



MOBILIZING BUSINESS FOR A NEW APEC SERVICES AGENDA



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APEC Business Advisory Council (ABAC) report on trade in services - maps services business organizations in Asia-Pacific and calls for business to mobilize resources to advance an enhanced APEC policy agenda on services

Descriptors: APEC, Services, Chambers of Commerce, SMEs, Regional Integration, Trade in Value Added, Global Value Chains.

English

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Acronyms

ABAC	APEC Business Advisory Council
ACSI	Australian Coalition of Services Industries
ADB	Asian Development Bank Institute
AFAS	ASEAN Framework on Services
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASR	Australian Services Roundtable
BMG	Business Mobility Group
BoP	Balance of Payments
CEO	Chief Executive Officer
GATS	General Agreement on Trade in Services
GOS	Group on Services
GVC	Global Value Chain
ISD	Indonesian Services Dialogue
ITC	International Trade Centre
OECD	Organization for Economic Cooperation and Development
PECC	Pacific Economic Cooperation Council
SAP	Services Action Plan
SME	Small and Medium-sized Enterprises
STAR	Services Trade Access Requirements
STRI	Services Trade Restrictiveness Index
TiSA	Trade in Services Agreement
TiVA	Trade in Value-Added
TPP	Trans-Pacific Partnership
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

Executive Summary

The services sectors are now at the centre of a transformation in the way business conducts trade and investment and drives economic integration. Nowhere are these developments more important than in APEC, as it seeks to capture the benefits of greater openness and deeper integration.

The evidence shows that APEC still has much to do in its services agenda to take advantage of this transformation and to position itself for even greater changes in the future.

The APEC Business Advisory Council has called for APEC Leaders and Ministers to develop and promote a new services agenda which embraces change. In its work on services ABAC has identified the opportunities, stressed the priorities and reviewed the impediments.

APEC has responded positively to ABAC's findings. Both acknowledge the complexities and the constraints involved in moving forward more rapidly. And both agree that domestic stakeholder resistance and a lack of understanding of these new trends are concerns that must be addressed.

ABAC believes that progress will be difficult if domestic business organizations, particularly those with a focus on services, are not more actively engaged in developing and promoting the new agenda. This is especially important in developing APEC economies where services are emerging as the key to more rapid and sustainable growth, to promoting SME development and providing higher quality employment.

ABAC has therefore conducted a mapping of how major business groups are organized within APEC economies to meet the new services challenge and what priority is given to services within the broader business agenda.

This paper summarizes the results of the mapping and draws out some key conclusions and messages.

An important conclusion is that while there are mixed capacities in the current business organizations in APEC economies, there is a strong basis to mobilize business for a new services agenda.

Business organizations focused on services would benefit greatly from sharing experiences, challenges and success stories and from tapping into the significant resources and capacity building available through the International Trade Centre.

With little existing cooperation among the business organizations focused on services in APEC, the paper recommends that ABAC and APEC facilitate more structured dialogue and the development of a regional coalition of these business organizations.

It concludes that an inaugural meeting of the business organizations focused on services in APEC economies should be launched in 2015, where the development of a coalition of business organizations addressing services issues could be discussed.

Chapter 1 Services: State of Play

1. Services and global value chains

Two of the most significant recent developments in global and regional trade and investment are the rise of services and the rise of global value chains.

The two developments are closely related. Not only are services intermediates increasingly embodied as value-added in all goods, but in addition services provide the inter-linkages and the orchestration which enable manufacturing processes to fragment across borders into global value chains of intermediate tasks.

The more elaborately transformed the manufactured good, the higher the value added and the greater the embodied knowledge-based services content. This increasingly regional process of “servicification” is such that manufacturing can no longer function without the intermediate services inputs and enabling services, which connect up and bring together all the individual aspects of cross-border production.

Telecommunications reforms and the application of digital technology to a widening range of business services are also driving very rapid growth in services outsourcing activities. Some commentators suggest that, in a fast globalising world economy in which services play a much bigger role, we are in the midst of another major wave of global value chain activity described as a “second unbundling”. This is borne out by the long-term trend in foreign direct investment flows towards services.

As trade in intermediates becomes more important, traditional trade statistics become less meaningful, as they fail to reflect actual value-added. Understanding current patterns of production and trade requires analysis using the new WTO/OECD Trade in Value-Added (TiVA) data released in 2012.

2. APEC regional update

The balance of payments (BoP) data shows the services share of APEC exports no higher than 19% in 2009. This is low compared with the global average of 24% in the same year.

Figure 1 shows that using the new OECD/WTO TiVA data,¹ i.e. taking into account the services embodied in goods exports, services actually comprise around 39% of APEC exports. Taking a value added approach, consistent with business realities in the era of global value chains, services exports double in importance for the APEC region. From a trade and regional integration perspective, they should arguably receive double the policy attention of the past.

Figure 2 shows what is going on for each APEC member. For some members, the new data shows even more dramatic outcomes; for Mexico for example, services increase fivefold in export importance, though they remain below the APEC average.

Important as this new data shows services exports to be, the fact is that 39% is still low by global standards. Globally, services account for as much as 45% of gross exports. For the OECD countries, the average is 48%. For ASEAN, the average is only 34%.

Similarly, as the APEC Policy Support Unit has shown, the average services content of APEC manufactured exports has increased only slightly over the last 15 years, still remaining well under 30%, which again is low by global standards.² Indeed, for some ASEAN economies, the average share of services content in manufactured exports has actually been declining.

