billion in value by 2025, with a compound annual growth rate of 22% in average from 2020 to 2025.

## Annex: Significance of ASEAN for Singapore Businesses

Consumer-centric digital health value pools in Asia are expected to grow by 22 percent per annum through 2025

Over 75 percent of value in 2025 driven by digitalization of care delivery

Category	Value pool	Example technologies	Market size in Asia, estimated		
			Market size 2020, \$ billion	Market size 2025, \$ billion	CAGR 2020-25, %
Wellness and disease prevention	Improve wellness and prevent disease	Wearables activity trackers, fitness	2.3	6.6	23
Screening and diagnosis	Intercept disease through screening	Genomics, other omics	3.5	11.7	28
	Identify the right patient	Digital diagnostics, AI imaging	1.6	3.6	18
Care delivery	Provide more effective therapies	CDM, digital therapies (CDS, cognitive games)	6.1	7.6	4
	Provide remote patient support	Telemedicine remote monitoring	16.8	37.1	17
	Supply therapies to patients	Digital pharmacies	7.1	33.8	37
Total			37.4	100.4	21 (average)

Source: the future of healthcare in Asia: Digital health ecosystems, McKinsey & Company 2021

There is a significant opportunity in technological innovation and digital health services. Venture capital and private equity investments in digital health in Asia have grown at 38 % CAGR from 2015 to 2020. As of 2020, Asia comprises 44% of global venture capital/private equity investments in digital health—\$6 billion of \$14 billion. In the current market, there are a few competing digital health platforms in one country and many of them were created by (or with the support of) key players in the field such as insurance companies, medical institutions, and telecommunication companies as shown in the table below:

Country	Singapore	Indonesia	Malaysia	The Philippines	Thailand	Vietnam
Key digital health platforms	MyDoc	Aldokter	DoctorOnCall	Medgate Philippines	DoctorRaksa	Viettel
	DoctorAnywhere	Halodoc	Speedoc	Healthnow	DoctorAnywhere	Telehealth
	WhiteCoat		DoctorAnywhere	SeeYouDoc		DoctorAnywhere
						VieVie
						Healthcare

Source: HKTDC Research, 2021

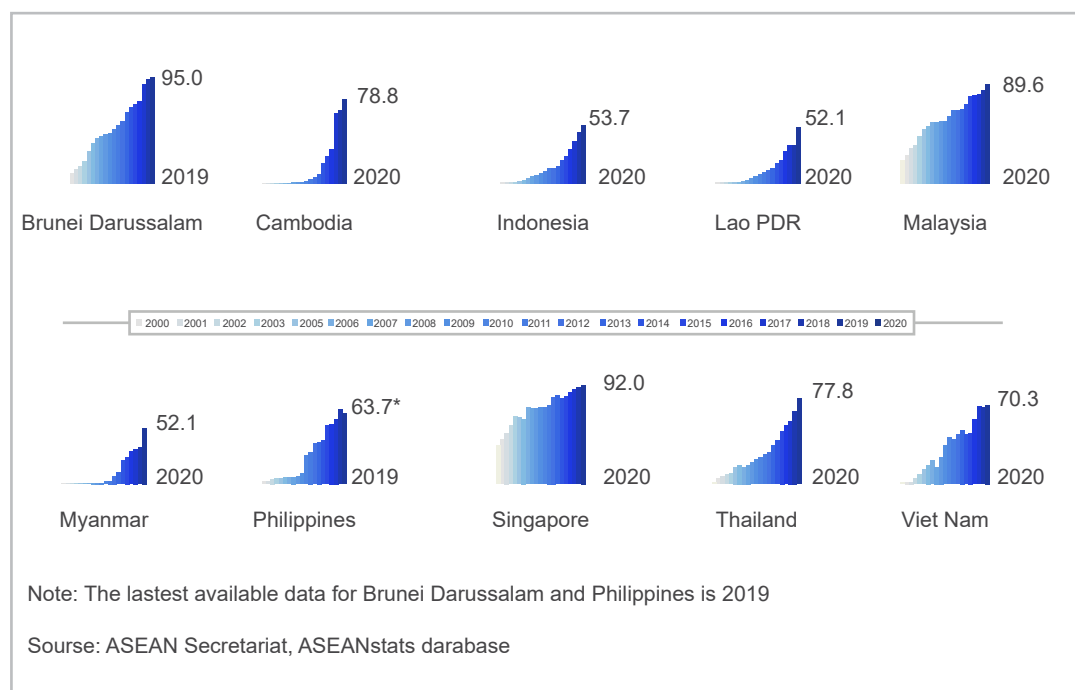
## Annex: Significance of ASEAN for Singapore Businesses

Medical tourism provides a major source of income for private hospitals, accounting for at least a third of private hospitals' revenue in most ASEAN countries. As per a global industry analysis, the global medical tourism market is predicated to accrue earnings worth US\$ 272.70 billion by 2027, growing at a compound annual growth rate of around 12.7% between 2020 and 2027. Singapore, Malaysia, and Thailand are attractive as they had a combined of around 80 Joint Commission International (JCI) accredited healthcare centres. The JCI accredits only international hospitals and medical facilities that demonstrate excellent quality of patient care and safety. ASEAN healthcare facilities regularly feature in the annual list of the world's best hospitals for medical tourists by the Medical Travel Quality Alliance (MTQUA), an international body which promotes quality medical tourism.

In 2019, three ASEAN hospitals were in the top 10: the Bangkok's Samitivej Hospital ranked 5th, the Kuala Lumpur's Prince Court Medical Center was 6th and Singapore's Gleneagles Hospital ranked 8th. The Philippines and Vietnam are two growing markets for medical tourism. For example, the Philippines attracted between 80,000 and 250,000 medical tourists in 2016 (ASEAN Post, 2022). The country is hoping to attract 200,000 foreign patients annually and has recently accredited 44 hospitals and health facilities for medical tourism.

### 4. Digital Economy

Lockdown and social distancing procedures forced many to adapt their daily routines to online conference, online shopping, and online education. In 2020, the total number of internet subscribers in ASEAN reached 62.9 per 100 population, almost 3.5 times compared to 2010. The graph below details the evolution of the number of internet users per 100 people from 2000 to 2020:



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat

ASEAN is becoming a vibrant emerging market with 370.7 million internet users in Southeast Asia and it is the second fastest growing market in the world (Insider Intelligence). Smartphones are critical to online activities, and Insider Intelligence estimates that 88% of internet users in the region will be smartphone users in 2022. As per Vietnam Insider in 2022, digital revenue in the region could reach US\$ 363 billion by 2025 and there are several opportunities for Singapore businesses to seize:

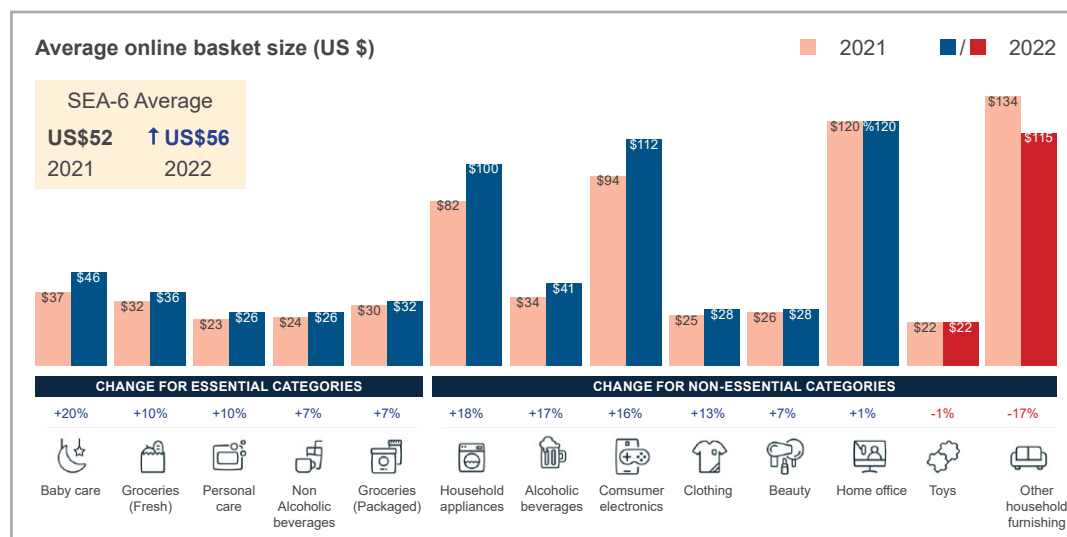


## Annex: Significance of ASEAN for Singapore Businesses

### a. eCommerce marketplaces

In 2020, 70% of Southeast Asian consumers went digital. It is expected that ASEAN will be the fastest growing eCommerce market in the world in 2030. 80% of the ASEAN population or roughly 575 million people, will be online by 2030 (WEF). Millennials (1981-1995) and Gen Z (1996-2012) will be the driving force for digital consumption and will account for 75% of ASEAN consumers, while spending 7 to 8 hours per day on the internet (Bain & Company, 2022). Based on the percentage of online spending by platform type, eCommerce platforms currently rule the digital shopping space as they account for a combined 73% share versus 53% in 2021.

The average online basket size has increased from US\$ 52 in 2021 to US\$ 56 in 2022 for Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam (also called the ASEAN-6). The major categories, including non-essentials, grew larger by 6% in the same period. As shown in the graph below, the categories which grew the highest were baby care (+20 year-on-year), household appliances (+18% compared to 2021) while at the same time, other household furnishing decreased 17% year-on-year.



Source: Southeast Asia's digital consumers: a new stage of evolution, September 2022, Meta, Bain & Company

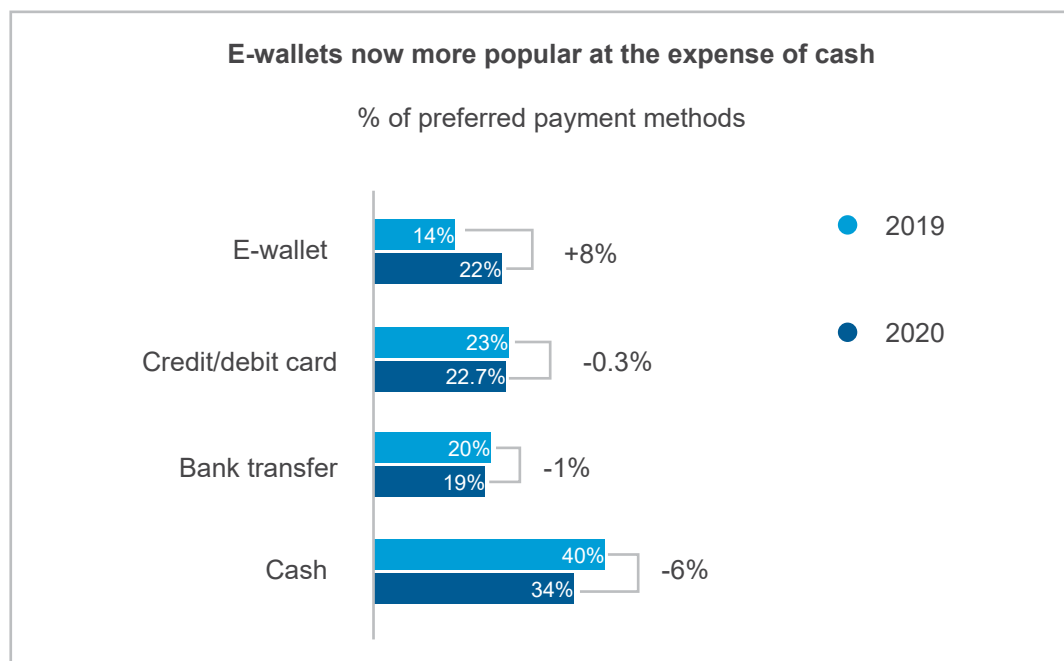
As per Bain & Company in 2022, the outlook for digital shopping remains positive with gross market value still expected to grow by a CAGR of 17% from US\$129 billion in 2022 to US\$280 billion in 2027. ASEAN is likely to be less impacted by rising inflation than the US or the EU, and the region is forecast to perform better than other markets in 2022-2023. The study also highlights that social media videos are the fastest-growing source for online discovery, the relevance of video as a social media platform for discovery has grown from 2020 to 2022, at a compounded annual growth rate of 70%. To conclude, it is essential for businesses to adapt to changes and disruptions or risk being left behind.

