



PACIFIC ECONOMIC PAPERS

No. 345, 2005

**The Australia–US Free Trade Agreement: An
Assessment**

Philippa Dee

**AUSTRALIA–JAPAN RESEARCH CENTRE
ASIA PACIFIC SCHOOL OF ECONOMICS & GOVERNMENT**





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Papers submitted for publication in this series are subject to double-blind external review by two referees.

The Australia–Japan Research Centre is part of the Asia Pacific School of Economics and Government, The Australian National University, Canberra.

ISSN 0 728 8409
ISBN 0 86413 299 9

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THE AUSTRALIA–US FREE TRADE AGREEMENT: AN ASSESSMENT*

Australia and the United States signed a bilateral trade agreement in 2004. This paper analyses the provisions of the agreement, compares the provisions with other bilateral and multilateral agreements and comments on the modelling that the Australian Government used to estimate the likely benefits of the agreement. The author concludes that the modelling relied on overstates the potential gains from the agreement, which establishes many undesirable precedents, especially in relation to sugar, rules of origin, safeguard provisions and intellectual property. The author argues that bilateral agreements of this type could be severely disruptive to future trade relations within the Asian region, particularly with China.

Introduction

The United States is Australia's largest trading partner for both goods and services, though Japan is more important for goods alone. In 2002–03, the United States provided \$14.6 billion worth of Australia's imports; Australia's exports to the United States were worth \$15.6 billion. This amounted to 14.1 per cent of Australia's total trade. In contrast, in 2003 Australia accounted for only 1.1 per cent of the total trade of the United States, although Australia was the destination for 1.8 per cent of US exports.

Australia's trade is already regulated by the General Agreement on Tariffs and Trade, the General Agreement on Trade in Services and other multilateral provisions that come under the umbrella of the World Trade Organization (WTO). In 2000, the Australian Government decided to seek a free trade agreement with the United States. In November 2002, President George W. Bush announced his intention to enter negotiations on such an agreement. The first talks were held in Canberra in March 2003 and a draft text was agreed between the parties in February 2004.

The Australian Government and others have claimed that the Australia–US Free Trade Agreement (AUSFTA) is a significant development in Australian trade policy. In this paper, I assess just how significant it is in economic terms. First, I identify which chapters of the agreement are substantive, in the sense of offering more than the status quo. I then describe some of the likely economic effects of the substantive chapters. Next, I comment on the modelling assessment of the agreement that was commissioned by the Australian Department of Foreign Affairs and Trade (CIE 2004), and present an



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alternative quantitative assessment of the likely effects. Finally, I compare the provisions of the AUSFTA with those of several other bilateral trade agreements – the Australia–Singapore agreement, the United States–Singapore agreement and the United States–Chile agreement. I draw several inferences about the impact of AUSFTA on the Asia Pacific region in general, and how the agreement might affect the nature of a prospective bilateral agreement between Australia and China.

Form versus substance

The AUSFTA has 23 chapters plus many pages of associated material. A Table 1 lists all provisions of the agreement,¹ indicating whether they are already covered by WTO agreements and/or whether they require a change from the status quo. Many articles merely codify the status quo. This need not be as trivial as it sounds: in many places the agreement also **binds** the status quo, because each party makes a legally binding promise that circumstances will not be made less advantageous for the other party in the future. However, in some cases even the bindings are not new because, under a relevant WTO agreement, Australia has already made the same promise to all other WTO members, not just the United States. Nevertheless, some articles will require a change from the status quo, as outlined in Table 1.

As expected, there is a strong correlation between the chapters identified in Table 1 as being substantive and the chapters identified in Article 21.2 as being actionable under dispute settlement on the grounds that ‘a benefit that the Party could reasonably expect to accrue to it ... has been nullified or impaired as a result of a measure that is not inconsistent with the Agreement’ (AUSFTA draft text, p. 21–22).

Dispute settlement is always available in the event of direct breaches, such as failing to carry out an obligation, or instituting a proscribed measure. Article 21.2 also allows for action when a benefit accorded by Chapters 2, 3, 5, 10, 15 or 17 has been indirectly nullified or reduced. This presupposes a benefit to start with. All the chapters that are subject to dispute settlement on the grounds of nullification or impairment appear in Table 1, as do the chapters that specify trade remedies, in the form of safeguards (Chapters 4 and 9) or dispute settlement (Chapter 21).

Market opening

Chapter 2 of the AUSFTA defines the extent of market opening for goods, while Chapters 10 and 11 define the extent of market opening for services and investment.

**Table 1 Substantive provisions of the AUSFTA, by chapter**

| AUSFTA chapter | Main features |
|--|---|
| 2 National treatment and market access for goods | Annex 2B specifies the reductions in tariffs and expansions in tariff rate quotas for each party Annex 2A specifies exceptions to the promises of national treatment (that is non-discrimination relative to domestic suppliers) and limitations on the use of import and export restrictions Annex 2C sets up a review mechanism for instances when an application for a drug to be added to the Pharmaceutical Benefits Scheme (PBS) is rejected |
| 3 Agriculture | Article 3.4 and Annex 3A detail the safeguard measures that will apply bilaterally for certain agricultural commodities |
| 4 Textiles and apparel | Article 4.1 details the safeguard measures that will apply bilaterally for textiles and clothing. Article 4.2 and Annex 4A specify the rules of origin for textiles and apparel |
| 5 Rules of origin | Article 5.2, Article 5.4 and Annex 5A specify the rules of origin for all other goods; the remaining articles specify how they will apply |
| 9 Safeguards | Articles 9.1 and 9.2 specify the safeguard measures that will apply bilaterally to all other goods |
| 10 Cross-border trade in services | Because the bilateral promises of national treatment and market access are made on a negative list basis in AUSFTA (ie all services are covered unless they are explicitly excluded), while both parties' WTO commitments are made on a positive list basis (ie only those services that are listed are covered), this chapter has the potential to offer more than the status quo, particularly for those sectors that were not listed by one or both parties under the WTO ^a |
| 11 Investment | In the AUSFTA, the bilateral promise of national treatment is made on a negative list basis (that is, investment in all goods and services is covered unless it is explicitly excluded), while both parties' WTO commitments are made only for services and only on a positive list basis. This chapter could therefore offer more than the status quo, particularly for sectors that one or both parties did not list under the WTO. |
| 15 Government procurement | Article 15.2 establishes the basic promise of non-discrimination relative to domestic or third-party suppliers (national treatment and MFN treatment, respectively). Other articles specify tendering procedures and processes. |
| 17 Intellectual property rights | Articles 17.2, 17.4, 17.6, 17.10 and 17.11 clearly require changes to Australian legislation. Other articles (for example, Article 17.1) may also require changes. |
| 21 Institutional arrangements and dispute settlement | Articles 21.11 and 21.12 define the trade remedies available. |

Note: a In principle the same argument applies to Chapter 13 on financial services, but in practice it is primarily a status quo chapter.

Source: Draft AUSFTA.



Goods

In the case of goods, the extent of market opening is reasonably easy to determine. It is defined by the scheduled tariff reductions and changes to tariff rate quota arrangements in each country, as specified in Annexes 2A and 2B of the agreement. Both Australia and the United States will eliminate most non-agricultural tariffs from day one of the commencement of the agreement; tariffs on textiles and clothing, some footwear and a few other items (including passenger motor vehicles in Australia's case) will be phased out by 2015. Currently, Australia's tariffs are generally 5 per cent, with peaks of 15 per cent for textiles, 25 per cent for clothing and 15 per cent for passenger motor vehicles. US tariffs are more variable: a significant proportion of goods are already duty free; most others are subject to duty of 5 per cent or less; but some are subject to much higher rates – up to 37.5 per cent on some textile, clothing and footwear items. In agriculture, the United States has agreed to phase out all tariffs except those on sugar and sugar products and the over-quota tariffs on dairy products. The United States has also agreed to expand Australia's quotas for beef, dairy, tobacco, cotton, peanuts and avocados.

Services

In the case of services and investment, it is more difficult to establish the extent of market opening, because bilateral promises in the AUSFTA are made on a negative list basis (all services and investments are covered unless they are explicitly excluded), but both parties have already made promises in the WTO on a positive list basis (only listed services are covered, but they are covered for investment as well as cross-border trade). To determine what is new and different in the bilateral agreement on services and investment, I have compared the two lists in ATable 2 (market access commitments) and ATable 3 (national treatment commitments). Box 1 describes some of the terms used and the method of comparison.

The bold text in ATables 2 and 3 identifies the promises that appear to be made in AUSFTA that are not already made in the WTO.

To summarise, the appendices confirm that the AUSFTA makes many liberalisation offers that have already been made on a multilateral basis in the WTO. They include engineering services, computer consultancy services, rental and leasing of equipment other than ships and aircraft, market research and management consulting, value-added telecommunications services, some environmental services, tourism services, and some recreational services.

There are also many instances where the AUSFTA retains reservations that were made under the WTO. For example, the United States has claimed a blanket exemption for all existing trade-restricting



measures maintained at a regional level. Such measures are prevalent in the United States in legal and accounting services, real estate services and financial services. Australia has claimed a similar exemption. Both parties have also retained major reservations in financial services, education and health, and maritime and air services.

In a small but significant number of instances, the AUSFTA has gone beyond the WTO General Agreement on Trade in Services (GATS) in promising that there will be no barriers to trade.

Australia appears to have made more such promises in the AUSFTA than has the United States. This is partly because the US offers under the GATS were more extensive to start with, with more sectors listed and fewer restrictions retained. It is also because the United States has taken out a blanket exemption for all existing and new restrictions on market access affecting all modes of delivery, while Australia has taken out a blanket exemption for all existing and new restrictions on market access only where they affect services delivered via the movement of natural persons. Box 1 shows the GATS definition of market access measures.

What are the important new promises? Leaving aside infeasible modes of delivery and residual categories, the new promises can be summarised as follows.

In relation to market access, Australia makes new promises to avoid using certain types of barriers against US suppliers for services delivered via cross-border trade (mode 1), consumption abroad (mode 2) or commercial presence (mode 3) in some business services,² some communication services,³ some education services,⁴ some recreational, cultural and sporting services,⁵ some transport services⁶ and all services not adequately captured in the Central Product Classification, such as environmental and energy services. In addition, there appears to be a promise to remove a few regulatory restrictions on US insurers and banking institutions.

The United States may have made a few new promises to avoid using particular market access barriers against Australian suppliers, but only because the relevant market access barriers that it reserved under the GATS may not fall under the definition of measures for which it claimed a blanket exemption under the AUSFTA. It is not clear, for example, whether the market access exemption applies to the US requirement that a single company not be permitted to own a combination of newspaper, radio or TV interests in the same local market, to Comsat's exclusive right to link with Intelsat and Inmarsat or to the limitations on owning a common carrier licence.

In relation to national treatment, Australia makes new promises not to discriminate against US suppliers for services delivered via any mode in the same areas as for the market access provisions described above. There is also a new promise of national treatment in the provision of insurance intermediation services via modes other than commercial presence.



Box 1 Understanding market opening for services and investment

For the masochists, the relevant World Trade Organization (WTO) agreement is the General Agreement on Trade in Services (GATS). This agreement covers both cross-border trade in services (comparable to the coverage of Chapter 10 of the AUSFTA), and investment in services (comparable to the foreign direct investment component of Chapter 11 of the AUSFTA, but only for services). Specifically, the GATS recognises four modes of service delivery:

- Mode 1 From the territory of one party to the territory of the other (GATS, but not AUSFTA, calls this *cross-border trade*)
- Mode 2 In the territory of one party by a person of that party to a person of the other party (GATS calls this *consumption abroad*)
- Mode 3 By a foreign affiliate of one party established in the territory of another (GATS calls this *commercial presence*)
- Mode 4 By a national of one party in the territory of another (GATS calls this the *movement of natural persons*, as distinct from the movement of corporations or other legal entities)

AUSFTA Chapter 10 on cross-border trade covers GATS modes 1, 2 and 4; GATS mode 3 is a component of AUSFTA Chapter 11 on investment. Chapter 11 also covers both portfolio investment and foreign direct investment in sectors other than services.

Under GATS, both parties have already made a general promise about one form of non-discrimination: service suppliers (including those supplying through commercial presence) will not be discriminated against, relative to third parties. This is the most favoured nation obligation (MFN in ATables 2 and 3). But the preferences within existing agreements other than the AUSFTA may already violate this promise, which is why there is also a blanket exemption for all existing preferences under FTAs, and for new preferences in the areas of aviation, fisheries and maritime matters. This means that if, in the future, either party grants **new** preferences to third parties outside these areas, the additional preferences must be incorporated into AUSFTA. Note that this MFN provision does not protect against the erosion of preferences that would occur if one party grants the **same** preferences as in AUSFTA to third parties in the future.

Under the GATS, both parties have made a conditional promise about another form of non-discrimination. National treatment (NT in ATables 2 and 3) says that service suppliers (including those supplying through commercial presence) will not be discriminated against, relative to domestic suppliers. This promise has been made only for those services that each party has listed in its GATS schedule, and only if there are no limitations on national treatment noted in those schedules – either by listing the particular non-conforming measure that is to be retained or by noting that the promise is ‘unbound’ – that is, not made.

Box 1 contd.

Finally, under the GATS, both parties have made a conditional promise that certain non-discriminatory barriers to market access (MA in ATables 2 and 3) are not to be used. The promise has been made only for services listed in their GATS schedules, and only if there are no limitations on market access noted in those schedules – either by listing the particular non-conforming measure that is to be retained or by noting that the promise is ‘unbound’.

The particular barriers to market access that are banned under the GATS include those banned in Article 10.4 of AUSFTA – limitations on the number of service suppliers, the total value of services transactions, the total number of service operations or the total number of natural persons that may be employed, and restrictions on the types of legal entity or joint venture through which a service may be supplied.

Under the GATS, there is one additional barrier to market access that is proscribed (on the same conditional basis), which is not mentioned explicitly in AUSFTA Chapter 10 on cross-border trade. This is the limitation on the participation of foreign capital in terms of maximum percentage limits on foreign shareholding or the total value of individual or aggregate foreign investment. However, Chapter 11 promises national treatment for investment, including portfolio investment. Presumably limitations on foreign equity participation are proscribed under that provision.

In order to put the negative list of the AUSFTA and the positive list of the GATS together, the first column of ATables 2 and 3 lists all the possible services that could have been listed under the GATS, using the Central Product Classification that was chosen for the purpose. The appendixes note whether the service was in fact listed by Australia (second column) or the United States (fourth column) and, if so, what the extent of the commitment was. For example, a listing of ‘1,2,3,4 none’ means there are no limitations on market access (ATable 2) or national treatment (ATable 3) for any of the four modes of delivery of the service. This is the most liberalising commitment that can be made. As another example, a listing of ‘1,2,3 none; 4 unbound’ means that there are no limitations on market access (ATable 2) or national treatment (ATable 3) for the first three modes of service delivery, but that there are no promises made at all for services delivered via the movement of natural persons.

The third and fifth columns of ATables 2 and 3 show the non-conforming measures that each party has chosen to retain under the AUSFTA. Where a non-conforming measure has not been claimed, these columns show what the corresponding promise of liberalisation is, but only if that promise has not already been made under the GATS. These columns therefore show the overall extent of market opening for services and investment.

Source: Based on GATS schedules and the draft text of AUSFTA.



The United States makes new promises not to discriminate against Australian suppliers for services delivered via any mode in some business services,⁷ some communication services,⁸ some education services,⁹ some recreational, cultural and sporting services,¹⁰ some transport services,¹¹ and all services not adequately captured in the Central Product Classification, such as environmental and energy services. In addition, there is a new promise of national treatment in the provision of financial information via modes other than commercial presence, and for all insurance via the movement of natural persons. There also appears to be a promise that Australians will be accorded national treatment when trading money market instruments and participating in securities issues through the movement of natural persons.

The promises to abstain from trade barriers do not necessarily imply that there are significant barriers in these areas to start with. In most cases, there are not. This is consistent with the Australian Government's claim that, in the chapters on investment and cross-border trade, the major achievements for Australia are the US promises not to initiate new discriminatory measures, rather than to roll back any existing measures.

Accordingly, the promises will not impose a commercial cost on either party. For this reason, they could be easily multilateralised – generalised to all countries, not just to the AUSFTA trading partner. But ATables 2 and 3 clarify just how limited those new bindings are, particularly on the part of the United States.

Investment

Chapter 11 of the AUSFTA also makes market opening commitments for investment in areas outside services. The WTO has not yet made any progress in these areas, so the promises are new ones, subject to the limitations noted at the end of ATables 2 and 3. The most significant new promise is the Australian promise to relax the Foreign Investment Review Board (FIRB) screening thresholds for US investments that are not in sensitive areas. The United States has retained its limitations on production and/or transportation of 'nuclear utilisation or production facilities' and on exporting defence-related products. The latter has affected the availability of encryption software to ensure the security of e-commerce. It is not clear that in this area the United States has made a concession similar to Australia's relaxation of FIRB screening.

Standards

Annex 10A of the AUSFTA makes provision for a professional services working group to facilitate the development of standards for licensing and certification and provide recommendations on mutual



recognition. Progress in this area could lead to market opening in the future, but such opening would be subject to existing immigration laws. The agreement has no chapter designed to free up the temporary movement of professionals or business people, though such provisions would seem to be a necessary complement to market opening in professional services. Similarly, the market opening would be subject to existing state-level citizenship or residency requirements, which are prevalent in many professions in the United States (see ATables 2 and 3).

Government procurement

The government procurement chapter achieves market opening by removing the discrimination against Australia in the US government procurement market. The market opening applies to US federal contracts in areas other than defence, R&D, foreign aid, procurement between governments, and offshore procurement. It also applies to state procurement for those states listed in Annex 15C of the AUSFTA. The draft text of the agreement excluded major states such as California, but it was expected that at least all states that were parties to the WTO Agreement on Government Procurement would sign on. The Australian non-defence procurement market is already non-discriminatory, but Australian governments will need to amend some of their procurement practices to comply with Chapter 15.

Restrictions on market opening

Some chapters of the agreement circumscribe the extent of market opening.

First, the chapter on intellectual property rights restricts market opening, if market opening is defined as subjecting producers to greater competition for the benefit of consumers. This is because it contains provisions to tighten up the protections afforded producers and/or performers of protected work, so users have less access to such work or have access only at a greater cost. I discuss this issue in more detail below. In addition, some patent provisions could delay the introduction of generic drugs into the Australian market, which would delay reductions in drug prices in Australia.

Second, the chapters on rules of origin may circumscribe the extent of market opening. Chapters 4 and 5 set out the rules of origin which specify how much combined Australian and US content a product has to have in order to be eligible for concessional tariff treatment under the AUSFTA. The rules are tailor-made, tariff line item by tariff line item, but generally require that products undergo 'significant transformation'. This is defined to mean that a product that has been imported from a third party must undergo enough processing so that it falls under a different tariff heading or subheading from its original form.



For a significant minority of products, the rules of origin also require that the percentage of total value derived from Australia and the United States be at least 35 per cent or 45 per cent, depending on the method of calculation. For some footwear products, the relevant percentage is 55 per cent. For a very few products, a regional value content rule can be applied instead of the change of tariff classification rule. For automobiles, a simple regional value content rule of 50 per cent applies. For textiles and clothing, the change of tariff classification rules means that everything from ‘yarn forward’ must originate in the United States or Australia, except that articles made from cotton or man-made fibres must be ‘fibre forward’.

Third, the safeguard provisions of the agreement can circumscribe the extent of market opening.

Beef For beef, a quantity-based trigger operates during the 18-year tariff elimination period, and a price-based trigger applies thereafter. Once the trigger event occurs, the United States can temporarily increase the tariff on Australian beef sent into the US market.

Horticulture A similar price-based safeguard measure applies to Australian exports of certain horticultural products during the 18-year tariff elimination period.

Textile and clothing products Tariffs can be temporarily raised if a surge in imports causes, or threatens to cause, damage to the domestic industry producing like products. Such action can be imposed or maintained up to 10 years after the tariff has been eliminated under the agreement. Action cannot be taken where changes in technology or consumer preferences are the cause of the damage.

Other goods Either party to the agreement can temporarily raise tariffs on any other product if a surge in imports causes, or threatens to cause, damage to the domestic industry producing like products. Such action can be imposed or maintained during the transition period. Unlike the WTO agreement on safeguards, the AUSFTA does not require there to be a causal link between the surge in imports and the injury. The Australian Government claims that the intent of Article 4.2(b) of the WTO agreement is reflected in the language of the AUSFTA, but the actual wording has not been incorporated.

Fourth, the trade remedies available in the case of disputes could inhibit trade opening. The chapter on dispute settlement makes provision for trade remedies if there is a direct breach of the agreement or, for some chapters, if a benefit that could reasonably expect to accrue has been nullified or impaired. A party can provide trade compensation by accelerating a reduction in other tariffs or by allowing the other party to suspend a tariff reduction under the agreement. The agreement also makes



provision for payment of a monetary assessment instead of a trade remedy. This is significant, since many would argue that monetary assessments are typically very blunt and poorly targeted ways of correcting particular breaches.

Requirements for additional consultation or administration

Substantive provisions

Many of the substantive chapters establish new consultation mechanisms or require additional administrative measures. The last column of ATable 1 shows which substantive chapters of the agreement fall into this category. There are three main types of measures.

First, some consultative mechanisms are designed to oversee the market opening elements of the agreement. For example, the agreement establishes a Committee on Trade in Goods to oversee market opening, rules of origin and customs administration; a mechanism for consultation on tariff rate quota administration; provision for a review of the dairy market access commitments; provision for consultation and modification of the rules of origin; provision for consultation in the event that express delivery services become less open; provision to meet annually on issues of mutual interest in investment and cross-border trade in services; a working group to pursue mutual recognition in professional services; provision to consult on investor-state dispute settlement if circumstances change; and provision to review the government procurement chapter every two years.

Second, some mechanisms are designed to help to enforce customs and other regulations. For example, there are very prescriptive provisions to ensure customs cooperation in enforcing the rules of origin for textiles and apparel (Article 4.3) and more generally (Article 5.13).

Third, there are mechanisms to aid transparency. Barriers to trade in services are mostly regulatory, and hence not very transparent, so the services chapter provides for exchanges to aid regulatory transparency. Here the language of the AUSFTA is a little stronger than it is in GATS. The AUSFTA requires interested persons (and the other party) to have the opportunity to comment on proposed regulations, not just the opportunity to respond to requests for specific information.

Other mechanisms also aid transparency but, because they are in areas where US ambitions appear to have been thwarted, there is concern that they will become forums for ongoing pressure on existing Australian policies. Examples are the establishment of an additional review mechanism in instances when an application for a drug to be added to the Pharmaceutical Benefits Scheme (PBS) is rejected, and the establishment of a Medicines Working Group.



Non-substantive provisions

Even when chapters of the agreement do not require changes to the status quo, they may establish new consultation mechanisms or require additional administrative measures. There are additional requirements in eight areas.

Sanitary and phytosanitary measures The chapter on sanitary and phytosanitary measures (that is, quarantine measures) makes provision for the parties to undertake very extensive consultation, including on how risk assessments are made (although the WTO requires these to be science-based) and on the specific quarantine measures to be adopted. This is an area where US ambitions appear to have been thwarted, and such consultation, which may bring ongoing pressure on Australian policies, goes well beyond that required by the WTO. However, the agreement states that the work plans of the Standing Working Group on Quarantine are to cover topics that balance the needs of both parties.

Mutual recognition of technical regulations and conformity assessments The WTO already encourages its members to consider mutual recognition of technical regulations or conformity assessment procedures. The AUSFTA chapter on standards and technical regulation appears to expand slightly the subject matter of the information exchanges, and makes provision for *ad hoc* working groups if required.

Telecommunications and financial services The agreement provides for annual consultations on telecommunications and financial services and for each party to comment on proposed financial regulations.

Competition and consumer protection The chapter on competition-related matters establishes several mechanisms to encourage cooperation in the cross-border enforcement of each party's domestic laws on anti-competitive business conduct and consumer protection, as well as forums for ongoing consultation.

E-commerce The e-commerce chapter makes provision for the negotiation of an agreement on mutual recognition of digital certificates by central governments.

Labour and the environment The chapters on labour and the environment establish subcommittees on these topics and make provision for cooperation and consultation.

Transparency Specific transparency measures — notification, the opportunity to comment in advance, and the right of review and appeal — are repeated in the general chapter on transparency.

Implementation The AUSFTA establishes a Joint Committee to supervise implementation of the agreement and to provide interpretations where necessary.



Precedent setting

Substantive provisions

The chapters of the agreement that go beyond the *status quo* establish several precedents that may affect Australia's options in future bilateral or multilateral forums.

The development of a dispute settlement mechanism that allows for monetary compensation instead of trade remedies may be seen as a positive precedent. However, other precedents are more problematic.

First, it is problematic for Australia to accept an agreement on agriculture in which sugar is a major omission, when, in Cancun, Australia rejected the joint agriculture proposal of the European Union (EU) and the United States. This EU-US proposal could have benefited Australia much more than the AUSFTA, because it involved 'significant reductions' in domestic support, an area that is not touched by the AUSFTA. I discuss this further below.

Second, the AUSFTA is the first preferential trade agreement in which Australia has accepted tailor-made rules of origin based on changes in tariff classification. Hitherto, all Australia's rules of origin were based on a relatively simple regional value content rule. People have criticised the tailor-made rules as being the result of protectionist lobbying by producer interests. Australia may now be seen to be condoning such rules. Moreover, it will be a significant undertaking for Australian Customs to take the new rules on board.

Third, it is problematic for Australia to accept such widespread safeguard provisions, particularly those for beef and textiles and apparel that extend beyond the transition period, and those for other products that do not require formal WTO-defined causality and hence seem to be a step backwards from WTO practice.

Fourth, the intellectual property rights chapter of the AUSFTA is precedent setting in many respects. The following examples are illustrative, but not exhaustive.

Protection of digital material The AUSFTA commits Australia to ratifying the World Intellectual Property Organisation (WIPO) Copyright Treaty 1996 and the WIPO Performances and Phonograms Treaty 1996. These treaties create copyright protection for material published over the internet and are jointly known as the 'internet treaties'. There has been international debate as to whether the US Digital Millennium Copyright Act is the appropriate model of compliance with these WIPO treaties. It can be argued that Australia's Digital Agenda Act already meets many of the obligations of the WIPO Copyright Treaty. For example, it creates a 'right of communication to the public', which is then protected, and it protects against the circumvention



of 'effective technological measures' (measures which control access to a protected work). But in regard to effective technological measures, the AUSFTA seems to require Australia to go further, because it contains a much more expansive definition of 'controlling access' than that embodied in Australia's legislation. Yet a recent review of Australia's legislation recommended the opposite. The Australian courts have yet to decide whether 'regional playback control' measures on DVDs are an 'effective technological measure'. If the final decision is that they are, then the more stringent provisions in the AUSFTA could effectively reintroduce restrictions on the parallel importing of DVDs through the back door, only a few years after Australia relaxed these restrictions. And the Australian Competition and Consumer Commission (ACCC) has more general concerns about the anti-competitive consequences of effective technological measures.

Limited liability for internet service providers The AUSFTA requires Australia to introduce a much more prescriptive regime than it has currently for creating 'safe harbours' (that is, limited liability) for internet service providers. A recent review of Australia's Digital Agenda Act recommended changes to Australia's procedures, but nothing as prescriptive as the AUSFTA.

Transfer of rights The AUSFTA requires Australia to allow copyright holders to transfer such rights by contract. The US Trade Advisory Group sees this as meaning that contracts will prevail over exceptions such as 'fair use'. It is debatable whether the clause achieves this, but such an interpretation would contradict a recommendation of the Commonwealth Law Reform Commission that parties should not be allowed to contract out of exceptions.

Rights of performers and producers of phonograms The AUSFTA requires Australia to extend its recognition of the rights of performers and producers of phonograms. Consistent with the US view, the agreement requires Australia to recognise broader rights (Article 17.6), subject to their not taking precedence over the rights of authors (Article 17.4.3). However, there is no recognition of moral rights, nor traditional knowledge.

