



Happy New Year! January 2005

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2004 AGM

The ASR's first Annual General Meeting was held at 2:30 pm on 25 November 2004 at the offices of the Cox Group (Architects) in Sydney. 22 members attended.

The AGM was preceded by an informal luncheon with the Hon. Mark Vaile, Minister for Trade as our guest speaker.

Dr Vince Fitzgerald was elected President and Mr Peter Walsh Vice President. Mr Richard Thwaites was

elected Treasurer. 4 new Directors were elected to the Board; Professor Christina Slade (School of Humanities Macquarie University), Ms Louise Cox (International Union of Architects), Dr Barbara Carney (IAG) & Mr Peter Bartlett (MinterEllison).

New Members

- Business Council of Australia
- Northcote Management Pty Ltd
- Conformance and Assessment Services Pty Ltd

Opportunities in Shanghai

On 1-2 December, the ASR was represented at a services industries forum in Shanghai by Philip Kelly, a Director of the Roundtable. ASR Member, Andrew Stoler, Executive Director of IIB&L at the University of Adelaide was independently invited to speak at the forum.

The purpose of this visit was to better understand what is happening in Shanghai, and China generally, regarding

services development, and the prospects for Australian services industries there. Also, to take the opportunity of speaking with the other leading members of the Global Services Network (GSN), and the Chinese themselves, about progress in the services negotiations in the WTO Doha Round and possible further GSN action. Attendees included the WTO Director General, Dr Supachai. The forum was organised by the Shanghai Consultative Committee for WTO Affairs under the sponsorship of the Shanghai Municipal Government.

Shanghai, with its 17 million people and strategic position at the mouth of the Yangtze River Delta, is a major focal point for economic development in China. Government policy is strongly directed at development of the services sector to achieve a better balance with the booming manufacturing sector. Shanghai has a vision to become a leading services centre in China. Other provinces have similar ambitions of course.

How does this relate to Australia?



There is considerable goodwill towards Australia within China but we certainly do not have as high a profile as we might like in current thinking by the Chinese about trade development. Andrew Stoler made the point that the proposed Australia/China FTA was primarily about services and presents an excellent opportunity for China to ease itself into liberalisation of its services sector by first doing that in partnership with a small developed country like Australia.

The Shanghai officials are planning a larger services industry event in mid-2005 which we believe may also present an opportunity for Australian industries to position itself better within Shanghai's services development strategy.

QANTAS has resumed services to Shanghai; flying from Australia three times a week on an A330 aircraft, boasting the latest in in-flight entertainment technology and 30 'skybeds' fitted in business class.

On the general issue of services trade expansion, several speakers made the point that this is intimately connected with the liberalisation of foreign direct investment and the expansion of national treatment for foreign companies and there seems no doubt that the Chinese leadership readily understands that point.

China could potentially play a significant role in strengthening momentum for the services negotiations in the Doha Round. China believes strongly in both the benefits of services trade expansion and the importance of the WTO as the overarching vehicle for liberalising world trade. The Shanghai Mayor and Vice-Mayor spoke very strongly about the need for Shanghai to collaborate with "other leading world cities" to give the maximum possible impetus to the Doha Agenda.

There was widespread consensus among GSN members present in Shanghai that 2005 will be a time of reckoning for the GATS negotiations, as the issues in agriculture and goods trade come closer to resolution, leaving services

to be addressed more decisively by WTO members.

The ASR will be seeking to pursue an ongoing relationship with Shanghai. First we will consolidate our dialogue with Shanghai officials regarding development of the services aspects of the proposed Australia/China FTA.

Second, there is an opportunity for involvement in the proposed services event in 2005 to promote Australia/China services trade.

Finally, via the GSN, we will continue to exchange views with Chinese industry leaders, and perhaps collaborate with them to advance the services negotiations in the Doha Round during 2005.

The ASR is following up the contacts that have been established by our attendance at this event and we will brief Members further as the situation unfolds.

Taken from a report to the Board from Philip Kelly



WTO Services Update

It might be Summer holidays in Australia but it's a busy time for services at the WTO.

In December last year, at the Special Session of the Council for Trade in Services (CTSSS) the "**Really Good Friends of Services**" issued a **Statement** which in effect determines the way the services negotiations will be conducted through the first half of this year.

The paper states that the request/offer process is the essence of the process. To make it viable, offers and revised offers must be submitted. Negotiations should proceed through request/offer, friends groups, and the CTSSS.

The statement was tabled by 16 members, including Australia and was later joined by Turkey and supported orally by China, so 18 WTO Members support it.

The paper generated considerable discussion, there being a sense among most members that the services negotiations are

lagging behind agriculture and manufactures.

There is widespread agreement that there is not enough on the table by way of decent offers, but there is disagreement as to whether progress on market access and new rule making need to move together.