### b. FinTech

Technology and the digital economy present major opportunities for Singaporean investors, notably FinTech and digital payment methods. In Southeast Asia, more than six in ten people are unbanked. A World Bank study has shown that only 34.5% of the adults in the Philippines had a bank account and 25.1% made or received digital payments in 2018. At the same time, 30.8% of Vietnamese adults had a bank account while 22.7% made or received digital payments. Main obstacles to banking are: the monthly account administration fees, low levels of financial literacy, and the scarcity of physical bank branches in rural areas. The unbanked and the tech-savvy population of ASEAN represents an untapped market

## Annex: Significance of ASEAN for Singapore Businesses

for FinTech companies, and the popularity of e-wallet is expected to continue growing. Bain & Company 2002 study showed that e-wallets grew by 8%points between 2019 and 2020 in Southeast Asia, at the expense of traditional payment methods such as credit and debit cards, bank transfer or cash as shown in the below graph:



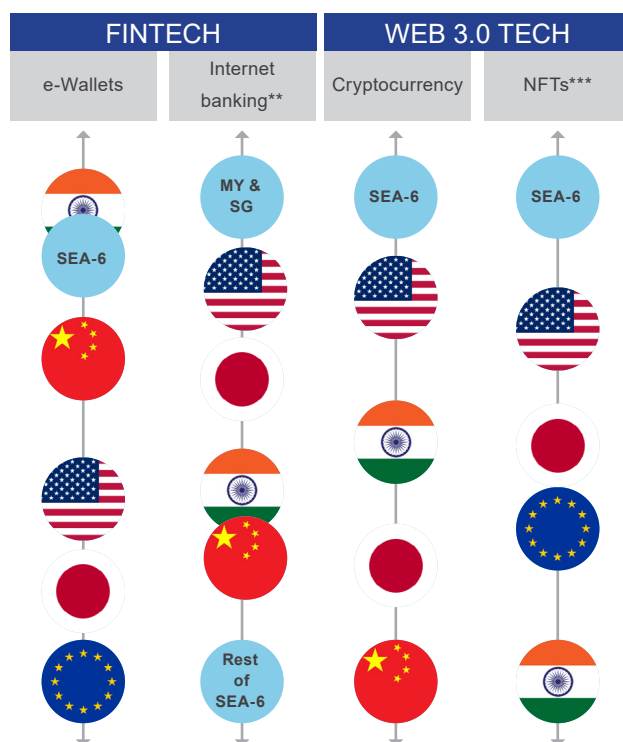
Source: Digital Consumers of Tomorrow, Here Today, by Meta and Bain & Company, August 2020

The adoption of future tech varies by market: the Philippines, Indonesia and Vietnam are the faster-adopting markets. Compared to other markets such as China, the US, EU, and Japan, Southeast Asia sees a higher level of penetration in categories such as e-Wallets, cryptocurrency, and non-fungible tokens (NFTs). Malaysia and Singapore are at the forefront of adoption in the internet banking space, with the rest of ASEAN still catching up as shown in the below graph:

## Annex: Significance of ASEAN for Singapore Businesses

### Southeast Asia leads adoption of most fintech and web3

Indicative penetration of technology by region

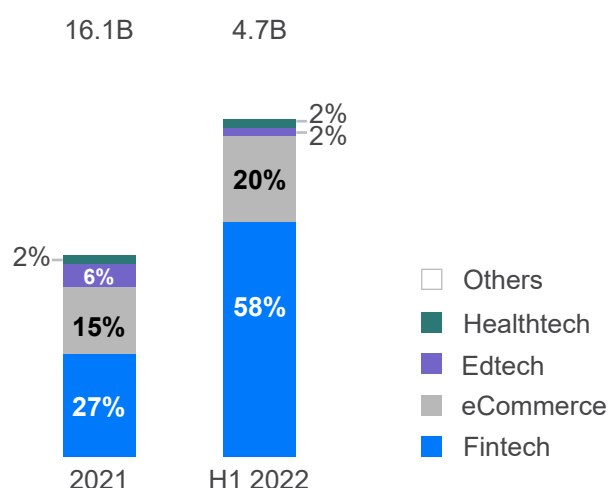


Source: Southeast Asia's digital consumers: a new stage of evolution, September 2022, Meta, Bain & Company

The majority of private equity and venture capital investment deals are oriented towards Singapore and Indonesia, and from Bain & Company study in 2022, these two countries accounted for almost 80% of the shares as of H1 2022. As shown in the below graph, the deal value in FinTech increased by 29% points from 2021 to H1 2022 in Singapore, Indonesia, Malaysia, Vietnam, the Philippines and Thailand. As a comparison, in 2019, the FinTech industry accounted for only 15% of the total deal value in these countries.

**FinTech gains share in 2022 while HealthTech and EdTech remain nascent**

SEA investment deal value (IT only, US \$B 2020-H1 2022)



## Annex: Significance of ASEAN for Singapore Businesses

As per AIR2022, United Overseas Bank (Singapore) announced plans to invest \$500 million over the next five years to boost its digital banking operations in ASEAN (including Singapore). Siam Commercial Bank (Thailand) expanded its activities in Myanmar and Vietnam to offer more digital products and services in these host countries. Kasikornbank (Thailand) opened a branch in Vietnam and diversified its service in Laos. In addition, many ASEAN FinTech companies also continued to expand in the region in 2021. For example, Sea Limited (Singapore), a diversified technology company with a fintech arm, acquired Bank BKE (Indonesia) to expand in Indonesia.

### ASEAN is Nonetheless Facing Challenges

#### a. A Need for a Skilled Workforce

It is essential to point out that achieving growth in ASEAN require a relevant and skilled workforce. However, talent management in ASEAN is more challenging than before due to current market conditions. The region is undergoing a labour shortage across several industries with 65% of finance professionals facing challenges hiring qualified tech talents . The on-going digital transformation will undoubtedly increase productivity, but it also presents the necessity of ensuring workers maintaining the relevance of their skills as technology continues to advance .

To maintain relevance, the current workforce needs to quickly adapt to drive higher-value productivity addition. Governments must enhance the skills of future employees by preparing the students of today for tomorrow jobs, developing national upskilling strategies that align to industry and regional priorities, and committing to funding upskilling initiatives. PwC also highlighted that small and medium enterprises (SMEs) are currently the backbone of the Asian economy which accounted for more than 98% of businesses and provided two out of three private sector jobs in 2018, it is crucial to explore partnerships with leading firms and/or the Government to drive SME upskilling as they face limited access to finance and a lack of management expertise. Once SME skills are enhanced, most of the region's working population will benefit.

#### b. Building Climate Change Resilience

Southeast Asia is one of the most at-risk regions in the world to the impact of climate change. As per PwC in 2020, fast-growing urbanisation, consumption and consumerism are making emissions and waste management a major challenge and require a concerted effort from multiple stakeholders (governments, businesses, and society) to move towards a net-zero economy. The entire regional economy will need to shift its current ways of working from raw material extraction to resource consumption and waste management. Consumers in Asia have become more conscious of the environment and the impact of global climate change.

Indeed, a study held by Bain & Company in 2022 showed that in Thailand 21% of the consumers said that environmental and social benefits are top purchasing criterion while 93% of them said they were willing to pay more for more sustainable products in both Thailand and Malaysia, against 97% of the consumers in the Philippines. The same study highlighted that in Vietnam, 51% of the consumers planned to spend more in future on sustainable products against only 29% in Singapore for example. As per PwC, Asia Pacific accounted for the highest share in carbon dioxide emissions in 2020 (53%) and municipal solid waste generated (40%) annually, with only 19% of globally generated waste undergoing materials recovery through recycling or composting, which highlights a major gap in the efficient use of natural resources. It is now essential for businesses, Governments, and society to collaborate altogether to enable a net-zero future for the region.

# Annex: Significance of ASEAN for Singapore Businesses

## Major industry sectors of interest for Singapore businesses

### 1. Indonesia

Almost half of the 1,075 firms surveyed by the Singapore Business Federation (SBF) from 2020 to 2021 ranked Indonesia as their top overseas destination. In 2021, Singapore was the top investor with a total value of investments of US\$ 12.8 billion, followed by China and Japan. Since 2014, Singapore is one of the top investors in Indonesia, with investments spread across manufacturing, energy, and logistics. As an example, the two countries launched the Kendal Industrial Park in 2016 as a bilateral cooperation and it is now the largest park in Indonesia, with total development size of 2,200 hectares. So far, the park has attracted US\$ 1.7 billion in investment {Straits Times, 2022}.

As per the AIR 2022, there was a strong and continued growth in investment in the digital economy, technology, and data centres in 2021. Major cloud and data centres from China, Japan, Europe, Singapore, and the US invested in Indonesia due to the rapid growth of the digital market and the rising demand for digital infrastructure. For example, Data Center First (Singapore) is building a facility in a special economic zone (SEZ) at Nongsa Digital Park in Batam; and Princeton Digital (Singapore) is building its third centre in Jakarta. In addition, the lifestyle and consumer sectors in Indonesia are major sectors of interest for Singapore businesses. Due to the proximity between the two countries Indonesian consumers are familiar with Singapore brands, as they are perceived as high quality and reliable.

For example, BreadTalk, Fish & Co., SaladStop!, Old Chang Kee, Cat & The Fiddle, Killiney, Love, Bonito and Pets Lovers Centre have successfully entered the market. Singapore Healthcare companies such as Fullerton Health, Singapore Medical Group and RenalTeam have also ventured into Indonesia and found success . [Enterprise Singapore].

Singapore-businesses are also investing in Indonesia's green economy, logistics and port hub. A MoU was signed in January 2022 on Bilateral Partnership on Green and Circular Economy Development, and another MoU on Energy Cooperation. Singapore will be investing US\$ 9.2 billion to support renewable energy projects in Batam, Riau Islands province and in Sumba Island and West Manggarai in East Nusa Tenggara province, as well as the development of a logistics hub in Jakarta's Tanjung Priok port, the country's largest and busiest seaport.

The regulatory framework in Indonesia is investor friendly. In 2020 Indonesia passed the Omnibus Law to improve the ease of doing business in Indonesia reducing barriers to investments and attracting more foreign investments to drive the economy and create job opportunities. Indonesia has adopted the Positive Investment List as part of the Omnibus Law, which would see Indonesia opening up on full foreign investment in the energy, telecommunication, transport, and construction services sectors.

### 2. Malaysia

In 2019, Malaysia ranked 12th globally on Ease of Doing Business by the World Bank and according to IMD World Competitiveness Yearbook, it is the 2nd most developed and competitive economy within Southeast Asia. Singapore and Malaysia have deep and expanding economic ties[Business Times,2022], the Singapore-Malaysia trade corridor is Singapore's second-largest trade corridor after the Singapore-China one. In 2021, Singapore was the 2nd largest investor with 19% of net FDI inflows, after the US (33%) and before the UK (with 10%) in terms of FDI flows.