Term of copyright protection The AUSFTA requires Australia to extend the term of copyright protection by an additional 20 years, bringing Australia into closer conformity with the United States. This is despite a recommendation by the Australian Intellectual Property and Competition Review Committee that any extension of the copyright term should occur only after a public inquiry.

The AUSFTA has been selective in its requirements for Australia to bring its intellectual property legislation into conformity with that of the United States. The United States has a much more generous



definition of 'fair use' than Australia, affecting access by libraries and researchers, but Australia has not been required to adopt the US definition. Similarly, the United States has a much higher standard of originality for copyright protection than Australia, requiring 'creative spark', not just 'skill and labour'. Australia has not been required to adopt the US standard.

In other words, the agreement requires Australia to adopt US standards, but only when they broaden rather than narrow the scope of intellectual property protection. The asymmetric adoption of US standards of intellectual property protection in a way that overrides domestic law reform processes has set another problematic precedent.

Non-substantive provisions

Two particular aspects of the non-substantive chapters establish precedents that may affect Australia's options in subsequent bilateral or multilateral forums.

Definition of duty-free e-commerce Australia has accepted a US definition of duty-free e-commerce that is still the subject of vigorous debate in the WTO. The Doha Declaration reiterated that members would maintain their current practice of not imposing customs duties on 'electronic transmissions' until the fifth session. AUSFTA goes further by promising that customs duties will not be applied to 'digital products'. These are defined to include the content of digitised material, but not the medium. Hence music on a CD must be free of customs duties, even when shipped as a physical commodity. This is much broader than the concept of electronic transmission favoured by the Europeans.

Inclusion of provisions on labour and the environment It is precedent-setting for Australia to accept an agreement that contains chapters on labour and the environment. The chapters recognise the right of each party to determine their own labour and environmental laws, but the non-enforcement of those laws is a matter for dispute settlement. The arguments against this are that trade sanctions are poorly targeted instruments for dealing with labour and environmental problems and that there are alternative international forums for dealing with such problems.¹² Article 21.12 of the dispute settlement chapter addresses the first of these arguments by ensuring that the remedies under dispute settlement on environmental and labour matters are in the form of monetary compensation rather than through trade measures. However, the agreement does not address the argument that alternative forums exist.



Assessment of economic impacts

Effects of market opening

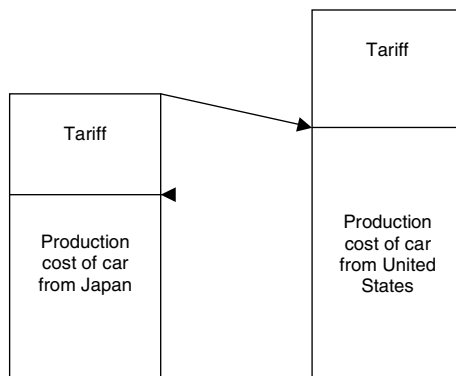
Goods

From a producer perspective, import competition imposes a cost because lower priced imports squeeze profits. From a consumer perspective, import competition creates a benefit because lower priced imports make the family budget go further. Whether someone sees the opening up of the home market as a plus or a minus depends on whether they take a consumer or producer perspective.

Informed public policymaking should take both perspectives into account. Economic theory suggests that normally the benefits to consumers outweigh the costs to producers, so the country as a whole should benefit from the opening up of the home market. This is the basis on which Australia has unilaterally lowered its tariffs on a wide range of goods over the last few decades.

However, lowering tariffs on a preferential basis for one trading partner may not yield the same benefit as lowering them on a unilateral basis for all trading partners.¹³ The reason is shown in Figure 1. As it is drawn, when tariffs are levied on comparable cars from both Japan and the United States (think of Honda Civics, which are made in both places), Australians would source from Japan because the total tariff-inclusive price is cheaper. If US cars became tariff-free, Australians would switch their source to the United States. Australian consumers would get slightly cheaper cars, as shown by the arrow. The car

Figure 1 Illustrating trade diversion: Australia's sourcing of (comparable) cars





price would not fall by the full extent of the tariff, because US production costs are greater. But Australia would lose all its tariff revenue on cars.

Under unilateral tariff cuts, the loss of tariff revenue would not matter, because the amount lost by the government would be gained in full measure by consumers in the form of cheaper cars. But under preferential tariff cuts, most of the tariff revenue goes not to Australian consumers but to US producers, because of their higher production costs. For this reason, preferential trade deals made with trading partners who are not world-best producers are as much about redistributing tariff revenue as they are about getting the benefits of cheaper imports. And the greater the tariff initially, the more scope there is for this trade diversion.

There are two offsetting effects. First, Australia may end up importing more cars from the United States than it did from Japan. This additional trade can generate small net gains, because it displaces less efficient local production. Economists call these 'allocative efficiency gains' from trade creation. They also occur when tariffs are cut unilaterally. But in preferential trade deals, the allocative efficiency gains per unit of trade created will typically be much smaller than the uncompensated loss of tariff revenue per unit of trade that is diverted. So the overall effect is likely to be negative. Strictly speaking, the net gains or losses cannot be determined just from measuring the volumes of trade that are created or diverted, although trade volumes are often used as a proxy measure. Second, Australia will also gain from the market opening in the United States.

Trade diversion is a problem in principle for the AUSFTA, but is it likely to be a problem in practice? As noted, trade diversion will occur only for products where the United States is not the world's lowest-cost producer; otherwise Australia will already source its imports from the United States, and there will be no trade to divert.

One indication of potential problems for Australia is the proportion of tariff line items where a third party is currently our major import source of comparable product. Looking at import sourcing at relatively high levels of product disaggregation is more likely to ensure that products from different sources are comparable.

There are 1,213 different product categories at the four-digit level of the Harmonised System of product classification. In 2001, the United States was Australia's primary import source for 317 of these categories, including cigars, pharmaceuticals, beauty products, many categories of machinery and equipment, calculators, electric motors, telephone equipment, tractors, medical instruments, orthopaedic appliances, bombs, grenades and torpedos, toilet sprays and original engravings. For the remaining 896 product categories, the United States is not currently Australia's major import supplier. These categories include primary products such as coffee, and minerals such as diamonds, which the United



States would not be able to supply in quantity, regardless of the tariff. But many are in product areas where Australia imposes its highest tariffs. Examples are textiles and clothing, where Australia's principal source of supply tends to be China, Hong Kong, Taiwan or another East Asian country, and 'Motor cars and other motor vehicles', where the United States is fifth in line behind Japan, Germany, South Korea and the United Kingdom. The devil is in the detail, and the relevant level of detail is well below that which can be captured in conventional economic models.

For the United States, the situation is worse. In 2001, Australia was its principal source of supply for just 14 of the 1,213 product categories at the four-digit level. These included beef, sheep meat, lead ores, uranium ores, titanium, aluminium oxides, manganese oxides and wool, some of which are already duty free. The scope for trade diversion in the United States is correspondingly greater (subject to Australian manufacturers being able to meet the rules of origin). But the proportion of US trade affected will be significantly smaller than in Australia's case, because of the size difference between the two economies.

In the section on modelling, below, I discuss in more detail the issue of quantifying the effects of trade creation and trade diversion.

Services and investment

If trade diversion is a problem for goods trade, is there a comparable problem for services and investment? The answer is 'sometimes', depending on the nature of the trade barrier. Typically, the barriers to services and investment do not generate tariff revenue. But some of them can be tariff-like, in the sense of creating artificial restrictions on the quantities of services or investment, and artificial profits (sometimes call 'rents') for service providers or investors. Empirical research suggests that the regulatory restrictions in banking and telecommunications, and some of the barriers in the professions, tend to be of this form (Barth, Caprio and Levine 2002; Kalirajan et al. 2000; Boylaud and Nicoletti 2000; Warren 2000; Nguyen-Hong 2000). When barriers are lifted preferentially, these artificial profits or rents can be redistributed between countries in the same way as tariff revenue, leading to a comparable problem of trade diversion.

Alternatively, some barriers to services or investment do not create artificial profits. They do the opposite, by increasing the real resource cost of delivering the service or making the investment. Again, empirical research suggests that the regulatory restrictions in distribution services, electricity supply, maritime, and some of the barriers in the professions, tend to be of this form (Kalirajan 2000; Steiner 2000; Clark, Dollar and Micco 2001; Nguyen-Hong 2000). When barriers are lifted preferentially, real resource costs fall, with an unambiguous gain.



As noted earlier, the services and investment chapters in the AUSFTA are primarily standstill chapters. But Australia has agreed to relax FIRB screening limits. And the processes designed to facilitate mutual recognition in the professions may generate market opening in the future, subject to existing immigration laws and state regulatory restrictions. Will these measures cause trade diversion?

FIRB screening is clearly a barrier that adds to the real resource cost of investing, since applicants have to incur the costs of lodging a notification or application, and the Australian Treasury needs to employ people to process the applications. Preferentially lifting the screening limits will save real resources, which can be redeployed elsewhere. It will not cause trade diversion.

Nguyen-Hong (2000) gives evidence that the professional licensing requirements that would be the subject of a mutual recognition agreement are of the sort to artificially restrict service quantity and to create artificial profits. Preferentially relaxing these restrictions through mutual recognition has the potential to redistribute these profits and cause trade diversion, especially in professions where the United States is not the world's lowest-cost (or best-value-for-money) producer.

In the section on modelling below, I discuss in more detail the issue of quantifying the effects of trade creation and trade diversion in services and investment.

Government procurement

Chapter 15 of the AUSFTA, on government procurement, creates commercial opportunities. The benefits will depend on whether Australian businesses are able to take advantage of the opportunities.

The DFAT-CIE study of the economic effects of the agreement considers this issue at length, and judges that as a result of market opening, Australian market penetration of the United States might reach 30 per cent of that of Canadian businesses (\$200 million per year for Australia, compared with \$650 million for Canada). This is doubtful. Canada tends to trade significantly more than normal with the United States on all fronts, not just on government procurement, because the countries are adjacent to each other and because land transport links on the North American continent tend to run north-south rather than east-west. The United States trades as much with Canada as it does with all 15 countries of the EU combined, and its trade with Ontario exceeds its trade with Japan (Wall 2000). This is not surprising, given that nearly 90 per cent of the Canadian population lives within 160 kilometres of the border with the United States – a border that stretches over 6,400 kilometres.

There is a long history of econometric work quantifying the effects of distance on the volumes of trade between countries.¹⁴ Such models are based on an analogy with the law of gravity in physics. They show how trade volumes tend to increase with the size of the importing and exporting countries, and decrease with the distance between them. The Canadian economy is about 70 per cent larger than the



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Australian economy and the Australian economy is almost 30 times further away from the United States than is Canada (using the standard gravity model measure of the distance between largest cities). Even using a relatively conservative estimate of the effect of distance, such as the recent one from Anderson and van Wincoop (2003), the size of Australia's trade with the United States could be expected to be 4 per cent of that of Canada, because of these two factors.¹⁵ This is a more appropriate basis for estimating Australia's likely penetration into the US government procurement market.

Effects of market closing

Intellectual property rights

The key provision of the AUSFTA agreement that has immediate economic consequences is the requirement to extend the term of copyright protection by an additional 20 years — from the life of the author plus 50 years, to the life of the author plus 70 years. The benefit is that Australians will enjoy additional works created because of the extra incentive to authors. The cost to Australia, as a net importer of copyright material, is the additional royalties that will need to be paid to copyright holders of existing works.¹⁶

The DFAT-CIE study assumes that it is difficult to put a figure on both the costs and the benefits, because of uncertainty about the true economic life of copyright works. Some products, such as computer software, have a very short economic life. For these products, the extension of copyright term will have no effect at all. However, other products do have an economic life that extends more than 50 years after the life of the author. Mickey Mouse is the most famous (and most pertinent) example. For these products, the costs and benefits will be real.

The DFAT-CIE study notes that the benefits in terms of additional works are likely to be small, because at the point when a work is created (say 30 years before the death of the author), the prospect of additional benefits 80–100 years in the future has minimal impact. If the author receives a constant flow of royalties into the future, extending the term of copyright protection would confer additional benefits of 0.33 per cent in net present value terms. The likely impact on the quantity of new works is minuscule.

But the same assumptions can be invoked in order to put an estimate on the costs of extending the term of copyright (see Box 2). According to this calculation, Australia's net royalty payments could be up to \$88 million higher per year as a result of extending the term of copyright. And the discounted present value of the cost to Australia of extending the copyright term is about \$700 million. Thus, even the current term of copyright protection is probably too long, from Australia's perspective.

**Box 2 The cost to Australia of extending the term of copyright**

Assume a constant flow of royalties to each author, and a constant flow of authors, each producing one work 30 years before their death. At any given point in time, $1/80$ of the total royalties payable will be being paid to authors whose term of copyright is about to expire. In the first year after the agreement, an extra $1/80$ in royalties will need to be paid, in the next year an additional $2/80$ in royalties will need to be paid, and so on, until in the twentieth and all subsequent years, an additional $20/80$ in royalty payments will need to be paid. The present value today of this stream of costs, using the same 7 per cent discount rate used in the DFAT–CIE calculation, is just over double Australia’s current net royalty payments. According to the latest balance-of-payments statistics from the Australian Bureau of Statistics (Cat. No. 5302.0), Australia’s net payments for royalties and licence fees were \$1,210 million per year for 2002–03. Figures for previous years (for example, Cat. No. 5363.0) suggest that about \$350 million of this would be on copyright material, that is, excluding payments for industrial processes and franchise fees (and this would not include payments for products whose economic life was exhausted). Thus Australia’s net royalty payments could increase by up to \$88 million per year as a result of extending the term of copyright. And the discounted present value of the stream of costs to Australia of extending the copyright term would be about \$700 million.

Source: Author’s calculations.

Rules of origin

As noted earlier, tight rules of origin can dilute the benefits of goods market opening by disqualifying some goods from preferential tariff treatment. The DFAT–CIE report suggests that this could be a significant problem for Australia’s exports of textiles and clothing. But there are several reasons for believing that the problem is likely to be much more extensive.¹⁷

First, textiles and clothing are not the only products to have relatively low local value added (the value of local material inputs, as well as returns to capital and labour). The latest Australian input-output tables published by the Australian Bureau of Statistics (Cat. No. 5209.0) are far too aggregated to be really useful, but they suggest that, on average, the local value added in a broad category called ‘other machinery and equipment’ is only fractionally higher than it is in textiles and clothing. And ‘other machinery and equipment’ production in Australia is almost twice that of textiles and clothing. Some of these products – but by no means all – are already duty free in the United States. Many Australian products in this category are likely to have difficulty meeting the rules of origin and thus being eligible



for preferential tariff treatment, especially when they are assembled from components sourced in East Asia.

Second, the proportion of trade that takes place at preferential tariff rates in preferential agreements is typically remarkably low. For example, under the Australia New Zealand Closer Economic Relations Trade Agreement (CER), only about 30 per cent of Australia's exports to New Zealand attract the preferential rate (PC 2003a, p. 20). The comparable figure within the ASEAN Free Trade Area is said to be as low as 5 per cent. In the case of New Zealand, the figure is artificially low because many of the most favoured nation (MFN) tariff rates are zero to begin with. But some recent studies have carefully corrected utilisation rates for whether tariff rates are zero to begin with, and have confirmed that the utilisation of preferences is significantly less than 100 per cent when rules of origin are restrictive (Inama 2004; Candau, Fontagné and Jean 2004).

There are two contributing factors to low utilisation rates. One is the difficulty of meeting rules of origin that require 50 per cent regional content (CER) or 40 per cent regional content (AFTA) in a world where production processes are increasingly being fragmented geographically. Another is the high cost of proving compliance with rules of origin, especially for small and medium-sized businesses. In some respects, it is easier for businesses to prove a change of tariff classification than to prove that they meet a particular regional value content. This may be one reason why the proportion of trade that takes place at the preferential rate under the North American Free Trade Agreement (NAFTA) is as high as 64 per cent (Estevadeordal and Suominen 2003). But it is still likely that the transactions costs of meeting rules of origin will reduce the proportion of preferential trade substantially below that assumed by the DFAT-CIE report. For example, in NAFTA, the costs of meeting the rules of origin have been estimated at 2 per cent of the value of Mexican exports to the US market (Cadot et al. 2002). For many products, this would amount to half the margin of preference.

Rules of origin do not just dilute the market opening effects of preferential tariff cuts and impose additional administration and compliance costs. They can also encourage trade diversion in the input sourcing choices of producers in order to meet the rules of origin. They may dampen both trade creation and trade diversion for outputs, because they dilute the market-opening effect of tariff cuts on output. But they encourage trade diversion in inputs.

Omission of sugar

The Australian Government has announced a \$440 million package to the sugar industry in response to concerns about sugar not being included in the AUSFTA. This is not a pure cost to Australia, but a transfer from taxpayers to sugar producers. Nevertheless, the package will need to be funded from



additional tax revenue, and raising that revenue will impose a net cost, given the distortionary effects of taxation.

Gabbitas and Eldridge (1998) examine carefully the available estimates of the net marginal welfare cost of taxation in Australia. They correct earlier estimates for changes that have taken place in marginal income tax rates, and also incorporate the compounding effects of state and Commonwealth taxation. Their best estimate of the current net welfare cost of tax revenue raised from a combination of state and Commonwealth sources is 16 cents in the dollar (Table 6.16, p. 107). Using this estimate, the net welfare cost of the payout to sugar producers is \$70 million.

But this is a one-off payment, and should not be compared directly with other costs or benefits that accrue every year. One way of making the one-off cost comparable is to look at its equivalent annuity value. A one-off payment of \$70 million now would be equivalent to a payment of \$5 million a year forever, discounted at 7 per cent. Thus the annual net cost of the payout to sugar producers can be measured as \$5 million per year.

Modelling

As the above discussion makes clear, some aspects of the AUSFTA are difficult to assess *a priori*. In particular, it is difficult to predict how severe trade diversion will be, relative to trade creation and the benefits of market opening in the other country. It is also difficult to know how rules of origin would affect the extent of trade diversion for inputs and outputs.

There are two possible ways of assessing trade diversion empirically: historical econometric models and structural general equilibrium models such as GTAP and G-cubed.

Econometric models examine how trade volumes change over time between partners in a preferential trade arrangement, and with third parties. As noted earlier, there is no direct relationship between the **benefits** of trade creation and diversion on the one hand, and the **volumes** of trade created or diverted in on the other. This is because the costs per unit of trade diverted typically exceed the benefits per unit of trade created. If more trade is created than is diverted, we can only say that there **might be** a net gain. However, if more trade is diverted than is created, the net effect is sure to be a loss.

One difficulty with the econometric approach is the need to control for not only the signing of the free trade agreement, but also all the other factors that affect the volumes of trade among countries. The gravity model approach mentioned above is the standard way of correcting for these other factors, which include the relative sizes of the economies and the distance between them. One recent gravity model study (Adams et al. 2003) controlled for many more factors than any previous studies. It found



that, among 18 recent agreements, 12 had diverted more trade from non-members than they had created among members. What is more, some apparently quite liberal agreements had failed to create additional trade among members, relative to average trade changes registered among countries in the sample. However, the gravity model approach can only look at agreements after the event, once there are some post-agreement trade patterns to examine. It is not clear whether the above conclusion would generalise to the AUSFTA.

The structural general equilibrium approach to assessing the possible trade effects of the agreement involves using a structural model of each country's production and trade patterns to project what would happen if just tariffs, and nothing else, changed between the countries. Such models are tools for conducting controlled experiments, in the absence of being able to organise them in real life.¹⁸

Such models can be empirically based on real world data. They can incorporate current data on production and trade patterns. They can also incorporate behavioural parameters that describe how the behaviour of producers or consumers would change in response to changes in prices or incomes, which are themselves estimated from real world data. And good models, if properly constructed, will trace through all the indirect, flow-on effects of the tariff change, not just the direct effects.

The DFAT-CIE study used two such models, GTAP and G-cubed. Both are general equilibrium models that incorporate real-world data on production and trade patterns and empirically estimated values of the behavioural parameters. According to CIE, its modelling can be criticised according to whether the inputs into the model are appropriate; the model structure is appropriate; or the values of the behavioural parameters are appropriate. But its modelling can also be criticised according to whether the model inputs have been entered in the right place.

In the following analysis of the DFAT-CIE modelling, I assess the modelling treatment of each of the major elements of the AUSFTA against these criteria. I conclude with an alternative quantitative modelling assessment of the agreement.

Model inputs

This section critiques the model inputs used in the DFAT-CIE study.

Tariffs and rules of origin

Ideally, a modelling assessment of preferential tariff cuts should be undertaken at a very high level of commodity disaggregation. Otherwise, the model cannot capture tariff peaks and the product-by-product variation in import sourcing. As noted above, it is the interaction of these two factors that determines the extent of trade diversion.

In models that operate at a highly aggregated level, tariff peaks get averaged away. So, too, do product-by-product variations in import sourcing. The extent of this problem can be seen by comparing the highest tariffs from the Australian and US tariff schedules with the highest average tariffs in the two models used in the DFAT–CIE study.

The G-cubed model has just two aggregate manufacturing sectors — durable and non-durable manufacturing. The DFAT–CIE study shows (CIE 2004, Table 3.3) that the highest average tariffs in G-cubed are just 5.7 per cent for non-durable manufacturing in the United States and 4.9 per cent for non-durable manufacturing in Australia. This compares with known tariff peaks of 25 per cent in the Australian schedule and 37.5 per cent in the US schedule. The G-cubed model is simply too aggregated to be an appropriate tool for quantifying the trade effects of preferential trade agreements.¹⁹

The GTAP model is more disaggregated, with 57 sectors in total, of which 24 are in manufacturing. The DFAT–CIE study shows (CIE 2004, Table 3.3) that the highest average tariffs (excluding sugar) in GTAP are 19.1 per cent for wearing apparel in Australia, 7.6 per cent for motor vehicles and parts in Australia, 10.7 per cent for wearing apparel in the United States, and 9.1 per cent for leather products in the United States.²⁰ Thus the two known tariff peaks in Australia — 25 per cent on clothing and 15 per cent in motor vehicles — are better captured in GTAP, though they are still not adequately captured. The known tariff peaks in the United States are not well captured at all, primarily because they are so scattered throughout the US schedule.

The trade effects of preferential trade agreements are also affected by rules of origin. The DFAT–CIE study has assessed that only 8.8 per cent of Australian exports of textiles and clothing will meet the ‘yarn forward’ rule. The study has not reflected the experience of other preferential trade agreements, which suggests that as a result of the rules themselves and the transaction costs of proving compliance, the proportion of total trade that takes place at preferential rates can be much less than 50 per cent across the board.

Moreover, the DFAT–CIE modelling does not capture the fact that some larger producers will have an incentive to switch their source of inputs in order to ensure that their output meets the rules of origin, thus adding to trade diversion.

Below, I show how these considerations affect some key sectors of the economy.

Agricultural protection

Because it was developed by agricultural economists, GTAP has a relatively detailed agricultural commodity coverage. The DFAT–CIE study also undertook extensive work to quantify the tariff-equivalents of the specific tariffs and non-tariff barriers prevalent in agriculture. The study also examined



the likelihood that the safeguard measures affecting beef and horticulture would be triggered. The one omission is that the study did not similarly assess the possible effects of the non-agricultural safeguards.

Services trade barriers

The DFAT–CIE study quantifies the effects of establishing mutual recognition in the professions, by drawing on a study that quantifies the direct, first-round impact of licensing restrictions in engineering (Nguyen-Hong 2000). This first-round impact is akin to the tax equivalent of the licensing restriction. The modelling is used to trace the indirect and economy-wide effects of relaxing the licensing restrictions.

Two comments can be made about the use made of the inputs from Nguyen-Hong.

First, one of the shares that was supposedly drawn from the Nguyen-Hong report bears no relation to figures appearing in that report. The DFAT–CIE report claims (p. 141) that restrictions on the licensing of foreign professionals are 18 per cent of the total barrier faced by foreigners. Yet the Nguyen-Hong report shows (Table 2.3) that licensing and accreditation of foreign professionals makes up at most 10 per cent of the maximum possible foreign restrictiveness index. And Table 4.4 of the Nguyen-Hong report shows that the licensing of foreign professionals is zero per cent of the total price impact of barriers to the establishment of foreign professionals in Australia.

Second, and more importantly, the DFAT–CIE report recognises the distinction between services trade barriers that create artificial profits or rents and those that add to real resource costs. It treats the licensing restrictions on professionals as being half rent-creating and half cost-escalating. Yet the Nguyen-Hong report provides evidence that such licensing restrictions are of the sort to create artificial profits, and hence raise prices rather than costs. The result is that the projected benefits of services trade reform are overstated in the DFAT–CIE report, for two reasons. First, barriers that raise real resource costs have a bigger bang-for-the-buck than barriers that create artificial profits. This is because removing rent-creating barriers causes a large transfer from producers to consumers, and a small net gain to the economy as a whole, while removing barriers that raise resource costs creates benefits for both consumers and producers, for a large net gain. Second, in a preferential context, barriers that create rents can lead to trade diversion, while those that raise costs cannot. By treating licensing restrictions as being half rent-creating and half cost-escalating, rather than being all rent-creating, the DFAT–CIE report has underestimated the possibility of trade diversion.



Investment

The DFAT–CIE study treats FIRB screening as something that has added to investor uncertainty. The authors therefore claim that the relaxation of screening can be modelled as a reduction in the equity risk premium in Australia.

It is by no means clear that this is the appropriate way to model FIRB screening. The equity risk premium concept captures the effects of events that happen *ex post*, after an investment is made, that reduce or eliminate the expected returns on that investment, and hence affect the stock market valuation of the company making the investment. FIRB screening is an event that happens *ex ante*, before the investment is made. A negative ruling does not put at risk the entire amount that would have been invested: potential investors still have the uninvested capital that they can put elsewhere. They lose only the cost of lodging a notification or application for FIRB screening, and this is lost whether or not the application is successful. In the literature, when the same outcome occurs in all states of nature, it is called ‘a sure thing’.

FIRB screening could have additional adverse effects only if the proposed investment in Australia was absolutely unique, so that the potential investor had no other place to put their money if their FIRB application failed. In most industries, particularly outside sensitive sectors, that is highly unlikely. US investors make investments all over the world, and they are well placed to diversify away many sorts of investment risks, including the risk of rejection in Australia but not elsewhere (since Australia is not the only country to have investment screening). The equity risk premium is a concept that is relevant to risks that cannot be diversified away.²¹

There is no doubt that events that affect a country’s equity risk premium can have a powerful effect on investment inflows, and hence on output and consumption levels. The DFAT–CIE report rightly notes that the re-evaluations of country risk that took place during the East Asian financial crisis were powerful enough to explain the large dips in output and consumption in those countries. A key factor likely to account for Australia’s apparent equity risk premium is that we have a commodity-driven currency, so that the repatriated value of an investment in Australian manufacturing can be greatly affected ‘after the event’ by the price Australia gets for its wheat or coal. Because Australia is such a major wheat and coal exporter, fluctuations in wheat and coal prices are something that both foreign investors and all Australians have trouble diversifying away. But it is highly doubtful that *ex ante* FIRB screening has any general effect at all on Australia’s risk premium.



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So what effect does FIRB screening have? First, as noted in the DFAT–CIE report, it is a source of transaction costs. But most cost savings from relaxed screening will accrue to US investors overseas; Australia will still need to employ Treasury officials to continue screening of non-US investors and screening in sensitive sectors. Second, FIRB screening has an unknowable, but probably small, deterrent effect on a few particular investments. But this is nothing like the number of investments that would be affected by a generalised change in the risk premium.

Government procurement

The DFAT–CIE study appears to have over-estimated the extent to which Australia is likely to be able to penetrate the US market in the area of government procurement. The authors assess that, as a result of the government procurement provisions of the AUSFTA, Australia’s market penetration of the United States could be 30 per cent that of Canada. As noted earlier, empirical studies that correct for country size and the distance between countries suggest that the figure is more likely to be 4 per cent.

Administration and consultation

The DFAT–CIE study notes that the administration costs of the government procurement provisions will be minor. But as noted earlier, the government procurement chapter is only one of many places in the agreement where Australia will need to incur additional costs of administration and consultation. The last column of ATable 1 shows all such other provisions. The cumulative effect is likely to be noticeable. It took a team of at least 20 high-level officials to negotiate the agreement; it is not unreasonable to assume that it will take similar resources to administer it. At a cost of \$100,000 each in salaries and on-costs, administration could add \$2 million a year to the cost of the agreement.

