

Competition & Antitrust and Trade

Singapore Ratifies the ASEAN Trade in Services Agreement

Introduction

Singapore has ratified the ASEAN Trade in Services Agreement ("**ATISA**"), becoming the first of the ASEAN Member States to do so.

In a press release on 5 April 2021 (available [here](#)), the Ministry of Trade and Industry ("**MTI**") announced that Singapore had completed the ratification process, and that its rights and obligations under the ATISA commenced on the same day. MTI also stated that other ASEAN Member States would be continuing their internal procedures to ratify the ATISA within the year.

The ATISA reduces "beyond-the-border" barriers, providing a legally binding guarantee of the widest preferential services market access into ASEAN markets to date. The ATISA seeks to benefit businesses and workers by further promoting trade in services in the ASEAN region and improving business confidence for businesses and service suppliers in all sectors.

ASEAN Trade in Services Agreement

The ATISA was signed on the sidelines of the 25th ASEAN Economic Ministers' Retreat in 2019. It stands as part of ongoing efforts to bolster trade in services in ASEAN in recognition of its growing importance in ASEAN economies, accounting for 50.6% of ASEAN's Gross Domestic Product in 2019.

The ATISA reduces barriers for services suppliers and creates a more stable and predictable environment for trade in services in ASEAN. It has a wide coverage of service sectors, including Professional Services, Telecommunications, Financial Services, Computer and Related Services, Distribution and Logistics Services. Its measures include the following:

- (a) It establishes services liberalisation commitments, including the reduction of discriminatory regulatory barriers and creation of a more transparent regime for ASEAN services suppliers.
- (b) It establishes a built-in agenda for ASEAN Member States to convert their liberalisation commitments to a negative list approach, under which all services sectors would be considered as liberalised by default. A State would only list sectors/subsectors in which it has taken measures that it considers to run counter to its obligations under the ATISA.

Under the ATISA, a Singapore-based services supplier can enjoy the widest preferential access into ASEAN's services market, compared to other existing ASEAN Agreements. This is both in terms of more

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services sectors being open to foreign participation and the increase in allowed foreign shareholding limits. Amongst others, more than 70% of the 155 services sectors in ASEAN markets will be fully open to Singapore-based services suppliers. Companies will also be allowed to own more than 51% of foreign equity shareholding rights in these committed sectors, with some sectors allowing for up to 70% of foreign equity limits. Singapore-based suppliers will also benefit from equal treatment from ASEAN Member States (i.e. they cannot be treated worse off than companies from other Member States or non-member countries), and enjoy increased regulatory certainty such as more objective and transparent licensing measures.

Concluding Words

The ATISA represents part of ASEAN's efforts to improve economic and sectoral integration, working in tandem with ASEAN agreements covering other sectors, such as the ASEAN Trade in Goods Agreement and the ASEAN Comprehensive Investment Agreement.

The ATISA seeks to and will bring benefits to local businesses, particularly for those involved in trade in services. As it is expected that member states will ratify the ATISA within the year, businesses now planning ahead to exploit the opportunities afforded pursuant to the ATISA will get a first mover advantage. We will keep you updated on the progress of the ATISA in ASEAN.

For further queries, please feel free to approach our team below.

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