Total FDI surged to the highest-ever level in 2021, exceeding US\$ 11.6 billion and the key sectors attracting investment were manufacturing and electronics (semiconductors in particular), but also services (mainly financial and insurance activities) and mining and quarrying. In 2021, as per the Department of Statistics of Malaysia, manufacturing, and general services were the main sectors where foreign companies earned high income, and investors from the US, Singapore and the Netherlands gained the highest earnings in 2021.

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Malaysia's strategic location and its abundant natural resources (tin, oil, and natural gas) have spurred the country's early success through the 1980s and 1990s, which has then successfully diversified its economy. In 2022, Malaysia has been recognised by the Milken Institute as the emerging southeast Asian country with the most potential to lure foreign investors. Malaysia outperformed the other ASEAN countries thanks to its business-friendly institutional framework and deep financial services sector. As per FDI Intelligence in 2021, Malaysia is home to Asia's third-largest bond market. The country has recently attracted multi-billion-dollar projects including Risen Energy, a Chinese solar module manufacturer to invest US\$ 10.2 billion at the Kulim Hi-Tech Park in northern Malaysia. The new facility is set to reach 3 GW of annual production capacity in the first 5 years.

### 3. Philippines

Despite the challenges that the economy faced in 2019, the Philippines maintained its credit rating of "BBB" from major credit rates thus indicating a vote of confidence in the economic and fiscal management of the country. In 2021, Singapore was the main foreign investor in the Philippines, with 44% of the net FDI inflows, followed by Japan (34%) and the US (8%). The same year, FDI in the Philippines increased by 54% to \$10.5 billion (a record level) and the sectors which received a strong level of investment were: manufacturing, electricity generation, finance, and real estate. The AIR 2022 reported many industrial investments were related to expanding capacity to cope with supply chain bottlenecks and to prepare for post-pandemic recovery, particularly in electronics.

Investments in upgrading factories and adopting Industry 4.0 technologies to increase efficiency were also key factors. In 2022, Singapore's ST Telemedia GDC bought a stake in Philippines' Globe Data Center unit at US\$ 350 million. The Singapore-based company has formed an alliance with Globe Telecom, backed by the Philippines' oldest conglomerate, to expand its footprint in the country amid booming demand for server space from eCommerce and other digital platforms. Several Singapore consumers and tech-related companies such as Clozette, Carousell, Grab, Irvins, Shopee, ShopBack and SGAG have also entered the market.

The Philippines received US\$6.54 billion in investment pledges from Singapore in 2022. This commitment is expected to create 15,000 jobs and include a US\$ 5 billion investment in electric tricycles and US\$1.2 billion in floating solar technology.

To attract FDI into the country, the Philippines Government in 2021 introduced the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. This grants tax relief for companies in financial need, provides transparent tax provision and increases the competitiveness of the country. From 2022 to 2027, the corporate income tax will be reduced by 1% every year from 25% to reach 20% in 2027 for domestic corporations and resident foreign corporations.

### 4. Thailand

Investment from ASEAN fell to US \$209 million (from US \$1.9 billion) as companies from Singapore (traditionally the largest ASEAN investor) divested US-\$201 million in 2021, from \$1.8 billion in 2020. Nonetheless, Thailand attracted strong investment in manufacturing from China, the EU (mainly from the Netherlands), Hong Kong, Japan and the US which together accounted for 80% of the investment in 2021[AIR,2022]. There was a rise in investment in the electrical and electronics industry and the automotive industry and in addition, FDI in finance also rose, from -US \$6.8 billion to US \$2.7 billion, as well as FDI in wholesale and retail trade, from US \$331 million to US \$1 billion in 2021.

In 2022, Singapore and Thailand decided to deepen cooperation in trade, tourism, digital economy, innovation and sustainability by signing four MoUs and one memorandum of cooperation (MoC). These agreements will benefit Singapore businesses looking to explore the Thailand market, and vice versa. One of the MoUs aimed to promote cooperation on chilled and frozen pork, and in areas such as expanding sourcing networks and improving



## Annex: Significance of ASEAN for Singapore Businesses

product quality. . On the other hand, the MoC was signed between Thailand's Department of Intellectual Property and the Intellectual Property Office of Singapore to improve cooperation in different sectors, along with establishing a collaborative programme to support entrepreneurs and innovators in both countries looking speedier intellectual property protection.

In 2022, Singapore's sovereign fund helped create Thailand's latest unicorn, the Thai food and parcel delivery app Line Man Wongnai who raised US\$ 265 million in a round led by GIC Pte, and now competes with Grab and SCB X Pcl on food delivery services.

### 5. Brunei

FDI fell by 65% to US\$205 million in 2021, mainly because of a large decrease in intracompany loans, from US\$420 million in 2020 to -US \$28 million [AIR, 2022]. However, intra-ASEAN investment rose 10-fold to US \$44 million.

In 2022, Singapore and Brunei signed two MoUs to deepen cooperation in the areas of energy, the green economy, food and medical supply resilience, which includes developing capacity and capability for mutual support in times of crisis. The two countries will reinforce their cooperation in areas such as emerging low-carbon technologies and carbon capture and storage. Eco-tourism, financial technology and aquaculture are sectors where Singapore businesses can invest in. For example, in 2019, Singapore-based company 8F Asset Management Pte Ltd signed a MoU with Brunei's Ministry of Finance and Economy to build a 10,000 metric tons salmon farm in Brunei.

### 6. Cambodia, Laos, Myanmar, Vietnam (CLMV) Countries

FDI in Cambodia, Laos, Myanmar, and Vietnam (CLMV) countries in 2021 fell by 6.1% to \$21.2 billion [AIR, 2022]. ASEAN FDI inflows dropped from 18.5% in 2020 to 12.2% in 2021. Myanmar registered the largest drop in FDI as inflows fell by 55% while at the same time, investment in Cambodia and Vietnam was flat. Nonetheless, investors remained active in a wide range of industries in Cambodia, Laos, and Vietnam. MNEs also participated in international project finance activities (particularly in the infrastructure industry such as power and renewable energy, and in industry).

#### a. Cambodia

As per the Council for Development of Cambodia, Singapore invested US\$ 1.53 billion since 1994. In 2021, FDI was at US\$3.5 billion while inflows into manufacturing rose 28% to US\$ 710 million and investment in construction rose from US\$ 260 million in 2020 to US\$ 334 million in 2021 [AIR, 2022] Manufacturing, construction, and finance received more than half of all investment in 2021 and China remained the main investor of the country.

Logistics is a priority sector for Cambodia and in 2021 a framework agreement was signed between Cambodia's Ministry of Public Works and Transport and Singapore's YCH Group Pte Ltd to develop Phnom Penh logistics complex project (PPLC). The Singapore-based entity will design, develop, and operate the PPLC, which will be part of the Smart Growth Connect initiative (an ASEAN Business Advisory Council's initiative) and the second project under the ASEAN Smart Logistics Network, that supports the ASEAN Connectivity Master Plan 2025. As per YCH, the project is expected to help strengthen Cambodia's connectivity with the broader intra-regional trade flows, particularly among the Mekong countries (Cambodia, Laos, Myanmar, Thailand and Vietnam) and Southwestern China, and contribute towards Cambodia's long-term economic growth.

## Annex: Significance of ASEAN for Singapore Businesses

### b. Laos

FDI in Laos rose by 10.8% to US\$1.1 billion as per the AIR2022, strongly supported by infrastructure and energy project investments. A consortium of Chinese companies developed the US\$ 6 billion rail infrastructure project linking Laos with China. The project opened in December 2021 and is owned and operated by the Laos-China Railway Company (in which the former has a 30% share and the latter a 70% share). The Lao Government aims to make the country a regional hub and the rail link will ameliorate access to the Chinese market.

### c. Myanmar

Due to the pandemic and social tensions in the country, FDI in Myanmar dropped by 54% to US\$ 1 billion. A few oil MNEs exited or scaled down operations which included BG Exploration and Production (Singapore) and Petronas Carigali Myanmar (a subsidiary of Petronas (Malaysia)). Nonetheless, according to Myanmar state data, Singapore remained one of Myanmar's top sources of foreign investment accounting for US\$297 million worth of investment approved by the junta from October 2021 to March 2022. The second largest investor during that period was China, with US\$142 million. The service sector, along with manufacturing and the construction sectors are benefitting the most from FDI.

### d. Vietnam

In 2021, FDI in Vietnam reached US\$ 15.7 billion and investment from Singapore and South Korea was unchanged. Inflows from Japan increased 3.5 times to US\$ \$2 billion, from Hong Kong by 5% to \$1.2 billion and from China by 8% to US \$1.5 billion. These 5 countries accounted for 80% of inflows and Singapore alone represented nearly half by pumping US\$ 7 billion investment into the country. As per the Singapore Business Federation's National Business Survey 2020/2021, Vietnam is the top country for Singapore-based companies to explore overseas expansion.

There was a strong level of investment in manufacturing, electricity production and distribution (the two largest recipients, accounting for 77% of inflows). Real estate continued to grow (+41% of FDI in 2021) reflecting both the continued economic growth and industrial development of Vietnam. Some big-ticket projects in 2021 help sustained the high level of registered investment. For example, companies from Singapore participated to a US\$ 3.1 billion liquefied natural gas (LNG) power plant in Long An province. In 2021, there were around 2,700 approved projects by Singapore companies in Vietnam totalling US\$62.6 billion. Vietnam is attracting many firms, from start-ups to global corporations, due to its skilled and cost-competitive talent. For example, to capitalise on Vietnam's tech talent, Grab has set up an R&D centre in Ho Chi Minh City. In addition, Vietnam is increasingly becoming the preferred choice for many manufacturers adopting a "China Plus One" strategy to diversify their supply chains.

In 2022, the two countries signed five agreements and several MoUs to strengthen their cooperation in defence, trade, digital economy, intellectual property and the social sector. It will also strengthen agri-trade cooperation by supporting information sharing and training on best practices, certification, and standards in the agriculture industry while aiming to foster greater collaboration between Singaporean and Vietnamese SMEs .

## Annex: Significance of ASEAN for Singapore Businesses

### ASEAN Programs

#### ASEAN Connectivity 2025

The Master Plan on ASEAN Connectivity 2025 (MPAC 2025) was adopted on 6 September 2016 and contains five strategic areas such as:











- **Sustainable infrastructure:** MPAC 2025 aims to enhance the region's infrastructure investment and productivity as well as achieve sustainable urbanization development goals.
- **Digital innovation:** the goal is to connect ASEAN with the digital world of opportunities through adoption of digital technology and standards, enhancing digital financial inclusion, open data, and digital data management.
- **Seamless logistics:** the region's supply chain ecosystem will be strengthened to create a more competitive and seamless ASEAN.
- **Regulatory excellence, and people mobility:** the objective is to bring opportunities closer to the people through enhancing intra-ASEAN mobility and human capital. As per the ASEAN Secretariat, the vision of the MPAC 2025 is to achieve a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness, and a greater sense of community.