Intellectual property rights

The DFAT–CIE study made some simplifying assumptions in order to quantify the benefits of extending the term of copyright protection. They were not able to make the same assumptions to quantify the costs, though I have shown in Box 2 how this could be done. The net effect is that Australia could eventually pay 25 per cent more per year in net royalty payments. This would be not just to US copyright holders, but to all copyright holders, since this provision is not preferential. The increase could amount to \$88 million per year, or \$700 million in net present-value terms. This is a pure transfer overseas, and hence a pure cost to Australia.



Dynamic gains from tariff cuts

The DFAT–CIE study draws on empirical work that shows that tariff cuts can have a so-called dynamic effect on sectoral productivity, in addition to their so-called static effects on allocative efficiency. The study quantifies the dynamic effects by assuming them to be proportional to the size of the tariff cuts.

The empirical work drawn on examines productivity levels in Australian manufacturing during a period of substantial unilateral tariff cuts. The AUSFTA cuts tariffs preferentially, not unilaterally. As shown in Figure 1, this means that the price reductions on any given import can be substantially less than the size of the preferential tariff cut. However, the GTAP model keeps track of imports by source, and the DFAT–CIE study ‘dilutes’ the dynamic productivity gain by the US share of total imports. This alternative adjustment has a similar effect.

Nevertheless, the existence of such ‘cold-shower’ effects of tariff cuts on productivity has been hotly debated. Conservative evaluations might note their possible existence, but do not include them in the quantitative analysis (for example, PC 2002, 2003b).

Model structures

This section critiques the model structures used in the DFAT–CIE study.

Both the GTAP model and the G-cubed model are well known and well structured. G-cubed has the advantage of a fully integrated financial sector, which allows it to account for the way in which trade policies will affect saving and investment behaviour, with eventual impacts on the capital stock and hence the productive capacity of the economy. The literature has identified this as another source of dynamic gains from trade policy. However, the G-cubed model does not contain enough sectoral detail to capture adequately the trade effects of preferential trade deals.

While the standard GTAP model lacks the dynamic mechanisms of the G-cubed model, the version of GTAP used in the DFAT–CIE study includes mechanisms to explain how investment and savings, and hence eventually capital stocks, respond. Moreover, the investment and capital responses have been calibrated so that they are the same as in G-Cubed. On the other hand, the savings response has been calibrated in an arbitrary manner to equal the investment response, rather than also being calibrated directly from G-Cubed. The reason for this is not clear. Varying this treatment would not affect the size of the capital response, but it would affect how much of the capital response had to be financed by foreigners, and therefore how much additional profit would have to be repatriated to foreigners.



Behavioural parameters

This section critiques the values of the behavioural parameters used in the DFAT–CIE model.

The projected trade effects of preferential trade agreements depend on the values assumed for the behavioural parameters, since these determine the price-responsiveness of demand. As noted, both models draw their parameter values from studies that have estimated them from real-world data. However, those empirical studies suffer from the same problem as gravity model studies – they need to correct for not only price changes, but for all the other factors that might affect economic behaviour in the sample. It is especially difficult to control for factors that are typically very large relative to price changes, which are the matters of interest. This means that such studies, though based on real-world data, tend to underestimate the price responsiveness of demand. The best illustration of this effect is that models such as GTAP cannot successfully ‘backcast’ (that is, reproduce historical changes in trade patterns) unless the values they use for trade parameters are about double the values from empirical studies (Gehlhar 1997; Hillberry et al. 2001).

The CIE has confirmed that the DFAT–CIE study used the values of the GTAP trade parameters that reproduce history for all sectors except motor vehicles. The rationale given for using a lower value for motor vehicles is that Australian and US passenger motor vehicles are poor substitutes for each other in the eyes of Australian consumers, so it would take a large change in the relative price to induce consumers to switch. This argument ignores the fact that vehicles are made in the United States that are comparable with Australia’s current imports – for example, Honda Civics – and it is at this margin that substitution is likely to occur.

Model results

This section critiques the modelling results in the DFAT–CIE study and provides an alternative assessment.

In addition to presenting core model results, the DFAT–CIE study undertakes very extensive sensitivity analysis, not only varying the key model parameters, but also varying the assumptions about the size of the model inputs. While this is helpful for understanding the full range of possible results, it is not helpful for identifying how the results would change given a specific set of alternative assumptions about parameter values and model inputs. Table 2 gives a rough idea as to how some particular alternative assumptions and parameter values could alter the results of the modelling.

Table 2 follows the DFAT–CIE study by separating out some of the sources of gain or loss from the AUSFTA. These include:

Table 2 Effects of the AUSFTA on national income: Alternative assessments (\$ million per year)

| Source of economic impact | Allocative efficiency from: | | | Terms of trade | Tech efficiency | Capital accumulation | Foreign income flows | Total |
|---|-----------------------------|-----------------|--------------------|----------------|-----------------|----------------------|----------------------|------------|
| | Trade creation | Trade diversion | Reduction in taxes | | | | | |
| DFAT – CIE study | | | | | | | | |
| <i>Merchandise trade liberalisation by:</i> | | | | | | | | |
| Australia | 96 | -141 | -2 | -258 | 0 | 104 | -29 | -231 |
| United States | 3 | 20 | 41 | 333 | 0 | 51 | -17 | 431 |
| <i>Services trade liberalisation by:</i> | | | | | | | | |
| Australia | 0 | 0 | 9 | 1 | 112 | 11 | -4 | 131 |
| United States | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| <i>Government procurement</i> | | | | | | | | |
| Access to US | 0 | 1 | 2 | 22 | 0 | 3 | -1 | 28 |
| Total | 100 | -119 | 49 | 99 | 112 | 170 | -51 | 359 |
| Alternative view | | | | | | | | |
| <i>Merchandise trade liberalisation by</i> | | | | | | | | |
| Australia | 83 | -127 | -1 | -187 | 0 | 72 | -20 | -180 |
| United States | 3 | 17 | 27 | 235 | 0 | 38 | -13 | 307 |
| <i>Services trade liberalisation by:</i> | | | | | | | | |
| Australia | 0 | 0 | 9 | 1 | 0 | 11 | -4 | 17 |
| United States | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| <i>Government procurement</i> | | | | | | | | |
| Access to US | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 3 |
| <i>Intellectual property</i> | | | | | | | | |
| Extending copyright | | | | -88 | | | | -88 |
| <i>Other</i> | | | | | | | | |
| Admin and consultn | | | | | -2 | | | -2 |
| Sugar package | | | -5 | | | | | -5 |
| Total | 86 | -110 | 30 | -35 | -2 | 121 | -37 | 53 |

Source: CIE (2004) and author's calculations.

- the allocative efficiency effects of trade creation and trade diversion;
- the allocative efficiency effects of having to raise other taxes to replace the lost tariff revenue;
- the technical efficiency gains from treating trade barriers in professional services as being half cost-escalating;



- the dynamic gains from greater capital accumulation induced by the agreement; and
- the corresponding offset in terms of greater repatriation of interest and profit to foreigners.

Table 2 also shows gains and losses accruing through terms-of-trade effects – changes in the prices of Australia’s exports relative to its imports. Such terms-of-trade effects have often been criticised as being inconsistent with the notion that Australia is a small country by world standards, unable to influence world prices. But they are consistent with the idea, captured in models such as GTAP, that Australian firms sell differentiated products into niche markets and that, as a result, greater sales may require a lower price for the Australian firm’s product, even if all other overseas prices are unaffected. Moreover, if Australians face a reduction in the prices of the things they produce (exports) relative to the things they use (imports), they can be worse off on this score, even if activity levels have risen in the process.

The first part of Table 2 reproduces the figures from Table 7.1 of the DFAT–CIE report, giving their assessment of the effects of the AUSFTA agreement on Australia’s national income using the GTAP model. The second part of Table 2 gives an alternative assessment of how the AUSFTA is likely to affect Australia’s national income. It is based on amending the original DFAT–CIE results in several ways.

Behavioural parameters and rules of origin DFAT has made available an alternative simulation showing the effects of merchandise trade liberalisation under trade parameters that reproduce history for all sectors, including motor vehicles. The results from the DFAT simulation have then been reduced by one-third, reflecting the likelihood that the rules of origin will have much more pervasive effects than assumed in the DFAT–CIE study. That study had already corrected for the effects of rules of origin on Australia’s exports of textiles and clothing. Reducing the overall effects of merchandise trade liberalisation further by one-third was judged to be more likely than the DFAT–CIE treatment, based on evidence that the costs of complying with rules of origin in NAFTA amounted to 2 per cent of the value of Mexico’s exports. This adjustment does not capture a further cost incurred because the rules of origin will encourage trade diversion in inputs.

Services trade liberalisation In my alternative results, the effects of services trade liberalisation have been adjusted by eliminating the gain in technical efficiency. As noted earlier, this gain came from inappropriately treating trade barriers in the professions as being half cost-escalating. In addition, the prospect of gains from services trade liberalisation is qualified by the retention of existing immigration practices and state-based residency and citizenship requirements. On the other hand, the AUSFTA contains very generous rules of origin for investment – location in a



partner country is sufficient to infer originating status, irrespective of ownership – and many services are traded primarily by commercial presence. The generous rules of origin are already captured in the DFAT–CIE modelling by not adjusting the service trade gains downwards on this score.

Government procurement In my alternative results, the DFAT–CIE estimates of the effects of government procurement have been reduced by a factor of 4/30 to take account of evidence from gravity models that Australia’s trade with the United States is likely to be 4 per cent of Canada’s, not 30 per cent, because of differences in size and distance.

Copyright In the alternative results, I have added an annual cost of \$88 million to reflect the cost to Australia of extending the term of copyright. This is equivalent to a pure terms-of-trade loss.

Administration In the alternative results, I have added an annual cost of \$2 million to reflect the cost of administering the agreement.

Sugar In the alternative results, I have added an annual cost of \$5 million to reflect the net cost of the package to sugar growers.

I have not added further benefits to reflect the relaxation of FIRB screening. The reason is that the primary benefit, a reduction in transactions costs, will be felt in the United States. Australia will still need to maintain bureaucratic resources to screen investments from non-US sources and in sensitive areas.

In addition, I have not added further benefits to reflect the dynamic ‘cold-shower’ effects of tariff cuts on productivity. Although the G-cubed model showed such effects to be relatively small, their existence has been hotly debated, and conservative evaluations omit them.

My alternative assessment suggests (Table 2) that Australia will gain a mere \$53 million a year from the AUSFTA. This is a tiny harvest from a major political and bureaucratic endeavour. Moreover, the figure does not reflect further unquantifiable costs, such as those associated with safeguards on manufactured goods and the additional tightening of intellectual property rights.

Comparison with other agreements

The AUSFTA is but one of a string of preferential agreements to be signed by both parties. Issues for Australia are whether its ratification of the AUSFTA would mitigate the impact of the United States’ future preferential agreements; whether ratification would invite retaliation by Australia’s other trading partners; whether the agreement would achieve a better result for Australia than further multilateral



liberalisation; and what the agreement might mean for Australia's future trade relationships in the East Asia region.

Bilateral opportunism

While the DFAT–CIE modelling assessment of the Free Trade Area of the Americas (FTAA) is probably overstated, it suggests that the meagre gains to Australia from the AUSFTA would disappear completely if the FTAA was formed. And the FTAA is only one of many additional agreements that the United States is contemplating.

But Australia will suffer from US bilateral opportunism whether or not it signs the AUSFTA. The relevant question is whether Australia could use the AUSFTA in some way to mitigate the costs to Australia of the United States' subsequent preferential agreements. One possible defence could be to take action against the United States under the AUSFTA on 'nullification and impairment' grounds when Australia's advantages are eroded by future US preferential agreements. There are precedents for such action.²² However, nullification and impairment action is regarded as a last resort. Further, it is doubtful that an Australian action would meet the requirement that the future US preferential agreements could not have been reasonably anticipated by Australia at the time the AUSFTA was negotiated.

One sure protection against US bilateral opportunism would be for the United States **and** its bilateral partners to be required to extend their reciprocal concessions on a multilateral basis to all third parties (Bagwell and Staiger 2004). Thus far, there has been no pressure on either the United States or its new bilateral partners to multilateralise their bilateral concessions. This is the fatal flaw in the US strategy of 'competitive liberalisation'.²³ Australia could institute such pressure by offering to multilateralise its own concessions under the AUSFTA and requiring the United States to do the same.

Retaliation

If Australia multilateralised its concessions under the AUSFTA, it would also be protected from potential retaliation from third parties aggrieved by those concessions. But how real is the threat of such retaliation? A Tables 4 to 7 examine this issue, by comparing the AUSFTA agreement with three other agreements – the Australia-Singapore Agreement, the US–Singapore Agreement and the US–Chile Agreement. A Table 4 compares the overall structure of the agreements; A Tables 5, 6 and 7 compare the



reservations made in services and investment across agreements for the three players in turn – Australia, the United States and Singapore. In each table, significant differences between agreements are highlighted in bold.

ATable 4 shows the remarkable similarity in the agreements. In the case of US bilaterals, this is because they all follow the same NAFTA template, article by article. But even the Australia–Singapore Agreement, with its different architecture, covers much of the same ground, albeit often in much less prescriptive language.

However, there are differences between the agreements, and it is instructive to look at where they occur. Some occur because of the principle of reciprocity: one country offers less to one of its trading partners than to another, but only because it receives less in return. Where reciprocity is the reason for differences, retaliation is less likely. Differences that follow the logic of reciprocity include the following.

- All the agreements to which Australia is not a party have provisions for investor-state dispute settlement but, unlike the AUSFTA, they also have a chapter facilitating the temporary movement of business persons.
- In addition to general provisions on the professions, Chile and the United States agreed that both parties would work to achieve common licensing throughout their territories for legal consultants and engineers, providing some leverage within the United States on the diverse requirements at the state level. The AUSFTA contains no such leverage. But Chile also faces a heavy burden in implementing the provisions relating to customs administration and technical barriers to trade, and these chapters are subject to dispute settlement on the grounds of nullification and impairment.
- The Australia–Singapore Agreement has no safeguard provisions of any kind. But there is provision for extensive cooperation on education (other than through commercial presence).
- Under the US–Singapore agreement, Singapore received a concession on the application of the rules of origin for apparel for up to 9 years. But Singapore is also subject to some very prescriptive provisions to prevent circumvention of the rules of origin, which among other things require it to register all clothing producers and to send regular reports to the United States about the activities of those producers.

However, other differences are not subject to obvious reciprocity elsewhere. Three are of particular importance.



Sugar Both Singapore and Chile will eventually face no sugar quota into the United States. Neither country is a competitive producer; the anticipated quantities just prior to phasing out the quota are tiny – 22 tonnes for Singapore and 3,258 tonnes for Chile. But the recently signed Central American Free Trade Agreement provides for five more competitive sugar producers²⁴ to also achieve eventual quota-free entry, with quantities building to 138,340 tonnes just prior to phase-out. Australia achieved no additional access for sugar.

Intellectual property Under the Australia–Singapore Agreement, there are no pernicious provisions in the intellectual property chapter, nor are there chapters on labour and the environment.

Definition of digital products The AUSFTA is the only agreement that fails to limit the definition of digital products to those transmitted electronically.

Some differences are understandable for other reasons. The US–Singapore Agreement has no provision for a committee on sanitary and phytosanitary measures, because agriculture is not important to the Singapore economy. Chile received special treatment for debt restructuring and restrictions on short-term capital flows, and has made more limited concessions than Australia on market access in the banking sector, but these are both related to the country’s history of macroeconomic instability. Only the AUSFTA has provisions relating to cross-border consumer protection and cross-border enforcement of competition policy, because Australia is a world leader in these areas.

Other differences do not matter. In the competition policy area (in both the telecommunications and competition policy chapters), the Australia–Singapore Agreement places fewer demands on Singapore than does the US–Singapore Agreement. But most of the relevant provisions in the US–Singapore Agreement are not preferential, so Australia is likely to gain anyway. And it is likely to make little difference to Australia whether the onus on claiming preferential treatment rests with the importer or exporter, so long as Australia’s customs procedures are primarily paperless.

In one notable way, the Australia–Singapore Agreement is less liberalising than the NAFTA-style agreements: it does not contain a mechanism for incorporating new provisions of subsequent agreements with third parties in services and investment. This mechanism provides some limited protection against future bilateral opportunism in these areas.

The Australia–Singapore Agreement is also less liberalising than the NAFTA-style agreements in a few minor areas. The rules of origin do not allow for accumulation (the issue is dealt with another way); the regional value content requirement is slightly less generous; there are fewer concessions in telecommunications (dialling parity, leased circuits); and there are no provisions to liberalise the make-up of senior management.



In one way, the Australia–Singapore Agreement is more liberalising than the NAFTA-style agreements, because it contains no sectoral exclusions from the government procurement chapter.

ATables 5 to 7 show the extent of differences in the reservations that each country has made in its services and investment chapters in its various agreements.

The United States has the least variation in reservations. This confirms the impression gained from ATable 4 that, in its bilateral negotiations, the United States is essentially offering the NAFTA template on a take-it-or-leave-it basis. Using this strategy, it is achieving accession to the precedent-setting provisions for which it has yet to achieve multilateral agreement. To the extent that the United States has varied its reservations, it has been more generous to Singapore (in financial services) and Chile (in cable TV) than to Australia.

Australia also has relatively little variation in its reservations on services and investment, and most of the differences have a clear reciprocity logic. Australia did not take out a reservation on regional measures with Singapore, but it did take one out with the United States, because the United States took one. Australia did not have a reservation on measures for betting and gambling with the United States, but it did with Singapore because Singapore took one. Australia granted the United States more in legal and accounting services, education (via commercial presence), financial services and air services than it did Singapore, but for these services Singapore was relatively illiberal with Australia in return. However, there is no obvious reciprocity logic to Australia's concession to relax FIRB screening for the United States.

Singapore has the biggest differences in services and investment reservations across trading partners. It has almost invariably been more generous to the United States than to Australia. This generosity is not limited to legal and accounting services, education (via commercial presence), financial services and air services – areas where Australia was less generous to Singapore in return. Singapore was also more generous to the United States in technical consulting, construction, hotels and restaurants, recreational and sporting services, maritime support services, and road and rail freight. Arguably, this is because Singapore had little to offer by way of tariff cuts. But by the same logic, it could have extended the same service concessions to Australia.

To summarise, when Australia signs the AUSFTA, a previous bilateral trading partner such as Singapore might feel aggrieved in not having received a relaxation of FIRB screening. But Australia might have more reason to feel aggrieved, in not achieving an expansion of sugar quotas and not achieving the same market access as the United States did with the old partner in the services area.

Nevertheless, Australia's other trading partners may yet have grounds to feel aggrieved for reasons other than a lack of reciprocity. If the AUSFTA comes into force, many will be affected by the subsequent



trade diversion. As noted earlier, many of Australia's tariff peaks occur on products for which East Asian countries are currently our dominant suppliers. Some such countries – for example, China – may remain competitive even if the United States achieves duty-free status into the Australian market. Others, such as South Korea and Taiwan, may not. Australia may yet feel a double squeeze. There are two reasons why this might occur. First, East Asian trading partners might retaliate because their access to Australia is affected by preferences granted towards the United States. Second, there might be an erosion of Australian preferences into the US market as the United States continues to grant bilateral concessions to third parties.

Preferential agreements versus multilateralism

Costs and benefits for Australia

It is often claimed that preferential trade agreements can achieve faster progress than multilateral negotiation in difficult areas. This appears not to be the case with the AUSFTA. On a strict cost–benefit calculation, the agreement is of marginal benefit to Australia, and possibly of negative benefit given some of the pernicious but unquantifiable elements in the intellectual property chapter. Further, Australia will continue to be subject to US bilateral opportunism, whether or not it has signed the AUSFTA, unless it can persuade the United States *and* all its future bilateral partners to multilateralise all future concessions. And Australia may yet suffer retaliation from East Asian trading partners as it diverts trade away from them towards the United States. It appears that Australia need not fear retaliation from third parties on the grounds of lack of reciprocity, but only because Australia has failed to achieve as much as some of our other trading partners have in their bilateral negotiations with the United States. In particular, Australia has achieved less than others in the difficult area of agriculture.

In some ways, the US stance on agriculture is understandable. It is reserving its major sugar concessions, if any, for less developed countries in its more immediate geopolitical neighbourhood. If Australia is to make better headway on agriculture, it will be in a multilateral forum. As noted earlier, the joint EU–US proposal tabled in Cancun did not make explicit promises about tariff rate quotas such as those affecting sugar, although it implied that they would be increased in cases where countries made use of the flexibilities under the tariff reduction formula to maintain particularly high tariffs or to implement minimum reductions for import sensitive products (Matthews 2004). This would not be of benefit to Australia, and would tend to target the concessions on tariff rate quotas to developing countries. But the EU–US proposal did offer an end date for export subsidies and a 'significant reduction' in domestic support payments. These measures matter more to Australia than quotas, since



export subsidies and domestic support payments encourage inefficient production and exports and depress the prices that Australia gets for all its current agricultural exports. And all the modelling of agricultural liberalisation shows that the bulk of Australia's gains come from the terms-of-trade improvements that follow the elimination of export subsidies and domestic support.

Costs and benefits for the East Asian region

The East Asian region may suffer from the trade diversion caused by the AUSFTA. One way for the economies of the region to attempt to neutralise the damage is to negotiate their own bilateral agreements with the United States, as Singapore has done and as Thailand is in the process of doing. This in turn may encourage a further round of bilaterals (including an Australia–Thailand arrangement) in an attempt to neutralise the further trade diversion.

However, the East Asian economies face a potentially much more important development than the trade diversion caused by the AUSFTA. This is the emergence of China, not just as the 'new kid on the block' but as a dominant, and potentially leading, force in economic and political relationships in the region. The discussion of an 'ASEAN+1' agreement with China is one attempt to manage China's influence on these relationships.

The above analysis of the AUSFTA makes it clear that it would be potentially very damaging for either the Asia–US relationship or the intra-Asian trade relationships to follow the AUSFTA mould. This follows from the nature of the economic relationships that are now developing in the region. The textiles and clothing sector is a prime example.

The heads of Hong Kong textile companies describe themselves as being not in the textile and clothing business, but in the supply chain management business. They can cover the entire product chain, from design onwards, and shepherd a product from sample making to delivery in just three weeks. In doing so, they may divide the production and sourcing process into as many as 10 or 12 stages across the whole Asian region, reconfiguring its architecture for each new order. By doing so, they can out-compete Mexico in the US market in all but the few products in which Mexico meets the US rules of origin, despite transport costs that work heavily in Mexico's favour. Such rapid development and low-cost delivery, based on finely graded comparative advantage, is essential in a market where a product cycle can last as little as 45 days.

Imagine the disruption to this supply chain management if each of the 10 or 12 production stages were required to meet a rule of origin requiring 30, 40 or 50 per cent value added at each stage (or some transformation equivalent). This would be the reality if the Asian region were to become criss-crossed with bilateral trade agreements of the AUSFTA type.



Given the slow progress in the WTO, people may feel that relying on multilateral negotiation is equivalent to doing nothing. But doing nothing would be preferable to the outcome likely to result from AUSFTA-type agreements.

There is an imperative for the East Asian economies to manage their relationships with China. It will be critical that the bilateral or plurilateral trade agreements signed as part of that management do not follow the AUSFTA mould. Here, Australia can play a leadership role. It too is in the exploratory stages of a bilateral agreement with China. Whatever its economic impact, such an agreement would have symbolic significance in signalling Australia's (re)engagement in the Asian region. But it is critical that such an agreement does not follow the AUSFTA mould. A 'clean' agreement, with few exceptions and with rules of origin that are not only generous, but anticipate some cumulation of value added across the region, could set an important positive precedent.

Conclusions

The Australian Government claims that the AUSFTA will result in eventual gains to Australia of \$6 billion per year. However, my analysis suggests that these claims may be overstated because they exaggerate the gains from some parts of the agreement and ignore the costs of other parts.

The DFAT-CIE modelling has several shortcomings. It does not look at trade sectors at a sufficiently disaggregated level. The analysis does not deal adequately with the effects of relaxing FIRB screening for the United States and overstates the gains from easing licensing restrictions for foreign operators in the services trade area and of gaining greater access to the US government procurement market. It does not take sufficient account of the tighter rules of origin requirements and associated compliance costs or the cost of the omission of sugar from the agreement. It ignores the costs of extending the length of copyright and the costs of non-agricultural safeguard action, and the costs of the agreement's numerous administrative and consultative mechanisms.

Even if the modelling were accurate, the agreement would have several undesirable or suboptimal outcomes for Australia. First, the agreement establishes many undesirable precedents, especially in relation to sugar, rules of origin, safeguard provisions and intellectual property. Such precedents may affect Australia's ability to negotiate the best outcomes in future bilateral or multilateral forums. The intellectual property provisions are especially concerning because the agreement requires Australia to adopt US standards in a way that sometimes overrides its domestic copyright and digital law reform processes. Second, any gains that are likely to accrue would flow just as easily from a multilateral agreement. For example, new promises to abstain from trade barriers in services and investment have no commercial costs to either party, so they could be specified in any kind of agreement.



Of potentially greater long-term concern is the precedent that the AUSFTA might set for future trade relations within the Asian region. These relationships are increasingly dynamic, and are based upon finely graded comparative advantage. Bilateral agreements of the AUSFTA type would be severely disruptive to those relationships. Australia's prospect of signing a bilateral trade with China provides it with an opportunity to set a much more appropriate model.

Notes

- 1 Throughout this paper, the numbering of articles and clauses in AUSFTA accords with those in the draft text of the agreement that was made available in June 2004. In the final text, some of the numbering is slightly different.
- 2 Landscape architecture, database services, R&D in natural sciences, interdisciplinary R&D, arbitration and conciliation services, technical testing and analysis services (other than those supplied by the Commonwealth Serum Laboratories), services incidental to manufacturing, maintenance and repair of equipment and packaging services.
- 3 Postal services (other than the delivery of the standard letter), courier services, on-line information or data processing, motion picture and video-tape production and distribution services (with reservations on co-production arrangements), motion picture projection services, sound recording.
- 4 Those parts of adult education not covered by the exemption for public education and public training and the regional exemption.
- 5 Entertainment services, libraries, archives, museums and other cultural services.
- 6 Maintenance and repair of vessels, maritime pushing and towing services, supporting services for maritime transport, space transport, rail transport services, urban bus services, all road freight and incidental road services, and cargo handling services.
- 7 Veterinary services, all R&D services, technical testing and analysis services, some services incidental to agriculture and some services incidental to manufacturing.
- 8 Postal services (other than the delivery of the standard letter).
- 9 Those parts of primary, secondary and higher education not covered by the exemption for public education and public training or by the exemption for State measures.
- 10 Sporting services.
- 11 Space transportation, some rail services, some road transport services, cargo handling services, storage and warehousing services, freight transport agency services.
- 12 See Nankivell (2002) for a thorough review of the arguments.
- 13 The seminal work in this area is Viner (1950). Other early contributions came from Gehrels, (1957), Lipsey (1957), (1958), Johnson (1960), Mundell (1964), Corden (1972) and Riezman (1979). Comprehensive surveys of the literature are available in Baldwin and Venables (1995), Pomfret (1997), Bhagwati, Krishna and Panagariya (1999) and Panagariya



- (2000), among others. Two recent policy-oriented reviews are by the WTO (1995) and the World Bank (2000).
- 14 Theoretical contributions are by Deardorff (1998), Evenett and Keller (1998), Haveman and Hummels (1998), Baier and Bergstrand (2001), Feenstra, Markusen and Rose (2001), and Anderson and Wincoop (2003). Recent empirical applications are by Bayoumi and Eichengreen (1995), Frankel, Stein and Wei (1995), Boisso and Ferrantino (1997), Frankel (1997), Fink and Primo Braga (1999), Krueger (1999a), Li (2000), Clark and Tavares (2000), Freund (2000), Gilbert, Scollay and Bora (2001), Soloaga and Winters (2001), Adams et al. (2003) and Anderson and van Wincoop (2003).
 - 15 This calculation uses Anderson and Wincoop's estimate of -0.8 for the elasticity of trade with respect to distance, and standard elasticities of unity with respect to the sizes of the importing and exporting countries.
 - 16 See <http://levine.sscnet.ucla.edu/general/intellectual/intellectual.htm> for recent debate about extending copyright retroactively to existing works as well as new ones. See Boldrin and Levine (2002), for example, for more fundamental criticism of the use of copyright to regulate the use of ideas.
 - 17 For recent theoretical arguments about the effects of rules of origin, see Duttagupta and Panagariya (2002), Ju and Krishna (1998), Krishna and Krueger (1994) and Krueger (1999b).
 - 18 Surveys of assessments of preferential trading arrangements using general equilibrium models can be found in De Rosa (1998) and Robinson and Thierfelder (2002). Scollay and Gilbert (2000) survey CGE assessments of APEC. Panagariya and Duttagupta (2002) critique such studies.
 - 19 The aggregation problem in G-cubed is more severe than it needs to be. The DFAT-CIE study states that tariffs were averaged from the GTAP to the G-Cubed level using import weights. This weighting scheme also puts an inappropriately low weight on tariff peaks. Had the production weights available from the GTAP database been used instead, the aggregation problem would have been less severe, though probably still severe enough to render G-Cubed inappropriate.
 - 20 The DFAT/CIE study states (CIE 2004, Table 5.2) that the reduction in US tariffs on wearing apparel under the AUSFTA will be only 0.9 per cent, rather than 10.7 per cent. This reflects the assumed impact of rules of origin. Similarly, the tariff reduction on textiles in Table 5.2 is lower than the initial level in Table 3.3.
 - 21 Because it is a one-way screen, FIRB screening does not affect the ability of Australian investors to diversify. It has also been claimed that, as a result of FIRB screening, local investors could face a cost, in that down the track, they would have to sell their investments to Australians, not to other potential buyers. An investment screen in both directions could prevent differences in investment returns between countries from being arbitrated away. Then investors in Australia who were limited to selling their investments to Australians could be penalised (the price at which they would expect to sell an investment would be just the discounted present value of the expected future returns, so prices would be depressed if returns did not match those available elsewhere). But FIRB screening is a one-way process. It does not prevent the arbitrage, because Australians still have the option of investing overseas directly. With arbitrage still able to occur through this channel, there is no penalty from being limited to selling a local investment to Australians only. Note that this argument is one about the average level of return, not the variance of returns. The risk concept measures the variance of returns.



