

## **ASEAN's more liberalized trade in services to facilitate actual trade flows according to the study by ASEAN-Japan Centre**

The ASEAN-Japan Centre (AJC) completed reviews of ASEAN commitments under the tenth package of the ASEAN Framework on Agreement on Services (AFAS 10) and the Regional Comprehensive Economic Partnership (RCEP) Agreement in the sectors of computer and related-services, courier services, telecommunications services and transportation services including air, maritime, rail and road transport services. These sectors are considered crucial for post-Covid-19 economic recovery. The papers were presented to the ASEAN Coordinating Committee on Services (CCS) in March 2022.

Computer services became essential for allowing the exchange of ideas and information in societies, and for maintaining connectivity and resiliency of global value chains especially during the height of the Covid-19 pandemic. Tasks such as remote work, distance learning, online shopping, telehealth, payments, and transactions through the internet, among others, opened new opportunities for the computer and related services. Nevertheless, data shows that ASEAN exports of computer and related services in 2020 decreased compared with 2019 figures, while imports increased slightly.

ASEAN exports and imports of courier services likewise declined in 2020 despite the increased need for such services due to the Covid-19 pandemic.

During the time of social distancing policies, telecommunications and the use of modern technologies became vital for daily living. However, based on 2019 and 2020 data, total exports of telecommunication services from ASEAN Member States decreased. Conversely, total imports of telecommunication services of ASEAN Member States increased.

The restriction of movement of the population to control the spread of Covid-19 virus adversely affected transport services and caused disruptions in the global supply chains. Both export and import data reveal a huge decline in the values of transport services in all ASEAN Member States.

Revitalization of these sectors adversely affected by the Covid-19 pandemic through more liberalized trade is needed to facilitate regional recovery in ASEAN.

Overall, AFAS 10 has opened these sectors among ASEAN Member States toward freer trade, though not completely, while some market access and national treatment restrictions remain under RCEP with ASEAN's five dialogue partners namely, Australia, China, Japan, Republic of Korea and New Zealand.

The post Covid-19 society may see various aspects of these services sectors making use of digitalization and shifting to Mode 1 whenever possible, which is supplying a service to another country with both the supplier and the consumer remaining in their respective countries.

To a large extent, trade in services in the sectors of computer, courier, telecommunications, and transportation are already liberalized and the next step would be to facilitate actual trade flows especially after the COVID-19 pandemic to help in ASEAN's economic recovery.

Reviews of ASEAN Commitments in the Services Sectors of Computer, Courier, Telecommunications, and Transportation are available for download on AJC's website below.

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