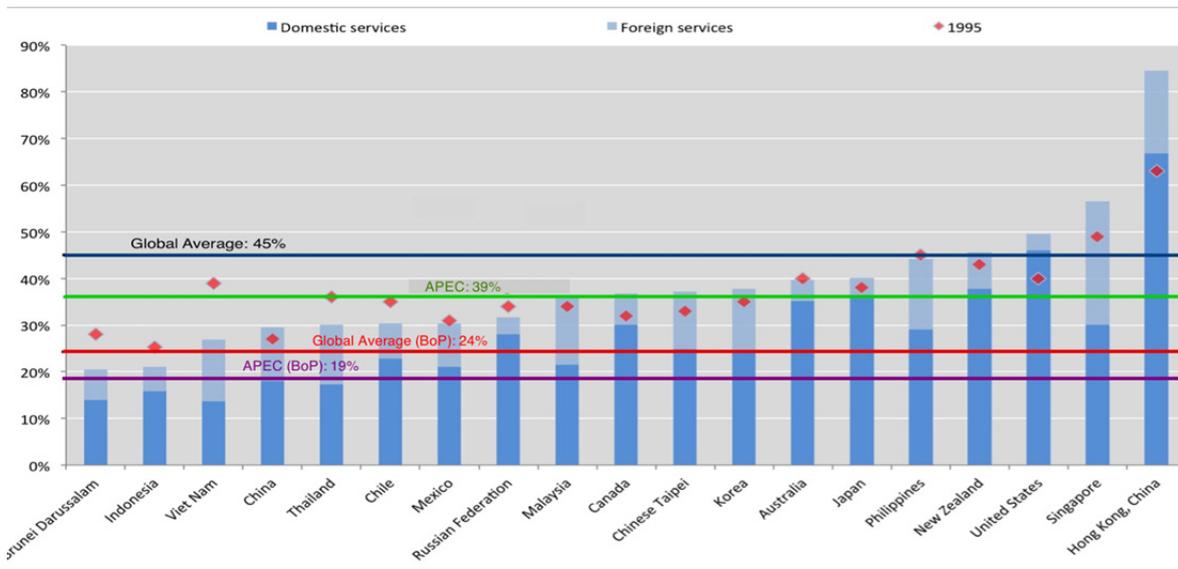
¹ The OECD/TiVA data set does not include Peru or Papua New Guinea. Available from: http://stats.oecd.org/Index.aspx?DataSetCode=TIVA_OECD_WTO

² Pasadilla, G. and A. Wirjo (2014). “Services and Manufacturing: Patterns and Linkages”, APEC Policy Support Unit, Policy Brief No. 10., July.

This is a potential policy wake up call. What the new story on “servicification” teaches is that future competitiveness in all sectors is critically dependent on efficient services inputs. Climbing the value added ladder, in all sectors, is about increasing, not decreasing, services intensity of domestic production.

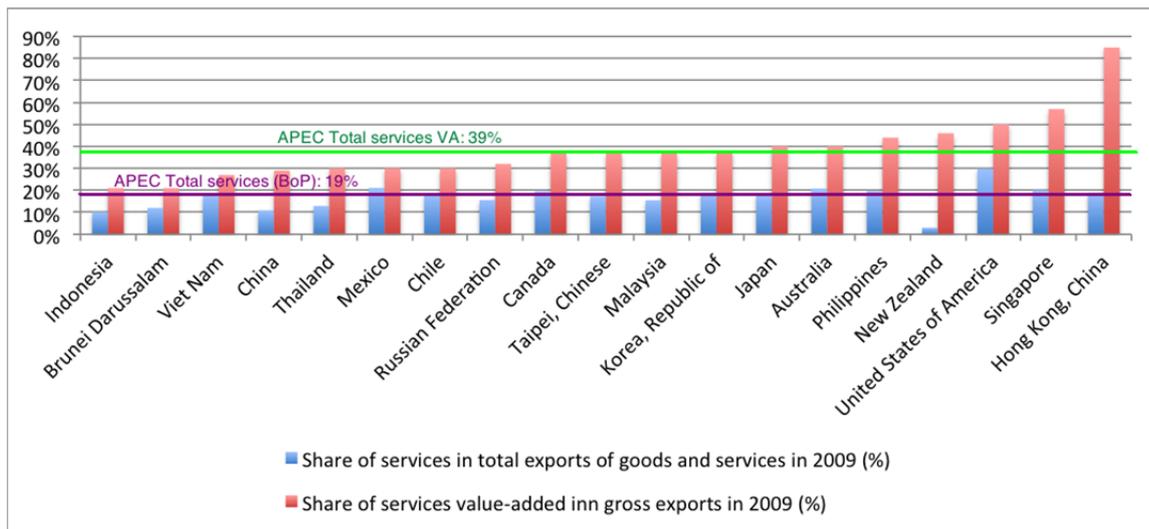
The APEC Business Advisory Council (ABAC) considers it important, against that background, to take serious note of the APEC Policy Support Unit’s recent ground-breaking research results using the OECD’s new Services Trade Restrictiveness Index (STRI), together with the TiVA data, to identify strong negative correlations in the APEC region between restrictive policies in services and manufacturing export performance. These results add importantly to the mounting evidence that overall international competitiveness is dependent on efficiency in the services sector.

Figure 1. Services share of APEC exports



Source: Calculations based on the OECD/TiVA data, 2014.

Figure 2. BoP and TiVA measures of services share in exports by APEC economy



Source: Calculations based on the OECD/WTO data, 2014

Chapter 2 Taking the services agenda forward in APEC

ABAC has placed the services sector at the forefront of its priorities and has sought to increase the strategic importance of services within the APEC agenda in line with the changing global trends in trade and investment and shifting business models.

In 2011, ABAC undertook a major independent research report on services, “Understanding Services at the Heart of a Competitive Economy”, and presented this report to APEC Leaders. That year, the Pacific Economic Cooperation Council (PECC), in conjunction with the Asian Development Bank Institute (ADBI), held a conference to which ABAC contributed, resulting also in publication of a major PECC-ADBI research report called “Services Trade: Approaches for the 21st Century.”