- 22 The United States has complained about tariff preferences the EU negotiated on citrus products from certain Mediterranean countries, and the EU has complained about aspects of the bilateral agreement between the United States and Japan concerning trade in semiconductor products.
- 23 The MFN provisions built into NAFTA-style agreements (including the AUSFTA) require the United States to multilateralise any new services and investment concessions to old bilateral partners, but it does not bind the new bilateral partners to do the same, it does not apply to non-partners, it does not apply to concessions outside services and investment, and it does not prevent the erosion of existing preferences when the same concessions are granted to new partners. The hub-and-spoke nature of US bilaterals makes this a poor antidote to US bilateral opportunism.
- 24 The five producers are Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.





ATable 1 Assessment of the AUSFTA text

(Note: See Glossary for list of abbreviation)

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|---|---|-------------|-------------------------|------------------------|
| 2 National treatment and market access for goods (including PBS) | | | | |
| 2.2 | National treatment | | Yes | |
| 2.3 | Elimination of duties | | | |
| 2.4 | Customs valuation | | Yes | |
| 2.5 | Temporary admission | Yes | | |
| 2.6 | Goods re-entering after repair or alteration | Yes | | |
| 2.7 | Commercial samples of negligible value or printed advertising material | Yes | | |
| 2.8 | Waiver of customs duties – no new waivers to be granted that are subject to specified performance criteria | | ? | |
| 2.9 | Import and export restrictions – will be WTO consistent | | Yes | |
| 2.10 | Administrative fees and formalities – will be WTO consistent | | Yes | |
| 2.11 | Export taxes – only when also on domestic consumption (ie essentially banned) | | Yes | |
| 2.12 | Merchandise processing fee – banned (confirms 2.10) | | Yes | |
| 2.13 | Committee on Trade in Goods (for chapters 2, 5, 6) | | | Yes |
| Annex 2A | Exemptions from 2.2 and 2.9 for: Australia – exports of logs and woodchips, imports of second-hand vehicles, marketing arrangements for wheat, barley, rice and sugar, and export arrangements for horticulture and livestock, actions authorised by WTO Dispute Settlement Body US – exports of logs, imports of foreign vessels and other measures under the Jones Act, actions authorised by WTO Dispute Settlement Body | | | |
| Annex 2B | Schedule of reductions (including agriculture) | | | |
| Annex 2C and side letters | Pharmaceuticals – additions to PBS (plus review mechanism), Medicines Working Group, cooperation between TGA and FDA | | | Yes |
| Side letters on bourbon and Tennessee whisky | Essentially, recognition of these as a geographical indication | | Yes | |
| 3 Agriculture | | | | |
| 3.1 | Multilateral cooperation | Yes | | |
| 3.2 | Committee on Agriculture | | | Yes |



A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|-------------------------------|--|----------------------------------|-------------------------|----------------------------------|
| 3.3 | Export subsidies – banned bilaterally | Yes (but US uses them elsewhere) | | |
| 3.4 | Safeguards: US – horticulture price-based safeguard, quantity-based beef safeguard, price-based beef safeguard | | | |
| 3.5 | Tariff rate quota administration – consultation on trade diversion | | | Yes |
| 3.6 | Review of dairy market access commitments | | | Yes |
| Annex 3A | Agricultural safeguard measures – details | | | |
| Side letter on BSE | Cooperation in international standards-setting bodies | Yes | | |
| 4 Textiles and apparel | | | | |
| 4.1 | Safeguard mechanism – return of tariff to MFN level (generally mirrors WTO form) | | | |
| 4.2 | Specific ROOs for textiles and apparel – generally ‘yarn forward’, except that cotton and ‘man-made’ fibres must follow ‘triple transformation’. <i>De minimis</i> is 7% by weight, with some exceptions | | | |
| 4.3 | Customs cooperation – very prescriptive | | | Yes |
| Annex 4A | Textile-specific rules of origin | | | |
| 5 Rules of origin | | | | |
| 5.1 | Originating goods – definition | | | |
| 5.2 | <i>De minimis</i> limits – 10% by value, with some exceptions | | | |
| 5.3 | Accumulation – allowed | | | |
| 5.4 | Regional value content – normally RVC of 35% (build-up method) or 45% (build-down method) is in addition to change of tariff classification; some footwear is 55% (build-down method); autos are 50% (net cost method) | | | Yes – incorporating new ROO form |
| 5.5 | Valuation of materials – should generally be WTO consistent | | | |
| 5.6 | Essential tools and spare parts – do not have to pass the ROOs | | | |
| 5.7 | Fungible goods and materials – tracked, or managed using inventory management | | | |
| 5.8 | Packing materials and containers for resale – disregarded for change of classification, but counted for RVC | | | |
| 5.9 | Packing materials and containers for shipment – disregarded | | | |
| 5.10 | Indirect material – counted as originating | | | |



Pacific Economic Papers

A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|--|--|-----------------|-------------------------|------------------------|
| 5.11 | Third country transport – no production allowed | | | |
| 5.12 | Claims for preferential treatment – onus rests with importer (different from CER and Australia–Singapore agreements) | | | |
| 5.13 | Obligations relating to importations similar to 4.3, but less prescriptive | | | Yes |
| 5.14 | Record-keeping requirement – importers to keep for up to 5 years | | | |
| 5.15 | Verification – specifies methods for verifying origination – prescriptive | | | |
| 5.16 | Consultation and modifications | | | Yes |
| 5.17 | Application and interpretation – Harmonised System goods classification, plus accounting rules of the party | | | |
| 5.18 | Definitions | | | |
| Annex 5A | General notes and product-specific rules of origin | | | |
| 6 Customs administration | | | | |
| 6.1 | Publication and notification – publication and an enquiry point | Yes | | |
| 6.2 | Administration – uniform, impartial, reasonable | Yes | | |
| 6.3 | Advance rulings – shall be provided | Yes | | |
| 6.4 | Review and (judicial) appeal – shall be provided | Yes | | |
| 6.5 | Cooperation – advance notice, plus cooperation on suspicion of breach – very prescriptive | Yes | | Yes |
| 6.6 | Confidentiality – shall be provided according to chapter 22 | Yes | | |
| 6.7 | Penalties – both civil and criminal | Yes | | |
| 6.8 | Release of goods – prompt (48 hours norm), without undue security | Yes | | |
| 6.9 | Risk assessment – shall be used | Yes | | |
| 6.10 | Express shipments – shall be expedited procedures (6 hours) | Essentially yes | | |
| 6.11 | Definitions | | | |
| 7 Sanitary and phytosanitary measures | | | | |
| 7.1 | Objectives | | Same | |
| 7.2 | Scope and coverage – all SPS measures covered | | Same | |
| 7.3 | General provisions – existing rights and obligations maintained, no dispute settlement | | Yes | |
| 7.4 | Committee on SPS matters – review, consult | | | Yes |
| 7.5 | Definitions | | | |
| Annex 7A | Standing Working Group on animal and plant health – can consider specific measures, will establish work plans to conduct technical and | | | Yes |

A Table 1 contd..

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|--|--|-------------|----------------------------|------------------------|
| | scientific exchanges on topics that balance the needs of both parties, including on risk assessments | | | |
| 8 Standards and technical regulations | | | | |
| 8.1 | Scope and coverage – applies to central government measures only (many TBTs in both countries administered by the states) | | | |
| 8.2 | Affirmation of WTO TBT agreement | | Yes | |
| 8.3 | Regional governments – information to be provided to them to encourage their adherence (cf WTO language which says to take reasonable measures to ensure compliance) | | WTO stronger | |
| 8.4 | International standards – these to be used, to the maximum extent possible (cf WTO, which says to try to persuade non-government bodies to do this) | | WTO stronger | |
| 8.5 | Technical regulations – give positive consideration to mutual recognition, give reasons for not accepting (WTO just says inform and discuss if it has a significant effect on trade with partner), plus further engagement, including through ad hoc working group, but no dispute settlement | | Yes | Possibly |
| 8.6 | Conformity assessment procedures – exchange information on mechanisms to facilitate acceptance, including through NT in accreditation of conformity assessment bodies (WTO plus); reasons for refusal need to be given (cf WTO, only if there is a significant effect on trade); plus possible engagement through ad hoc working group | | Yes | Possibly |
| 8.7 | Transparency – allow persons of other party to participate in development of standards (cf WTO, only if a significant effect on trade); puts 60-day minimum on WTO notification process | | Slightly stronger than WTO | |
| 8.8 | Trade facilitation – cooperate and, when asked, encourage non-government bodies to cooperate | Yes (APEC) | | |
| 8.9 | Chapter coordinators – plus ad hoc working groups if required | | Yes | Possibly |
| 8.10 | Information exchange – should be prompt, can be electronic | | | |
| 8.11 | Definitions | | | |
| Annex 8A | Names the chapter coordinators | | | |
| 9 Safeguards | | | | |
| 9.1 | Imposition – allowed during transition period; tariff to return to MFN rate (last seasonal rate for horticulture and other seasonal goods) | | | |
| 9.2 | Conditions and limitations – according to Articles 3, 4.2(a) and 4.2(c) of WTO agreement. Note that 4.2(b) not incorporated – does not require causal link between surge in imports and injury. Time periods same as in WTO agreement (up to 4 years) | | Less stringent than WTO | |
| 9.3 | Provisional safeguard measures – essentially same as in WTO. Only for 200 days | | Same | |



A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|--|--|-------------|--|------------------------|
| 9.4 | Compensation – same as in WTO | | Same | |
| 9.5 | Global safeguard measures – each party to consider excluding the other from global action if the other is not a substantial cause of injury | | | |
| 9.6 | Definitions | | | |
| 10 Cross-border trade in services | | | | |
| 10.1 | Scope and coverage – covers GATS modes 1, 2 and 4 and all levels of govt (though see exemptions). Excludes financial services, govt procurement, air services, subsidies or grants, govt services. Market access (10.4), domestic regulation (10.7) and transparency (10.8) also apply to mode 3. Does not apply to persons seeking employment | | Same coverage | |
| 10.2 | National treatment – negative list (cf WTO positive list) | | Slightly WTO plus (see appendixes 2 and 3) | |
| 10.3 | MFN treatment – negative list (same as WTO) | | Yes | |
| 10.4 | Market access – makes same prohibitions as WTO, but on negative list basis (though see exclusions). Note that limits on foreign equity participation are not mentioned, but these are presumably covered by NT commitment in chapter 11. | | Slightly WTO plus (see appendixes 2 and 3) | |
| 10.5 | Local presence – cannot require representative office for cross-border trade | | WTO plus | |
| 10.6 | Non-conforming measures | Mostly | | |
| 10.7 | Domestic regulation – same criteria to apply as in WTO | | Yes | |
| 10.8 | Transparency – a bit stronger than in GATS, in that parties must let interested persons (and the other party) comment, not just respond to requests for specific information. It is in common with language in WTO agreement on accountancy | | Yes | Yes |
| 10.9 | Recognition – same as GATS | | Yes | |
| 10.10 | Transfers and payments – same as in GATS; also applies to financial services (13.1) | | Yes | |
| 10.11 | Denial of benefits – similar to GATS, but with provision to prevent trade deflection; also applies to financial services (13.1) | | | |
| 10.12 | Express delivery services – confirmation of WTO commitment on monopolies regarding postal services, provision for consultation if express delivery becomes less open | | | Possibly |
| 10.13 | Implementation – meet annually on issues of mutual interest | | | Yes |
| 10.14 | Definitions | | | |
| Annex 10A | Professional services – professional services working group to facilitate development of standards for licensing and certification and provide recommendations on MR. Can examine equivalence across a broader | | More proactive | Yes |

A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|----------------------|---|-------------------|--|------------------------|
| | range of matters than in the WTO accountancy paper, (ie also includes conduct and ethics). Objectives given in 10.9.4 – same as GATS. | | | |
| 11 Investment | | | | |
| 11.1 | Scope and coverage – GATS mode 3 | | | |
| 11.2 | Relation to other chapters – other chapters take precedence (eg for financial services) | | | |
| 11.3 | National treatment – negative list (cf WTO positive list) | | WTO plus (expansion of FIRB limits) | |
| 11.4 | MFN treatment – negative list (same as WTO) | | Yes | |
| 11.5 | Minimum standard of treatment – defined by customary international law, with Annex 11A clarifying that this means the general and consistent practice of states, plus fair treatment of aliens | Yes | | |
| 11.6 | Treatment in case of strife – NT and MFN to apply regardless of exemptions specified in annexes | | | |
| 11.7 | Expropriation and compensation – only in limited circumstances, and only if compensated; also applies to financial services (13.1) | Yes (Annex 11B) | | |
| 11.8 | Transfers – more prescriptive than GATS, in that article specifies what kinds of payments need to be allowed; also applies to financial services (13.1) | | Similar | |
| 11.9 | Performance requirements – similar to TRIMS agreement. Prohibits some specific types of performance requirements not mentioned in TRIMS, but TRIMS list is illustrative, not exhaustive. Note that this provision is not preferential in AUSFTA | | Yes. Exemption for existing IT outsourcing | |
| 11.10 | Senior management and board of directors – cannot specify particular nationalities for individuals, but can for a majority of directors | | | |
| 11.11 | Investment and environment – provisions do not prevent environmental measures; also applies to financial services (13.1) | | | |
| 11.12 | Denial of benefits – similar to GATS, but with provision to prevent investment deflection; also applies to financial services (13.1) | | | |
| 11.13 | Non-conforming measures | Mostly status quo | | |
| 11.14 | Special formalities and information requirements – can place these on investors, so long as they do not materially impair the provisions of this chapter, and meet privacy requirements; also applies to financial services (13.1) | | | |
| 11.15 | Implementation – meet annually on issues of mutual interest | | | Yes |
| 11.16 | Consultations on investor-state dispute settlement – can set these up if there is a change in circumstances. No investor-state dispute mechanism established to date | Yes | | Possibly |



A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|------------------------------|--|-------------|-------------------------|------------------------|
| 11.17 | Definitions | | | |
| Annex 11A | Customary international law – clarifies meaning | | | |
| Annex 11B | Expropriation – clarifies when this occurs | | | |
| 12 Telecommunications | | | | |
| 12.1 | Scope and coverage – telecommunications, but not broadcast or cable distribution | | | |
| 12.2 | Access and use – affirms WTO commitments to allow access to and use of public telecommunications networks | | Yes | |
| 12.3 | Interconnection – to be provided to telecommunications suppliers of the other party – similar to GATS | | Yes | |
| 12.4 | Number portability – only for fixed telecommunications services, and not necessarily to US local rural exchange carriers | Yes | | |
| 12.5 | Dialling parity | Yes | | |
| 12.6 | Submarine cable systems – access required | Yes | | |
| 12.7 | Treatment by major suppliers – note that 12.7 to 12.14 apply to major suppliers of fixed line services, not to US rural telephone companies and not necessarily to US rural local exchange carriers. Major suppliers must provide NT regarding availability of services or interfaces for interconnections | Yes | Telecom reference paper | |
| 12.8 | Competitive safeguards – to prevent major suppliers from being anti-competitive | | Reference paper | |
| 12.9 | Resale – should be offered | Yes | | |
| 12.10 | Unbundling of network elements | | Reference paper | |
| 12.11 | Interconnection – at any technically feasible point (a bit stronger than the Telecom reference paper). Also provisions to make publicly available a reference interconnection offer, and ensure that procedures for interconnection negotiations with major suppliers are publicly available | | Reference paper | |
| 12.12 | Provisioning and pricing of leased circuits services – should be made available by major suppliers | Yes | | |
| 12.13 | Co-location – should be available | Yes | | |
| 12.14 | Access to poles, ducts, conduits and rights of way – should be offered | Yes | | |
| 12.15 | Flexibility in choice of technology – should be allowed | Yes | | |
| 12.16 | Conditions of provision of value-added services – shall be exempt from the interconnection and other obligations applied to basic telecommunications services, other than obligations under general competition law | Yes | | |



A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|------------------------------|--|-------------------|-------------------------|------------------------|
| 12.17 | Independent regulatory bodies and divestment – divestment required to remain impartial | | Reference paper | |
| 12.18 | Universal service | | Reference paper | |
| 12.19 | Regulatory procedures – shall be transparent | | Reference paper | |
| 12.20 | Allocation and use of scarce resources – shall be transparent | | Reference paper | |
| 12.21 | Enforcement – shall maintain current methods | Yes | | |
| 12.22 | Resolution of domestic telecommunications disputes and appeal processes – shall maintain current methods | Yes | | |
| 12.23 | Forbearance – shall forbear from unnecessary regulation, where necessity is to be judged by the domestic regulatory body | Yes | | |
| 12.24 | Relationship with other chapters – this chapter takes precedence | | | |
| 12.25 | Definitions | | | |
| Sideletter on consultation | Annual | | | Yes |
| 13 Financial services | | | | |
| 13.1 | Scope of coverage – applies to all modes of delivery. Does not cover public super funds or social security | | | |
| 13.2 | National treatment – negative list, but not for cross-border trade (cf WTO positive list) | | Very slightly WTO plus | |
| 13.3 | MFN treatment – negative list (same as WTO) | | Yes | |
| 13.4 | Market access for financial institutions – makes same prohibitions as WTO, except for limits on participation of foreign capital, but on negative list basis | | Essentially no action | |
| 13.5 | Cross-border trade – national treatment for services specified in Annex 13A. Each party may allow consumers to buy any cross-border service, but does not require either party to allow suppliers to do business or to solicit. Either party may require registration of cross-border suppliers, and other prudential regulation | | Very slightly WTO plus | |
| 13.6 | New financial services – if allowed at home, then must be allowed to supply cross-border | | WTO plus | |
| 13.7 | Treatment of certain information – confidentiality clause | Yes | | |
| 13.8 | Senior management and board of directors – may not require more than a minority of a board to be nationals (tougher than for investment generally). US has waiver of this provision | | | |
| 13.9 | Non-conforming measures | Mostly status quo | | |



Pacific Economic Papers

ATable 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|---------------------------------------|---|-------------|---|------------------------|
| 13.10 | Exceptions – prudential carve-out | | Same as WTO | |
| 13.11 | Regulatory transparency – requires publication, plus opportunity for comment | | WTO plus | Yes |
| 13.12 | Self-regulatory organisations – also bound by NT and MFN | | WTO plus (Understanding just says NT) | |
| 13.13 | Payment and clearing systems – NT in access to clearing systems | | Already granted (Understanding) | |
| 13.14 | Expedited availability of insurance services | Yes | | |
| 13.15 | Recognition – provisions for mutual recognition of prudential regulation | | Yes | |
| 13.16 | Financial Services Committee – meet annually | | | Yes |
| 13.17 | Consultations – can request these | | | Yes |
| 13.18 | Dispute settlement – general provisions to apply, but panellists must have financial expertise | | | |
| 13.19 | Definitions | | | |
| Annex 13A | Services for which NT in cross-border trade is to apply | | | |
| Annex 13B | Specific commitments – essentially expands the scope of cross-border trade | | | |
| Annex 13C | Specifies membership of Financial Services Committee | | | |
| 14 Competition-related matters | | | | |
| 14.1 | Objectives – commitment to competition policy | | | |
| 14.2 | Competition law and anti-competitive business conduct – GATS requires consultation; this requires the establishment of domestic measures and authority. It also requires NT in enforcement of national law. Commits parties to additional cooperation in enforcement, and establishes working group on this | Yes | WTO plus – applies outside services | Yes |
| 14.3 | Designated monopolies – provisions only apply to new private monopolies, existing government monopolies (narrower than GATS, which applies to all monopolies supplying a service). Commitments to abide by non-discrimination and not to abuse monopoly position in related markets (same as GATS). Also requirement to act in a purely commercial manner. Obligations do not affect Australia's single-desk marketing arrangements | Yes | Roughly consistent – covers non-services, but exempts existing private monopolies | |
| 14.4 | State enterprises and related matters – Australia committed to competitive neutrality. US also committed to status quo (its state enterprises often immune from antitrust law) | Yes | | |

A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|----------------------------------|--|-----------------|--|------------------------|
| 14.5 | Differences in pricing – clarifies that price discrimination on commercial grounds is not a violation of this agreement | Yes | | |
| 14.6 | Cross-border consumer protection – cooperation in enforcement of domestic laws, and identifying and fixing impediments to cooperation | | | Yes |
| 14.7 | Recognition and enforcement of monetary judgments – other party should not disqualify judgments in relation to fraud as penal or revenue in nature or based on other foreign public law. Not binding on the courts. Shall also work for greater recognition of foreign court judgments | Status quo plus | | Yes |
| 14.8 | Transparency – make information available to other party on request concerning matters in this chapter | | | Yes |
| 14.9 | Cooperation – cooperate to promote policies that are pro-competitive | | | |
| 14.10 | Consultations – can request these | | | Yes? |
| 14.11 | No dispute settlement on business conduct, competitive neutrality, consumer protection, recognition and enforcement of monetary judgements, cooperation, consultation | | | |
| 14.12 | Definitions | | | |
| 15 Government procurement | | | | |
| 15.1 | Scope and coverage – defence procurement not covered, nor is R&D, foreign aid, between governments, offshore procurement. Also subject to exclusions in annexes. Note that Australia has exempted motor vehicles and US has exempted some basic telecommunications services | | | |
| 15.2 | General principles – NT in procurement, a presumption in favour of open tendering, same ROOs as elsewhere in this agreement, no offsets (subject to exclusions) | | No offsets will require modification to Australian policies and procedures, also more open tendering | |
| 15.3 | Publication of procurement information – laws, policies, guidelines, and judicial decisions | Yes | | |
| 15.4 | Publication of notice of intended procurement | | | |
| 15.5 | Time limits – 30 days for tendering process, 25 days if posted on internet, 10 days in some circumstances (eg commercial goods or services) | | | |
| 15.6 | Information on intended procurement – full publication of criteria, technical specifications etc. Very prescriptive | | | |
| 15.7 | Tendering procedures – limitations on use of multi-lists and selective tendering | | | |
| 15.8 | Limited tendering – only in specific circumstances | | | |



Pacific Economic Papers

A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|---------------|---|-------------|-------------------------|------------------------|
| 15.9 | Treatment of tenders and awarding of contracts – proper processes, can be lowest price or best value, publication of award information (including description and contract value), keep records for 3 years | | | |
| 15.10 | Ensuring integrity of procurement practices – penalties for bribery | Yes | | |
| 15.11 | Domestic review of supplier challenges – establishes minimum procedures; challenges can occur where procuring entity does not follow procedures put in place by government (cannot challenge the procedures themselves) | | | |
| 15.12 | Exceptions – chapter does not prevent TRIPS, SPS measures etc | | | |
| 15.13 | Modifications and rectifications to coverage – changes can be made; compensation required if necessary | | | |
| 15.14 | Cooperation – review every 2 years | | | Yes |
| 15.15 | Definitions | | | |
| Annexes 15A–H | Specify what is covered | | | |
| Side letters | Blood plasma – procurement of fractionation services excluded | | | |

16 E-commerce

| | | | | |
|------|---|---|-----------------------------|-----|
| 16.1 | General – recognise importance of avoiding barriers to use | | | |
| 16.2 | Electronic supply of services – covered by GATS, not GATT (critical for cross-border trade in banking) | | Consistent with the EU view | |
| 16.3 | Customs duties – not to be applied to digital products. Definition of digital products covers content but not the medium of digitised material, not just electronic transmission (hence broader than Doha) | Yes, but precedent set for future WTO discussions | | |
| 16.4 | Non-discriminatory treatment of digital products – NT and MFN to digital products, except where listed elsewhere in 10.6, 11.13 and 13.9 as non-conforming measures. IP chapter takes precedence. Excludes subsidies and grants. Also excludes reservations on audiovisual and broadcasting | Yes | | |
| 16.5 | Authentication and digital certificates – need to maintain a domestic regime. Will negotiate an agreement for MR of digital certificates by central governments | | | Yes |
| 16.6 | Online consumer protection – there should be some | Yes | | |
| 16.7 | Paperless trading – will endeavour to accept documents submitted electronically | Yes | | |
| 16.8 | Definitions | | | |

A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|--|---|---|-------------------------|------------------------|
| 17 Intellectual property rights | | | | |
| 17.1 | General provisions – affirms existing international agreements, need to ratify or accede to WIPO Copyright Treaty 1996 and WIPO Performances and Phonograms Treaty 1996 (the ‘internet’ treaties) by entry into force of this agreement. Best efforts to comply with Hague Agreement on Industrial Designs 1999 and Patent Law Treaty 2000. Requires NT (same as TRIPS). Applies to existing protected material only (no retrospection). Transparency | Some debate about whether our current legislation already complies with the WIPO treaties | | |
| 17.2 | Some minor legislative changes in relation to cancellation procedures and grounds for refusing an application for a geographical indication to codify current practice | Mostly | TRIPS | |
| 17.3 | Domain names on the internet – provide procedures for disputes, and maintain database of registrants | Yes | | |
| 17.4 | Copyright – need to extend coverage by another 20 years. Also need to introduce criminal procedures against those who circumvent effective technological measures against misuse. Other measures are primarily the status quo or the same as in TRIPS | | | |
| 17.5 | Obligations pertaining specifically to copyright works – authors can authorise or prohibit use | Yes | | |
| 17.6 | Obligations pertaining specifically to performers and producers of phonograms – those of other party can authorise or prohibit use | Stronger than currently | | |
| 17.7 | Protection of encrypted program-carrying satellite signals – need to introduce criminal procedures against those who decode these signals | | | |
| 17.8 | Designs – need to maintain system, work to reduce differences in laws and practice and participate in international forums | Yes | | |
| 17.9 | Patents – provisions generally reflect TRIPS or current practice | Scope to delay introduction of generic drugs? | | |
| 17.10 | Measures related to certain regulated products – protection of test data for new pharmaceutical products (reflects current practice). Protection of test data for new agricultural products will require changes (but these changes already being considered). Need legislative changes to prevent a person from entering the market with a generic product before a patent has expired, and notification of intention to market a generic product if the patent is viewed as invalid | | | |