# Annex: Significance of ASEAN for Singapore Businesses

The objectives and initiatives are explained in the below graph:

## ASEAN Connectivity 2025

	PHYSICAL CONNECTIVITY	INSTITUTIONAL CONNECTIVITY		PEOPLE-TO-PEOPLE CONNECTIVITY	
	Sustainable infrastructure	Digital innovation	Seamless logistics	Regulatory excellence	People mobility
STRATEGIC OBJECTIVES	<ul style="list-style-type: none"> <li>Increase public and private infrastructure investment in each ASEAN Member State, as needed</li> <li>Significantly enhance the evacuation and sharing of best practices on infrastructure productivity in ASEAN</li> <li>Increase the development of smart urbanisation models across ASEAN</li> </ul>	<ul style="list-style-type: none"> <li>Support the adoption of technology by micro, small and medium enterprises (MSMEs)</li> <li>Support financial access through digital technologies</li> <li>Improve open data use in ASEAN Member States</li> <li>Support enhanced data management in A</li> </ul>	<ul style="list-style-type: none"> <li>Lower supply chain costs in each ASEAN Member State</li> <li>Improve speed and reliability of supply chains in each ASEAN Member State</li> </ul>	<ul style="list-style-type: none"> <li>Harmonise or mutually recognise standards, conformance, and technical regulations for products in key sectors</li> <li>Reduce number of trade-distorting non-tariff measures across ASEAN Member States</li> </ul>	<ul style="list-style-type: none"> <li>Support ease of travel throughout ASEAN</li> <li>Reduce the gaps between vocational skills demand and supply across ASEAN</li> <li>Increase the number of intra-ASEAN international students</li> </ul>
	<ol style="list-style-type: none"> <li>Establish a rolling priority pipeline list of potential ASEAN infrastructure projects and sources of funds</li> <li>Establish to measure and improve infrastructure productivity</li> <li>Develop sustainable urbanisation strategies in ASEAN</li> </ol>	<ol style="list-style-type: none"> <li>Enhance the MSME technology platform</li> <li>Develop the ASEAN digital financial inclusion framework</li> <li>Establish in ASEAN open data network</li> <li>Establish in ASEAN digital data governance framework</li> </ol>	<ol style="list-style-type: none"> <li>Strengthen ASEAN competitiveness through enhanced trade routes and logistics</li> <li>Enhance supply chain efficiency through addressing key chokepoints</li> </ol>	<ol style="list-style-type: none"> <li>Complete harmonisation of standards, mutual recognition, and technical regulations in three prioritised product groupings</li> <li>Increase transparency and strengthen evaluation to reduce trade distorting non-tariff measures</li> </ol>	<ol style="list-style-type: none"> <li>Enhance ASEAN travel by making finding information easier</li> <li>Ease ASEAN travel by facilitating visa processes</li> <li>Establish new vocational training programmes and common qualifications across ASEAN Member States, in accordance with national circumstances of each ESEAN Member States</li> <li>Support higher education exchange across ASEAN Member States</li> </ol>

BRUNEI DARUSSALAM
CAMBODIA
INDONESIA
LAO PDR
MALAYSIA
MYANMAR
PHILIPPINES
SINGAPORE
THAILAND
VIET NAM

Source: Master Plan on ASEAN Connectivity 2025

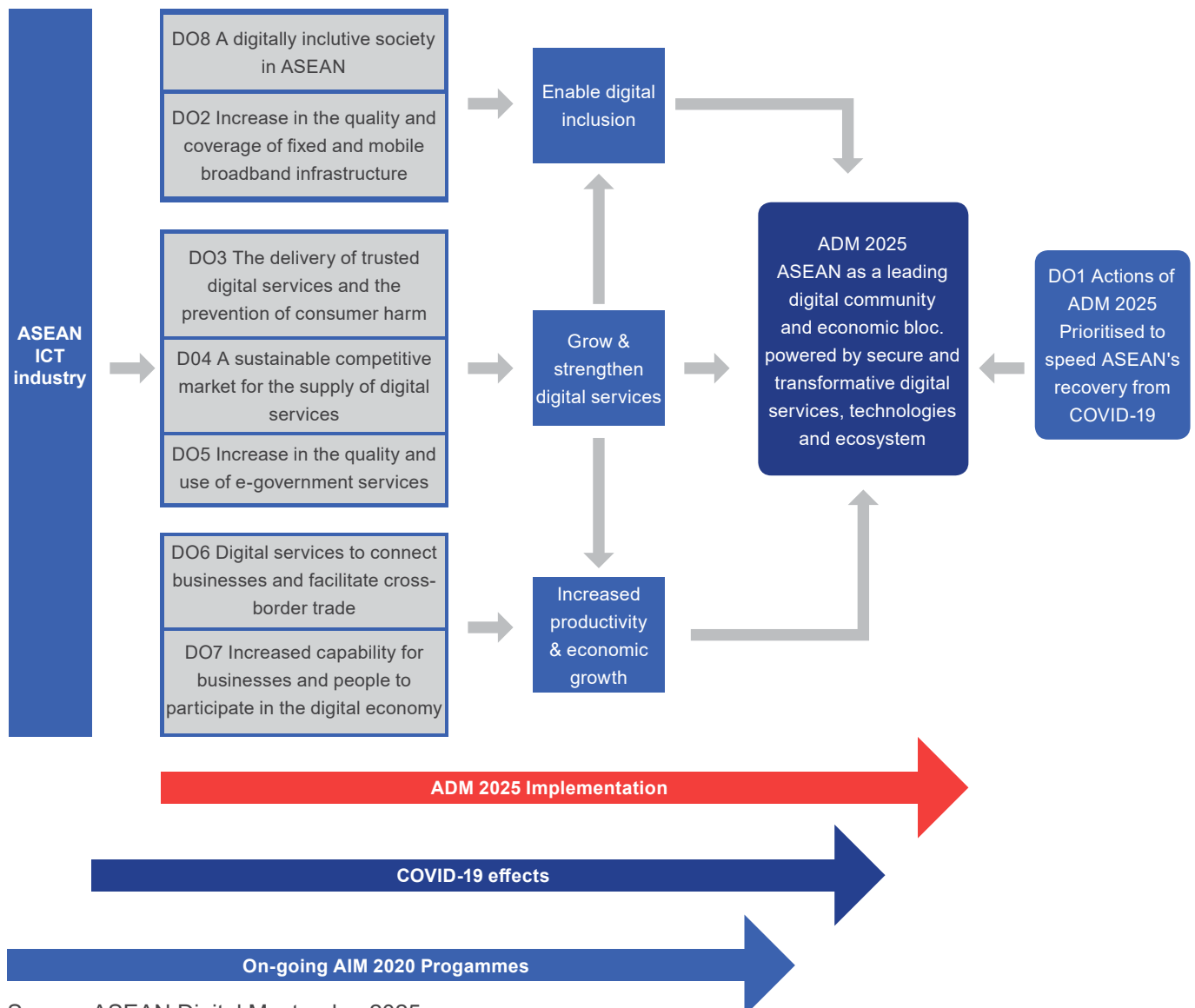
## Annex: Significance of ASEAN for Singapore Businesses

Through the release of the Master Plan on ASEAN Connectivity in 2010 (MPAC 2010) and the MPAC 2025, ASEAN has managed to put the concept of connectivity on the regional and global agenda. While the MPAC 2010 introduced a three-pillar structure of connectivity, based on physical, institutional, and people-to-people aspects, the MPAC 2025 is radically different and introduces a novel framework, even though it acknowledges that many of the priority projects of the MPAC 2010 are unfinished.

Indeed, the MPAC 2025 clearly mentions that progress on major infrastructure projects supporting physical connectivity in the region has been mixed: of the original 125 initiatives in MPAC 2010, 52 are incomplete and will continue to be tracked in the MPAC 2025 as per the ASEAN Secretariat. For example, the implementation of Singapore-Kunming Rail Link (SKRL) sections from Singapore to Phnom Penh are on schedule but sections from Cambodia to Vietnam, along with those in Laos are still seeking funding. The MPAC 2025 is undoubtedly an improved document, tying its priorities to global megatrends.

### ASEAN Digital Masterplan 2025

The first ASEAN Digital Ministers' meeting adopted the ASEAN Digital Masterplan 2025 (ADM) on 22 January 2021 to guide the group's digital cooperation over the next years. The masterplan comprises eight designed outcomes to propel the region towards making it a leading digital community and economic bloc. The eight desirable outcomes are detailed in the below graph, along with their expected consequences on ASEAN:



Source: ASEAN Digital Masterplan 2025

## Annex: Significance of ASEAN for Singapore Businesses

The ADM 2025 aims to ensure digital cooperation among ASEAN countries from 2021 to 2025 and turn the region into a leading digitally connected community powered by modern technology and digital transformation services. It is also interesting to note that several projects from the ASEAN ICT Masterplan (AIM) 2020 have been incorporated into the desired outcomes and enabling actions of the ADM 2025 such as for instance the delivery of trusted digital services and the prevention of consumer harm (desired outcome #3) or the removal of barriers to the use of digital services (desired outcome #8).

### The Impacts of ASEAN Connectivity 2025 on ASEAN

The MPAC 2025 takes into consideration the global and regional context and identifies 10 interrelated trends which are likely to be of relevance for the connectivity agenda. As per the ASEAN Secretariat, there will be several implications for MPAC 2025 as summarized in the below graph:

#### The 10 trends have important implications for the ASEAN Connectivity agenda

	Trend	Relevance for ASEAN Connectivity dimensions		
		Physical	Institutional	People-to-people
1	Consuming class		Intra-ASEAN trade	Intra-ASEAN tourism
2	Productivity & competitiveness	Need to reduce logistics costs	Improve border management & trade facilitation; attract FDI	Skills development to move up value chain
3	Rise of the middleweights	Infrastructure spend to connect middleweights; focus on "sustainable" city development	Intra-ASEAN trade boost to middleweight cities	New skills needed as people move from agricultural jobs to urban jobs
4	\$3.3 trillion of infrastructure	\$3.3 trillion of infrastructure needed to 2030		
5	Transformation of global flows		Coordination with other cooperation frameworks (e.g., APEC, GIH, GMS)	
6	The skills challenge			Focus on skills development and labour mobility
7	Deploying disruptive technologies	Development of digital infrastructure	Regulatory frameworks to support digital technologies	Retraining of workers
8	The resource revolution	Development of APG; renewable energy infrastructure	Sharing of expertise on resource efficiency	
9	The patchwork global economy		Ability to attract FDI; G-2-G interest in connectivity agenda	
10	Alignment of infrastructure with national priorities	Alignment of infrastructure with national priorities		Need for MPAC 2025 to be seen as relevant to ASEAN population