In 2012, ABAC joined with PECC in launching a public-private dialogue with the APEC Group on Services (GOS). In 2013, ABAC and PECC took this to the next level by initiating the first strategic high-level public-private dialogue on services with APEC Senior Officials. On that occasion, ABAC tabled a report, “Trade in Services in the APEC Region: Challenges and Opportunities for Improvement,” commissioned from the Marshall School of Business, University of Southern California. And in 2014, ABAC continued to expand its services agenda to gain greater insights into services and global value chains, by commissioning a second report on services and investment by the Marshall School of Business, University of Southern California, monitoring developments in the Trade in Services Agreement (TiSA) and mapping the business organizations focused in services in the APEC region.

APEC itself has a strong and long standing mandate to work on a wider, more strategic services agenda. Services are explicitly included in the Bogor Declaration of 1994 as an integral part of achieving the Bogor Goals of free and open trade and investment by 2010 and 2020. And in the Osaka Action Agenda of 1995, which maps out the implementation plan for the Bogor Goals, there are widespread references to individual and collective actions on services, including at the sectoral level.

1. Services agenda not keeping pace with growing business needs

Until now, APEC’s collective work program has been mainly focused on services issues at the technical level, and often on specific sectoral issues, mainly through the GOS, which was established under the APEC Committee on Trade and Investment in 1997 (Box 1). There have been some significant advances at the sectoral level including the adoption of the Environmental Goods and Services List for liberalisation.

However, APEC’s own assessments of progress towards the Bogor Goals show that openness to competition in services has been much slower than in other areas of the trade and investment agenda, despite the growing importance of services to regional growth, employment and economic integration and to today’s business models, where global value chains are a driver of much business expansion.

APEC evidence shows that an increasing number of Regional and Bilateral Trade Agreements do include provisions for services, and the trend is for this to continue. However, coverage is often limited.

In APEC economies, there has been unilateral action – sometimes significant – to liberalize services at a sectoral level. However, these actions are not generally reflected as bound commitments in the GATS.

At an international level, APEC economies are far from united around the plurilateral TiSA negotiations, between 50 parties and accounting for about 70% of global trade in services. In late 2014, only 11 of 21 economies in APEC are party to the negotiations, namely: Australia, Canada, Chile, Hong Kong – China, Japan, Korea, Mexico, New Zealand, Peru, Chinese Taipei and United States. China has, of course, expressed strong interest in joining.

Within ASEAN economies, which comprise one third of APEC members, governments are now finalizing their 9th Services Package of measures under the ASEAN Framework Agreement on Services (AFAS). A 10th Services Package is expected to be concluded, entitled ASEA Trade in Services Agreement, as part of the ASEAN Economic Community. However, many ASEAN economies find it challenging to meet the schedules for liberalization and advance the services agenda because of complexities in domestic regulation and domestic stakeholder resistance.

Box 1. APEC's overall contributions towards facilitating services

APEC's Group on Services (GOS) works on trade and investment liberalisation and facilitation (TILF) issues related to trade in services, and coordinates APEC's work in this area. GOS works in close collaboration with four services-related APEC Working Groups: Telecommunications and Information; Transportation; Tourism; and Energy. These working groups also have their own sectoral agenda relating to services.

Some of the achievements of the APEC Group on Services:

The SAP Matrix of Actions under the APEC Services Action Plan (SAP) aims to provide common direction and coherence to APEC's work on services trade. It also serves to establish a forward work programme that fosters the development of open and efficient services markets in the Asia-Pacific. The Matrix of Actions helps identify priorities and capacity building needs.

The APEC Strategy on Movement of Business People was developed and endorsed by the GOS and Business Mobility Group (BMG). It includes principles relating to, and actions that could contribute to, the facilitation of entry and temporary stay, and the movement of business people.

The APEC Legal Services Initiative website was developed in 2010. The website includes a compilation and comparison of information on regulatory regimes for foreign lawyers in APEC member economies and contacts for regulating and peak bodies in APEC member economies.

The APEC Accounting Services Initiative was developed in 2011 and became fully operational in 2012. This initiative makes the licensing and qualification requirements for delivering accounting services in APEC economies more transparent. An inventory of such requirements has been developed and published on the website and set of guidelines on the regulation of foreign accounting professionals has been prepared.

A Services Trade Access Requirements (STAR) Database is a tool for business which fosters the increased regulatory awareness of services providers, thereby increasing their ability to trade their services. The STAR Database currently contains services, market access, and behind-the-border requirements for market entry in the financial, mining and energy, transport and logistics, telecommunications and professional services sectors for 11 APEC economies. The current expansion will see all 21 APEC economies covered in the database. In addition, three new service sectors have been added – education, distribution and computer and related services, which includes details on the requirements of 15 APEC economies.

Projects within the GOS in 2014

- Expansion of the APEC Services Trade Access Requirements (STAR) Database
- Study on APEC Environmental Services-Related Technology Market
- Distribution of Environmental Services-Related Technologies by Different Categories
- Workshop on Measuring Services Trade-Statistical Capacity Building and Networking
- Joint Seminar on Trade and Tourism Statistics with UN/APEC and ASEAN
- SMEs and Supply Chain Connectivity
- Logistics Information Sharing
- Environmental Services Workshop

Source: www.apec.org

2. Building greater stakeholder and government confidence for change

These two challenges, the complexity in improving domestic regulation and stakeholder resistance, were echoed by many APEC Officials and participants in the APEC-ABAC-PECC public-private dialogue held in 2013, and were considered to be real constraints to building more open and competitive services sectors.

APEC economies and international organizations like the International Trade Centre (ITC), OECD and the World Bank are working together to address the regulatory challenges both for services and in the wider context of overall regulatory and structural reform.