ATable 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|-----------------------|---|---|-------------------------|------------------------|
| 18 Labour | | | | |
| 18.1 | Statement of shared commitment – affirms membership of ILO, and right to establish own domestic labour standards and laws | Yes | | |
| 18.2 | Application and enforcement of labour laws – enforcement required, and non-enforcement subject to dispute settlement | Yes – except that trade sanctions are now allowed for non-enforcement, albeit in form of a fine | | |
| 18.3 | Procedural guarantees and public awareness – tribunals required, awareness to be promoted | Yes | | |
| 18.4 | Institutional arrangements – subcommittee on Labour Affairs may be created | | | Possibly |
| 18.5 | Cooperation – parties to establish a consultative mechanism for cooperation on labour matters | | | Possibly |
| 18.6 | Labour consultations – may be requested. Provides for general dispute settlement for non-enforcement (panellists to have labour expertise). Penalties are a fine, the proceeds of which are to be spent on labour initiatives | | | Possibly |
| 18.7 | Internationally recognised labour principles and rights – defines the subject matter of labour laws to which this chapter applies (eg right of association) | | | |
| 18.8 | Scope – federal in the case of the US, federal and state in the case of Australia | | | |
| 19 Environment | | | | |
| 19.1 | Levels of protection – recognises right to establish own domestic levels | Yes | | |
| 19.2 | Application and enforcement of environmental laws – enforcement required, and non-enforcement subject to dispute settlement | Yes – except that trade sanctions are now allowed for non-enforcement, albeit in form of a fine | | |
| 19.3 | Procedural guarantees and public awareness – tribunals required, awareness to be promoted | Yes | | |
| 19.4 | Measures to enhance environmental performance – encouragement of flexible, voluntary and market-based mechanisms | Yes | | |
| 19.5 | Institutional arrangements – Subcommittee on Environmental Affairs may be created | | | Possibly |

A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|---|--|-------------|-------------------------|------------------------|
| 19.6 | Cooperation – parties to negotiate a joint statement on this | | | Possibly |
| 19.7 | Environmental consultations – may be requested. Provides for general dispute settlement for non-enforcement (panellists to have environmental expertise). Penalties are a fine, the proceeds of which are to be spent on environmental initiatives | | | Possibly |
| 19.8 | Relationship to environmental agreements – will seek to enhance mutual supportiveness of environmental and trade agreements | | | |
| 19.9 | Definitions – defines scope of measures to which this chapter applies. Scope is federal in the case of the US, federal and state in the case of Australia | | | |
| 20 Transparency | | | | |
| 20.1 | Contact points – shall be established | | Yes | |
| 20.2 | Publication – laws and regulations to be published (same as GATS). Where possible, provide the other party with the opportunity to comment (GATS plus) | | GATS plus | Yes |
| 20.3 | Notification and provision of information – regarding any measure which might affect operation of the agreement | | | Possibly |
| 20.4 | Administrative agency processes – individuals and companies have rights to natural justice and due process | | | Yes |
| 20.5 | Review and appeal – against bureaucratic decisions | | | Yes |
| 20.6 | Definitions | | | |
| 21 Institutional arrangements and dispute settlement | | | | |
| 21.1 | Joint Committee – to supervise implementation, may issue interpretations | | | Yes |
| 21.2 | Scope of application of dispute settlement – nullification and impairment only actionable under chapters 2, 3, 5, 10, 15, 17 | | | |
| 21.3 | Administration of dispute settlement proceedings – primarily about panellists | | | |
| 21.4 | Choice of forum – to be made by complaining party | | | |
| 21.5 | Consultations – can be requested | | | |
| 21.6 | Referral of matters to Joint Committee – where consultations fail | | | |
| 21.7 | Establishment of panel – involves strict time lines, and contingent list of panellists | | WTO plus | |
| 21.8 | Rules of procedure – requires openness and transparency | | | |
| 21.9 | Panel report – consistent with allowing two governments to resolve disputes, the panel may only make recommendations for resolution if asked by the two governments | | | |

A Table 1 contd.

| Article | Description | Status quo? | Already granted in WTO? | New admin or consultn? |
|---|--|-------------|-------------------------|------------------------|
| 21.10 | Implementation of final report – normally shall take place. Breach of agreement shall normally be corrected | | | |
| 21.11 | Non-implementation – specifies follow-up procedures and time lines. Breach can be corrected by compensating trade measure or by payment of a monetary assessment | | | |
| 21.12 | Non-implementation of certain disputes – specifies follow-up procedures and time lines for labour and environment disputes. Allows only for payment of fine (no trade sanctions) | | | |
| 21.13 | Compliance review – penalties withdrawn if breach rectified | | | |
| 21.14 | Five-year review – Joint Committee to review penalty clauses in 5 years or after 5 actions | | | |
| 21.15 | Private rights – no right of action through domestic law for breach of agreement | | | |
| Annex 21A Formula for inflation adjustment | | | | |
| 22 General provisions and exceptions | | | | |
| 22.1 | General exceptions – same as for GATT and GATS | | Same | |
| 22.2 | Essential security – safeguarded | | | |
| 22.3 | Taxation – exempt | | | |
| 22.4 | Disclosure of information – privacy protected | | | |
| 22.5 | Anti-corruption – cooperate on this issue | | | |
| 23 Final provisions | | | | |
| 23.1 | Accession – other parties can accede if both parties agree | | | |
| 23.2 | Annexes – incorporated | | | |
| 23.3 | Amendments – can occur | | | |
| 23.4 | Entry into force and determination – 60 days after internal processes completed. Can be terminated by notification in writing, with effect 6 months after notification | | | |

Source: WTO and AUSFTA draft texts.



ATable 2 Market access commitments for services and investment

(Notes: Bold indicates AUSFTA promises not already made in GATS. See list of abbreviations for explanation of acronyms)

| CPC | Australia | | United States | |
|-----|------------------|--|------------------|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | | Blanket exemption of MA for mode 4, indigenous preferences and for regional governments (all modes) (Annex II exemptions). Blanket MFN exemption for all existing preferences under FTAs etc, and for new preferences in aviation, fisheries and maritime matters (Annex II exemption) | | Blanket exemption of all market access measures (Annex II). Blanket exemption of all existing state measures (Annex I only). Blanket exemption for measures according rights to socially or economically disadvantaged minorities (Annex II) |

1 BUSINESS SERVICES

A Professional services

| | | | | |
|--------------|--|--|--|--|
| a Legal | 1,2 none; 4 unbound; 3 natural persons practising foreign law may only join local law firm | Natural persons practising foreign law not required to join local law firm | <i>For practice as or through a qualified lawyer:</i> For all modes, services must be provided by natural person. For 1,2,4 an in-state office required in some states. For 3, partnerships limited to licensed lawyers. For 3,4, US citizenship required to practise before US Patent and Trademark Office. <i>For consultancy services</i> commitments are state-specific. Some are 1,2,3 none; 4 unbound. A few are 1,2 none, 3 in-state office required, 4 unbound. Most are 1,2 none, 3,4 unbound | MA exemption (Annex II) and state exemption (Annex I). US citizenship required to practise before US Patent and Trademark Office (Annex I exemption) |
| b Accounting | 1,2 none; 4 unbound; 3 only natural persons can be auditors or liquidators | Auditors or liquidators not required to be natural persons | 1,2 none. For 3, sole proprietorships or partnerships mostly limited to licensed accountants. For 4, unbound. In-state offices required in some states. US citizenship required in one state | MA exemption (Annex II) and state exemption (Annex I) |

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A Table 2 contd.

| CPC | Australia | | United States | |
|---|--|--|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| c Taxation | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| d Architectural | 1,2,3 none; 4 unbound | | 1,2, none; 3 requirement for in-state licensing in Michigan; 4 unbound | State exemption (Annex I) |
| e Engineering | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. US citizenship required in DC | State exemption (Annex I) |
| f Integrated engineering | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. US citizenship required in DC | State exemption (Annex I) |
| g Urban planning and landscape architecture | 1,2,3 none; 4 unbound; all for urban planning only | MA for modes 1,2 and 3 for landscape architecture | 1,2, none; 3 requirement for in-state licensing in Michigan; 4 unbound | State exemption (Annex I) |
| h Medical and dental | 1,2,3 none; 4 unbound; all for dental only | MA for modes 1, 2 and 3 for medical (if not government provided). Annex II exemption for MA and NT for health and child care maintained for public purpose | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose |
| i Veterinary | 1,2,3 none; 4 unbound | | Not listed | MA exemption (Annex II) |
| j Paramedical | Not listed | MA for modes 1, 2 and 3 for paramedical (if not government provided). Annex II exemption for MA and NT for health and child care maintained for public purpose | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose |
| k Other | Not listed | MA for modes 1, 2 and 3. Citizenship/residency requirements for migration agents stay (Annex I exemption). Customs brokers must be in and from Australia (Annex I exemption). Annex II exemption for MA and NT for health and child care maintained for public purpose | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose |

A Table 2 contd.

| CPC | Australia | | United States | |
|--|---------------------------|--------------------------------|---|---------------------------|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| B Computer-related services | | | | |
| a Consultancy – hardware | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. Airline reservation systems not included | |
| b Consultancy – software | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. Airline reservation systems not included. | |
| c Data processing | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. Airline reservation systems not included. | |
| d Database services | Not listed | MA for modes 1, 2 and 3 | 1,2,3 none; 4 unbound. Airline reservation systems not included. | |
| C Research and development services | | | | |
| a In natural sciences | Not listed | MA for modes 1,2 and 3 | Not listed | MA exemption (Annex II) |
| b In social sciences and humanities | 1,2,3 none; 4 unbound | | Not listed | MA exemption (Annex II) |
| c Interdisciplinary | Not listed | MA for modes 1,2 and 3 | Not listed | MA exemption (Annex II) |
| D Real estate services | | | | |
| a Involving own or leased property | CP required; 4 unbound | CP no longer required | 1,2,3 none; 4 unbound. US citizenship required in 2 states. | State exemption (Annex I) |
| b On fee or contract basis | CP required; 4 unbound | CP no longer required | 1,2,3 none; 4 unbound. US citizenship required in 2 states. | State exemption (Annex I) |
| E Rental/leasing services | | | | |
| a Ships | 1,2,3 none; 4 unbound | | Not listed | MA exemption (Annex II) |
| b Aircraft | 1,2,3 none; 4 unbound | | Not listed | MA exemption (Annex II) |
| c Other transport equipment | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| d Other machinery and equipment | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |

A Table 2 contd.

| CPC | Australia | | United States | |
|--|---|---|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| e Other | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound | |
| F Other business services | | | | |
| a Advertising | 1,2,3 none; 4 unbound. Does not include production or broadcast of ads for radio, TV or cinema | Local content requirements for advertising on free-to-air and digital TV remain (Annex I exemption). Also for multi-channelled free-to-air commercial TV (Annex II exemption) | 1,2,3 none; 4 unbound Not for aerial advertising and skywriting | |
| b Market research | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| c Management consulting | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| d Services related to management consulting | 1,2,3 none; 4 unbound. Arbitration and conciliation services excluded | MA for modes 1,2 and 3 for arbitration and conciliation services | 1,2,3 none; 4 unbound | |
| e Technical testing and analysis services | Not listed | MA for modes 1,2 and 3 for technical testing and analysis subject to exemption of CSL | Not listed | MA exemption (Annex II) |
| f Services incidental to agriculture, hunting and forestry | 1,2,3 none; 4 unbound NB Some exclusions | | 1,2,3 none; 4 unbound. Not for ag machinery and harvesting services, labour contractors and aerial fire fighting | MA exemption (Annex II) for ag machinery and harvesting services, labour contractors and aerial fire fighting |
| g Services incidental to fishing | 1,2,3 none; 4 unbound | Foreign fishing vessels seeking to undertake fishing in Australian fishing zone must be authorised, and may be subject to levy | 1,2,3 none; 4 unbound | |
| h Services incidental to mining | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| i Services incidental to manufacturing | Not listed | MA for modes 1,2 and 3 | Not listed | MA exemption (Annex II) |

A Table 2 contd.

| CPC | Australia | | United States | |
|--|---|--|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| j Services incidental to energy distribution | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| k Placement and supply services of personnel | 1 unbound; 2,3 none; 4 unbound | MA for mode 1 | 1,2 none; 3 US citizenship required for ownership or licensure in Arkansas; 4 unbound | State exemption (Annex I) |
| l Investigation and security | 1,2,3 none; 4 unbound | | | |
| m Related scientific and technical consulting services | 1,2,3 none; 4 unbound. NB Some exclusions | | 1,2 none, 3 PR or citizenship required in Maine and NY; 4 unbound | State exemption (Annex I) |
| n Maintenance and repair of equipment | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound | |
| o Building-cleaning services | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3 none; 4 unbound | |
| p Photographic services | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| q Packaging services | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound | |
| r Printing, publishing | Not listed | Investment in existing businesses in media sector still subject to review. Existing limits on equity holdings in newspapers maintained (Annex I exemption) | 1,2 none, single company not permitted to own a combination of newspaper, radio or TV in same local market; 4 unbound | Is MA exemption applicable (Annex II) ? |
| s Convention services | 1,2,3 none; 4 unbound. NB Some exclusions | | 1,2,3 none; 4 unbound | |
| t Other | 1,2,3 none; 4 unbound. NB Some exclusions | | Not listed | MA exemption (Annex II) |
| 2 COMMUNICATION SERVICES | | | | |
| A Postal | Not listed | MA for modes 1,2 and 3 (except delivery) | Not listed | MA exemption (Annex II) |

A Table 2 contd.

| CPC | Australia | | United States | |
|---|---|---|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | of standard letter, which is seen as govt service) | | | |
| B Courier | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound | |
| C Telecommunications | | | Excluding one-way satellite transmission of TV and digital audio | Exemption for MA and NT for one-way satellite transmission of TV and digital audio (Annex II) |
| a Voice telephone services | 1,2 none; 4 unbound. An entity holding a new carrier licence must be a public body or corporation. Foreign equity limits on Telstra. Limits on the share of equity in Optus that any individual foreign shareholder may hold. Majority Australian ownership of Vodafone | Foreign equity limits on Telstra remain. Chair and majority of directors of Telstra must be citizens and Telstra required to remain Australian based (Annex I exemption) | 1,2 none; 4 unbound. Consat has exclusive rights to links with Intelsat and Inmarsat. Ownership of common carrier licence limited to US citizens or US corporations with less than 20% equity held by a foreign government | Is MA exemption applicable (Annex II)? |
| b Packet-switched data transmission services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2 none; 4 unbound; 3 same as for voice services | |
| c Circuit-switched data transmission services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2 none; 4 unbound; 3 same as for voice services | |
| d Telex services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2 none; 4 unbound; 3 same as for voice services | |
| e Telegraph services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2 none; 4 unbound; 3 same as for voice services | |
| f Facsimile services | 1,2 none; 4 unbound; | As above | 1,2 none; 4 unbound; 3 same as for voice services | |



A Table 2 contd.

| CPC | Australia | | United States | |
|--|---|--|--|--------------------|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | 3 same as for voice services | | | |
| g Private leased circuit services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2 none; 4 unbound; 3 same as for voice services | |
| h Electronic mail | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| i Voice mail | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| j Online information and data base retrieval | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| k Electronic data interchange | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| l Enhanced/value-added facsimile services, including store and forward, store and retrieve | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| m Code and protocol conversion | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| n Online information and/or data processing (incl. transaction processing) | Not listed | MA for modes 1,2 and 3 for data processing | 1,2,3 none; 4 unbound | |
| o Other (includes mobile, paging) | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2 none; 4 unbound; 3 same as for voice services | |
| D Audiovisual services | | | | |
| a Motion picture and video tape production and distribution | Not listed | MA for modes 1,2 and 3. Australia reserves right to maintain preferential co-production arrangements for film | 1,2,3 none; 4 unbound | |

A Table 2 contd.

| CPC | Australia | | United States | |
|--|------------------|--|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| services | | and television production (Annex II exemption) | | |
| b Motion picture projection service | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound | |
| c Radio and television services | Not listed | Local content requirements for commercial analogue and digital TV remain (Annex I exemption). Also for multi-channelled free-to-air commercial TV broadcasts, subscription TV broadcasts, free-to-air radio broadcasts (Annex II exemptions), plus measures to ensure Australian content not unreasonably denied on interactive audio or video, spectrum management (MA only), tax concessions (Annex II exemptions). Australia reserves right to maintain preferential co-production arrangements for film and television production (Annex II exemption) | 1,2,3 none; 4 unbound | |
| d Radio and television transmission services | Not listed | Investment in existing businesses in media sector still subject to review. Existing limits on equity holdings in TV licences maintained (Annex I exemption) | 1,2 none; 3 single company not permitted to own a combination of newspaper, radio or TV in same local market. Restrictions on foreign control of radio and TV licences. NB These listed as MA not NT restrictions! | US reserves right to restrict ownership of radio licences (including foreign participation) (Annex I) |
| e Sound recording | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound | |
| f Other | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound | |
| E Other | Not listed | MA for modes 1,2 and 3 | | |



A Table 2 contd.

| CPC | Australia | | United States | |
|--|--|---|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| 3 CONSTRUCTION AND RELATED SERVICES | | | | |
| A General construction work for buildings | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3 none; 4 unbound. In addition, in-state office required in Michigan | State exemption (Annex I) |
| B General construction work for civil engineering | 1 unbound (infeasible); 2,3 none; 4 unbound | | As above | State exemption (Annex I) |
| C Installation and assembly work | 1 unbound (infeasible); 2,3 none; 4 unbound | | As above | State exemption (Annex I) |
| D Building completion and finishing work | 1 unbound (infeasible); 2,3 none; 4 unbound | | As above | State exemption (Annex I) |
| E Other | Not listed | MA for modes 1,2 and 3 | As above | State exemption (Annex I) |
| 4 DISTRIBUTION SERVICES | | | | |
| A Commission agent services | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. | |
| B Wholesale trade | 1,2,3 none; 4 unbound | Australian Wheat Board powers preserved (Annex I exemption). Australia can impose any measure on wholesale or retail of tobacco, alcohol or firearms (Annex II exemption) | 1,2,3 none; 4 unbound. All unbound for alcoholic beverages, firearms and military equipment | MA exemption applicable (Annex II)? State exemption may apply as well |
| C Retail trade | 1 unbound except for mail order; 2,3 none; 4 unbound. Does not cover pharmaceuticals | MA for cross-border trade, other than through mail order (eg e-commerce). Australia can impose any measure on whole-sale or retail of tobacco, alcohol or firearms (Annex II exemption) | 1,2,3 none; 4 unbound. All unbound for alcoholic beverages, firearms and military equipment | MA exemption applicable (Annex II)? State exemption may apply as well |
| D Franchising | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |

A Table 2 contd.

| CPC | Australia | | United States | |
|---------------------------------|---|---|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| E Other | Not listed | MA for modes 1,2 and 3 | Not listed | MA exemption (Annex II) |
| 5 EDUCATION SERVICES | | | | |
| A Primary | Not listed | Annex II exemption for MA and NT for public education and public training. Blanket exemption for primary education (Annex II exemption) | Not listed | Annex II exemption for MA and NT for public education and public training. Note that general MA and state exemptions would also apply. |
| B Secondary | 1,2,3 none; 4 unbound | Annex II exemption for MA and NT for public education and public training. General regional exemption would also apply | Not listed | As above |
| C Higher education | 1,2,3 none; 4 unbound | As above | Not listed | As above |
| D Adult education | Not listed | Annex II exemption for MA and NT for public education and public training. Liberalisation of private education. General regional exemption would also apply. | 1,2 none; 4 unbound; 3 limits on number of cosmetology schools in Kentucky | State exemption (Annex I). Annex II exemption for MA and NT for public education and public training |
| E Other | 1,2,3 none; 4 unbound | Annex II exemption for MA and NT for public education and public training. General regional exemption would also apply | 1,2,3 none; 4 unbound | Annex II exemption for MA and NT for public education and public training |
| 6 ENVIRONMENTAL SERVICES | | | | |
| A Sewerage | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. NB Some exceptions | |
| B Refuse disposal | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. NB Some exceptions | |
| C Sanitation and similar | 1 unbound (infeasible); | | 1,2,3 none; 4 unbound. NB Some exceptions | |



A Table 2 contd.

| CPC | Australia | | United States | |
|--|--|--|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| services | 2,3 none; 4 unbound | | | |
| D Other | Not listed | MA for modes 1,2 and 3 | 1,2,3 none; 4 unbound. NB Some exceptions | |
| 7 FINANCIAL SERVICES | | | | |
| | MA (though Understanding talks about NT) for 1 and 4 limited to services specified in B.3 of Understanding (eg maritime insurance, provision of financial info). MA for 2 limited to services specified in B.4 of Understanding (eg maritime insurance, all financial services) | NT for 1 for services specified in B.3 of Understanding (eg maritime insurance). NT for modes 1,2 and 4 for insurance intermediation such as brokerage and agency and provision of financial info (Annex 13A) | MA for (though Understanding talks about NT) 1,4 limited to services specified in B.3 of Understanding (eg maritime insurance, provision of financial info). MA for 2 limited to services specified in B.4 of Understanding (eg maritime insurance, all financial services) | NT for 1 for services specified in B.3 of Understanding (eg maritime insurance). NT for 4 for all insurance. NT for 1,2 and 4 for provision of financial information (Annex 13A) |
| A Insurance and related services | For 3, approval of non-residential life insurers restricted to subsidiaries. Foreign life insurance companies need officer resident in Australia. Non-incorporated entities need Australian resident as agent. Various state monopolies, licensing, controls on premium for CTP motor vehicle insurance, workers compensation, Comcare. Horizontal restrictions on 4 | Blanket exemption of regional measures for financial services (Annex III exemption). For 3, approval of non-residential life insurers no longer restricted to subsidiaries. US life insurance companies no longer need officer resident in Australia. Non-incorporated entities no longer need Australian resident as agent | | Blanket MA exemption for insurance (US Financial Annex I). Blanket regional exemption for insurance (US Financial Annex I) |
| a Life, accident and health insurance services | As above | As above | 2 none; 4 unbound; 1,3 gov't owned or controlled insurance companies can- | Blanket regional exemption for insurance (US Financial Annex I). |



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A Table 2 contd.

| CPC | Australia | | United States | |
|---|------------------|--------------------|---|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | | | not conduct business in certain states; 3 branches cannot provide surety bonds for US federal gov contracts. Some states cannot license a foreign subsidiary or branch unless it already has a presence in another state. US citizenship required for some or all directors or incorporators in some states. State residency required for organising members of some kinds of insurance companies in some states. Citizenship/residency requirements for organising fraternal benefit societies in some states. Residency requirements for domestic reciprocal insurer in some states | Foreign branches cannot provide surety bonds for US federal gov contracts (US Financial Annex I) |
| b Non-life insurance services | As above | As above | As for life insurance | Blanket regional exemption for insurance (US Financial Annex I) |
| c Reinsurance and retrocession | As above | As above | 4 unbound; 1,2 requirements to reinsure within state for some states; 1,3 gov owned or controlled insurance companies cannot conduct business in certain states; 3 some states cannot license a foreign subsidiary or branch unless it already has a presence in another state | Blanket regional exemption for insurance (US Financial Annex I) |
| d Services auxiliary to insurance (including broking and agency services) | As above | As above | 2 none; 4 unbound; 1,3 some states cannot license agents, brokers, adjustors and/or consultants unless they are already licensed in another state. Some states do not issue brokerage licences to non-residents, or only issue them for certain lines of business. All states require in-state residency for surplus lines brokers and | Blanket regional exemption for insurance (US Financial Annex I) |

A Table 2 contd.

| CPC | Australia | | United States | |
|---|---|---|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | | | agents. Agency licences issued to non-residents for some or all lines of insurance only in some states. Licences for consultancy, actuarial, risk assessment and claims settlement not granted to non-residents in some states. Citizenship or in-state residency required in other states | |
| Banking and other financial services | For 1, investment of official reserves requires approval of RB. For 1 and 3, a foreign bank located overseas can offer services to enterprises, but cannot raise deposits or undertake business in Australia unless it is an authorised bank. Can raise debt funds in Australia, subject to conditions. For 1 and 3, dealings in foreign exchange must be through dealer authorised by RB (with limits on who can become one). For 3 foreign branches cannot accept 'retail' deposits (must be subsidiary). For 1 and 3, there are state and territory central financing authorities which GBEs are obliged to borrow from. For 3, Trust Bank of Tasmania may require a joint | For 1 and 3, a foreign bank located overseas can offer services to enterprises, but cannot raise deposits or undertake business in Australia unless it is an authorised bank. Can raise debt funds in Australia (Annex III exemption). For 3, foreign branches cannot accept 'retail' deposits (must be subsidiary) and representative offices cannot undertake any business (Annex III exemption). Blanket exemption for regional measures in financial services (Annex III). For 1, investment of official reserves by US no longer requires approval of RB. For 1 and 3, dealings in foreign exchange no longer must be through dealer authorised by RB (with limits on who can become one) | NT granted according to foreign bank's home state (ie there are geographical limitations on NT within the states). Also affects MA. Limits on juridical form of juridical person (partnerships and sole proprietorships generally not acceptable). New financial services subject to relevant institutional and juridical requirements | NT granted according to foreign bank's home state (ie there are geographical limitations on NT within the states). Also affects MA. Limits of judicial form of juridical person (partnerships and sole proprietorships generally not acceptable) (US Financial Annex II). Blanket regional exemption for banking and other financial services (US Financial Annex II). Credit unions and thrift institutions cannot be established through branches. Banks accepting small retail deposits must be subsidiaries (branches established before 1991 are grandfathered). There may be limitations on legal entity for cross-state establishment or mergers. Home state of foreign bank will determine NT for purposes of interstate expansion. There may be restrictions on legal entity for foreign banks in some states |

Pacific Economic Papers

Table 2 contd.

| CPC | Australia | | United States | |
|---|--|--------------------|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | venture. For 3, ASX rules favour subsidiaries rather than branches. Applicant must be body corporate. Horizontal restrictions on 4 | | | |
| a Acceptance of deposits | As above | As above | As above | |
| b Lending of all types | As above | As above | As above | |
| c Financial leasing | As above | As above | As above | |
| d All payment and money transmission services | As above | As above | As above | |
| e Guarantees and commitments | As above | As above | As above | |
| f Trading money market instruments, foreign exchange, derivatives, exchange rate and interest rate instruments, transferable securities, other negotiable instruments and financial assets, including bullion | As above | As above | 4 unbound; 1,2,3 no options and/or futures contracts on onions. Unbound for authority to act as sole trustee of an indenture for a bond offering in the US; unbound for use of simplified registration and reporting for securities issued by small business corporations | Foreign firms may not use simplified registration and reporting for securities issued by small business corporations (Annex I exemption). Authority to act as sole trustee of an indenture for a bond offering in the US subject to a reciprocity test (US Financial Annex II). 1,2,3 MA exemption (Annex II) |
| g Participation in issues of all kinds of securities, including underwriting and placement as agent | As above | As above | 1,2 none; 4 unbound; 3 Federal Reserve is primary dealer in US government debt | Designation as a primary dealer in US government debt is conditioned on reciprocity (lack of NT reservation by other country is a positive factor in a firm's request for designation) (US Financial Annex II) |
| h Money broking | As above | As above | As above | |



A Table 2 contd.

| CPC | Australia | | United States | |
|---|------------------|--------------------|------------------|--------------------|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| i Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services | As above | As above | As above | |
| j Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments | As above | As above | As above | |
| k Advisory and other auxiliary financial services | As above | As above | As above | |
| l Provision and transfer of financial information, and financial data processing and related software by providers of other financial services | As above | As above | As above | |
| C Other | Not listed | MA for 1,2,3 | As above | |