The US in particular is focussed closely on market access. The Philippines, Brazil, Argentina and a number of other developing countries feel that the rule making process should not be overlooked. India considers there is a need for work on domestic regulation, including qualifications, transparency, and rules relating to Modes 1 (cross border trade) and 4 (people movement).

Australia intervened as follows;

"Australia is committed to a successful outcome in the Doha services negotiations and we believe it is critical to have meaningful offers on the table by May.

"It is now crucial for Members to engage substantively in the request-offer process. The

immediate challenge is for revised market access offers to be tabledby the May 2005 benchmark.

"Australia is ready to work on rules to make this come about more quickly. It has been thought that it may be necessary to find ways of progressing work between clusters in 2005. Also it's not a question of whether market access or rules is the more important and in Australia's view, there is no need to move the two step-by-step in tandem but we do need to deliver a package."

The next services negotiating session will be held from 7-25 February 2005 in Geneva.

The Australian delegation will include DFAT, Treasury (financial), DCITA (postal and courier, audio-visual, telecoms, computer and related), AGs (legal services), DIMIA (mode 4) and hopefully DEST (Education) and DOTARS (maritime services and freight logistics).

Over this period, Australian officials will meet bilaterally with many WTO members to encourage them to take



account of Australia's requests in their May offers.

The ASR expects to be represented in Geneva during this period.

US and European members of the Financial Leaders Group and the Financial Leaders Working Group are planning a joint visit to the WTO on **9 -10 February**. The Chairman of the US Coalition of Services Industries will participate. The ASR is invited to join in.

The main purpose of this visit is to present a seminar on the "The Benefits for Developing Countries of Liberalizing Financial Services Markets" on 10 February. The seminar is aimed at trade officials from developing countries with responsibility for financial services, who will be in Geneva at that time.

Topics for discussion include: Insurance and Insurance Intermediaries; Banking and Securities; Asset Management, Pensions and Financial Information; & the Temporary Movement of Business Personnel. Speakers include some senior people from developing countries who

can comment on how their economies have benefited from liberalization.

On **16 February**, another seminar will be organised by Japan on maritime services. Australian officials will speak on the links between maritime and freight logistics.

On **17-18 February**, there will be a seminar on the benefits of liberalisation under Mode 1. DFAT is urging Australian private sector participation in this particular seminar.

On **22 February**, there will be a seminar on Mode 4.

Any ASR member in Europe over this period should make contact with the Executive Director on jdb@tesol.com.au

Invitation to US Services Conference

The US Coalition of Services Industries is organising a Conference in Washington on **12 January** to prepare for the February cluster of services negotiations in

Geneva. Topics covered include not only **financial services** and **telecoms** but also **audiovisual, express delivery, professional services** as well as **energy services, health care and education**.

Participation is open to all ASR members. Interested members should contact the Executive Director at jdb@tesol.com.au. The Australian Government plans to attend.

Extract from Chairman's Report to AGM

"The ASR is an organization that collectively represents services, a sector that employs more than 80% of the Australian workforce and accounts for more than 75% of GDP. The diversity of activities that makes up the services sector means that the ASR must attempt to represent all services collectively.

"A significant strength the ASR has is its ability to respond, to comment on and make input into government policy and directions. This



was very much the case during the negotiation of the Australia US Free Trade Agreement and will undoubtedly be the case for the upcoming "biggies" of FTAs with China and ASEAN.

"The ASR was formally set up and registered as a Company Limited by Guarantee on 5 September 2003. Items concerning the Board at the time of the first AGM, that have not since gone away, included the need to generate sufficient funds to adequately service the company, the expansion of the membership base, public relations and events.

"Through its public relations and events, the ASR appears to have made major contributions to the development of public policy as well as raising the profile of the services sector both in Australia and overseas.

"The last 12 months has been an exciting time for the fledging ASR. Financing the future will be the prime challenge of the new Board under a new leadership, to strengthen the infrastructure underpinning ASR activities."

A full copy of Peter Walsh's report will be available at www.servicesaustralia.org.au

Financial Services Barriers

The International Financial Services Working Group is updating its list of trade barriers in insurance, banking, securities and other related financial sectors.

The list which sets out detailed information for financial services priority markets was put together in 2002 for insurance and 2003 for banking, securities and other related financial sectors.

Interested ASR members are invited to contribute to this updating process. The current lists are available from services@tesol.com.au

About the Roundtable

The Australian Services Roundtable represents the interests of the services industries in Australia.

We aim to identify domestic regulatory obstacles to international competitiveness and highlight the need for domestic policy reform.

We aim also to contribute to strategies for negotiating services trade and investment issues internationally.

Want to Join?

Find out More?

Contact
Executive Director
Jane Drake-Brockman
Ph; 02-62977734
Mobile; 0404 831159