Stakeholder resistance is part and parcel of the process of any major domestic policy change and is certainly not unique to services. However, the services sector is more distinctive because regulatory jurisdiction is spread across many different Ministries and agencies of government, and the stakeholder organizations follow this diversity in jurisdictions.

While much of the action for business is needed at the sectoral level, it is difficult for governments and stakeholders to make the strategic trade-offs and changes required in the new services agenda that ABAC has identified without stronger leadership and a clearer understanding of what the wider costs and gains are for the economy, for business and for consumers.

To encourage stronger leadership and a clearer understanding of strategic issues among stakeholders, ABAC has undertaken a mapping of business organizations focused on services in the APEC region. From the mapping, it is clear that business organizations themselves can take a greater role in balancing stakeholder resistance and ensuring that the business community takes more decisive steps to embrace the benefits now emerging from the changing shape of services domestically and across the international business environment. This will require strengthening and refocusing business organizations.

3. Organizing services better: the role of services coalitions

ITC is the focal point within the United Nations system for trade related technical assistance for the private sector and specifically for SME internationalisation. With a joint mandate from the WTO and the UN through the UN Conference of Trade and Development (UNCTAD), ITC has a wealth of resources on business organizations focused on services, commonly known as Coalitions of Services Industries.

The first coalitions started as early as the 1960s, and there are now successful and effective coalitions across a wide range of developed and developing economies. While they are mainly domestic organizations, some regional coalitions have emerged or are starting to develop outside APEC.

ITC has noted that developments in the global services economy and the practical and policy challenges which impede trade in services, have propelled the formation of coalitions of services industries.³ Services firms and associations are clustered into coalitions to educate policymakers about the services economy, identify obstacles to industry growth and trade, and propose the means to overcome such challenges.

Coalitions have proliferated with the growth of the global services economy and because global trade in services has grown exponentially due to technological innovation and advanced communications.

ITC also notes that coalitions have been formed to help their services firms face challenges engaging in the global services economy. The range of issues that growing firms must address, especially in the developing world, include a shortage of qualified services employees with the skills to compete in the global marketplace, unreliable electricity and limited broadband which all constrain trade. Services firms, although expert in their field, also face hurdles in branding, marketing, and quality assurance. They encounter obstacles expanding international commercial networks. According to ITC, coalitions have several areas of primary focus in their advocacy including:

- Facilitating discussion with government officials on services firm priorities.
- Assisting public policy officials understand where trade negotiating efforts should be focused.
- Improving cooperation among ministries with trade related responsibilities.
- Providing testimony and educating public officials about specific services industries and the services economy at large to create a positive climate for growth and trade in services.

There are many lessons to be learned from ITC's work with coalitions and from the resources and capacity building it provides.

³ ITC (2014, forthcoming). Coalitions of Services Industries: Introduction and Overview. ITC, Geneva.

Chapter 3 Mapping of business organizations focused on services in APEC economies

ABAC Indonesia in cooperation with Indonesian Services Dialogue (ISD) has undertaken a mapping of business organizations in APEC economies related to the services sectors to determine:

- What type of business organizations are operating in each APEC economy
- The linkages they have with business stakeholders and other business organizations
- The level of their public profile
- The depth of their governance structures and their contact points
- The general coverage of their missions and engagement with government

The summary of the mapping is outlined in the matrix below.

1. Overview of results

Although there is some variation among APEC economies in the way business organizations address and manage services issues, the mapping shows that there are basically two forms of organizational structures:

1. Dedicated services organizations or networks with their own public profile that may be independent or linked to larger business organizations.
2. Peak business organizations and Chambers which address services issues within their committee structure as part of a wider and more comprehensive business agenda.

In both cases, the organizations are generally linked through membership or association with many, and sometimes all of the sectoral services organizations which are evident in every APEC economy.

2. Dedicated services organizations

Twelve APEC economies have dedicated services organizations or networks. Four of these are independent in their governance structures and membership. The others are part of larger peak business organization or Chambers and have received their mandate and mission from the larger organizations. All of them are relatively small and nimble organizations.

Many of the dedicated services organizations are part of the Global Services Coalition, an informal network of services coalitions, which has been active in promoting more open and competitive international trade in services and which has given strong backing to the Trade in Services Agreement.

In at least two cases, the dedicated services organizations are principally virtual networks without identifiable members or clear governance structures within a larger business organization. They are mobilized on an ad hoc basis to give support to global and regional initiatives, but there is little evidence of consistent work programs and activities.

Generally, all the dedicated services organizations list consultation with government and advocacy among their priorities. It is clear that there are significant differences among the organizations on the regularity and extent of this consultation and on its strategic significance.

Case studies on two independent services organizations are provided below. One is the Australian Services Roundtable, a relatively mature and established organization, which focuses on a whole-of-services “umbrella agenda” in its domestic and international priorities. The second is the Indonesian Services Dialogue, a very new organization which has embarked on institutional strengthening and which places a high priority on building a coalition for domestic change, and improving the domestic regulatory environment.

These case studies illustrate how services organizations across APEC are required to focus on different priorities according to the level of development of the services sectors in their economies, and the level of understanding among stakeholders and government about the strategic importance of services in competitiveness.

3. Peak business organizations and services

The mapping shows that the peak business organizations and chambers, which work through committees rather than through dedicated services bodies, also play an important role in marshalling business interests in services.

In most APEC economies, the peak bodies bring together a large number of sectoral services organizations, which themselves have varying capacities to advocate and bring issues to the table.

Single service sector business associations continue to play a useful role in advocacy and in consultations with government. However, it is generally expected that they will pursue their sectoral interests without necessarily addressing wider domestic or strategic social and business interests.

In their organizational structure, some peak organizations have formed services committees which address multi-sectoral issues, while others have a range of committees that cover clusters of related services sectors and industry issues.