Source: Master Plan on ASEAN Connectivity 2025 by the ASEAN Secretariat

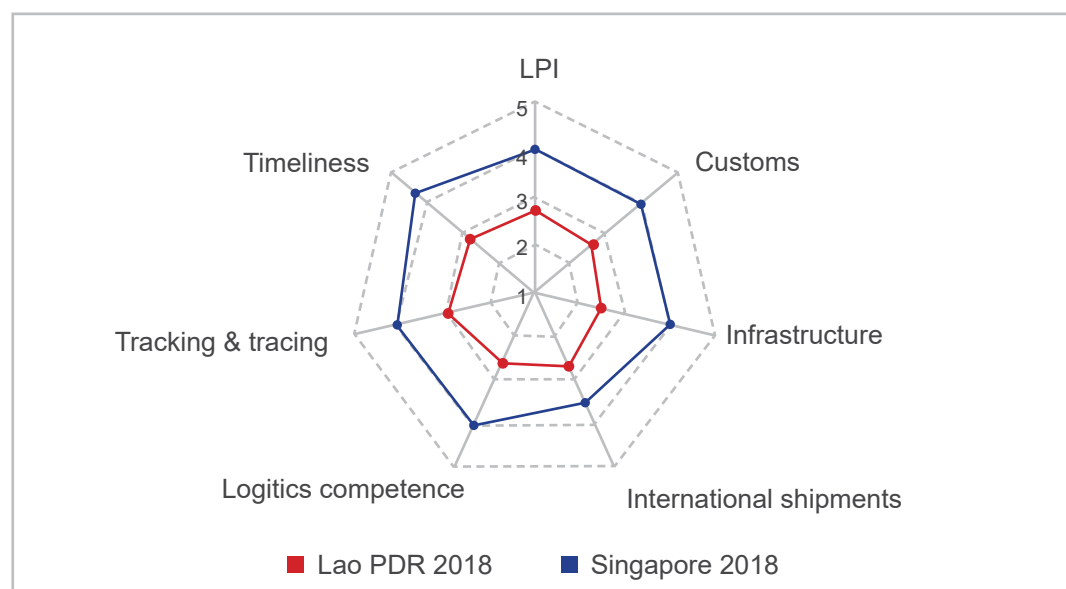


# Annex: Significance of ASEAN for Singapore Businesses

## 1. Key Industry sectors and Impacts of MPAC 2025 on Business Operations

### a. Improvement of key logistics routes

Improving logistics competitiveness, as well as speed and reliability of supply chains, is crucial for ASEAN as the region's customs and logistics costs remain higher than international benchmarks. For example, Myanmar's infrastructure scored only 1-out-of-5 in 2018 while Chinese infrastructure scored 3.75. There are also disparities between ASEAN members as shown in the below graph which compares Laos and Singapore's respective LPI:



Source: The World Bank 2018

The objectives set up by MPAC 2025 are:

Seamless Logistics	
What are the strategic objectives?	What are the key initiatives?
<ol style="list-style-type: none"><li>1. Lower supply chain costs in each ASEAN Member State</li><li>2. Improve speed and reliability of supply chains in each ASEAN Member State</li></ol>	<ol style="list-style-type: none"><li>1. Strengthen ASEAN competitiveness through enhanced trade routes and logistics</li><li>2. Financial supply chain efficiency through addressing key chokepoints</li></ol>

## Annex: Significance of ASEAN for Singapore Businesses

### b. Sustainable and upgraded infrastructures

The Asian Development Bank (ADB) estimated that the total infrastructure investment needs in ASEAN from 2016 to 2030 will be US\$2.8 trillion (baseline estimate) and US\$3.1 trillion (climate-adjusted estimate, which includes adaptation and climate mitigation costs). This works out to an annual investment need of US\$184 billion and US\$210 billion respectively. However, after experiencing a massive fall following the Asian Financial Crisis of 1997-1998, private infrastructure has slowly increased but a large challenge remains as both the expenditure directly towards infrastructures and their productivity need to improve. The growth of middleweight cities in ASEAN (such as Chiang Mai in Thailand, Dong Nai Province in Vietnam or Cebu in the Philippines), which are set to lead ASEAN growth by 2030 will be a challenge for several members as their growth should not be at the expense of the environment or quality of life.

The MPAC 2025 objectives and initiatives for sustainable infrastructure are as follows:

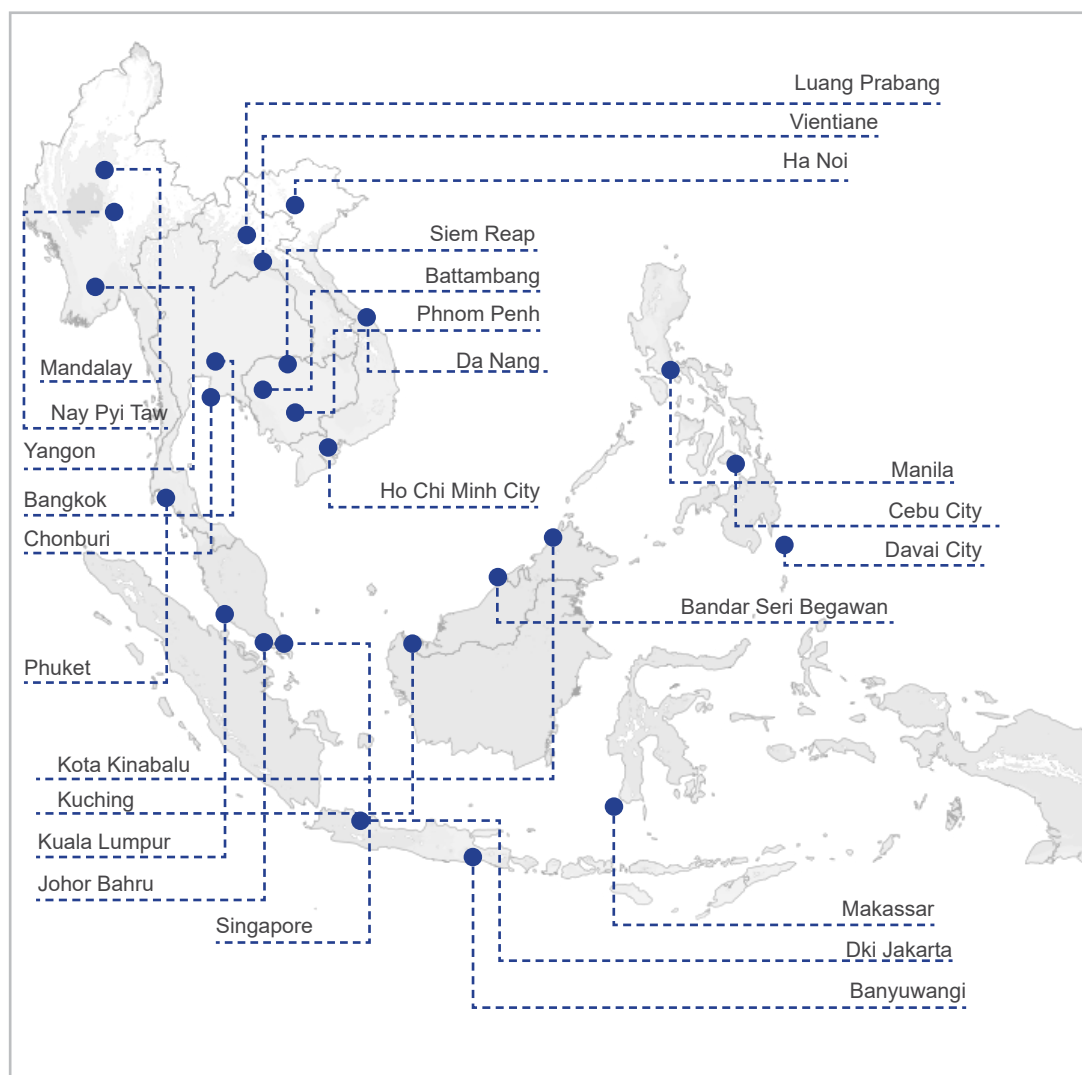
Sustainable infrastructure	
What are the strategic objectives?	What are the key initiatives?
1. Increase public and private infrastructure investment in each ASEAN Member State, as needed	1. Establish a rolling priority pipeline list of potential ASEAN infrastructure projects and sources of funds
2. Significantly enhance the evaluation and sharing of best practiced on infrastructure productivity in ASEAN	2. Establish an ASEAN platform to measure and improve infrastructure productivity
3. Increase the deployment of smart urbanisation models accross ASEAN	3. Develop sustainable urbanisation strategies in ASEAN cities

As a result, ASEAN aims to scale up the sharing of smart urbanisation models across cities. To further strengthen cooperation, ASEAN leaders in 2018 established the ASEAN Smart Cities Network (ASCN), as a collaborative platform aimed to facilitate cooperation on smart cities development, catalyse bankable projects with the private sector, and secure funding and support from ASEAN's external partners.

The ASCN set 26 pilot cities such as Phnom Penh, Siem Reap, Vientiane, Johor Bahru, Kuala Lumpur, and Kota Kinabalu, etc. For example, Makassar in Indonesia is developing Petepete Smart, which is a public transport system consisting of a modern float of minibuses (with WiFi, GPS, etc.) monitored centrally through a command centre. In addition, the city partnered in 2016 with Singapore to build smart city solutions and digital services (such as intelligent transport system, pre-emptive flood detection systems, etc.).

## Annex: Significance of ASEAN for Singapore Businesses

The 26 pioneer ASEAN smart cities are the following:

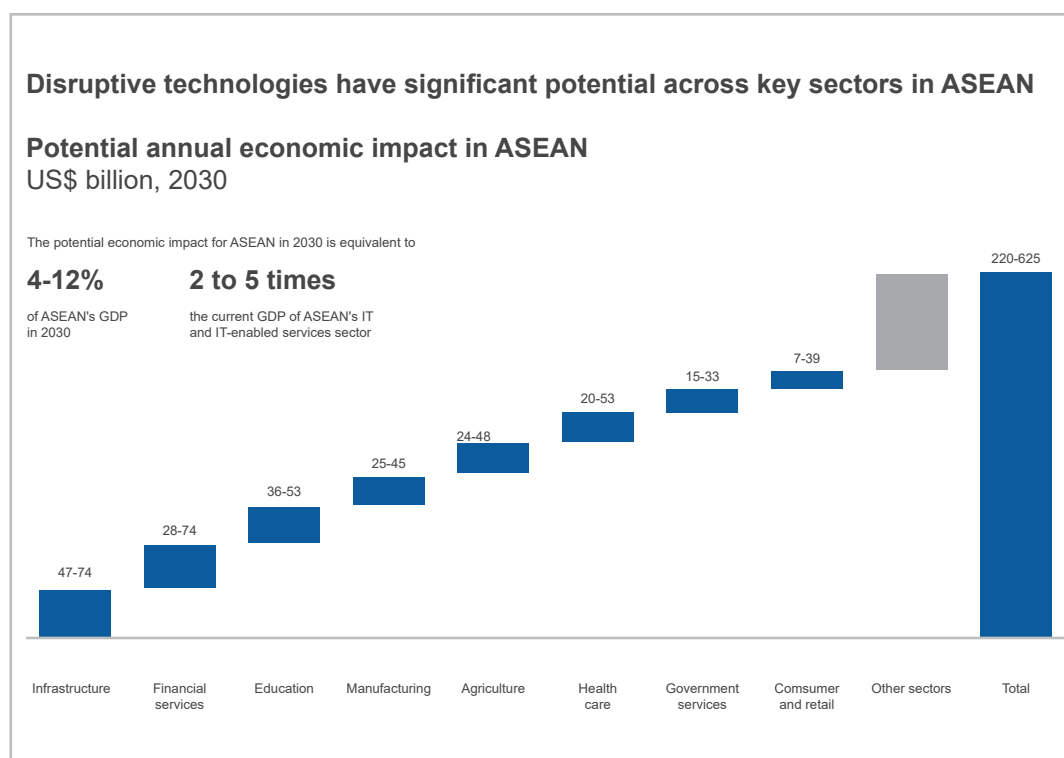


Source: ASEAN Digital Master Plan 2025

### c. Digital economy

As shown in the below graph, disruptive technologies have significant potential across key sectors in ASEAN:

# Annex: Significance of ASEAN for Singapore Businesses



Source: Master Plan on ASEAN Connectivity 2025 by the ASEAN Secretariat

The objectives set by MPAC 2025 in regards of digital innovation are:

Digital innovation	
What are the strategic objectives?	What are the key initiatives?
1. Support the adoption of technology by micro, small and medium enterprises (MSMEs)	1. Enhance the MSME technology platform
2. Support financial access through digital technologies	2. Develop the ASEAN digital financial inclusion framework
3. Improve open data use in ASEAN Member States	3. Establish an ASEAN open data network
4. Support enhanced data management in ASEAN Member States	4. Establish an ASEAN digital governance framework

Source: Master Plan on ASEAN Connectivity 2025 by the ASEAN Secretariat

## Annex: Significance of ASEAN for Singapore Businesses

As part of the key initiatives, ASEAN is supporting financial access through digital technologies as a large share of the population remains unbanked, but also improving open data use, which may include government and private sector.