8 HEALTH-RELATED AND SOCIAL SERVICES

| | | | | |
|--------------------------------------|---------------------------------------|---|--|--|
| A Hospital services | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose. Citizenship and foreign equity limits on CSL remain (Annex I exemption) | 1 unbound (infeasible); 2 none; 4 unbound. 3 maybe needs-based quantitative limits. Limits on juridical form in NY, state incorporation requirements in 2 states. NB Limited to ownership and operation on a 'for fee' basis | MA exemption (Annex II) and state exemption (Annex I). Annex II exemption for MA and NT for health and child care maintained for public purpose |
| B Other human health services | 1 unbound; 2,3 none; 4 unbound. | Annex II exemption for MA and NT for health and child care | Not listed | Annex II exemption for MA and NT for health and child care main- |



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A Table 2 contd..

| CPC | Australia | | United States | |
|---|---|--|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | Limited to podiatry and chiropody | maintained for public purpose | | tained for public purpose |
| C Social services | Not listed | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare | Not listed | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare |
| D Other | Not listed | As above | Not listed | As above |
| 9 TOURISM AND TRAVEL-RELATED SERVICES | | | | |
| A Hotels and restaurants | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| B Travel agencies and tour operator services | 1 CP required; 2,3 none; 4 unbound | No requirement for CP | 1,2 none; 4 unbound; 3 tourism offices with diplomatic or official status not permitted to operate on commercial basis or to act as agents or principals in commercial transactions | |
| C Tourist guide services | 1,2,3 none; 4 unbound | | 1,2 none; 4 unbound; 3 number of concessions available for commercial operation in govt facilities is limited | MA exemption (Annex II) |
| D Other | Not listed | MA for 1,2,3 | 1,2,3 none; 4 unbound | |
| 10 RECREATIONAL, CULTURAL AND SPORTING SERVICES | | | | |
| A Entertainment services | Not listed | MA for 1,2,3 | 1,2,3 none; 4 unbound | |
| B News agency services | 1,2,3 none; 4 unbound | | 1,2,3 none; 4 unbound | |
| C Libraries, archives, museums and other cultural services | Not listed | MA for 1,2,3 | 1,2,3 none; 4 unbound | |
| D Sporting and other | 1,2,3 none; 4 unbound. | | 1,2 none; 4 unbound; 3 number of concessions | MA exemption (Annex II) |



A Table 2 contd.

| CPC | Australia | | United States | |
|--|--|--|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| recreational services | NB Some exclusions | | available for commercial operation in govt facilities is limited. NB Sporting not included | |
| E Other | Not listed | MA for 1,2,3 | | |
| 11 TRANSPORT SERVICES | | | | |
| A Maritime | Cabotage and offshore transport excluded from a,b,c | Blanket exemption for cabotage and offshore transport services (Annex II exemption) | | Blanket exemption of maritime services (Annex II) |
| a Passenger transportation | 1, liner services need agent who is Australian resident; 2 none; 3, nationality and establishment requirements for Australian flagged vessels; 4 unbound | Existing limits on foreign ownership of shippers remain (Annex I exemption). Liner services still need agent who is Australian resident (Annex I exemption). Blanket exemption from NT for registration of Australian vessels (Annex II exemption) | Not listed | Blanket exemption of maritime services (Annex II) |
| b Freight transportation | As above | Existing limits on foreign ownership of shippers remain (Annex I exemption). Blanket exemption from NT for registration of Australian vessels (Annex II exemption) | Not listed | Blanket exemption of maritime services (Annex II) |
| c Rental of vessels with crew | 1,2,3 none; 4 unbound | | Not listed | Blanket exemption of maritime services (Annex II) |
| d Maintenance and repair of vessels | Not listed | MA for 1,2,3 | Not listed | Blanket exemption of maritime services (Annex II) |
| e Pushing and towing services | Not listed | MA for 1,2,3 | Not listed | Blanket exemption of maritime services (Annex II) |
| f Supporting services for maritime transport | Not listed | MA for 1,2,3 | Not listed | Blanket exemption of maritime services (Annex II) |



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A Table 2 contd.

| CPC | Australia | | United States | |
|--|--|---------------------------|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| B Inland waterways transport | | | | |
| a Passenger transportation | Not listed | As above | Not listed | Blanket exemption of maritime services (Annex II) |
| b Freight transportation | Not listed | As above | Not listed | Blanket exemption of maritime services (Annex II) |
| c Rental of vessels with crew | Not listed | MA for 1,2,3 | Not listed | Blanket exemption of maritime services (Annex II) |
| d Maintenance and repair of vessels | Not listed | MA for 1,2,3 | Not listed | Blanket exemption of maritime services (Annex II) |
| e Pushing and towing services | Not listed | MA for 1,2,3 | Not listed | Blanket exemption of maritime services (Annex II) |
| f Supporting services for inland waterways | Not listed | MA for 1,2,3 | Not listed | Blanket exemption of maritime services land (Annex II) |
| C Air transport services | | | | |
| a Passenger transportation | Not listed | Not covered by chapter 10 | Not listed | Not covered by chapter 10 |
| b Freight transportation | Not listed | Not covered by chapter 10 | Not listed | Not covered by chapter 10 |
| c Rental of aircraft with crew | Not listed | Not covered by chapter 10 | Not listed | Not covered by chapter 10 |
| d Maintenance and repair of aircraft | 1 unbound (infeasible); 2, 3 none; 4 unbound | | 1 unbound (infeasible); 2,3 none; 4 unbound | |
| e Supporting services for air transport | 1,2,3 none; 4 unbound for computer reservation systems (strictly speaking, part of telecom value added services). | Not covered by chapter 10 | Not listed | Not covered by chapter 10 |
| D Space transport | Not listed | MA for 1,2,3 | Not listed | MA exemption (Annex II) |



A Table 2 contd.

| CPC | Australia | | United States | |
|--|---|--|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| E Rail transport services | | | | |
| a Passenger transportation | Not listed | MA for 1,2,3 | 1,2 none; 4 unbound; 3 foreign railroads must incorporate in Vermont or an adjacent state | State and MA exemption (Annex I and II) |
| b Freight transportation | Not listed | MA for 1,2,3 | 1,2 none; 4 unbound; 3 foreign railroads must incorporate in Vermont or an adjacent state | State and MA exemption (Annex I and II) |
| c Pushing and towing services | Not listed | MA for 1,2,3 | Not listed | |
| d Maintenance and repair of rail transport equipment | Not listed | MA for 1,2,3 | 1,2,3 none; 4 unbound | |
| e Supporting services for rail transport services | Not listed | MA for 1,2,3 | Not listed | MA exemption (Annex II) |
| F Road transport | | | | |
| a Passenger transportation | 1 unbound; 2,3 none; 4 unbound. Does not include regular urban bus services | MA for 2,3 for urban bus services | 1,2,3 none; 4 unbound. Inter-urban transport only | MA exemption (Annex II) |
| b Freight transportation | 1 unbound; 2,3 none; 4 unbound | | 1,2,3 none; 4 unbound. Limited to international transportation | MA exemption (Annex II) |
| c Rental of commercial vehicles with operator | Not listed | MA for 1,2,3 | Not listed | MA exemption (Annex II) |
| d Maintenance and repair of road transport equipment | Not listed | MA for 1,2,3 | 1 unbound (infeasible); 2,3 none; 4 unbound | |
| e Supporting services for road transport services | Not listed | MA for 1,2,3 | Not listed | MA exemption (Annex II) |



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A Table 2 contd.

| CPC | Australia | | United States | |
|---|---|--|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| G Pipeline transport | | | | |
| a Transportation of fuels | 1,2,3 none; 4 unbound | | Not listed (Annex II) | MA exemption |
| b Transportation of other goods | 1,2,3 none; 4 unbound | | Not listed (Annex II) | MA exemption |
| H Services auxiliary to all modes of transport | | | | |
| a Cargo-handling services | Not listed | MA for 1,2,3 | Not listed | MA exemption (Annex II) |
| b Storage and warehouse services | 1 unbound (infeasible); 2,3 none; 4 unbound | | Not listed | MA exemption (Annex II) |
| c Freight transport agency services | 1,2,3 none; 4 unbound | | Not listed | MA exemption (Annex II) |
| d Other | 1,2,3 none; 4 unbound | Customs brokers must be in and from Australia (Annex I exemption) | 1 unbound (infeasible); 2 none; 4 unbound; 3 customs house brokers licence only issued to US citizens. Must form corporation, association or partnership | Customs house brokers licence only issued to US citizens. Must form corporation, association or partnership (Annex I exemption) |
| I Other transport services | Not listed | MA for 1,2,3 | Not listed | MA exemption (Annex II) |
| 12 OTHER SERVICES – NEC | | | | |
| | Not listed | MA for 1,2,3 | Not listed | MA exemption (Annex II) |

Source: AUSFTA text and GATS commitments.

ATable 3 National treatment commitments for services and investment*(Note: See Glossary for a list of abbreviations)*

| CPC | Australia | | United States | |
|--------------------------------|---|--|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | | Blanket exemption of all existing regional measures (Annex I). Blanket exemption of NT for indigenous preferences (Annex II exemptions). Blanket MFN exemption for all existing preferences under FTAs etc., and for new preferences in the areas of aviation, fisheries and maritime matters (Annex II exemption) | | Blanket exemption of all market access measures (Annex II). Blanket exemption of all existing state measures (Annex I). Blanket exemption for measures according rights to socially or economically disadvantaged minorities (Annex II). Blanket MFN exemption for all existing preferences under FTAs etc., and for new preferences in the areas of aviation, fisheries and maritime matters (Annex II exemption) |
| 1 BUSINESS SERVICES | | | | |
| A Professional services | | | | |
| a Legal | 1,2 none; 3 at least one equity partner in firm practising foreign law must be PR (NSW, Vic) or resident for 180 days per year (Qld); 4 unbound | Restrictions stay (Annex I regional exemption). Residency requirement for patent attorneys stays (Annex I exemption) | <i>For practice as or through a qualified lawyer:</i> For 1,2,4, in-state or US residency required in some states <i>For consultancy services:</i> Commitments are state-specific. Most are 1,2,3,4 none. A few are 1,2 none, 3,4 in-state office required. Some have restrictions on whether the person can practise host-country law or other law | State measures exemption (Annex I) |
| b Accounting | 1,2 none; 3 at least one equity partner must be PR | Exemption for residency requirements for auditors (persons or companies) | 1,2,3 none; 4 in-state residency required in some states | State measures exemption (Annex I) |
| c Taxation | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |



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A Table 3 contd.

| CPC | Australia | | United States | |
|---|--|--|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| d Architectural | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| e Engineering | 1,2,3 none; 4 unbound | | 1,2,3 none. In-state residency required for licensure in some states | State measures exemption (Annex I) |
| f Integrated engineering | 1,2,3 none; 4 unbound | | 1,2,3 none. In-state residency required for licensure in some states | State measures exemption (Annex I) |
| g Urban planning and landscape architecture | 1,2,3 none; 4 unbound; all for urban planning only | NT for all modes for landscape architects | 1,2,3,4 none | |
| h Medical and dental | 1,2,3 none; 4 unbound for dental only | NT for all modes for medical (if not government provided). Annex II exemption for MA and NT for health and child care maintained for public purpose | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose |
| i Veterinary | 1,2,3 none; 4 unbound | | Not listed | NT for all modes |
| j Paramedical | Not listed | NT for all modes for medical (if not government provided). Annex II exemption for MA and NT for health and child care maintained for public purpose | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose |
| k Other | Not listed | NT for modes 1,2 and 3. Citizenship/residency requirement for migration agent stays (Annex I exemption). Customs brokers must be in and from Australia (Annex I exemption). Annex II exemption for MA and NT for health and child care maintained for public purpose | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose |

B Computer-related services

| | | | | |
|--------------------------|--------------------------|--|--------------|--|
| a Consultancy – hardware | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
|--------------------------|--------------------------|--|--------------|--|



A Table 3 contd.

| CPC | Australia | | United States | |
|--------------------------|--------------------------|---|------------------|--------------------|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| b Consultancy – software | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| c Data processing | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| d Database services | Not listed | NT for all modes for database services | 1,2,3,4 none | |
| e Other | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |

C Research and development services

Licence required for production and/or transport of any 'nuclear utilisation or production facilities'. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I)

| | | | | |
|-------------------------------------|--|---|------------|-------------------------|
| a In natural sciences | Not listed | NT for all modes for R&D in natural sciences | Not listed | NT for all modes |
| b In social sciences and humanities | 1,2,3 none; 4 unbound. PR requirement for psychologists (WA) | Restrictions stay (Annex I regional exemption) | Not listed | NT for all modes |
| c Interdisciplinary | Not listed | NT for all modes for interdisciplinary R&D | Not listed | NT for all modes |

D Real estate services

| | | | | |
|------------------------------------|--------------------------|--|--|------------------------------------|
| a Involving own or leased property | 1,2,3 none; 4 unbound | | 1 in-state requirement in Florida; 2,3 none; residency or citizenship requirement for licensure in Sth Dakota | State measures exemption (Annex I) |
| b On fee or contract basis | 1,2,3 none; 4 unbound | | 1, in-state requirement in Florida, 2,3 none; residency or citizenship requirement for licensure in Sth Dakota | State measures exemption (Annex I) |



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A Table 3 contd.

| CPC | Australia | | United States | |
|---|--|---|---|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| E Rental/leasing services | | | | |
| a Ships | 1,2,3 none; 4 unbound | | Not listed | NT for all modes – subject to other exemptions for maritime NT for all modes – subject to other exemptions for air services |
| b Aircraft | 1,2,3 none; 4 unbound | | Not listed | |
| c Other transport equipt | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| d Other machinery and equipment | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| e Other | Not listed | NT for all modes | 1,2,3,4 none | |
| F Other business services | | | | |
| a Advertising | 1,2,3 none; 4 unbound. Does not include production or broadcast of ads for radio, TV or cinema | Local content requirements for advertising on free-to-air and digital TV remain (Annex 1 exemption). Also for multi-channelled free-to-air commercial TV (Annex II exemption) | 1,2,3,4 none. Not for aerial advertising and skywriting | NT for all modes for aerial advertising and skywriting |
| b Market research | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| c Management consulting | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| d Services related to management consulting | 1,2,3 none; 4 unbound. Arbitration and conciliation services excluded | NT for all modes for arbitration and conciliation services | 1,2,3,4 none | |
| e Technical testing and analysis services | Not listed | NT for all modes for technical testing and analysis services – subject to exemption of CSL | Not listed | NT for all modes |
| f Services incidental to agriculture, hunting | 1,2,3 none; 4 unbound. NB Some ex- | | 1,2,3,4 none. Not for ag machinery and harvesting services, | NT for all modes for ag machinery and harvesting services, |

A Table 3 contd.

| CPC | Australia | | United States | |
|--|---|--|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| and forestry | clusions | | labour contractors or aerial fire fighting | labour contractors and aerial fire fighting |
| g Services incidental to fishing | 1,2,3 none; 4 unbound | Foreign fishing vessels seeking to undertake fishing in Australian fishing zone must be authorised, and may be subject to levy | 1,2,3,4 none | |
| h Services incidental to mining | 1,2,3 none; 4 unbound | | 1,2,3,4 none | Foreigners may not acquire interests in certain minerals on onshore federal lands (Annex I exemption) |
| i Services incidental to manufacturing | Not listed | NT for all modes for services incidental to manufacturing | Not listed | NT for all modes – subject to exemptions related to use of nuclear material and restricted technologies |
| j Services incidental to energy distribution | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| k Placement and supply services of personnel | 1 unbound; 2,3 none; 4 unbound | NT for mode 1 for placement and supply services of personnel | 1,2,3,4 none | |
| l Investigation and security | 1,2,3 none; 4 unbound | | 1,2,3 none, in-state residency required for PIs in Michigan. | State measures exemption (Annex I) |
| m Related scientific and technical consulting services | 1,2,3 none; 4 unbound. NB Some exclusions | | 1,2,3,4 none | |
| n Maintenance and repair of equipment | Not listed | NT for all modes | 1,2,3,4 none | |
| o Building-cleaning services | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3,4 none | |
| p Photographic services | 1,2,3 none; 4 unbound | | 1,2,3,4 none. | |
| q Packaging services | Not listed | NT for all modes | 1,2,3,4 none | |



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ATable 3 contd.

| CPC | Australia | | United States | |
|---|--|--|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| r Printing, publishing | Not listed | Investment in existing businesses in media sector still subject to review. Existing limits on equity holdings in newspapers maintained (Annex I exemption) | 1,2,3,4 none | |
| s Convention services | 1,2,3 none; 4 unbound. NB Some exclusions | | 1,3,4 none; 2 unbound with respect to tax deductions | |
| t Other | 1,2,3 none; 4 unbound. NB Some exclusions | | Not listed | NT for all modes |
| 2 COMMUNICATION SERVICES | | | | |
| A Postal | Not listed | NT for all modes (except delivery of standard letter, which is seen as govt service) | Not listed | NT for all modes (except delivery of standard letter, which is seen as govt service) |
| B Courier | Not listed | NT for all modes | 1,2,3,4 none | |
| C Telecommunications | | | Excluding one-way satellite transmission of TV and digital audio | Exemption for MA and NT for one-way satellite transmission of TV and digital audio (Annex II) |
| a Voice telephone services | 1,2 none; 4 unbound. Chairman and directors of Optus (other than appointed by 2 current foreign investors) must be Australian citizens | Foreign equity limits on Telstra remain. Chair and majority of directors of Telstra must be citizens and Telstra required to remain Australian based (Annex I exemption) | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |
| b Packet-switched data transmission services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |
| c Circuit-switched data transmission services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |



A Table 3 contd.

| CPC | Australia | | United States | |
|--|---|-------------------------|--------------------------|----------------------------|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| d Telex services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |
| e Telegraph services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |
| f Facsimile services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |
| g Private services circuit services | 1,2 none; 4 unbound; 3 same as for voice services | As above | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |
| h Electronic mail | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| i Voice mail | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| j Online information and database retrieval | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| k Electronic data interchange | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| l Enhanced/value-added facsimile services, incl. store and forward, store and retrieve | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| m Code and protocol | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| n Online information and/or data processing (incl. transaction processing) | Not listed | NT for all modes | 1,2,3,4 none | |
| o Other (includes mobile, paging) | 1,2 none; 4 unbound; 3 same as for voice services | NT for all modes | 1,2,3 none; 4 unbound | NT for mode 4 (infeasible) |



A Table 3 contd.

| CPC | Australia | | United States | |
|--|------------------|--|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| D Audiovisual services | | | | |
| a Motion picture and video tape production and distribution services | Not listed | NT for all modes. Australia reserves right to maintain preferential co-production arrangements for film and television production (Annex II exemption) | 1,3 grants from National Endowment for the Arts only to US citizens or PRs and non-profit companies; 2,4 none | Grants are exempt from NT (Article 10.1) |
| b Motion picture projection service | Not listed | NT for all modes | 1,2,3,4 none | |
| c Radio and television services | Not listed | Local content requirements for commercial analogue and digital TV remain (Annex I exemption). Also for multi-channelled free-to-air commercial TV broadcasts, subscription TV broadcasts, free-to-air radio broadcasts (Annex II exemptions), plus measures to ensure Australian content not unreasonably denied on interactive audio or video, spectrum management (MA only), tax concessions (Annex II exemptions). Australia reserves right to maintain preferential co-production arrangements for film and television production (Annex II exemption) | 1,2,3,4 none | |
| d Radio and television transmission services | Not listed | Investment in existing businesses in media sector still subject to review. Existing limits on equity holdings in TV licences maintained (Annex I exemption) | 1,2,3,4 none – though see MA | US reserves right to restrict ownership of radio licences (including foreign participation) (Annex I), exemption of NT for sharing of radio spectrum (Annex II), NT exemption for imposing retaliatory restrictions on foreign ownership of cable TV systems (Annex II) |
| e Sound recording | Not listed | NT for all modes | 1,2,3,4 none | |



A Table 3 contd.

| CPC | Australia | | United States | |
|--|---|--|---------------------------------------|-------------------------|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| f Other | Not listed | NT for all modes | 1,2,3,4 none | |
| E Other | Not listed | NT for all modes | Not listed | NT for all modes |
| 3 CONSTRUCTION AND RELATED SERVICES | | | | |
| A General construction work for buildings | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3,4 none | |
| B General construction work for civil engineering | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3,4 none | |
| C Installation and assembly work | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3,4 none | |
| D Building completion and finishing work | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3,4 none | |
| E Other | Not listed | NT for all modes | 1 unbound (infeasible); 2,3,4 none | |
| 4 DISTRIBUTION SERVICES | | | | |
| A Commission agent services | 1,2,3,4 none; 4 unbound | | 1,2,3,4 none | |
| B Wholesale trade | 1,2,3 none; 4 unbound | Australian Wheat Board powers preserved (Annex I exemption). Australia can impose any measure on wholesale or retail of tobacco, alcohol or fire-arms (Annex II exemption) | 1,2,3,4 none | |
| C Retail trade | 1,2,3 none; 4 unbound | Australia can impose any measure on wholesale or retail of tobacco, alcohol or firearms (Annex II exemption) | 1,2,3,4 none | |
| D Franchising | 1,2,3 none; 4 unbound | | 1,2,3,4 none | |
| E Other | Not listed | NT for all modes | Not listed | NT for all modes |



A Table 3 contd.

| CPC | Australia | | United States | |
|--|---|--|--|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| 5 EDUCATION SERVICES | | | | |
| A Primary | Not listed | Annex II exemption for MA and NT for public education and public training. Blanket exemption for primary education (Annex II exemption) | Not listed | Annex II exemption for MA and NT for public education and public training. State measures exemption also relevant |
| B Secondary | 1,2 none; 3,4 unbound | Annex II exemption for MA and NT for public education and public training. General regional exemption would also apply | Not listed | Annex II exemption for MA and NT for public education and public training. State measures exemption also relevant |
| C Higher education | 1,2 none; 3,4 unbound | As above | Not listed | As above |
| D Adult education | Not listed | Annex II exemption for MA and NT for public education and public training. Liberalisation of private education. General regional exemption would also apply | 1,2,3: scholarships and grants limited to US citizens or residents, and sometimes may only be used in certain states or institutions | Annex II exemption for MA and NT for public education and public training |
| E Other | 1,2 none; 3,4 unbound | Annex II exemption for MA and NT for public education and public training. General regional exemption would also apply | 1,2,3: scholarships and grants limited to US citizens or residents, and sometimes may only be used in certain states or institutions | Annex II exemption for MA and NT for public education and public training |
| 6 ENVIRONMENTAL SERVICES | | | | |
| A Sewerage | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1,2,3,4 none. NB Some exceptions | |
| B Refuse disposal | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1,2,3,4 none. NB Some exceptions | |
| C Sanitation and similar services | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1,2,3,4 none. NB Some exceptions | |



A Table 3 contd.

| CPC | Australia | | United States | |
|--|--|--|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| D Other | Not listed | NT for all modes | 1,2,3,4 none. NB Some exceptions | |
| 7 FINANCIAL SERVICES | | | | |
| | NT for access to payment systems, NT by self-regulatory bodies (in accordance with Understanding). MA (though Understanding says NT) for modes 1 and 4 limited to services specified in B.3 of Understanding (eg maritime insurance, provision of financial info). MA for mode 2 limited to services specified in B.4 of Understanding (eg maritime insurance, all financial services) | At least 2 directors of a public company must be resident in Australia (Corporations Act) (Annex III exemption for financial services). NT for mode 1 for services specified in B.3 of Understanding (eg maritime insurance). NT for modes 1,2 and 4 for insurance brokerage and agency and provision of financial info (Annex 13A) | NT for access to payment systems, NT by self-regulatory bodies (in accordance with Understanding). MA (though Understanding says NT) for modes 1 and 4 limited to services specified in B.3 of Understanding (eg maritime insurance, provision of financial info). MA for mode 2 limited to services specified in B.4 of Understanding (eg maritime insurance, all financial services) | NT for mode 1 for services specified in B.3 of Understanding (eg maritime insurance). NT for mode 4 for all insurance. NT for modes 1,2 and 4 for provision of financial information (Annex 13A) |
| A Insurance and related services | Subnational guarantees are provided to some state and territory insurance offices | Blanket exemption for regional measures in financial services (Annex III) | NT granted according to state of domicile | NT granted according to state of domicile (US Financial Annex I). Blanket regional exemption for insurance (US Financial Annex I) |
| a Life, accident and health insurance services | As above | As above | 2,3 none; 4 unbound. 1: taxes on premiums covering US risks that are paid to companies not incorporated under US law. Limits on foreign companies insuring vessels built under federally guaranteed mortgage funds | Existing non-conforming tax measures are exempt (Article 22.3.4 (d)). Limits on foreign companies insuring vessels built under federally guaranteed mortgage funds are exempt (US Financial Annex I) |
| b Non-life insurance services | As above | As above | As for life insurance | As for life insurance |

A Table 3 contd.

| CPC | Australia | | United States | |
|---|---|---|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| c Reinsurance and retrocession | As above | As above | 2,3 none; 4 unbound. 1: taxes on premiums covering US risks that are paid to companies not incorporated under US law. In Texas, no reinsurance of mutual life insurance with foreign companies | Existing non-conforming tax measures are exempt (Article 22.3.4 (d)). State measures exemption (US Financial Annex I) |
| d Services auxiliary to insurance (including broking and agency services) | As above | As above | 2 none; 4 unbound. 1,3: higher licence fees for non-resident brokers or agents in some states | State measures exemption (US Financial Annex I) |
| B Banking and other financial services | For 3, Commonwealth entities guaranteed by federal govt. Some guarantees to CBA and AIDC. For 1 and 3, some state entities guaranteed by state govts. For 3, a majority of directors of Trust Bank of Tasmania must be Tasmanian. For 3, a majority of directors of stockbrokers must be Australian residents | Commonwealth entities guaranteed by federal govt (Annex IV exemption). Some guarantees to CBA and AIDC are exempt (Annex III exemption. Blanket exemption for regional measures in financial services (Annex III) | NT granted according to foreign bank's home state (ie there are geographical limitations on NT within the states). Limits of juridical form of juridical person (partnerships and sole proprietorships generally not acceptable). New financial services subject to relevant institutional and juridical requirements | NT granted according to foreign bank's home state (ie there are geographical limitations on NT within the states). Limits of juridical form of juridical person (partnerships and sole proprietorships generally not acceptable) (US Financial Annex II). Blanket regional exemption for banking and other financial services (US Financial Annex II). All directors of national bank must be US citizens (can be waived for a minority). Foreign ownership of edge corporations limited to foreign banks or US subsidiaries. Foreign banks (excluding subsidiaries) required to register as investment advisers. Foreign banks (excluding subsidiaries) cannot be members of the Federal Reserve system. There may be restrictions on legal entity for foreign banks in some states. MFN reservation for broker-dealers with Canadian principal place of |

A Table 3 contd.

| CPC | Australia | | United States | |
|--|---|--------------------|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | | | | business. Advantages may be granted to named government-sponsored financial enterprises (US Financial Annex II) |
| a Acceptance of deposits | As above | As above | As above | As above |
| b Lending of all types | As above | As above | As above | As above |
| c Financial leasing | As above | As above | As above | As above |
| d All payment and money transmission services | NT under Understanding on Financial Services(?) | | NT under Understanding on Financial Services(?) | |
| e Guarantees and commitments | As above | As above | As above | As above |
| f Trading money market instruments, foreign exchange, derivatives, exchange rate and foreign rate instruments, transferable securities, other negotiable instruments and financial assets, incl. bullion | As above | As above | 1,2,3 none; 4 unbound | NT for mode 4 |
| g Participation in issues of all kinds of securities incl. underwriting and placement as agent | As above | As above | 1,2,3 none; 4 unbound | NT for mode 4 |
| h Money broking | As above | As above | As above | As above |
| i Asset management, such as cash or portfolio management, all | As above | As above | As above | As above |

A Table 3 contd.