There are clear examples, particularly in recent years, where peak business bodies are bringing services-related issues more to the forefront of the domestic and international agenda. This is likely a response to the growing importance of services in each economy and the inclusion of services in regional and bilateral trade agreements. However, in addition to this, evidence shows that these organizations are working harder to promote services exports and to improve the domestic regulatory environment.

In economies with multiple peak business bodies, and without a dedicated whole-of-services entity, it can be unclear which organization has primary responsibility as the economy-wide advocate for services, especially in relation to consultation with government.

Chambers of Commerce traditionally has represented SME interests in some services sectors. They also tend to have some of the sectoral business organizations as part of their membership, though Chamber articles of association also often preclude professional services partnerships and professional societies from belonging. On the other hand, peak bodies comprising leading and major corporations are often stronger advocates of services in domestic and international competitiveness and in strategic areas like trade negotiations. There is evidence of cooperation among peak bodies but this is often around specific issues or key events.

4. Cooperation with government and researchers

All the business organizations in the mapping project nominate consultation with government as one of their roles.

The timeliness and effectiveness of these consultations, and which party - government or business - is generally the initiator of consultation varies across economies. There are notable examples of business organizations initiating public position papers for change and for negotiations.

However, there are regular concerns expressed by some governments that business remains reactive to government initiatives and is not sufficiently well prepared to discuss policy change and options for negotiations. Business organizations, on the other hand, have voiced concerns that governments often begin the consultation process too late, leaving little time or flexibility to accommodate business concerns and this tends to forcing business to be reactive. This suggests that business could often be better organised than it currently is to engage proactively with government on the vital issues affecting competitiveness and productivity.

Some of the best examples of government engagement on a systematic basis are in the dedicated services organizations, where government representatives have been incorporated formally or informally into the membership and have the opportunity to sit around the table with business representatives during their regular discussions. This enables both business and government representatives to anticipate emerging change and important priorities, rather than face them as challenging events or issues where limited time may not allow for adequate consultation.

Researchers, policy experts and academics in the APEC region have proven to be valuable partners for business in providing deeper understanding of the issues, given the great complexities of regulatory change and the costs and benefits of policy options in the services sectors.

At the regional level, the partnership between ABAC and the Pacific Economic Cooperation Council (PECC), with both having seats at the table in APEC meetings, has been a great asset for ABAC and APEC. PECC researchers have increased the analytical depth and scope of discussions. They have provided a stronger level of consensus around the issues, documented international trade and business trends, and helped alert ABAC and APEC to the costs of inaction on services for SMEs, consumers and employees.

Among the services organizations in APEC, there are good examples of academics, researchers and policy experts being integrated or included in the policy debate to boost transparency and provide more evidence-based discussions. By encouraging academics to engage in hands-on policy work, business also encourages increased research and teaching on services for a new generation of graduates entering the workforce.

5. Services users and consumers

Among the greatest demandeurs for a change in the services agenda, are the individual and business users and consumers of services, including SMEs.

While these consumers of services may have a voice through chambers and business organizations and through consumer groups, there is little evidence that they are part of the business agenda for services in APEC economies. Many services organizations naturally include other service users in their membership and, as part of their agenda; they aim to provide greater coherence and efficiency among related services industries. This is extremely important given the critical nature of services value added to all sectors of the economy, with B2B transactions becoming an increasingly dominant business model both domestically and internationally.

The Indonesia Services Dialogue is one services business organization which explicitly includes manufacturers and other intensive services users in its membership to add balance to domestic discussions on regulatory change and efficiency.

6. Assessment and conclusions of the mapping project

While business organizations focused on services in APEC fall into two basic models as described, the level of activity and attention given to the strategic and wider services agenda varies widely across APEC economies.

There is growing evidence that more attention is being paid to services but challenges remain. This is especially true for the developing economy members of APEC, where business resistance to regulatory change for greater competitiveness is strongest.

There is a broad pattern across APEC economies showing that the level of confidence of governments to address regulatory reform and trade negotiations for services, is related to how effectively business organizes itself to prepare for these issues and increases its own understanding of the strategic role of services domestically and internationally. This is consistent with World Bank evidence suggesting that the

existence of services business organizations itself contributes positively to international competitiveness in services.⁴

Services-focused organizations across the APEC economies would benefit from sharing experiences on successful ways to develop governance structures, work programmes and relationships with governments and stakeholders to raise the profile and voice for services.

All services-focused organizations could either contribute to or learn from the experiences and capacity building of the International Trade Centre, which has been active in promoting the Global Services Network and, most recently in APEC, working with Indonesia and the Philippines to strengthen their services organizations and assist with their agenda.

There are success stories and progress among all models of business organizations suggesting there is unlikely to be any “one size fits all” approach for every economy.

Dedicated services organizations hold the advantage of having services as their sole focus and priority and of being able to put together a clearly focused services agenda and advocacy program. The challenge is attracting sufficient resources to run their organizations and building their credentials as a consultative partner with government.

When services organizations are embedded in Chambers or other peak organizations, they have the advantage of being able to call upon the advocacy weight of the larger peak body, but there may still be competition for resources.

Services committees in Chambers and peak organizations sometimes lack continuity and power because of changes in committee members and the generally longer list of business priorities that Chambers and peak bodies must advocate and address. And it is more difficult to raise strategic issues for the services sectors if the committee structure is highly sectoral.

While some sectoral services organizations organize themselves regionally and internationally to address wider concerns, the Global Services Coalition is the only international movement including APEC economies to engage domestic services organizations at a wider level. This is principally to advocate services trade and investment reform among like-minded economies in the WTO, the TiSA talks and negotiations on regional agreements like the TPP, though efforts have occasionally also been made to reach out more broadly to business groups in developing countries.