### d. People mobility

The World Travel and Tourism Council estimates that the tourism sector in Southeast Asia could grow to over US\$ 200 billion by 2025. ASEAN members will need to invest in tourism infrastructure and ease travel visas obtentions. There is an opportunity to strengthen skills mobility in the region by encouraging mobility of intra-ASEAN university students. The objectives set by MPAC 2025 in regards of people mobility are:

People mobility	
What are the strategic objectives?	What are the key initiatives?
1. Support ease of travel throughout ASEAN	1. Enhance ASEAN travel by making finding information easier
2. Reduce the gaps between vocational skills demand and supply across ASEAN	2. Ease ASEAN travel by facilitating visa processes
3. Increase the number of intra-ASEAN international students	3. Establish new vocational training programmes and common qualifications across ASEAN Member States, in accordance with national circumstances of each ASEAN Member State
	4. Support higher education exchange across ASEAN Member States

Source: Master Plan on ASEAN Connectivity 2025 by the ASEAN Secretariat

Tourism revenue in 2020 dropped by 59% in Asia-Pacific, more than anywhere else. Nonetheless, the travel industry in the region may be the only one in the world to recover by 2023 and by 2025 it is estimated that it will contribute 32% more to the region's GDP than before the pandemic. The WTTC also forecasts that the travel and tourism industry will create 126 million jobs within the next ten years, and 65% of these jobs will be in Asia-Pacific as ASEAN could expect 150 million tourists from outside the region in 2025.

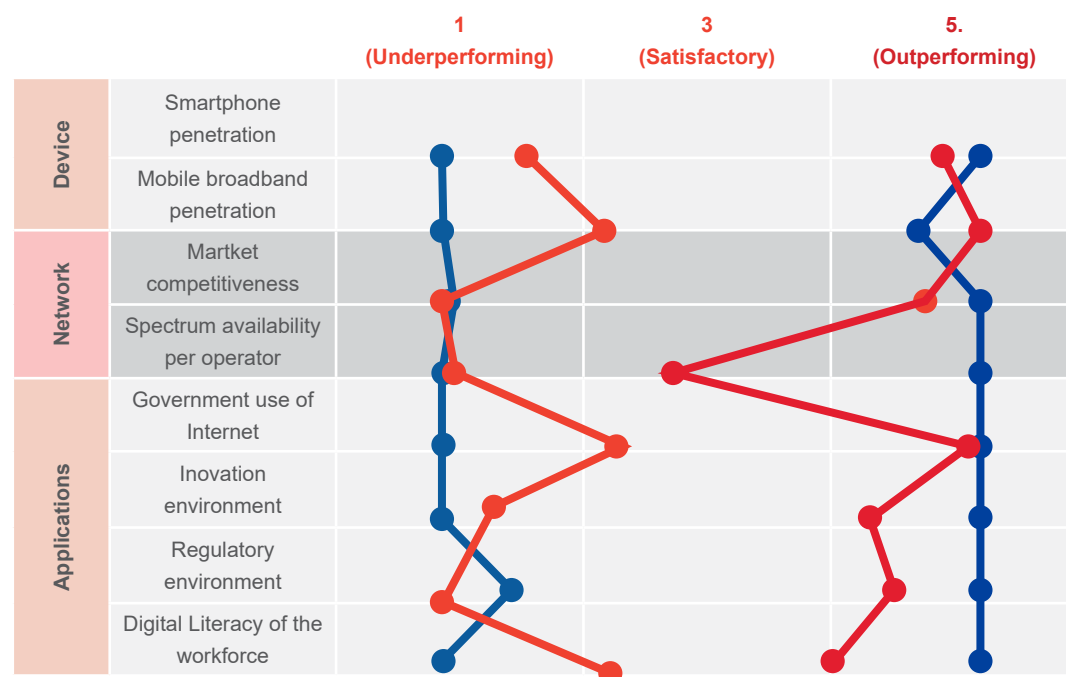
### 2. Key Industry sectors and Impacts of ADM 2025 on Business Operations

The COVID-19 pandemic has increased demand for digital services in the world, and as per the ADM 2025 digital services were mitigating the economic losses caused by COVID-19 as the countries with the best broadband infrastructures were seeing the strongest mitigation. Although ASEAN fell behind its global peers in the digital economy, it has the potential to enter the top five digital economies in the world by 2025.

## Annex: Significance of ASEAN for Singapore Businesses

### a. Telecommunications and infrastructures

ASEAN aims to increase the quality and coverage of fixed and mobile broadband infrastructure by encouraging inward investment. Although ASEAN governments have made significant investments in infrastructure to provide access to ICT and increase adoption across the region during those past 10 years, there is considerable room for improvement. As shown in the below table, ASEAN is not a monolithic group and there are several variations across devices, networks, and applications:



- ASEAN 1 (MY, SG)
- ASEAN 2 (TH, ID, PH)
- ASEAN 3 (VN, MM, KH)
- Developed countries (US, DE, UK)

Source: Kearney 2020, the ASEAN Digital Revolution

While Malaysia and Singapore match the performance of the US, Germany, and the UK, they still lag in terms of spectrum availability. Thailand, Indonesia, and the Philippines underperform in spectrum availability and regulatory environment while Vietnam, Myanmar, and Cambodia underperform in all categories except regulatory environment. Multiple studies across different geographies in the world have shown that a 10%point increase in broadband penetration increases GDP growth by 0.16 to 0.25 % points. In addition, studies have shown that doubling the broadband speed can add 0.3 % points to annual GDP growth. The immediate impact of an increase in broadband penetration is akin to the impact of any infrastructure project, with a rise in employment and multiplier effect on other industries. Moreover, an increase in broadband access for households and businesses boosts income and the consumer surplus, further fuelling GDP growth.



## Annex: Significance of ASEAN for Singapore Businesses

### b. Cybersecurity, digital data governance and prevention of consumer harm

ASEAN intends to build trust in essential industry sectors such as finance, healthcare, education, and government through greater and broader use of online security technologies. By cooperating with industry stakeholders in the region, ASEAN intends to support the development of best practices and aim for a unified certification approach to trust and security in these industries. The ADM 2025 also promotes improvement in legal and regulatory measures on the management of protection of data and other data-related activities that could be harmful. Promoting consumer protection and rights in relation to eCommerce is also an action promoted by ADM 2025 to help facilitate cross-border trade and reassure consumers that products are safe, and their rights are recognised in ASEAN. For instance, only Malaysia, Singapore and the Philippines have privacy laws in place so far.

### c. Digital Services

The ADM 2025 intends to connect businesses and facilitate cross-border trade by securing the benefits of ASEAN's trade agreement supporting eCommerce and cross-border trade and enhancing last-mile fulfilment cooperation (which refers to the movement of goods from transportation hubs to their final destinations). The idea is to promote and sign free trade agreements on telecommunications services to improve access by ASEAN firms in the telecommunications and ICT sectors.

## Opportunities for Singapore Businesses

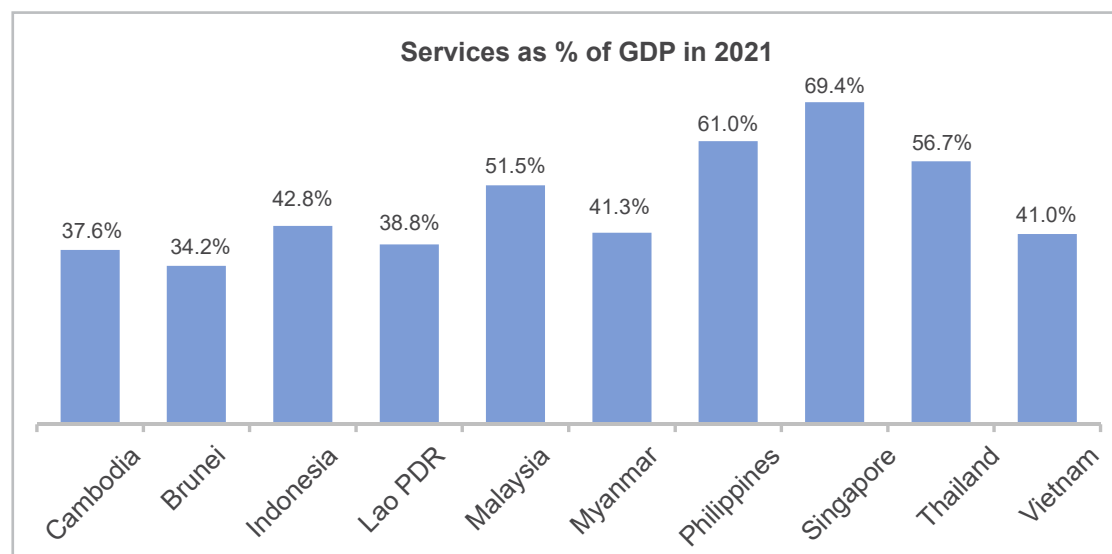
Digitalisation and connectivity are the major objectives of ASEAN, and it will spur the development of new industries such as e-commerce, mobile financial services, internet of things, and cloud computing. Each of these industries will, by a way of repercussions, positively impact other sectors; for instance, the e-commerce industry can promote the growth of supporting industries such as logistics, digital payments, and infrastructure.

Singapore businesses may want to expand in ASEAN by providing smart solutions for employee and public transport, as well as logistics and delivery or school transport. For example, SWAT Mobility is using artificial intelligence to power the optimised movement of cities and has now a presence in Indonesia, Philippines, Thailand, Singapore, and Vietnam (but also in Australia and Japan). Cybersecurity is also a market worth exploring., Singapore-based company Certis is designing, building, and operating multi-disciplinary smart security and integrated services. Digital education is also an opportunity and Kinobi, a Singapore career accelerator platform, now has partnerships with universities in the Philippines, Vietnam and in Indonesia.

# Annex: Significance of ASEAN for Singapore Businesses

## Service Industry in ASEAN

### GDP shares of services



Source: World Bank Data 2021 for all countries but Vietnam (Statistica)

Services is a sizeable and continuously expanding component of GDP in ASEAN economies. In 2021, the services sector represented between 34.2% (Cambodia) and 69.4% (Singapore) of ASEAN member states' gross domestic product (GDP). Except for the decrease of trade during the 2008-2009 global economic crisis and the COVID-19 worldwide pandemic, ASEAN's services export grew steadily from US\$ 139.6 billion in 2005 to US\$ 316 billion in 2020. Nonetheless, the abovementioned graph highlights that ASEAN members have not yet reaped the full potential of service industry, and many remain trapped in traditional and low-productivity services. The average contribution of services to GDP in developing economies was 55% in 2019, and in developed economies, services account for an even larger share of economic growth with 75% on average. All countries but Singapore, the Philippines and Thailand were under the 55% limit.

