

APEC Services Action Plan

The importance of services

Modern economies are heavily dependent on services as drivers of economic activity, growth and job creation. In developed and developing economies alike, services account for a large and increasing share of gross domestic production and employment and play a critical enabling role in all aspects of economic performance. In 2007, the services sector accounted for over 70% of GDP in developed economies and over 50% in developing economies¹. Moreover, the rate of growth of services sectors in developing economies is higher than that in developed economies.

Services such as logistics, communications and financial services create the basic economic infrastructure upon which businesses operate. Educational, health and social services affect human security and the availability and quality of labour. Professional services provide the specialised expertise required by other firms to increase productivity and competitiveness. In manufacturing industries, services provide critical inputs to the production chain, making up a major portion of value-added through research and development, accounting, engineering, administration, advertising, warehousing and distribution services.

Benefits of open and efficient services markets

Business competitiveness in all industrial sectors is highly dependent on access to low-cost, high-quality producer services. Developing and developed countries alike are becoming increasingly aware that efficient services industries, supported by sound domestic regulatory systems, are fundamentally important for economic growth. Open and efficient services markets increase consumer choice, enhance productivity, boost competition, drive down the price of producer services, and create opportunities for firms to develop or introduce new services to the benefit of the wider economy. The positive effects flow on into other industrial sectors, which in turn can lead to higher employment levels, higher incomes and higher standards of living. Competitive services sectors help to attract foreign direct investment by creating the conditions necessary for businesses to operate effectively. By contrast, inefficient or uncompetitive services sectors can stifle productivity growth, innovation, and the diffusion of technology, and inhibit economies from achieving their highest potential growth.

APEC and services

In their 2008 Statement, APEC Leaders called for accelerated implementation of APEC's regional economic integration agenda, and:

...instructed officials to undertake initiatives designed to promote greater convergence in key areas of APEC's trade and investment portfolio, including...cross-border services.

In response to Leaders' instructions, a Services Action Plan (SAP) has been developed to provide an overarching level of coordination and focus to the services-related work conducted across all of APEC's various sub-committees and working groups.

The aim of the SAP is to provide common direction and coherence to APEC's work on services trade, and establish a forward work program to foster the development of open and efficient services markets in the APEC region.

¹ According to the World Bank's *World Development Indicators* (2007)

SAP Matrix of Actions – A Living Document

As noted above, the principal function of the SAP is to provide an umbrella framework to coordinate and promote services work in APEC's trade and investment liberalisation and facilitation agenda. The framework, in the form of a 'matrix of actions,' is a living document incorporating past, current and prospective services-related work.

By drawing together APEC's services-related work across its various sub-fora, the matrix of actions aids in the identification of priorities and capacity building needs in relation to individual and collective efforts to boost services trade and development.

The matrix of actions is divided into three broad categories relating to:

- a. Policy issues (i.e. cross-cutting work relating to services trade, such as services principles, regulatory issues, economic impact of services trade).
- b. Technical issues (i.e. work of a statistical or analytical nature, such as measuring services trade volumes, classifying services).
- c. Sector-specific work (i.e. work relating to trade in specific services sectors, such as professional services, energy services, education services, environmental services, tourism services etc).

The matrix will be regularly updated to take into account new priorities, projects and progress made. As such, it will act as a tool for the identification of future work priorities, including capacity building initiatives, to address gaps in APEC's overall services agenda.

APEC SERVICES ACTION PLAN						
Matrix of Actions: Policy Issues						
Policy Issue	Past Action	Current Action	Project Status	Future Action	Forum/ End Date	Aims and Outcomes
IMPACT OF SERVICES TRADE						
	IEG/GOS Joint Workshop on the Relationship Between Investment and Trade in Services in RTAs and Other International Investment Agreements (XXXX, Australia)		Completed		GOS/IEG 2007	[to be completed]
		Seminar on Commercial Realities of Cross-Border Services Trade (CTI30/2008T, US)	In progress		GOS 2009	Increase understanding of the commercial realities, opportunities and impediments to trade in cross-border services
		Seminar on The Impact of Liberalization on Trade in Services (CTI 04/2008Trev1, Indonesia)	Follow-up proposal/project under development	Follow-up seminar on The Impact of Liberalization on Trade in Services focusing on additional sectors and recent studies (Indonesia)	GOS 2012	Increase understanding of the costs and benefits of services trade liberalisation.
REGULATORY ISSUES						
	APEC-IDRC Conference on Competition Policy Issues in Services Sectors (XXXX)		Completed		CPDG/GOS 2008	[to be completed]
		Seminar on Regulatory Issues in Cross-Border Services Trade: (CTI30/2008T, US)	In progress		GOS 2009	Increase awareness of mechanisms for addressing regulatory issues in cross-border services trade