In order to mobilize stronger and more effective efforts around the emerging services agenda, particularly the increasingly important regional issues in APEC, there are likely to be considerable advantages from more regular contact among services organizations in the APEC economies and from greater cooperation. This would enable business people themselves to assess the opportunities, challenges and necessities of regulatory reform and more open trade and investment in services, and ultimately enable them to work with their governments from this broader perspective.

ABAC and APEC could facilitate the development of a coalition of services organizations in APEC for this purpose. This will take time and it would need to be sustained by the services organizations themselves. From the outset, it should be an inclusive process, and the mapping project undertaken for ABAC identifies organizations which could be invited to launch discussions of a regional coalition of services organizations at a meeting in 2015.

⁴ Goswami, Grover, A., Mattoo, A., Sáez, S., *Exporting Services: A Developing Country Perspective*, World Bank, Washington DC, 2012.

Box 2. Australian Services Roundtable: bringing services to the forefront at home and abroad

The Australian Services Roundtable, which started more than 15 years ago, as a follow up to a previously existing Australian Coalition of Services Industries (ACSI), is founded as a fully independent peak services body, rather than as a sub-committee of any broader business group. It has a formal constitution and governance structure (which is available on its website), a Board and membership and a small professionally staffed secretariat.

ASR's independence has allowed the organization to have a much more clearly defined focus and set of messages which are not compromised by wider concerns from other sectors. By virtue of being a services-only group, ASR has made it clear to government and policy makers that this is ASR's area of interest and expertise and they have responded accordingly by seeking involvement of ASR on critical issues.

ASR members are a mix of two kinds of organizations. Firstly, there is a broad membership of industry associations and professional bodies which represent particular services sub-sectors - such as Australian Institute of Architects, the Financial Services Council, Consult Australia and the Law Council. Secondly, ASR has private sector organizations as members including domestic companies, multilateral corporations and SMEs, which are all particularly interested in the promotion of ASR's trade agenda. Education services providers such as universities, and R&D services providers, including government bodies such as CSIRO, are also members.

The strong representation of industry associations and professional bodies (both in ASR's membership and Board) makes it easier to agree upon and focus on an "umbrella agenda" which is not beset by particular sector specific issues. The current ASR strategy agenda has three pillars: (a) International trade and investment (b) Domestic services policy improvement and (c) Promoting innovation in services. These three pillars are strongly and widely supported by the membership. The ASR is an active participant in the Global Services Coalition. It has also adopted an MOU with the ITC with a view to mentoring and assisting business groupings of services SMEs in other economies in the region.

ASR runs regular events bringing members together for business networking, policy consultation and platforms for key speakers, but, consistent with the experience of many other CSIs, it has proven difficult to sustain the funding of ASR activities from such events. With membership fees similarly static, ASR has recently decided to focus on delivering some new programme activities, with both Government and Industry partners, to help improve awareness of the association and to provide a supporting income stream. ASR recently received government grant funding under the Digital Business Kits programme, which encourages SME professional services firms to make greater use of digital technologies, and under the Austrade Asian Business Engagement program, which is focused on driving SME professional services trade outcomes for Indonesia and Korea.

ASR lists as some of its major achievements:

- Articulating the original business case for, and spearheading the creation of, a new global services plurilateral agreement – Trade in Services Agreement (TiSA).
- Advocating greater Australian Government focus on services industry development.
- Highlighting the need to focus on services issues in the TPP Agreement.
- Having services issues now regularly articulated by political leaders (and achieving, prior to successful mainstreaming, the appointment of the world's first Minister responsible for services).
- Building closer industry and research collaboration on services innovation.

In terms of advocacy, one of ASR's most valuable pieces of work remains a major report entitled "*The New Economic Challenge: Responding to the Rise of Services in the Australian Economy*". This is a definitive piece of research, funded by ASR, on the services-sector dynamics in Australia and the opportunities the industries present.

Source: More information is available from the CEO of the ASR, Mr Ian Birks: ceo@servicesaustralia.org.au and at www.servicesaustralia.org.au

Box 3. Indonesian Services Dialogue: developing a domestic coalition for change

The Indonesian Services Dialogue (ISD), which began its formal activities in 2010, was born out of the domestic challenge of how to develop a coalition for change among domestic stakeholders to bring about stronger growth and greater efficiency in services in Indonesia.

Peak business groups, the government and leading academics, inspired *inter alia* by observing developments with respect to ASR in Australia, understood that without a more strategic focus on services, Indonesia's competitiveness and growth would be constrained and opportunities from trade and investment in services could not be achieved. However, individual services associations lacked confidence and were reluctant to change.

The ISD therefore explicitly brings together a wider set of stakeholders than some traditional CSIs. These stakeholders include services providers and services users from business (including manufacturers), government policy makers and regulators, and academic researchers to support evidence-based discussions.

From the outset, ISD believed it was important to include the users and demanders of services in the dialogue process to ensure all business interests are represented. In this sense, the ISD is not simply an advocacy group for the services sector but aims to be representative of the broader national business interest in services.

The ISD started as an informal network with public forums and policy workshops supported by the peak business groups of Indonesia and with financial assistance from the World Bank, the US and the International Trade Commission.

With input from ITC and support from the Australia-Indonesia Partnership for Economic Governance, ISD has now embarked on a major institutionalization process to become a formally registered, independent and self-funded organization with a Board structure, constitution, members and a full-time Secretariat. It will include representation of the peak business bodies, domestic and foreign companies established in Indonesia, sectoral associations, ABAC and the ASEAN Business Advisory Council as well as stakeholders from government and research organizations. Under the Board, the ISD will continue to reinforce the tripartite dimension with coordinators for business, government and research.

While the domestic regulatory agenda, competitiveness and the interests of SMEs remain a central part of the agenda, the ISD is now developing a much stronger set of bilateral, regional and multilateral interests. The goal is for government and stakeholders to be more strategic and proactive in trade negotiations, to facilitate business networks for opportunities in trade and investment, and to learn from the experiences of other services organizations.