| CPC | Australia | | United States | |
|--|------------------|---|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| forms of collective investment management, pension fund management, custodial depository and trust services | | | | |
| j Settlement and clearing services for financial assets, incl. securities, derivative products, and other negotiable instruments | As above | As above | As above | As above |
| k Advisory and other auxiliary financial | As above | As above | As above | As above |
| l Provision and transfer of financial information, and financial data processing and related software by providers of other financial services | As above | As above | As above | As above |
| C Other | Not listed | NT for all modes | Not listed | NT for all modes |
| 8 HEALTH-RELATED AND SOCIAL SERVICES | | | | |
| A Hospital services | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose. Citizenship and foreign equity limits on CSL remain (Annex I exemption) | 1 unbound (infeasible); 3,4 none; 2: federal or state reimbursement of medical expenses limited to licensed certified facilities in the US or in a specific state | Licence required for production and/or transport of any 'nuclear utilisation or production facilities'. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) |



A Table 3 contd.

| CPC | Australia | | United States | |
|--------------------------------------|--|--|------------------|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| B Other human health services | 1 unbound; 2,3 none; 4 unbound. Limited to podiatry and chiropody. PR requirements (SA and WA) | Annex II exemption for MA and NT for health and child care maintained for public purpose. PR requirements stay (Annex I regional exemption) | Not listed | Annex II exemption for MA and NT for health and child care maintained for public purpose |
| C Social services | Not listed | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare | Not listed | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare |
| D Other | Not listed | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare | Not listed | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare |

9 TOURISM AND TRAVEL-RELATED SERVICES

| | | | |
|---|---|-------------------------|--------------|
| A Hotels and restaurants | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1,2,3,4 none |
| B Travel agencies and tour operator services | 1,2,3 none; 4 unbound | | 1,2,3,4 none |
| C Tourist guide services | 1,2,3 none; 4 unbound | | 1,2,3,4 none |
| D Other | Not listed | NT for all modes | 1,2,3,4 none |

10 RECREATIONAL, CULTURAL AND SPORTING SERVICES

| | | | |
|-------------------------------------|------------------------|-------------------------|--------------|
| A Entertainment services | Not listed | NT for all modes | 1,2,3,4 none |
| B News agency services | 1,2,3 none; 4 unbound. | | 1,2,3,4 none |
| C Libraries, archives, muse- | Not listed | NT for all modes | 1,2,3,4 none |



Pacific Economic Papers

ATable 3 contd.

| CPC | Australia | | United States | |
|---|---|---|--|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| ums and other cultural services | | | | |
| D Sporting and other recreational services | 1,2,3 none; 4 unbound. NB Some exclusions | | 1,2,3,4 none. Sporting services excluded | NT for all modes for sport |
| E Other | Not listed | NT for all modes | | |
| 11 TRANSPORT SERVICES | | | | |
| A Maritime | Cabotage and offshore transport excluded from a,b,c | Blanket exemption for cabotage and offshore transport services (Annex II exemption) | | Blanket exemption of maritime services (Annex II) |
| a Passenger transportation | For 1, only Australian flag operators can ask | Existing limits on foreign ownership of shippers remain (Annex I exemption). Only Australian flag operators can ask ACCC whether conferences and others are hindering their operations (Annex I exemption). Blanket exemption from NT for registration of Australian vessels (Annex II exemption) | Not listed | Blanket exemption of maritime services (Annex II) |
| b Freight transportation | As above | Existing limits on foreign ownership of shippers remain (Annex I exemption). Blanket exemption from NT for registration of Australian vessels (Annex II exemption) | Not listed | Blanket exemption of maritime services (Annex II) |
| c Rental of vessels with crew | 1,2,3 none; 4 unbound | | Not listed | Blanket exemption of maritime services (Annex II) |
| d Maintenance and repair of vessels | Not listed | NT for all modes | Not listed | Blanket exemption of maritime services (Annex II) |
| e Pushing and towing services | Not listed | NT for all modes | Not listed | Blanket exemption of maritime services (Annex II) |



A Table 3 contd.

| CPC | Australia | | United States | |
|--|------------------|--|------------------|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| f Supporting services for maritime transport | Not listed | NT for all modes | Not listed | Blanket exemption of maritime services (Annex II) |
| B Inland waterways transport | | | | |
| a Passenger transportation | Not listed | As above | Not listed | Blanket exemption of maritime services (Annex II) |
| b Freight transportation | Not listed | As above | Not listed | Blanket exemption of maritime services (Annex II) |
| c Rental of vessels with crew | Not listed | NT for all modes | Not listed | Blanket exemption of maritime services (Annex II) |
| d Maintenance and repair of vessels | Not listed | NT for all modes | Not listed | Blanket exemption of maritime services (Annex II) |
| e Pushing and towing services | Not listed | NT for all modes | Not listed | Blanket exemption of maritime services (Annex II) |
| f Supporting services for inland waterways transport | Not listed | NT for all modes | Not listed | Blanket exemption of maritime services (Annex II) |
| C Air transport services | | | | |
| a Passenger transportation | Not listed | Existing limits on foreign ownership of Qantas and other Australian airlines (Annex I, exemptions) and federal leased airports (Annex II exemption) remain | Not listed | Only air carriers that are 'citizens of the US' may operate domestic air services (cabotage) and provide international services as US air carriers (Annex I exemption). Authorisation required for provision of specialty air services. 'Foreign civil aircraft' require authorisation from DoT to undertake these services, and in practice the air carrier has to be under the control of US citizens (Annex I exemption) |
| b Freight transportation | Not listed | As above | Not listed | As above |

A Table 3 contd.

| CPC | Australia | | United States | |
|--|--|---|---|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| c Rental of aircraft with crew | Not listed | As above | Not listed | As above |
| d Maintenance and repair of aircraft | 1 unbound (infeasible); 2,3 none; 4 unbound | | 1 unbound (infeasible); 2,3,4 none | |
| e Supporting services for air transport | 1,2,3 none; 4 unbound. For computer reservation systems (Strictly speaking, part of telecom value added services) | NT for all modes for other than computer reservation systems. Existing limits on foreign ownership of Qantas and other Australian airlines and federal leased airports remain | Not listed | As above |
| D Space transport | Not listed | NT for all modes | Not listed | NT for all modes |
| E Rail transport services | | | | |
| a Passenger transportation | Not listed | NT for all modes | 1,2,3,4 none | |
| b Freight transportation | Not listed | NT for all modes | 1,2,3,4 none | |
| c Pushing and towing services | Not listed | NT for all modes | Not listed | NT for all modes |
| d Maintenance and repair of rail transport equipment | Not listed | NT for all modes | 1,2,3,4 none | |
| e Supporting services for rail transport services | Not listed | NT for all modes | Not listed | NT for all modes |
| F Road transport | | | | |
| a Passenger transportation | 1 unbound; 2,3 none; 4 unbound. Does not include regular urban bus services | NT for 2,3 for urban bus services | 1,2,3,4 none. Inter-urban transport only | NT for all modes for urban services |
| b Freight transportation | 1 unbound; 2,3 none; 4 unbound. | | 1,2,3,4 none. Limited to international transportation | NT for all modes for domestic transport |



A Table 3 contd.

| CPC | Australia | | United States | |
|---|---|---|---|---|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| c Rental of commercial vehicles with operator | Not listed | NT for all modes | Not listed | NT for all modes |
| d Maintenance and repair of road transport equipment | Not listed | NT for all modes | 1 unbound (infeasible); 2,3,4 none | |
| e Supporting services for road transport services | Not listed | NT for all modes | Not listed | NT for all modes |
| G Pipeline transport | | | | |
| a Transportation of fuels | 1,2,3 none; 4 unbound | | Not listed | Foreigners may not acquire rights of way for oil and gas pipelines across federal land (Annex I exemption) |
| b Transportation of other goods | 1,2,3 none; 4 unbound | | Not listed | NT for all modes |
| H Services auxiliary to all modes of transport | | | | |
| a Cargo-handling services | Not listed | NT for all modes | Not listed | NT for all modes |
| b Storage and warehouse services | 1 unbound (infeasible); 2,3 none; 4 unbound | | Not listed | NT for all modes |
| c Freight transport agency services | 1,2,3 none; 4 unbound | | Not listed | NT for all modes |
| d Other | 1,2,3 none; 4 unbound | Customs brokers must be in and from Australia (Annex I exemption) | 1 unbound (infeasible); 2 none; 4 unbound; 3: customs house brokers licence only issued to US citizens. Must form corporation, association or partnership (this actually listed under MA) | Customs house brokers licence only issued to US citizens. Must form corporation, association or partnership (Annex I exemption) |
| I Other transport services | Not listed | NT for all modes | Not listed | NT for all modes |

A Table 3 contd.

| CPC | Australia | | United States | |
|-----|------------------|---|------------------|--|
| | GATS commitments | AUSFTA commitments | GATS commitments | AUSFTA commitments |
| | Not listed | Investment subject to \$50 million screening limit: investment in existing businesses in telecommunications, transport, to supply Australian or other defence forces or for goods and services for military purpose, encryption and security technologies and communication systems, extraction of plutonium or operation of nuclear facilities | Not listed | NT for all modes Licence required for production and/or transport of any 'nuclear utilisation or production facilities'. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) |
| | | Investment subject to \$800 million screening limit: investments in existing businesses in all other sectors except finance, non-residential commercial real estate, takeovers of companies with more than \$800 million in assets | | Exemption for the non-availability to foreigners of 'certificates of review' for export conduct, which limit liability under federal and state anti-trust laws – granted only when conduct deemed to be not anti-competitive (Annex I exemption) |
| | | Other screening – other large takeovers, investments by companies with large foreign government holding | | Exemption for the requirement of a licence to export commodities, software and technology subject to Export Administration Regulations (eg defence-related) (Annex I exemption) |
| | | No foreign control of existing financial sector companies | | Overseas Private Investment Corporation insurance and loan guarantees not available to foreigners (Annex I exemption) |
| | | Existing restrictions on urban land remain (Annex II exemption) | | |
| | | Export performance requirements for existing contracts under government IT outsourcing program remain | | |

Source: AUSFTA text and GATS schedules.

ATable 4 Comparison of trade agreements

(Notes: Bold indicates AUSFTA promises not already made in GATS. See list of abbreviations for explanation of acronyms)

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|-----------------------------------|---|--|
| 2 NATIONAL TREATMENT AND MARKET ACCESS FOR GOODS (INCLUDING PBS) | | | | |
| 2.2 | National treatment | Same (2.2) | Same (2.1) | Same (3.2) |
| 2.3 | Elimination of duties – to be phased in by 2015. Australia to get expanded quota for beef, dairy, peanuts, tobacco, cotton, avocados (all but dairy eliminated after year 18) | 2.3 says all reductions immediate | 2.2 says Singapore reductions immediate, US reductions phased for up to 10 years . Singapore also gets expanded quota for beef, dairy, peanuts, sugar , cotton, tobacco (all eliminated after 10 years) | 3.3 says some US tariffs to be reduced under GSP. Chile's tariffs mostly 6%. Reductions to be phased for up to 12 years . Chile to maintain quota on beef, chicken and turkey, and to keep variable limit on the quantities of US sugar products eligible for preferential treatment US to expand quota for beef (eliminated after year 3), dairy (eliminated after 12 years), sugar (eliminated after 12 years), tobacco, avocados, poultry, tyres, copper, hotel or restaurant chinaware (all eliminated in 2–10 years). Incorporation of agreements with third parties for wine (currently 12 year phasing) |
| 2.4 | Customs valuation – according to Customs Valuation Agreement | Same (2.4) | Same (2.3) | 3.5 According to domestic law. Valuation of carrier media bearing content to be based on cost of carrier media alone |
| 2.5 | Temporary admission | | Similar (2.5) | Same (3.7) |
| 2.6 | Goods re-entering after repair or alteration | | Same (2.6) | Same (3.9) |
| 2.7 | Commercial samples of negligible value or printed advertising material | | | Same (3.10) |
| 2.8 | Waiver of customs duties – no new waivers to be granted | | | Same (3.6) though does not apply to drawback |



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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|----------|--|---|--|---|
| | that are subject to specified performance criteria | | | and duty deferral programs |
| 2.9 | Import and export restrictions – will be WTO consistent | 2.6 says NTMs | Same (2.7). 2.9 says Singapore to harmonise its excise taxes on imported and domestic distilled spirits | Same (3.11) |
| 2.10 | Administrative fees and formalities – will be WTO consistent | | | Same (3.12) |
| 2.11 | Export taxes – only when also on domestic consumption (ie essentially banned) | No taxes on goods in Annex I (2.5) | No export taxes (2.4) | Same (3.13) |
| 2.12 | Merchandise processing fee – banned (confirms 2.10) | | No merchandise processing fee for originating goods (2.8) | US to eliminate its merchandise processing fee on originating goods of Chile (3.12) |
| 2.13 | Committee on Trade in Goods (for chapters 2, 5, 6) | | | Same (3.23) |
| Annex 2A | Exemptions from 2.2 and 2.9 for: Australia – exports of logs and woodchips, imports of second-hand vehicles, and marketing arrangements for wheat, barley, rice, sugar, and export arrangements for horticulture and livestock, actions authorised by WTO DSB US – exports of logs, imports of foreign vessels and other measures under the Jones Act, actions authorised by WTO DSB | General exemptions (2.12) for: Gold or silver, national treasures, export restrictions to support domestic price stabilisation plan, for conservation, and for public morals etc Security exemptions (2.13) | Annex 2A – Exemptions: from 2.1, 2.2 and 2.7 for: US – exports of logs, imports of foreign vessels and other measures under the Jones Act, actions authorised by WTO DSB | Annex 3.2 exemptions for: Chile – imports of used vehicles, actions authorised by WTO DSB US – exports of logs, imports of foreign vessels and other measures under the Jones Act, actions authorised by WTO DSB, actions authorised by ATC |
| Annex 2B | Schedule of reductions (including agriculture) | | | |
| Annex 2C | Pharmaceuticals – additions to PBS (plus review and mechanism); side letters cooperation between TGA and FDA | | Establish Medical Products Working Group (Annex 6A) to ensure that regulatory procedures for review of applications for marketing authorisation for new medical products are transparent and | |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|--------------------------|--|--|
| Side letters on bourbon and Tennessee whisky – essentially, recognition of these as a geographical indication | | <p>non-discriminatory</p> <p>Neither party to maintain an import ban on broadcasting apparatus, including satellite dishes (2.10)</p> <p>Singapore to allow the import of chewing gum with therapeutic value (2.11)</p> <p>US to allow the preferential treatment of non-originating cotton and man-made fibre apparel goods in limited quantities for up to 9 years (2.12)</p> | <p>Chile to recognise bourbon and Tennessee whisky as GI. US to recognise Pisco Chileno, Pajarete, and Vino Asoleado as GI (3.15)</p> <p>Used goods – Chile to cease applying the 50% surcharge (3.4)</p> <p>Drawback and duty deferral – eventually to be phased out (3.8). In the meantime, not to be applied except where goods enter under bond, do not change their condition, are duty-free goods, ship stores, goods for use in joint undertakings or refunds for failure to meet specifications, or where the good is to be subsequently exported to the other party (ie not to be used as a vehicle for trade deflection)</p> <p>Chile to eliminate its luxury tax (3.14)</p> |
| 3 AGRICULTURE | | | |
| 3.1 | Multilateral cooperation | | |
| 3.2 | Committee on Agriculture | | Establishes a Working Group on Agricultural Trade – to review operation of agricultural |



Pacific Economic Papers

ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-------------------------------|--|--|--|--|
| | | | | grade and quality standards (3.17) |
| 3.3 | Export subsidies – banned bilaterally | No export subsidies on any goods (including agricultural goods); subsidies and CV to be WTO consistent (2.7) | | Same (3.16) |
| 3.4 | Safeguards | No safeguards on any goods (2.9) | | Safeguards (3.18) |
| | US – horticulture price-based safeguard, quantity-based beef safeguard, price-based beef safeguard | | | US – price-based safeguard for a range of horticultural products |
| | | | | Chile – price-based safeguard on some meat, eggs, rice and wheat products |
| 3.5 | Tariff rate quota administration – consultation on trade diversion | | | |
| 3.6 | Review of dairy market access commitments | | | |
| Annex 3A | Agricultural safeguard measures – details | | | |
| Side letter | Cooperation in international standards-setting bodies on BSE | | | |
| | | | | Agricultural marketing and grading standards – to be applied without discrimination to the other party (3.17). MR of grading programs for beef |
| 4 TEXTILES AND APPAREL | | | | |
| 4.1 | Safeguard mechanism – return of tariff to MFN level (generally mirrors WTO form) | | Allowed during transition period (5.9). Otherwise provisions similar | Similar (3.19) – action may be taken up to 8 years after tariffs eliminated (cf 10 years for AUSFTA), and may be maintained for 3 years (cf 2 years in AUSFTA) |
| 4.2 | Specific ROOs for textiles and apparel – generally ‘yarn forward’, except that cotton and ‘man-made’ fibres must | | | 3.20 Same <i>de minimis</i> . Treatment of cotton and ‘man-made’ fibres appears to be more |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|--|--|--|
| follow ‘triple transformation’. <i>De minimis</i> is 7% by weight, with some exceptions | | | generous, but subject to annual quota |
| 4.3 Customs cooperation – very prescriptive | | | Similar (3.21) |
| Annex Textile-specific ROOs 4A | | <p>5.1 Scope – Singapore’s obligations cover conduct of enterprises in Singapore</p> <p>5.2 Anti-circumvention – parties to prevent this</p> <p>5.3 Monitoring – Singapore to monitor textile and apparel activities, register all producers, verify that only registered producers export to US, retain records (including time sheets of workers) – very prescriptive</p> <p>5.4 Cooperation – to include site visits, gathering facts</p> <p>5.5 Enforcement – Singapore to provide reports with prescribed contents about possible violations to the US, to take effective enforcement action</p> <p>5.6 Information sharing – Singapore to provide register to US quarterly with details of registered enterprises</p> <p>5.7 Confidentiality</p> <p>5.8 Consultation – may be requested regarding circumvention. US can retaliate if consultation not successful</p> <p>5.10 Effective date – once necessary laws are in place</p> | |
| 5 RULES OF ORIGIN | | | |
| 5.1 Originating goods – definition | 3.1 Definitions. Either 30% or 50%. No change of tariff classification | 5.1 Definitions. Mostly change of tariff classification, plus particular processes for TCF, and | 4.1 Definitions – mostly change of tariff classification, plus particular processes for TCF, |

A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|------|--|--|---|--|
| | | | 30% RVC (build-up method) for cars. Also <i>a priori</i> agreement about sourcing of certain goods (mainly chapters 8 and 9) set out in Annex 3B) | sometimes also with 35% (BU method) or 45% (BD method) RVC, or also with 30% (BU method) or 50% (BD method) for cars |
| 5.2 | <i>De minimis</i> limits – 10% by value, with some exceptions | | Same (3.3) | Same (4.7) |
| 5.3 | Accumulation – allowed | No accumulation | Same (3.4) | Same (4.6) |
| 5.4 | Regional value content – normally RVC of 35% (build-up method) or 45% (build-down method) is in addition to change of tariff classification; some footwear is 55% (build-down method); autos are 50% (net cost method) | 3.3 Either 30% (Annex 2D) or 50% (otherwise); for goods in Annex 2C; last stage of manufacture must be in the other party; 3.4, 3.7, 3.8, 3.9 define costs | RVC defined (3.5) | RVC defined (4.2) |
| 5.5 | Valuation of materials – should generally be WTO consistent | | Same (3.6) | Same (4.3) |
| 5.6 | Essential tools and spare parts – do not have to pass the ROOs | | Same (.37) | Similar (4.4) |
| 5.7 | Fungible goods and materials – tracked, or managed using inventory management | | Same (3.8) | Same (4.5) |
| 5.8 | Packing materials and containers for retail sale – disregarded for change of classification, but counted for RVC | Counted for total value, and for allowable costs (3.5 and 3.6) | Same (3.9) | Same (4.9) |
| 5.9 | Packing materials and containers for shipment – disregarded | Counted for total value, and for allowable costs (3.5 and 3.6) | Same (3.10) | Same (4.10) |
| 5.10 | Indirect material – counted as originating | Same (3.5) | Same (3.11) | Same (4.8) |
| 5.11 | Third country transport – no production allowed | Minimal operations allowed (3.10) | Same (3.12) | Same (4.11) |
| 5.12 | Claims for preferential treatment – onus rests with importer (different from CER and Aust–Singapore) | Exporter can apply for certificate of origin meeting terms of Annex 2A (3.11) | Same (3.13) | Stronger burden of proof (4.12) |



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---------------------------------|---|--|--|--|
| 5.13 | Obligations relating to importations similar to 4.3 but less prescriptive | Obligations on importing party (3.12) | Essentially same (3.14) | Prescribes content for certificate of origin (4.14) |
| 5.14 | Record keeping requirement – importers to keep for up to 5 years | Same (3.13) | Same (3.15) | Same (4.14) |
| 5.15 | Verification – specifies methods for verifying origination – prescriptive | Similar (3.14) | Same (3.16) | 4.16 Similar, with requirement for trade sanctions against repeated violations |
| 5.16 | Consultation and modifications | 3.15 Denial of benefits 3.16 Review and appeal 3.17 Consultation and modifications | 3.18 More extensive consultation on ROOs for TCF goods | |
| 5.17 | Application and interpretation – harmonised system goods classification, plus accounting rules of the party | Same (3.2) | Same (3.20) | |
| 5.18 | Definitions | | 3.19 Definitions | 4.18 Definitions |
| Annex 5A | General notes and product-specific rules of origin | | 3.17 US to waive ROOs on certain apparel goods if the fabric is deemed not to be available in commercial quantities in a timely manner in the US | 4.13 Certificates of origin – prescriptive obligations about their form 4.15 Obligations relating to exportations – exporters also have to keep records for 5 years, and advise if info is incorrect 4.17 Parties to establish common guidelines for administration of chapter |
| 6 CUSTOMS ADMINISTRATION | | | | |
| 6.1 | Publication and notification – publication and an enquiry point | | Same (4.1) | Same (5.1) |

A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--|---|---|--|---|
| 6.2 | Administration – uniform, impartial, reasonable | Shall be WTO consistent (4.3) | Same (4.2) | |
| 6.3 | Advance rulings – shall be provided | | Same (4.3) | 5.10 Similar – more prescriptive about what covered |
| 6.4 | Review and (judicial) appeal – shall be provided | Review only (4.3) | Same (4.4) | Same (5.8) |
| 6.5 | Cooperation – advance notice, plus cooperation on suspicion of breach – very prescriptive | 4.3 Exchange information | 4.5 Essentially same | 5.5 Similar, plus mutual assistance agreement to be concluded within 6 months |
| 6.6 | Confidentiality – shall be provided according to chapter 22 | | Shall be provided (4.6) | More elaborated (5.6) |
| 6.7 | Penalties – both civil and criminal | | Same (4.7) | Same (5.9) |
| 6.8 | Release of goods – prompt (48 hours norm), without undue security | | Same (4.8) | 5.2 similar on release; no provisions re security |
| 6.9 | Risk assessment – shall be used | Same (4.5) | Same (4.9) | 5.4 Endeavour to use |
| 6.10 | Express shipments – shall be expedited procedures (6 hours) | 4.4 Paperless trading according to APEC and WTO principles, share info on best practice | 4.10 Measures to be adopted. Details similar | Same (5.7) |
| 6.11 | Definitions | 4.1 Definitions, 4.2 Scope | 4.11 Definitions | 5.3 Automation – endeavour to use 5.11 Time limits for Chile to implement some provisions on transparency, express shipments and advance rulings |
| 7 SANITARY AND PHYTOSANITARY MEASURES | | | | |
| 7.1 | Objectives | 5.1 Purposes and definitions | | Same |
| 7.2 | Scope and coverage – all SPS measures covered | 5.2 Applies to sectoral annexes only 5.3 Generally regardless of origin | | Same (6.1) |



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|----------|---|--|----------------------------|------------|
| 7.3 | General provisions – existing rights and obligations maintained, no dispute settlement | 5.2 Existing rights and obligations maintained. 5.4 Work towards harmonisation using international standards and guidelines | | Same (6.2) |
| 7.4 | Committee on SPS matters – review, consult | 5.6 Endeavour to develop work program and mechanisms for cooperation on SPS issues | No committee on SPS | Same (6.3) |
| 7.5 | Definitions | | | Same (6.4) |
| Annex 7A | Standing Working Group on Animal and Plant Health – can consider specific measures, will establish work plans to conduct technical and scientific exchanges on topics that balance the needs of both parties, including on risk assessments | | | |

8 STANDARDS AND TECHNICAL REGULATIONS

| | | | | |
|-----|---|--|--|---|
| 8.1 | Scope and coverage – applies to central government measures only (many TBTs in both countries administered by the states) | 5.1 Purposes and definitions. 5.2 Applies to sectoral annexes only 5.3 Generally regardless of origin. | 6.1 Applies to all regulations as defined in WTO TBT agreement | Same (7.1) |
| 8.2 | Affirmation of WTO TBT agreement | 5.2 Existing rights and obligations maintained | | Same (7.2) |
| 8.3 | Regional governments – information to be provided to them to encourage their adherence (cf WTO language which says to take reasonable measures to ensure compliance) | | | |
| 8.4 | International standards – these to be used, to the maximum extent possible (cf WTO, which says to try to persuade non-govt bodies to do this) | 5.4 Work towards harmonisation using international standards and guidelines | | Same (7.3) |
| 8.5 | Technical regulations – give positive consideration to mutual recognition, give reasons for not accepting (WTO just says to inform and discuss if it has a significant effect on trade with | 5.5 Give positive consideration to accepting equivalence of each other's mandatory requirements | | 7.5 similar – dispute settlement not ruled out |



ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---------------------|---|---|---|---|
| | partner), plus further engagement, including through ad hoc working group, but no dispute settlement | | | |
| 8.6 | Conformity assessment procedures – exchange information on mechanisms to facilitate acceptance, including through NT in accreditation of conformity assessment bodies (WTO plus); reasons for refusal need to be given (WTO says only if there is a significant effect on trade); plus possible engagement through ad hoc working group | 5.7 Use Joint Committee of MRA on Conformity Assessment to further this | 6.3 Each party to implement APEC MRA for Conformity Assessment of Telecommunications Equipment with respect to the other party. General cooperation on conformity assessments, including in APEC forums | Same (7.6) |
| 8.7 | Transparency – allow persons of other party to participate in development of standards (WTO says only if a significant effect on trade); puts 60-day minimum on WTO notification process | | | Same (7.7) |
| 8.8 | Trade facilitation – cooperate and, when asked, encourage non-govt bodies to cooperate | | | Same (7.4) |
| 8.9 | Chapter coordinators – plus ad hoc working groups if required | 5.8 Establish contact points to broaden exchange of information; develop work program | 6.2 Enhanced cooperation and chapter coordinator | 7.8 Committee on technical barriers to trade – similar functions, plus assistance in implementing the WTO TBT agreement |
| 8.10 | Information exchange – should be prompt, can be electronic | 5.9 Confidentiality | | Same (7.9) |
| 8.11 | Definitions | | | Same (7.10) |
| Annex 8A | Names the chapter coordinators | Sectoral annexes defining coverage not finalised | | Same (Annex 7.8) |
| 9 SAFEGUARDS | | | | |
| 9.1 | Imposition – allowed during transition period, tariff to return to MFN rate (last seasonal rate for horticulture and other seasonal goods) | 2.9 No safeguards on any goods | Same (7.1) | Same (8.1) |



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-----|---|---------------------|--|---|
| 9.2 | Conditions and limitations – according to Articles 3, 4.2(a) and 4.2(c) of WTO agreement. Note that 4.2(b) not incorporated – does not require causal link between surge in imports and injury. Time periods same as in WTO agreement (up to 4 years) | | 7.2 same, but also incorporates 4.2(b) of WTO agreement | 8.2, 8.3 and 8.4 Similar – can be applied for up to 3 years (cf 2 in AUSFTA) , plus cannot be applied to goods already subject to general WTO safeguard action |
| 9.3 | Provisional safeguard measures – essentially same as in WTO. Only for 200 days | | Same (7.3) | |
| 9.4 | Compensation – same as in WTO | | Similar (7.4) | Same (8.4) |
| 9.5 | Global safeguard measures – each party to consider excluding the other from global action if the other is not a substantial cause of injury | | Same (7.5) | 8.6 similar – no requirement to consider excluding the other from global action if the other is not a substantial cause of injury |
| 9.6 | Definitions | | 7.6 Definitions | Similar (8.7) 8.8 Antidumping and countervailing duties – parties retain rights and obligations under WTO |