APEC SERVICES ACTION PLAN
Matrix of Actions: Technical Issues

Technical Issue	Past Action	Current Action	Project Status	Future Action	Forum/ End Date	Aims and Outcomes
SERVICES TRADE STATISTICS						
		Seminar/workshop on the measurement of international trade in services (CT103/2008, Philippines)	In progress		GOS 2008	Boost capacity of APEC economies to measure trade in services.
			Proposal/project under development	Collection of data on trade in education services	GOS/ HRDWG	Develop a mechanisms for collection of data on trade in education services, particularly for modes of cross border exchange other than consumption abroad.
CLASSIFICATION ISSUES						
		Survey on APEC Trade Liberalisation in environmental services (CT138/2008T, China)	In progress			[to be added]
		Environmental services: Classification of new technologies (Australia)	Under discussion (GOSIII 2009)			

APEC SERVICES ACTION PLAN						
Matrix of Actions: Sector-specific						
Sector-Specific Work	Past Action	Current Action	Project Status	Future Action	Forum/End Date	Aims and Outcomes
CROSS-CUTTING/ MULTISECTORAL			Proposal/project under development	Develop mechanisms to facilitate competitive markets in key services sectors.	2010	Develop mechanisms to facilitate competitive markets in key services sectors as a contribution to a comprehensive policy framework in APEC that supports the expansion of services trade in the Asia-Pacific region.
PROFESSIONAL SERVICES						
	Forum on international trade in the professional services in APEC economies (TP 02/2006T, Malaysia)		Completed		WGTP 2007	Explore practices and challenges of professional services providers and promote closer cooperation, transparency and networking
Engineering services	APEC Engineers project		Initial project completed. Follow-up proposal/project under development	Expand scope and participation of economies in APEC Engineer Framework	GOS 2012	Facilitate trade in engineering services across the APEC region
Architecture services	APEC Architects project		Initial project completed. Follow-up proposal/project under development	Expand scope and participation of economies in APEC Architect Framework	GOS 2012	Facilitate trade in architectural services across the APEC region.
Legal services		APEC legal services initiative (CTI 05/2009A rev, Australia)	In progress		GOS 2012	Facilitate the provision of services in foreign and/or international law throughout the APEC region
Accounting services			Under discussion (GOSIII 2009)	APEC accounting services initiative (Australia)	GOS 2012	Facilitate trade in accounting services across the APEC region
EDUCATION SERVICES						
		Capacity-building seminar on transnational education (TNE) services (CTI 02/2008, Philippines)	In progress		GOS 2008	Forum for exchanging insights on "best" practices and standards on TNE regulations, with focus on domestic regulations that strike a balance between promoting opportunities for TNE on one hand while ensuring the establishment of and managing quality of legitimate TNE arrangements.
		Measures affecting cross border exchange and investment in higher education in APEC region (HRD 02/2008T, Australia)	In progress		HRDWG 2009	Identify costs and benefits of cross border exchange and investment in higher education in the APEC region across four modes of supply
		Comparability and benchmarking of competencies and qualification frameworks in APEC Region (pilot area: construction/welding) HRD 02/2009, Philippines/China	Initial project completed. Follow-up proposal/project under development	Seminar on qualifications frameworks across APEC economies (Philippines)	HRDWG 2010	Boost awareness and information exchange on qualifications frameworks (QFs) and recognition agencies; identify capacity building needs for development and implementation of QFs to take advantage of freer movement of human capital and wider employment opportunities and address mismatch of skills and labor market requirements.
			Proposal/project under development	Capacity building for policies and monitoring of cross-border education in the APEC region (China)	HRDWG 2011	