ISD is developing a set of activities and programmes at both the sectoral and strategic level that will sustain business membership, utilize policy research and engage CEOs and Ministers in high level forums. The balance between strategic, cross sectoral and sectoral issues will continue to be refined to reflect the interests of business but there is agreement that the wider strategic challenges will remain critical for the growth and development of services in Indonesia.

While the ISD is business-driven, the partnership with government and research will remain an important attribute and function of ISD in developing the coalition for change.

Source: More information is available from the Executive Director of ISD, Ms Sinta Sirait: sinta.sirait@isd-indonesia.org and at www.isd-indonesia.org

Chapter 4 Recommendations for ABAC and APEC on building stakeholder action and support services

Given the high priority that ABAC now places on the services sector across a wide spectrum of the APEC agenda, ABAC and APEC should encourage the business organizations focused on the services sectors in APEC economies to:

Share Experiences and Seek Capacity Building Support

1. Work together to *exchange information and experiences* on the effectiveness and sustainability of their business models, missions, governance structures, work programmes and the potential for more business driven trade and investment opportunities at a regional and bilateral level.
2. *Draw upon the literature and resources of the International Trade Centre* in establishing effective services organizations and, where appropriate, ITC's capacity building experience in developing sustainable services organizations for business stakeholders.

Given the importance of building greater APEC-wide business understanding of and engagement in services issues and support for a more robust and proactive agenda on services, ABAC and APEC, with the support of ITC, should facilitate and encourage:

Development of an APEC-wide coalition for services

3. The *development of an APEC Coalition of Services Organizations* which could be a vehicle for greater business cooperation and concerted action on services in APEC economies and more effective engagement with APEC governments.

Towards this end, a first conference of the APEC region's services organizations in 2015

4. The launch of the *inaugural preparatory meeting towards an APEC Coalition of Services Organizations* at a conference of representative business organizations focused on services to be convened and hosted by the Philippines during its Chairmanship of APEC in 2015.

Appendix I Services business organizations in the APEC region

Coalitions, peak services bodies and chambers addressing services at the economy-wide level

APEC Economy	Main Services Group	Links/Support/Backing or Chamber	Separate Web Page	Governance Structure	Focus of Activities
Australia	Australian Services Roundtable	<p>Independent</p> <p>Many services sub-sectoral professional and business associations are members and regularly serve on the Board.</p> <p>Academic and research organisations join as members. Some statutory bodies, standards setting organisations and sub-federal government departments join as members</p>	http://www.servicesaustralia.org.au/	<p>Constitution, elected Board, Committees, Members, Secretariat, Contact Point: Mr Ian Birks, CEO</p> <p>Email : ceo@servicesaustralia.org.au</p>	Internal and External; policy research and advocacy with govt, especially on services sector competitiveness, statistics, trade and investment in services, innovation, domestic regulation SME training
Brunei	No single services group. Active sectoral associations, emphasis on travel, tourism, banking and ICT.	Assessment of forming a services organization now underway (initiated by ABAC Brunei)	<p>Some sectoral association web pages, particularly associated with travel, tourism and banking.</p> <p>Brunei Associations of Services Suppliers</p>	<p>Consideration underway of governance structure linking relevant stakeholders.</p> <p>Contacts for Chambers</p>	Consideration of full range of activities underway, given importance of services in Brunei's economic development
Canada	Canadian Services Coalition	Canadian Chamber of Commerce	http://www.chamber.ca/advocacy/canadian-services-coalition/	<p>Committee, Contact Point- Ms Leah Littlepage, Director</p> <p>Email: llittlepage@chamber.ca</p>	Policy and advocacy for international trade in services, international and domestic policies

					affecting services industries.
Chile	<p>Coalition of Chilean Service Exporters (CCES)</p> <p>and</p> <p>Group on Services (SOFOFA)</p>	<p>Collaborative group under the Chamber of Commerce of Santiago (Camara de Comercio de Santiago (CCS)) and the Chilean Trade Commission (Prochile)</p> <p>Collaborative group under the SOFOFA (Federation of Chilean Industry) and the Chilean Trade Commission (Prochile)</p>	<p>CCES English web page</p>	<p>Committee, Member Associations; Secretariat located in the Chamber of Commerce of Santiago.</p> <p>General CCS Email: cpn@ccs.cl</p> <p>Committee, Member Associations; Secretariat located in SOFOFA.</p>	<p>External, internal, consultation with government, training and surveys</p> <p>External, internal, consult with govt, data</p>
China	China Association of Trade In Services (CATIS)	CATIS formed under the authority of the Ministry of Commerce in 2005. The Ministry of Commerce has its own China Trade in Services web site	http://catis.org.cn/english/english/default.asp	<p>Committee, Members, Contact Point</p> <p>Email: zhongyi@cicete.org</p>	External; internal; consult with govt
Hong Kong, China	HK Coalition of Services Industries	HK General Chamber of Commerce	http://www.hkcsi.org.hk	<p>Terms of Reference, non-elected Executive Committee, Members, Contact Point:</p> <p>csi@hkcsi.org.hk</p>	Internal and external; consult with govt
Indonesia	Indonesia Services Dialogue	Independent with affiliation to Indonesian Employers Association (APINDO) , Indonesian Chamber of Commerce and Industry (KADIN) and Sectoral Associations, research institutions and government agencies	<p>www.isd-indonesia.org</p> <p>(under development)</p>	<p>Formal Governance Structure developed in 2014, Committee, Members, Secretariat</p> <p>Contact Point:</p> <p>Ms Sinta Sirait, Executive Director Email: sinta.sirait@isd-indonesia.org;</p>	Internal and external; consult with govt and other agencies; foster policy research