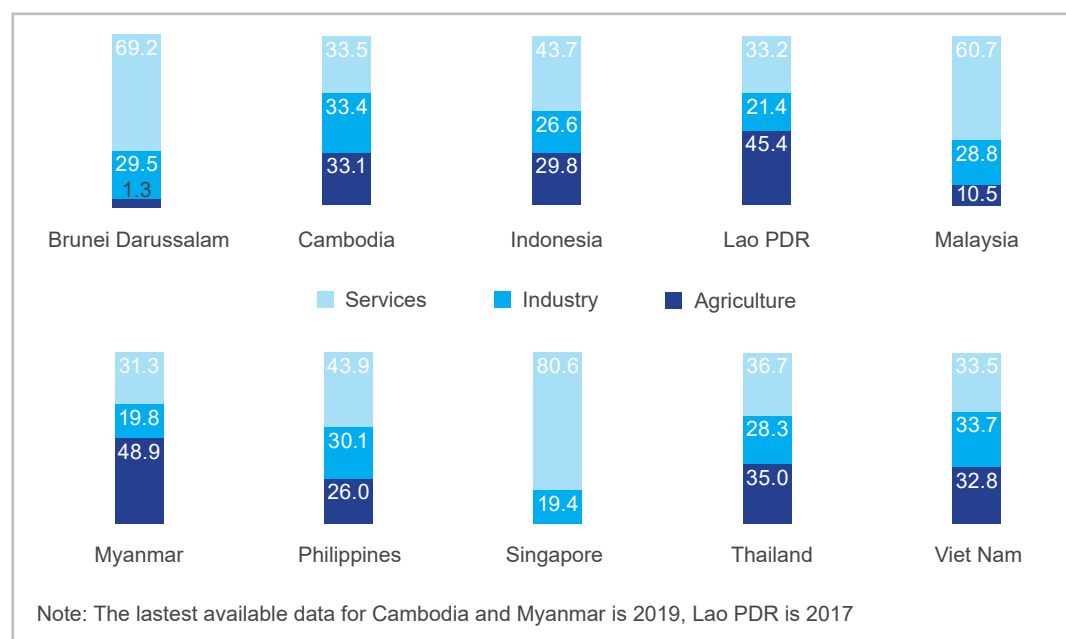
There are two important milestones in the history of services liberation in ASEAN: the ASEAN Framework Agreement on Services (AFAS) signed on 15 December 1995 and the adoption of the ASEAN Economic Community (AEC) Blueprint on 20 November 2007. The AFAS provides broad guidelines for its members to progressively improve market access and ensure national treatment for service suppliers. The rules contained therein are consistent with international rules for trade in services provided by the General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO). AFAS aims at substantially eliminating restrictions to trade in services among ASEAN member states to improve the efficiency and competitiveness of ASEAN services suppliers.

Liberalisation of services trade under AFAS is also directed to achieve commitments beyond member states' commitments under GATS. On the other hand, the AEC Blueprint affirmed ASEAN's intent to further broaden and deepen services integration, ASEAN's integration into the global supply chains in both goods and services and enhance the members' competitiveness in services. It also provided that the next step will be to negotiate and implement the ASEAN Trade in Services Agreement (ATISA) as the legal instrument for further integration of services sectors in the region. In addition, ASEAN has concluded several packages of commitments under the AFAS, along with packages of commitment in financial services and air transport. Several Mutual Recognition Arrangements allowing mutual recognition of qualifications of professional services suppliers by signatory ASEAN Member States to facilitate mobility of professional services providers in the region. The ASEAN Agreement on Movement of Natural Persons was also signed in 2012.

# Annex: Significance of ASEAN for Singapore Businesses

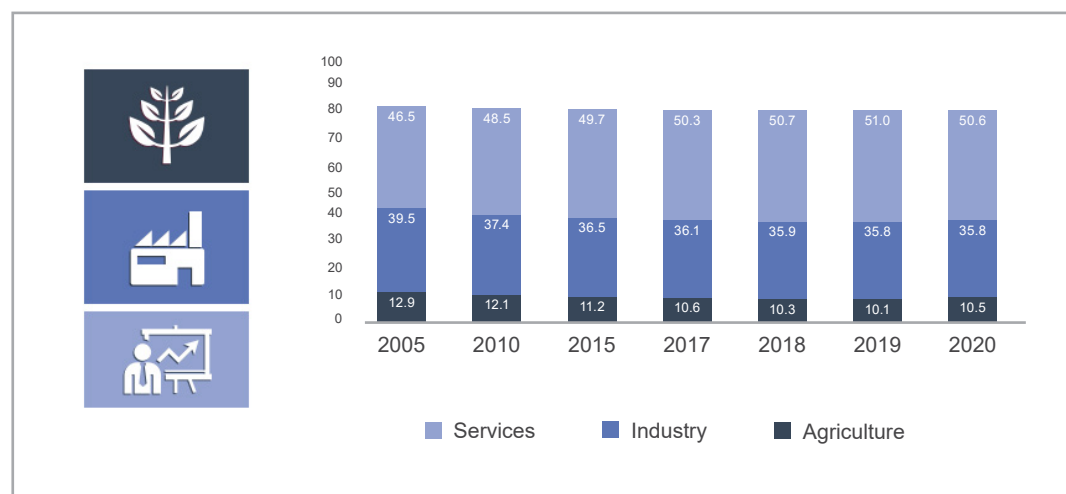
## Key services sectors

The development of the service industry in ASEAN differs according to each country. As shown in the below graph, the shares of employment by economic activity by ASEAN member states in 2020 point out that employment is concentrated in the services sector in Singapore, Brunei, and Malaysia, with the shares to total employment of 80.6%, 69.2%, and 60.7% respectively. On the other hand, the agriculture activity dominated employment structure in Myanmar, Laos, and Cambodia, with the shares to total employment of 48.9%, 45.4% and 33.1% respectively.



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat

From 2005 to 2020 the leading sector in ASEAN was the services industry as its share in the region's GDP increased from 46.6% in 2005 to 50.6% in 2020. The manufacturing and agriculture sectors in contrast decreased over the same period: in 2020 manufacturing contributed to 35.8% of total GDP while it represented 39.5% of the region's total GDP in 2005. The agriculture sector dropped from 12.9% in 2005 to 10.5% in 2020. For clarity, the services sector includes market services, such as trade, transportation, accommodation and food, and business and administrative services while agriculture includes crop, animal production, forestry, and fishing. Industry covers manufacturing, construction, mining and quarrying, electricity, gas, and water supply.



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat

## Annex: Significance of ASEAN for Singapore Businesses

The service sector received about 50% of intraregional investment in 2021, down from 78% in 2020. Key industries included banking and finance, infrastructure, wholesale and retail, digital economy, and real estate. The largest services industry for intraregional investment in 2021 was banking and finance because of regional expansion by ASEAN banks and continued investment interest in fintech development. For example, OCBC Bank (Singapore) decided to help Chinese customers expand in the region by diversifying and building a more comprehensive business platforms in other ASEAN countries.

The key services sectors in ASEAN are:

- i. wholesale and retail trade;
  - ii. transportation and storage; and
  - iii. banking and finance.
1. Wholesale and retail trade

The pandemic caused a decrease in people's purchasing power to the lowest point in ASEAN, which had a significant impact on people's consumption. ASEAN's rising wholesale and retail trade is driven by its expanding population and rapidly rising incomes, but also the increasing levels of urbanisation and deepening penetration of modern retail formats. The retail opportunities are highly varied, from mass market grocery chains and fast-food outlets to high-end fashion stores and luxury boutiques.

In 2020, the wholesale and retail trade industry accounted for an operating revenue of US\$ 2,230 billion in Singapore. Compared to 2019, both sectors declined from 11.7% and 13.1% respectively. In Malaysia, the sector was valued at US\$ 310 billion in 2021, representing a year-on-year expansion of 4%. AT Kearney Group measures the relative attractiveness of retail markets around the world every year and three ASEAN countries were in the top 10 in 2021: Malaysia ranked 3rd, followed by Indonesia at 4th and Vietnam at 9th.

### 2. Transportation and storage

The logistics sector accounted for approximately 5% of the bloc's GDP and employment and provided jobs for around 17 million people (OECD, 2021). In addition, the sector was the second-biggest contributor to services output in 2021 and accounted for approximately 24% of all such trade in ASEAN. Thus, the importance of the logistics industry to ASEAN members and the wider regional economy is fundamental.

Since 2007, Singapore ranked as the No.1 logistics hub among 155 countries globally by the World Bank and ranked 1st in efficiency of customs clearance among 160 countries. The World Bank created the Logistics Performance Index (LPI) to help countries in identifying the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. As shown in the table below, Singapore scored 4th in 2018 (with 5 being the highest score). Other ASEAN countries performed well in the LPI, scoring more than 3 points. These include Thailand, Vietnam, Malaysia, and Indonesia which got a score of 3.41, 3.27, 3.22 and 3.15 respectively.

Country	Singapore	Indonesia	Malaysia	Philippines	Thailand	Vietnam	Brunei	Cambodia	Laos	Myanmar
Logistics Performance Index 2018	4	3.15	3.22	2.9	3.41	3.27	2.71	2.58	2.7	2.3

Major international airports prove critical to the efficiency of logistics in the region: Singapore's Changi Airport is the one of the busiest airports in the world and handled 1.95 million tonnes in 2021. Before the COVID-19 pandemic, the five biggest hubs within ASEAN were Singapore's Changi, Bangkok's Suvarnabhumi, Kuala Lumpur International, Jakarta Soekarno-Hatta, and Manila Ninoy Aquino. They handled about 40% of passenger traffic in ASEAN.

## Annex: Significance of ASEAN for Singapore Businesses

As a result of such connectivity, the ASEAN warehousing and distribution logistics market was valued at more than US\$ 300 billion in 2021 and is expected to grow at a CAGR of more than 10.5% from 2022 to 2027. The pandemic has accelerated the shift to online shopping channels that were already beginning in ASEAN countries, therefore the market is expected to grow rapidly throughout the forecast period. As per Research and Markets in 2022, high demand from last-mile logistics and rapidly developing transportation infrastructure are driving the market's expansion.

International investors are showing immense interest in constructing cold stores in Vietnam to take advantage of the urbanization and retail modernization processes, which will transform the way Vietnam's large cities acquire new food sources. The booming e-commerce economy, along with the large young population, thriving tourism industry have driven up the demand for warehousing services in Thailand and Malaysia where international retailers are developing warehouses to increase delivery times, customer service, and product availability. For instance, IKEA, Nestle, Tesco, Zalora, and Lazada are among the global firms investing in Malaysian distribution hubs to grow their e-commerce footprint in the country [Edge Markets, 2022,].

### 3. Banking and finance

In 2015 the Protocol to implement the 6th package of commitments on financial services was signed under the ASEAN Framework Agreement on Services (AFAS) which enabled the implementation of the ASEAN Banking Integration Framework (ABIF). The ABIF was endorsed in December 2014 and it further deepened regional financial integration and enables Qualified ASEAN Banks (QABs) to have greater access and flexibility in other ASEAN markets. In each of the ASEAN member economies, QABs shall be accorded equal treatment as the domestic banks in the host jurisdiction. The current focus is on pursuing bilateral reciprocal arrangements as ABIF recognises that some countries are more ready than others to further open up their banking sector and gaps still remain. As an example, in September 2021 the central banks of Thailand and Malaysia have opened for banks in both countries to apply to be QABs following the endorsement of ABIF.