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EDUCATION SERVICES			Under discussion in BMC (HRD 12/2009)	Higher education diploma supplement (Australia)	HRDWG 2010	Raise awareness of Diploma Supplement (DS) as a tool for increasing transparency and reliability of information on higher education systems in APEC region, develop 'agreed principles', and identify capacity building needs of economies to develop and implement DS.
			Proposal/project under development	Capacity building for policies and monitoring of cross-border education in APEC region (China)	HRDWG 2010	Develop common understanding about cross-border education and quality assurance, promote student and academic mobility and assure that cross-border education is delivered effectively and efficiently.
			Proposal/project under development	Education quality assurance	HRDWG/	Develop common understandings of quality assurance in higher education and identify capacity building needs of economies to develop and implement effective quality assurance systems.
			Proposal/project under development	Education provider registration and accreditation systems	HRDWG	Develop transparent and uniform rules for the registration of domestic and foreign education services providers and identify capacity building needs of economies to adopt registration systems.
			Proposal/project under development	Cross-border (mode 1) delivery of education services	HRDWG	Identify the impact on government policies on the delivery of education services via mode 1 and develop common approaches to the accreditation and recognition of Mode 1 delivery to reflect changing educational requirements.
			Proposal/project under development	Qualifications recognition	HRDWG	Identify the best frameworks for qualifications recognition in conjunction with employers and professional bodies.
ENERGY SERVICES						
		Training seminar on trade in energy services (CTI 05/2008T, Philippines)	In progress		GOS 2009	Enhance understanding of, and capacity to participate in negotiations on trade in energy services
ENVIRONMENTAL SERVICES						
	Study of impacts on APEC economies of measures to liberalize and facilitate trade in environmental services (CTI 19/2003T, China)		Completed			Examine impacts on APEC economies of liberalization of trade in environmental services.
		Environmental goods and services (climate change) one day workshop (CTI 30 2008T, NZ)	In progress		MAG? 2009	Increase understanding of opportunities to liberalise trade in environmental goods and services relevant to climate change
		Survey on APEC trade liberalization in environmental services (CTI 31 2008T, China)	In progress		GOS 2009	Facilitate exchange of information relevant to liberalisation of trade in environmental services
		Environmental Goods and Services Workshop (CTI 32 2009T, Australia, Japan, NZ, Singapore)	Held in Singapore on 28 July, 2009		MAG 2009	Enhance understanding of i) role and relevance of developing economies to EGS, ii) technologies for achieving greater energy conservation and efficiency, and iii) ideas for a common platform to

						eliminate/moderate existing obstacles to EGS.
APEC SERVICES ACTION PLAN Matrix of Actions: Sector-specific						
Sector-Specific Work	Past Action	Current Action	Project Status	Future Action	Forum/ End Date	Aims and Outcomes
HEALTH SERVICES						
	Skills standardisation for nursing profession (CTI 19/2005T, Indonesia)		Initial project completed. Follow-up proposal/project under development	Identify priority areas for nursing standards and qualifications; establish a certification system to recognize achievement and facilitate qualification portability; study of existing bilateral and regional nursing MRAs (Indonesia)	CTI	Develop a common competency standard of nursing skills to underpin a Mutual Recognition Agreement for the APEC region.
	Workshop on the comparability of qualifications in the health sector within the APEC region (HRD 07/2006A, Philippines)		Initial project completed. Follow-up proposal/project under development	Follow-up to workshop (Philippines)	HRDWG	Facilitate establishment of registers for various health services within APEC.
	Seminar on trade in health services (CTI 37/2003T, Japan)	Seminar on trade in health services (Philippines CTI 33/2009T)	In progress		GOS 2010	Deepen understanding of the factors facilitating or inhibiting health services trade
TELECOMMUNICATIONS SERVICES						
	WTO Capacity Building On Domestic Regulation (TEL 02/2006T)		Completed		TEL	Familiarize APEC members to the WTO GATS Domestic Regulation disciplines and how they are applied to the ICT sector; development of a set of guidelines to assist developing economies in implementing WTO compliant domestic regulations in the ICT sector.