				and Mr Angga Antagia angga.antagia@isd-indonesia.org	
Japan	Japan Service Network	Nippon Keidanren	No separate web page	Committee, Members Contact Point: Motoko Asai Email: asai-m@abac.gr.jp	Mainly external
Korea	No single services group. Services issues addressed by The Federation of Korean Industries (FKI) and the Korean Chamber of Commerce and Industry (KCCI) which are associated with many sectoral associations.	Federation of Korean Industries (FKI) Korean Chamber of Commerce and Industry	No specific web page on services Sectoral associations affiliated with KCCI	Services Committees, Members, Governance Structure. Contact Point: Ms. Celine Yoo International Dept, FKI Email: celine.yoo@fki.or.kr	Internal barriers in regulation, external and services policy analysis conducted by FKI
Malaysia	Malaysian Services Providers Confederation (Nominated by the Malaysian Ministry of Trade & Industry as the official private sector consultative body on services)	Independent (The Malaysia International Chamber of Commerce and Industry also has an active Coalition of Service Industries)	www.mspsc.my	Committee, Members and Affiliate Service Organizations Contact point: Ms Rafidah, Secretariat, MSPC Email: rafidah@mspsc.my	Internal and external; consult with govt
Mexico	Confederation of National Chambers of Commerce, Services and Tourism – CONCANACO	In cooperation with and supported by The Confederation of Chambers of Industry (CONCAMIN) .	http://www.concanaco.com.mx/	CONCANACO SERVYTUR has full governance structure and services committees. Contact Point: Mr Eduardo Garcia Villasenor	CONCANACO SERVYTUR acts as advocate, lobbying institution to defend and

	SERVYTUR (Confederación de Cámaras Nacionales de Comercio, Servicios y Turismo) represents the service industry			General Director, Email: eduardogarcia@concanaco.com.mx Mr Enrique Solana Senties Chairman, Email: esolana@concanaco.com.mx	promote the interests of the services sector in all matters.
New Zealand	No single services group. Services issues are covered by BusinessNZ one of the peak business bodies in NZ, and the NZ Chambers of Commerce, which has a wide network across NZ including many companies in the services sector.	BusinessNZ and the separate NZ Chambers of Commerce have many Affiliated Industries Groups from the services sector.	BusinessNZ searchable webpage with services content. www.newzealandchambers.co.nz	Governance and Membership through affiliates. Contacts through Secretariats of BusinessNZ and NZ Chambers of Commerce	Mainly external; consult with govt, BusinessNZ publishes a regular Performance of Services Index
PNG	No single services group. Sectoral associations for tourism and professions.	6.1. Business Council of PNG is peak business organization with consultative links to Government.	Contacts for services associations listed PNG Tourism Industry Association	Business Council of PNG Contact Point: Ms Serah Kias, Research and Administration Officer Email: serahks@gmail.com	Internal and External, consult with govt.
Peru	Peruvian Committee on Services	Lima Chamber of Commerce	http://www.camaralima.org.pe/english/	Yolanda Torriani, Director & President, Peruvian Services Committee, Lima Chamber of Commerce 6.2. Email: ytorriani@wmoller.com / ytorriani@addvalora-wmoller.com	External; internal; consult with govt

				<p>6.3. Address: Av. Giuseppe Garibaldi N° 396 Lima 11, Peru</p> <p>6.4. Phone: +511- 628-1110</p>	
Philippines	Philippine Services Coalition	Now being institutionalised currently under the Philippines National Competitiveness Council	Web page under development http://www.competitive.org.ph/philippine-services-coalition	<p>Institutionalization and governance structure under development</p> <p>Contact Point:</p> <p>Sarah C. Lope, Program Officer</p> <p>Email: s.lope@competitive.org.ph</p>	Internal, external, consult with govt, road mapping of services sector competitiveness
Russia	No single services group. Services issues addressed by Chamber of Commerce and Industry. Many sectoral associations.	Sectoral Services Associations under the Chamber of Commerce and Industry of the Russian Federation and Services Sector Committees of the Chamber	Large number of web pages of associations	<p>International Cooperation Department of the Chamber</p> <p>Contact Point: Department Director: Vladimir I. Padalko</p> <p>Email: uvp@tpprf.ru</p>	Internal and External
Singapore	Singapore Coalition of Service Industries	Singapore Business Federation	No Separate Web Page	<p>Sectoral Services Committees in SBF.</p> <p>Contact point:</p> <p>Martin Yuoon, Assistant Executive Director</p> <p>Email: mkhyuoon@sbf.org.sg</p>	External; internal, consult with govt

Chinese Taipei	Taiwan Coalition of Service Industries	General Chamber of Commerce	http://www.twcsi.org.tw/eng/index.php	Committee, Members, Secretariat Contact Point: Louisa Su, Secretary General TWSCI Email: louisa@roccoc.org.tw	Internal, external; consult with govt
Thailand	No single services group. Many sectoral services associations.	The Federation of Thai Industries Thai Chamber of Commerce	Number of web pages of sectoral services organizations Example: Trade Associations under Thai Chamber Thailand Associations of Service Suppliers	Committees, Members, Secretariats of Service Organizations	Internal; consult with govt, AEC
United States	US Coalition of Service Industries	Independent	www.servicescoalition.org	Committee, Company Members and Affiliate Sectoral Associations, Secretariat Contact Point: Tim Thompson, Program Associate Email: thompson@uscsi.org	Internal and external including trade negotiations; consult with govt and international organizations; annual Global Services Summit
Vietnam	No single services group. Many sectoral services associations. Services issues addressed by the Chamber.	Vietnam Chamber of Commerce and Industry	Number of web pages of sectoral services organizations Example: Vietnam Associations of Service Suppliers	Committees, Members, Secretariats for Chamber and Service Organizations	Internal, consult with govt.

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