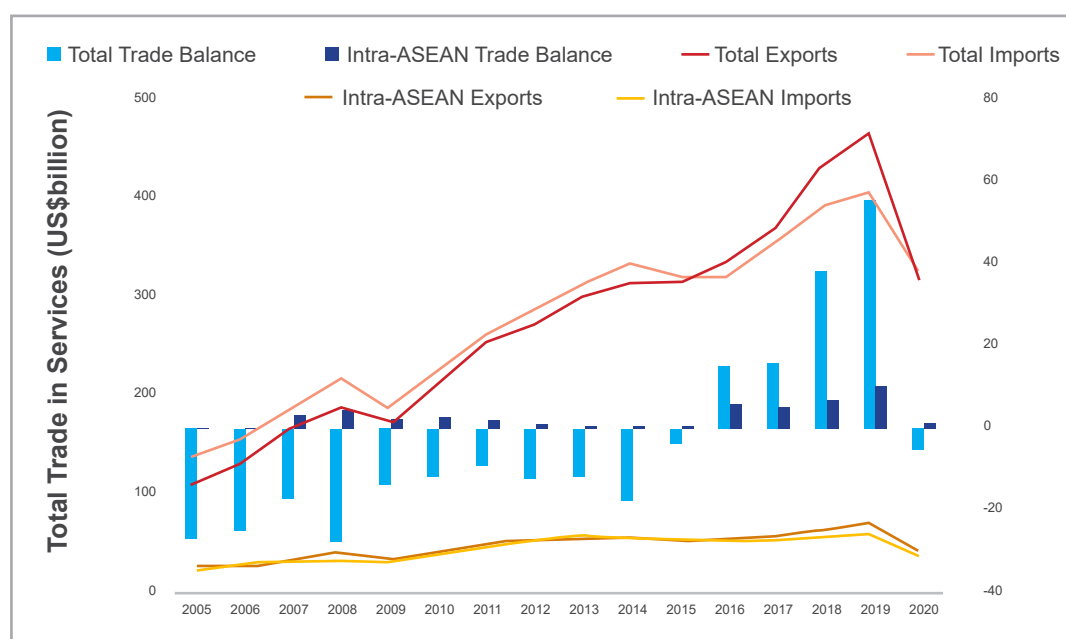
Banking and finance remained the largest services industry for intraregional investment. The COVID-19 pandemic has triggered a wave of technological shift in the sector, but ASEAN banks coped well and helped policymakers tackle problems [Zurich Insurance, 2021]. Regional banks maintained their prime position as fundamental sources for lending and around 80-100% of corporate funding in Indonesia, Philippines and Vietnam came from bank loans. Bank lending is also the dominant financing source in Singapore, Malaysia, and Thailand despite their developed debt markets. In addition, bank performance influences the ASEAN stock markets. Indonesia and Singapore banks are the dominant benchmark index component: 40% of the Straits Times Index and the Jakarta Stock Exchange Composite Index were associated with banks. ASEAN banks are largely in good health. Following the Asian Financial Crisis of 1997, Malaysia, Philippines, Thailand and Indonesia restructured their economies, reinforced their financial system, lowered debt levels and established disciplined risk management. As of 2019, the average capital to asset ratios of ASEAN banks was more than 11% (which is similar to the US but 5% points more than Germany). The Zurich Insurance report also highlights that Indonesian banks are among the most profitable banks in the region: in 2019, they reported a 6% net interest margin and a 16.6% return on equity.

# Annex: Significance of ASEAN for Singapore Businesses

## Import and export of services

### 1. Import and Export of Services Intra-ASEAN

Due to COVID-19 pandemic, ASEAN's total trade in services declined by 37% in 2020 and dropped to US\$637.0 billion against US\$ 872 billion. The decline was recorded for both exports which fell by 32% (from US\$464.2 billion to US\$316.0 billion) and imports which fell by 21% (from US\$408.0 billion to US\$321.0 billion). From 2005 to 2015, the value of imports was higher than exports, thus the trade balance was negative. Starting from 2016 ASEAN experienced a positive trade of balance and until 2019 where the export values of services experienced a faster growth than imports. However, in 2020, ASEAN trade balance experienced a US\$5 billion deficit as shown in the figure below which details ASEAN values of exports and imports of services and trade balance over the period 2005-2020:



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat

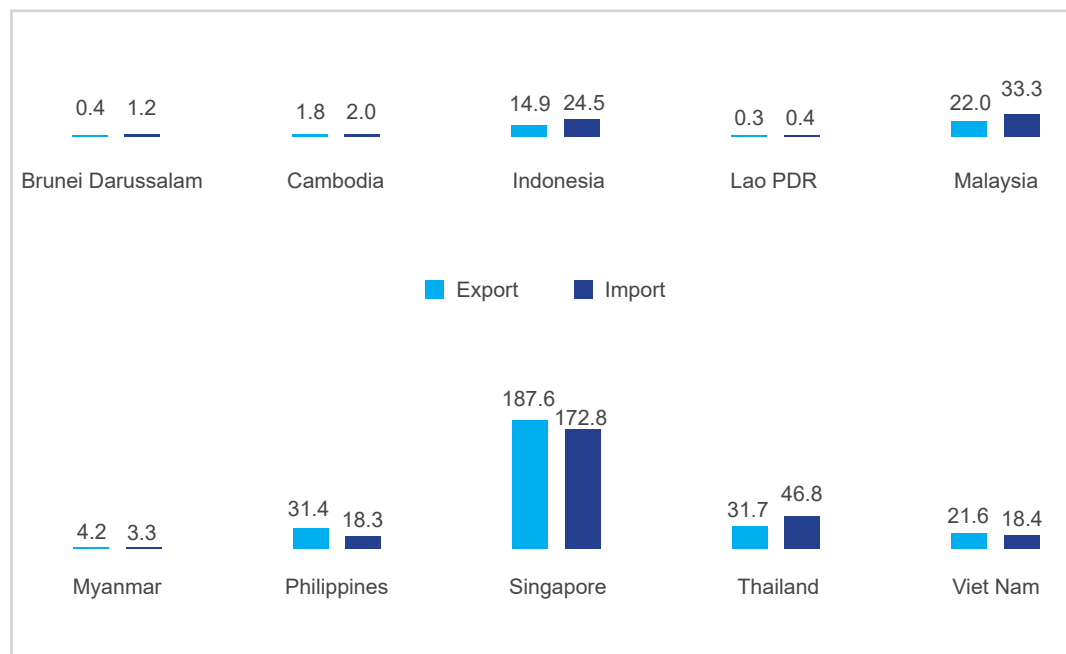
From 2005 to 2008 intra-ASEAN exports experienced a steady increase but dropped in 2019. In 2010-2014, the value of service exports intra-ASEAN took off and reached US\$57.1 billion in 2014 and peaked at US\$ 72.6 billion in 2019 as per the ASEAN Secretariat. In 2020, however, the value of intra-ASEAN exports plummeted to US\$40.7 billion. Furthermore, the shares of intra-ASEAN in ASEAN's total export of services were stable during 2005-2012, at around 20% annually. From 2013 onwards, its figure started declining and reached 12.9% in 2020. Regarding intra-ASEAN imports in services, there is a similar pattern as from 2005 to 2008 where intra-ASEAN imports increased, then dropped in 2008. From 2010 to 2014, intra-ASEAN imports bounced back and in 2019 they peaked to US\$ 61.8 billion. Following COVID-19, the value of intra-ASEAN imports went down to US\$ 39.5 billion in 2020. The shares of intra-ASEAN in ASEAN's total import of services were around 17% from 2005 to 2015 but slightly declined since then to reach 12.3% in 2020.



## Annex: Significance of ASEAN for Singapore Businesses

### 2. Import and Export of Services with the World

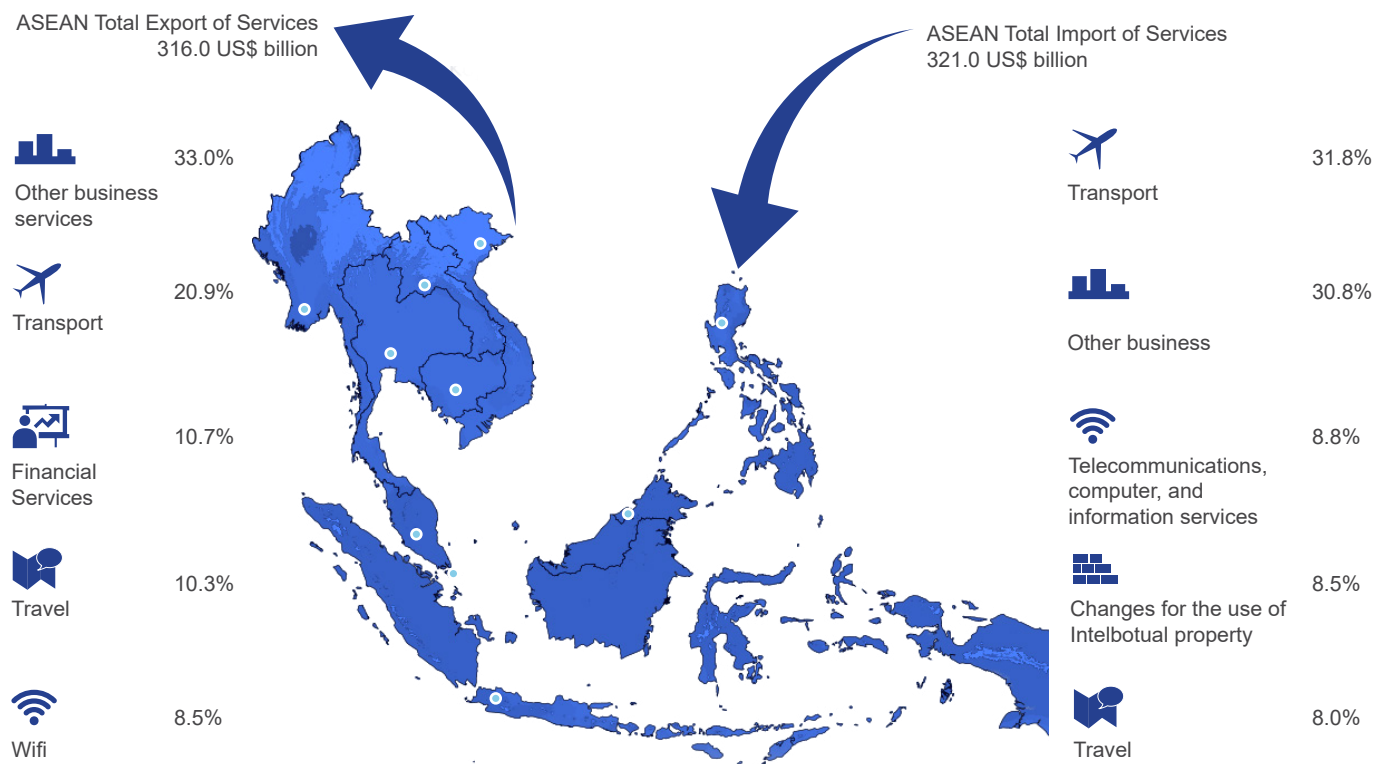
Singapore represented the highest share of ASEAN trade in services at 56.6%, followed by Thailand with 12.3% and Malaysia which comes in third at 8.7% in 2020. The graph below shows the exports and imports of services in US\$ billions by ASEAN members in 2020 and the only countries with a positive trade balance in services were Myanmar, the Philippines, Singapore and Vietnam.



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat

## Annex: Significance of ASEAN for Singapore Businesses

In 2020, the total export of services in ASEAN accounted for US\$ 316 billion while ASEAN members imported US\$ 321 billion of services. Travel was the 4th contributor of ASEAN exports of services, with 10.3% of the total ASEAN exports, after financial services (10.7%, transport (20.9%) and other services contributed the highest to exports of services with 33% overtaking travel which used to be the highest contributor with around 30% share annually, prior to 2020. Transport services were the most imported in ASEAN with 31.8% while travel only contributed to 8%, compared to around 20% of the total ASEAN imports before the pandemic.



Source: ASEAN Key Figures 2021 published by the ASEAN Secretariat



