



## Australian Services Roundtable

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The Hon Simon Crean, MP  
Minister for Trade  
Parliament House Canberra

Dear Minister

### **Services Export Dinner 16 September 2009**

I am writing to follow up the useful and wide-ranging discussion we held in Parliament House on the key services trade and export issues for Australian businesses. Your commitment to services issues and willingness to engage with ASR members is greatly appreciated.

The Doha Development Agenda ('DDA') is already the most protracted trade negotiation in history. As G20 Leaders have repeatedly acknowledged, rapid completion of the DDA is an essential prerequisite to re-booting world trade. Continued failure, meanwhile, is dangerously eroding business as well as community commitment to trade liberalisation. ASR congratulates you and supports your efforts in attempting to resolve the impediments to reach agreement and finalisation of the DDA as soon as possible.

In our view, serious engagement on the part of the United States is needed to bring the Doha Round to a conclusion. The Washington Services Summit is an important and timely opportunity for us to work together to encourage business and government leaders everywhere to commit to early completion. As you are aware, ASR has long been working (indeed longer than any other Australian industry organisation) to shift global business opinion in the direction of early and rapid completion of the DDA. For this reason we are delighted about your forthcoming attendance at the Global Services Summit and we look forward to the opportunity this presents to work closely with you and your officials to achieve your stated purpose.

As you know, services businesses everywhere are reluctant to support completion of the DDA unless additional revised services offers are forthcoming and in particular unless all potential offers signalled at the Services Signalling Conference do indeed come to fruition. I am sure you would agree that this position, shared by all members of the Global Services Coalition, represents a minimal level of ambition. As a recent World Bank policy research paper documents, the tabled Doha commitments on services involve "not one iota of liberalisation", nor do the offers provide much in terms of greater security of market access (copy of report enclosed). The World Bank estimates that the global gap between current practice and bound commitment will be reduced on average from 230 percent before the Doha Round, to 199 percent after Doha.

For its part, ASR is realistic. There is little in the current DDA for Australian services providers, nor is there likely to be. This means, as you know, that we can support early completion of the DDA but

considers it imperative that WTO Ministers commit to a built-in, stand alone agenda of immediate on-going post-Doha services negotiations. You would be familiar with our repeatedly stated views on this, including of course in our submission to the Mortimer Review. Our objective, including at the Global Services Summit, will be to promote more widespread Ministerial commitment to a post-Doha WTO services negotiating agenda. It is our hope that you will personally support such a position and champion this approach with others in Washington. We consider this essential if together we are to succeed in shifting US business opinion in particular, in favour of rapid completion of the DDA.

ASR meanwhile welcomes your proposal to elevate the trade talks under the EU-Australia Partnership Framework Agreement to Ministerial level. ASR calls on the Australian Government to initiate services issues being added to the trade agenda of the EAPFA. Services trade issues of interest to ASR members include: 'open skies', government procurement, business establishment and business visas, financial services and professional recognition.

China is Australia's fastest growing services market, so I was heartened by your interest in developing this relationship. ASR will be participating, as invited guests of MOFCOM, in the 2<sup>nd</sup> China Trade in Services Congress in Beijing in November 2009. We also recently held discussions on services trade with the Commerce Department of the Shanghai Municipal Government, and mutual interest was expressed in undertaking an Australia-Shanghai Services event during the period of the Expo, possibly in May. If you are planning to attend the Shanghai Expo in May, we would naturally seek to arrange the timing of this event around your visit.

As we discussed at dinner, ASR is engaging with Chinese officials about Shanghai's ambitions to develop as a global financial services centre. In ASR's recent discussions with Foreign Exchange Administration of the People's Bank of China, Shanghai Head Office, Chinese officials showed a good understanding of the regulatory, market liberalisation and skills development challenges they face. The growth of China as a financial centre given the significance of its economy and financial resources is inevitable, and there are opportunities for those businesses that can be engaged early. Other governments, notably the European Union (particularly via the EU-China Trade Project), are already active in providing advice and training to facilitate opportunities for EU businesses, and Australia will need to do more if the potential complementarities of Shanghai's and Australia's financial services ambitions are to be developed. ASR is now in discussions on this matter with Austrade and DFAT.

Government is a major purchaser of services, yet services are not covered under the WTO's Government Procurement Agreement (GPA). For this and other reasons, the GPA needs modernisation. As a notable non-signatory to the GPA, Australia should be in a good position to ensure that any revised Government Procurement Agreement effectively covers all services activities.

As the vibrant dinner discussion of the Government's proposed new export branding strategy bears witness, many ASR members share your view that "Australia can do a better job of telling the world what we are good at". With the growth of the global services economy, Australia needs to be known for more than its beaches and resources; for example Australia's skills in education, engineering,

architecture, ICT, health, environment science, design and research. The message should be realistic and understated in the laconic Australian style that has worked so well in tourism.

Finally I take the opportunity to reinforce with you the importance for ASR members of active Australian efforts, both public and private, in pursuit of mutual recognition agreements, including with government-controlled licensing bodies in other countries in order to facilitate trade in professional services. Neither the WTO, nor the FTA negotiating agenda, nor APEC for that matter, have succeeded to date in achieving sufficient commercially relevant results in this arena.

I would like to thank you again for your generosity of time at our recent event in Canberra, and the interest you share in ASR's mission of securing Australia's place in the global services economy. ASR looks forward to you making the case strongly in Washington for closure on the Doha Round, and also presenting Australia as an advanced services economy whose interests especially lie in services liberalisation.

Yours sincerely



Andrew McCredie  
Executive Director