10 CROSS-BORDER TRADE IN SERVICES

| | | | | |
|------|--|---|--|-------------|
| 10.1 | Scope and coverage – covers GATS modes 1, 2 and 4 and all levels of government (though see exemptions). Excludes financial services, govt procurement, air services, subsidies or grants, govt services. Market access (10.4), domestic regulation (10.7) and transparency (10.8) also apply to mode 3. Does not apply to persons seeking employment | 7.2 covers all GATS modes, incl. commercial presence. Excludes subsidies or grants, govt services, persons seeking employment, immigration measures | 8.2 Same. This chapter not subject to investor-state dispute settlement as spelt out in chapter 15 | Same (11.1) |
| 10.2 | National treatment – negative list (cf WTO positive list) | 7.4 National treatment – negative list | Same (8.3) | Same (11.2) |
| 10.3 | MFN – negative list (same as WTO) | | Same (8.4) | Same (11.3) |
| 10.4 | Market access – makes same prohibitions as WTO, but | 7.3 Market access – makes same prohibitions | Same (8.5) | Same (11.4) |

A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|-----------------------|--|
| on negative list basis (though see exclusions). Note that limits of foreign equity participation not mentioned, but these presumably covered by NT commitment in chapter 11 | as WTO, but on negative list basis (though see exclusions). Limits on foreign equity participation are prohibited | | |
| 10.5 Local presence – cannot require representative office for cross-border trade | | Same (8.6) | Same (11.5) |
| 10.6 Non-conforming measures | 7.5 General local exemption. Carve-outs for measures and sectors 7.6 Regional exemption until first review, after which regional exceptions need to be listed 7.8 Additional commitments 7.22 Carve-out for air services – same as GATS | 8.7 Listed in annexes | 11.6 Spelt out in Annex I and Annex II |
| 10.7 Domestic regulation – same criteria to apply as in WTO, plus promise to incorporate any new disciplines negotiated under Article VI.4 of GATS | 7.11 Domestic regulation – same criteria as GATS, plus promise to incorporate any new disciplines negotiated under Article VI.4 of GATS. In the meantime, shall not apply regulations that nullify or impair (taking into account relevant international standards), plus transparency measures | Same (8.8) | Same (11.8) |
| 10.8 Transparency – a bit stronger than in GATS, in that parties must let interested persons (and the other party) comment, not just respond to requests for specific information. It is in common with language in the WTO agreement on accountancy. | 7.9 Transparency – same as GATS | Same (8.12) | Same (11.7) |
| 10.9 Recognition – same as GATS | 7.23 Some (but not all) of GATS. No language about not using recognition as a disguised restriction on trade in services | Same (8.9) | Same (11.9) |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|---|---|
| 10.10 Transfers and payments – same as on GATS. Also applies to financial services (13.1) | 7.14 same as GATS, subject to balance of payments reservation 7.15 can adopt restrictions on trade in services and on payments to preserve balance of payments – same as GATS | Same (8.10) | See chapter on investment |
| 10.11 Denial of benefits – similar to GATS, but with provision to prevent trade deflection. Also applies to financial services (13.1) | 7.17 similar to GATS, but with provision to prevent trade deflection | Same (8.11) | Same (11.11) |
| 10.12 Express delivery services – confirmation of WTO commitment on monopolies regarding postal services, provision for consultation if express delivery becomes less open | 7.12 Monopoly suppliers – general provisions, same as GATS, extended to exclusive suppliers (where more than one) | | Annex 11.6 similar |
| 10.13 Implementation – meet annually on issues of mutual interest | 7.6 Review regional exceptions 7.7 Review all non-conforming measures 7.20 Provision for ratcheting of other FTAs and unilateral liberalisation. Provision to modify if a service is no longer provided by govt 7.21 Review subsidies in light of international developments 7.22 Review air services similarly | Same (8.13) | 11.10 similar, with specific mention of consultations to remove remaining citizenship and PR requirements for licensing and certification of each other's suppliers |
| 10.14 Definitions | 7.1 Definitions | | 11.12 Definitions |
| Annex 10A Professional services – professional services working group to facilitate development of standards for licensing and certification and provide recommendations on MR. Can examine equivalence across a broader range of matters than in the WTO | | Annex 8C same, but without working group to oversee implementation. Joint Committee to review every 3 years | Annex 11.9 same, but without working group on professional services |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|--------------|---|
| <p>accountancy paper (ie also includes conduct and ethics). Objectives given in 10.9.4 – same as GATS</p> | | | <p>Annex 11.9 A similar annex on foreign legal consultants, with each party to establish a work program to develop common procedures throughout its territory for the authorisation of foreign legal consultants, and to assess implementation after one year</p> <p>Annex 11.19 A similar annex on temporary licensing of engineers (civil engineers in the case of Chile), assessing implementation after 2 years</p> |
| | <p>7.10 Disclosure of confidential information – not required</p> <p>7.13 No safeguard action on services</p> <p>Education cooperation</p> <p>15.1 Scope and purpose – to cooperate in education</p> <p>15.2 Fields of cooperation – quality assurance, online and distance education, all levels of education, teacher training and development</p> <p>15.3 Facilitation of co-operation – contacts to be encouraged, a wide range of forms of cooperation mentioned</p> <p>15.4 Student mobility and scholarship arrangements – mobility encouraged, scholarships tenable in universities of other party</p> | | |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|--|----------------------------------|----------------|
| | 15.5 Cooperation subject to availability of funds. Cooperative activities to be funded as mutually determined | | |
| 11 INVESTMENT | | | |
| 11.1 Scope and coverage – GATS mode 3 | 8.2 GATS mode 3. Excludes subsidies and grants, citizens of other party, tax measures 8.17 excludes govt procurement 9.1 covers financial services | Same (15.2) | Same (10.1) |
| 11.2 Relation to other chapters – other chapters take precedence (eg for financial services) | | Same (15.3) | Same (10.1) |
| 11.3 National treatment – negative list (cf WTO positive list) | 8.3 National treatment – negative list | Same (15.4) | Same (10.2) |
| 11.4 MFN – negative list (same as WTO) | | Same (15.4) | Same (10.3) |
| 11.5 Minimum standard of treatment – defined by customary international law, with Annex 11A clarifying that this means the general and consistent practice of states, plus fair treatment of aliens | | Same (15.5) | Same (10.4) |
| 11.6 Treatment in case of strife – NT and MFN to apply regardless of exemptions specified in annexes | 8.10 Treatment in case of strife – NT and MFN | 15.5 Same, in more general terms | Same (10.4) |
| 11.7 Expropriation and compensation – only in limited circumstances, and only if compensated. Also applies to financial services (13.1) | 8.9 Expropriation and compensation – only in limited circumstances, and only if compensated | Same (15.6) | Same (10.9) |
| 11.8 Transfers – more prescriptive than GATS, in that it specifies what kind of payments need to be allowed. Also applies to financial services (13.1) | 8.11 Transfers – more prescriptive than GATS, in that it specifies what kind of payments need to be allowed. 8.12 Can adopt restrictions on transfers to preserve | Same (15.7) | Similar (10.8) |



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ATable 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|--|---|----------------------------------|
| | balance of payments – same as GATS | | |
| 11.9 Performance requirements – similar to TRIMS agreement. It prohibits some specific types of performance requirements not mentioned in TRIMS, but TRIMS list is illustrative, not exhaustive. Note that this provision is not preferential in AUSFTA | | 15.8 Same, subject to Annex 15B – performance requirements may be agreed between private parties, which include designated monopolies and govt enterprises (when not exercising delegated govt authority), and Annex 15C – ban on requirements for technology transfer does not apply to sale of investment of non-party in Singapore | Same (10.5) |
| 11.10 Senior management and board of directors – cannot specify particular nationalities for individuals, but can for a majority of directors | No such requirement. | Same (15.9) | Same (10.6) |
| 11.11 Investment and environment – provisions do not prevent environmental measures. Also applies to financial services (13.1) | | Same (15.10) | Same (10.12) |
| 11.12 Denial of benefits – similar to GATS, but with provision to prevent investment deflection. Also applies to financial services (13.1) | 8.18 Denial of benefits – similar to GATS, but with provision to prevent investment deflection | Same (15.11) | Same (10.11) |
| 11.13 Non-conforming measures | 8.5 General local exemption. Carve-outs for measures and sectors. Privatisation measures to be noted 8.6 Regional exemption until first review, after which regional exceptions need to be listed 8.8 Additional commitments | 15.12 Spelt out in Annex 8A, 8B | 10.7 Spelt out in Annex I and II |
| 11.14 Special formalities and information requirements – can place these on investors, so long as they do not materially impair the provisions of this chapter, and meet privacy requirements. | | Same (15.13) | Same (10.10) |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--|---|--|---|
| Also applies to financial services (13.1) | | | |
| 11.15 Implementation – meet annually on issues of mutual interest | 8.6 Review regional exceptions 8.7 Review all non-conforming measures 8.15 Provision for ratcheting of other FTAs and unilateral liberalisation 8.16 Review subsidies in light of international developments | | Same (10.13) |
| 11.16 Consultations on investor-state dispute settlement – can set these up if there is a change in circumstances. No investor-state dispute mechanism established to date | 8.14 Investor-state dispute settlement mechanism spelt out | 15.14 to 15.27 spell out investor-state dispute settlement regime – under ICSID, UNCITRALUS or other agreed arbitration rules, awards can be monetary damages, restitution of property, costs, but no punitive damages. Annex 15A extends the minimum elapsed time before claiming from 6 months to 12 months for some breaches other than MA and NT. Exchange of letters notes that investor-state dispute settlement can be invoked against land expropriation by Singapore. Exchange of letters confirms that bilateral appellate body may be established to review awards | 10.14 to 10.26 Essentially the same as 15.14 to 15.27 of the Agreement |
| 11.17 Definitions Annex Customary international law – clarifies meaning Annex Expropriation – clarifies when this occurs | 8.1 Definitions 8.4 Transparency 8.13 Subrogation – shall be recognised 8.21 Disclosure of confidential information – not required | 15.1 Definitions Exchange of letters – clarifies meaning Exchange of letters – clarifies when this occurs | 10.27 Definitions Annex 10A clarifies meaning Annex 10D clarifies when this occurs Annex 10B – |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|--------------|---|
| | | | <p>Rescheduling of debt by Chile not subject to provisions of Section A other than NT and MFN. Presumably it is subject to section B – investor-state dispute resolution</p> <p>Annex 10C – Special dispute settlement provisions – certain types of claims may only be made after one year, apparently to give Chile room to impose temporary restrictions on short-term capital flows</p> <p>Annex 10E – Submission of claim to arbitration – US investors cannot invoke section B if they have already initiated proceedings before a court or administrative tribunal of Chile</p> <p>Annex 10F – Ensures investors the better of treatment under this chapter and under contracts pursuant to Chilean decree DL600, and clarifies grounds for investor-state dispute when DL600 also applies</p> <p>Annex 10G – Addresses for service of documents under Section B</p> <p>Annex 10H – Possibility of appellate body to review awards</p> |
| 12 TELECOMMUNICATIONS | | | |
| 12.1 Scope and coverage – telecommunications, but not broadcast or cable distribution | 10.2 Telecommunications, but not broadcast or audio-visual services | Same (9.1) | Similar (13.1) |



ATable 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|---|--|
| 12.2 Access and use – affirms WTO commitments to allow access to and use of public telecommunications networks | | Essentially same (9.2) | Essentially same (13.2) |
| 12.3 Interconnection – to be provided to telecommunications suppliers of the other party – similar to GATS | 10.3 Clarifies that this covers leased circuits, for access to information (subject to privacy); no restrictions other than to preserve USO and protect technical integrity, subject to requirements for interoperability | Same (9.3) | Same (13.3) |
| 12.4 Number portability – only for fixed telecommunications services, and not necessarily to US local rural exchange carriers | 10.10 Shall be provided | Same (9.4) | Same (13.4) |
| 12.5 Dialling parity | No provision | No provision | Same (13.4) |
| 12.6 Submarine cable systems – access required | No provision | 9.5 Similar, but with technical qualifications | Same (13.5) |
| 12.7 Treatment by major suppliers – note that 12.7 to 12.14 apply to major suppliers of fixed line services, not to US rural telephone companies and not necessarily to US rural local exchange carriers. Major suppliers must provide NT regarding availability of services or interfaces for interconnections | 10.9 NT regarding availability of services or interfaces for interconnections | Same (9.4) | Same (13.4) |
| 12.8 Competitive safeguards – to prevent major suppliers from being anti-competitive | 10.7 Competitive safeguards – to prevent major suppliers from being anti-competitive 10.9 Additional disciplines on major suppliers | Same (9.4) | Same (13.4) |
| 12.9 Resale – should be offered | 10.9 Resale – should be offered | Same (9.4) | Same (13.4) |
| 12.10 Unbundling of network elements | 10.9 Should be offered. | 9.4 same, with some guidance about what the regulatory body should consider in deciding which network elements should be made available | 13.4 same, with some guidance about what the regulatory body should consider in deciding which network elements should be made available |



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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-------|---|---|---|--|
| 12.11 | Interconnection – at any technically feasible point (a bit stronger than the Telecom reference paper). Also, provisions to make publicly available a reference interconnection offer, and ensure that procedures for interconnection negotiations with major suppliers are publicly available | 10.9 At any technically feasible point. Also provisions to make publicly available a reference interconnection offer, and ensure that procedures for interconnection negotiations with major suppliers are publicly available | 9.4 similar, but need to file all interconnection agreements (not just have a reference offer), and requirement for recourse to regulatory body to resolve disputes | 13.4 essentially same |
| 12.12 | Provisioning and pricing of leased circuit services – should be made available by major suppliers | No provision | Similar (9.4) | Similar (13.4) |
| 12.13 | Co-location – should be available | 10.9 Co-location – should be available | Same (9.4) | Similar (13.4) |
| 12.14 | Access to poles, ducts, conduits and rights of way – should be offered | 10.11 Access to buildings | Same (9.4) | |
| 12.15 | Flexibility in choice of technology – should be allowed | No provision | Same (9.13) | Same (13.14) |
| 12.16 | Conditions of provision of value-added services – shall be exempt from the interconnection and other obligations applied to basic telecommunications services, other than obligations under general competition law | No provision | No provision | Same (13.6) |
| 12.17 | Independent regulatory bodies and divestment – divestment required to remain impartial | 10.5 Independent regulator | Same (9.6) | Same (13.7) |
| 12.18 | Universal service | No provision | Same (9.7) | Same (13.8) |
| 12.19 | Regulatory procedures – shall be transparent | No provision | Same (9.8 and 9.12) | Same (13.9) |
| 12.20 | Allocation and use of scarce resources – shall be transparent | 10.12 Allocation and use of scarce resources – shall be transparent | 9.9 similar, but without the clarification that spectrum allocation is a legitimate regulatory measure | 13.10 similar, but without commitment to rely on market-based approaches |
| 12.21 | Enforcement – shall maintain current methods | 10.14 Shall maintain mechanisms | Same (9.10) | Same (13.11) |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--|---|---|--|
| 12.22 Resolution of domestic telecommunications disputes and appeal processes – shall maintain current methods | 10.6 Dispute settlement and appeal shall be through regulator, plus appeal to independent judicial or admin authority 10.9 Regulator shall resolve interconnection disputes | Similar (9.11) | Similar (13.12) |
| 12.23 Forbearance – shall forbear from unnecessary regulation, where necessity is to be judged by the domestic regulatory body | No provision | Same (9.14) | Same (13.15) |
| 12.24 Relationship with other chapters – this chapter takes precedence | | Same (9.15) | Same (13.16) |
| 12.25 Definitions | Definitions (10.1) | Definitions (9.16) | Definitions (13.17) |
| Side- Annual letter on consultation | 10.4 Transparency – regulators must operate in transparent manner 10.8 Connectivity required, if necessary by requiring facilities-based operators to connect with one another 10.13 Shall encourage industry participation in settings regulations and standards | Transparency – regulators must operate in transparent manner (9.12) | 13.13 Transparency – make available measures relating to access and use of public telecommunication services |
| 13 FINANCIAL SERVICES | | | |
| 13.1 Scope of coverage – applies to all modes of delivery. Does not cover public super funds or social security | 9.1 This chapter takes precedence over chapters 7 and 8, to extent of inconsistency | 10.1 Similar, but does not apply to govt procurement of financial services, and investor-state dispute provisions apply | 12.1 Similar, and investor-state dispute provisions apply |
| 13.2 National treatment – negative list, but not for cross-border trade (cf WTO positive list) | 7.4 and 8.3 apply | Same (10.2) | Same (12.2) |
| 13.3 MFN treatment – negative list (same as WTO) | | Same (10.3) | Same (12.3) |
| 13.4 Market access for financial institutions – makes same prohibitions as WTO, except | 7.3 applies | Same (10.4) | Same (12.4). Annex 12.9 severely limits the commitment for |

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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-------|--|---|--|---|
| | for limits on participation of foreign capital, but on negative list basis | | | banking and other financial services (excluding insurance) |
| 13.5 | Cross-border trade – national treatment for services specified in Annex 13A. Each party may allow consumers to buy any cross-border service, but provision does not require either party to allow suppliers to do business or to solicit. Either party may require registration of cross-border suppliers, and other prudential regulation | | 10.5 National treatment for services specified in 10A. Each party may allow consumers to buy any cross-border service, but provision does not require either party to allow suppliers to do business or to solicit | 12.5 Same |
| 13.6 | New financial services – if allowed at home, then must be allowed to supply cross-border | 9.2 New financial services – if allowed at home, then must be allowed to supply through commercial presence | Same (10.6) | Similar (12.6) |
| 13.7 | Treatment of certain information – confidentiality clause | 7.10 and 8.21 apply 9.4 Transfers of information and info processing not to be prevented, when normal part of business | Same (10.7) | Same (12.7) |
| 13.8 | Senior management and board of directors – may not require more than a minority of a board to be nationals (tougher than for investment generally) | No provision | 10.8 similar, but simple majority | Same (12.8) |
| 13.9 | Non-conforming measures | Spelt out in annex to services chapter | 10.9 Spelt out in Annex 10B | 12.9 Spelt out in Annex III |
| 13.10 | Exceptions – prudential carve-out | 9.3 Prudential carve-out | Same (10.10) | Same (12.10) |
| 13.11 | Regulatory transparency – requires publication, plus opportunity for comment | | 10.11 similar, plus Financial Services Committee shall consult on transparency | Similar (12.11) |
| 13.12 | Self-regulatory organisations – also bound by NT and MFN | | Same (10.12) | Same (12.12) |
| 13.13 | Payment and clearing systems – NT in access to clearing systems | | Same (10.13) | Same (12.13) |
| 13.14 | Expedited availability of insurance services | | 10.15 same, plus consultation | Same (12.14) |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--|---------------------|--|---|
| 13.15 Recognition – provisions for mutual recognition of prudential regulation | | Same (10.3) | Same (12.3) |
| 13.16 Financial Services Committee – meet annually | | 10.16 same, plus participate in investor dispute settlement | 12.15 same, plus participate in investor dispute settlement |
| 13.17 Consultations – can request these | | Same (10.17) | 12.16 Similar |
| 13.18 Dispute settlement – general provisions to apply, but panellists must have financial expertise | 9.6 same | 10.18 Essentially same | 12.17 Broadly similar |
| 13.19 Definitions | 9.1 Definitions | 10.20 Definitions | Definitions (12.19) |
| Annex 13A Services for which NT in cross-border trade is to apply | | Annex 10A | |
| Annex 13B Specific commitments – essentially expands the scope of cross-border trade | | | |
| Annex 13C Specifies membership of Financial Services Committee | | 10.14 Domestic regulation – except with respect to non-conforming measures, domestic regulation must be objective, impartial | |
| | | 10.19 Investment disputes in financial services – go first to Financial Services Committee, then into general dispute settlement | 12.18 same as 10.19 of US–Singapore Agreement |

14 COMPETITION-RELATED MATTERS

| | | | |
|--|--|---|--|
| 14.1 Objectives – commitment to competition policy | 12.1 Commitment to competition policy | Same (12.1) | |
| 14.2 Competition law and anti-competitive business conduct – GATS requires consultation; this requires the establishment of domestic measures and authority. It also requires NT in enforcement of national law. Commits parties to additional cooperation in enforcement, establishes working group on this | 12.2 Address anti-competitive practices in own territory using measures deemed appropriate. May include (but does not require) implementation of competition and regulatory practices 12.3 All businesses must be subject to existing competition laws. Enforcement must be transparent, fair | 12.2 Anti-competitive business conduct – GATS requires consultation; this requires the establishment of domestic measures and authority. It also requires NT in enforcement of national law | 16.1 Anti-competitive business conduct – GATS requires consultation; this requires the establishment of domestic measures and authority. It also requires NT in enforcement of national law. It also requires due process and independent review |



Pacific Economic Papers

ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|------|--|---|---|--|
| 14.3 | Designated monopolies – provisions only apply to new private monopolies and existing government monopolies (narrower than GATS, which applies to all monopolies supplying a service). Commitments to abide by non-discrimination and not to abuse monopoly position in related markets (same as GATS). Also requirement to act in a purely commercial manner. Obligations do not affect Australia’s single-desk marketing arrangements | No provision | 12.3 Designated monopolies and govt enterprises – if new private monopoly designated, must endeavour to minimise nullification or impairment of benefits. Commitments to abide by non-discrimination and not to abuse monopoly position in related markets (same as GATS). Also, requirement to act in a purely commercial manner | 16.3 same as 12.3 of US–Singapore Agreement |
| 14.4 | State enterprises and related matters – Australia committed to competitive neutrality. US also committed to status quo (its state enterprises often immune from antitrust law) | 6.10 Competitive neutrality and competition policy applies to procurement 12.4 Competitive neutrality applies to government-owned businesses | 12.3 Designated monopolies and govt enterprises – same obligations on US state enterprises to abide by agreement and be non-discriminatory. More prescriptive provisions on Singapore, including a commitment to reduce aggregate govt ownership, and to provide detailed annual reports on ownership | 16.4 General obligations to abide by agreement and be non-discriminatory |
| 14.5 | Differences in pricing – clarifies that price discrimination on commercial grounds is not a violation of this agreement | No provision | Same (12.3) | Same (16.5) |
| 14.6 | Cross-border consumer protection – cooperation in enforcement of their domestic laws, and identifying and fixing impediments to cooperation | No provision | No provision | No provision |
| 14.7 | Recognition and enforcement of monetary judgments – other party should not disqualify judgments in relation to fraud as penal or revenue in nature or based on other foreign public law. Not binding on the courts. Shall also work for greater recognition of foreign court judgments | No provision | No provision | No provision |



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-------|--|---|---|---|
| 14.8 | Transparency – make information available to other party on request concerning matters in this chapter | 12.7 Make available laws addressing fair competition | Same (12.5) | Same (16.6) |
| 14.9 | Cooperation – cooperate to promote policies that are pro-competitive | | Similar (12.4) | Similar (16.2) |
| 14.10 | Consultations – can request these | 12.6 Consultations to eliminate particular anti-competitive practices. Review within 6 months of generic competition law coming into effect in Singapore. At that time, review possibilities for cooperation in enforcement. Info for consultations shall be confidential | 12.6 Same, plus provisions for Singapore to provide information about enforcement of restrictions on govt enterprises | Same (16.7) |
| 14.11 | No dispute settlement on business conduct, competitive neutrality, consumer protection, recognition and enforcement of monetary judgments, cooperation, consultation | 12.8 No dispute settlement on competition chapter | 12.7 No dispute settlement on anti-competitive business conduct, cooperation or consultation | 16.8 same as 12.7 of US–Singapore Agreement |
| 14.12 | Definitions | 12.5 Measures or sectors can be exempt | 12.8 Definitions | 16.9 Definitions |

15 GOVERNMENT PROCUREMENT

| | | | | |
|------|--|---|--|--|
| 15.1 | Scope and coverage – defence procurement not covered, nor is R&D, foreign aid, between governments, offshore procurement. Also subject to exclusions in annexes. Note that Australia has exempted motor vehicles and US has exempted some basic telecommunications services. | 6.2 Scope and coverage – does not cover foreign aid, between governments, offshore procurement. No sectoral exclusions | 13.2 Scope and coverage – does not cover govt assistance; does cover digital products that are transmitted electronically, but not broadcasting services. Annexes specify basically the same coverage as in each party's WTO schedule. For the US, includes basic telecommunications , excludes defence | 9.1 Main exceptions are the same. US has excluded federal highway projects and Chile has excluded transport services incidental to contract |
| 15.2 | General principles – NT in procurement, a presumption in favour of open tendering; same ROOs as elsewhere in this agree | 6.3 NT in procurement 6.4 Same ROOs as elsewhere in agreement | 13.2 Incorporates Article III of GPA on national treatment and non-discrimination, Article IV:1 on same ROOs, Article VII | 9.2 similar – determination of origin to be on non-preferential basis |



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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|------|---|---|---|--|
| | ment; no offsets (subject to exclusions) | | which gives presumption in favour of open tendering, Article XVI on no offsets | |
| 15.3 | Publication of procurement information – laws, policies, guidelines, and judicial decisions | 6.13 Transparency | 13.3 incorporates Article XIX:1 of GPA which requires prompt publication of laws etc | Similar (9.3) |
| 15.4 | Publication of notice of intended procurement | 6.6 Publication of invitation to tender | 13.3 incorporates Article IX of GPA agreement, which has very prescriptive requirements for notices of intended procurement which vary, depending on whether tender is open or limited, and Article XII, which specifies what should be in tender documentation | 9.4 similar – no exceptions in the event that multi-lists are used, no requirement to publish notice of planned procurement in advance |
| 15.5 | Time limits – 30 days for tendering process, 25 days if posted on internet, 10 days in some circumstances (eg commercial goods or services) | 6.6 Deadlines to be advised 6.11 Promote e-procurement | 13.3 incorporates Article XI of GPA which is very prescriptive about time limits but sets a benchmark of 40 days | 9.5 similar – 30 days for tendering process, 10 days in some circumstances |
| 15.6 | Information on intended procurement – full publication of criteria, technical specifications etc. Very prescriptive | 6.5 Technical specifications not to be a trade barrier – same 6.6 Information provision to be non-discriminatory | 13.3 incorporates Article IX of GPA which specifies what the notice of procurement should contain, plus Article VI which sets out same requirements on technical specifications | Same (9.6 and 9.7) |
| 15.7 | Tendering procedures – limitations on use of multi-lists and selective tendering | 7.7 Multi-lists to be open and administered on non-discriminatory basis | 13.3 incorporates Articles VII, VIII and X of GPA which have broadly similar provisions on the qualifications of suppliers, the use of multi-lists and selective tendering | 9.8 Conditions for participation similar – less prescriptive about use of multi-lists and selective tendering |
| 15.8 | Limited tendering – only in specific circumstances | 6.6 No limitations on use of limited tendering | 13.3 incorporates Article XV of GPA which has the same restrictions on limited tendering | 9.9 similar – does not mention exceptionally advantageous circumstances or the case of winners of contests |
| 15.9 | Treatment of tenders and awarding of contracts – proper processes, can be lowest price or best value, publication of award infor- | 6.6 Non-discriminatory assessment, value for money, provide reasons to unsuccessful candidates | 3.3 Incorporates Article LXIII of GPA which is even more prescriptive about treatment of tenders, same about | 9.10 and 9.11 same, except no mention of providing information to the other party on request |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|--|---|--|
| mation after 60 days (including description and contract value), keep records for 3 years | 6.8 Protection of confidential information 6.9 Protection of IP | award of contracts, and Article XVIII, which contains provisions about publication of award information (though after 72 days), provision of information to other party | |
| 15.10 Ensuring integrity of procurement practices – penalties for bribery | No provision | No provision | Same (9.12) |
| 15.11 Domestic review of supplier challenges – establishes minimum procedures; challenges can occur where procuring entity does not follow procedures put in place by government (cannot challenge the procedures themselves) | Similar (6.12) | 13.3 incorporates Article XX of GPA which sets out challenge procedures | Same (9.13) |
| 15.12 Exceptions – chapter does not prevent TRIPS, SPS measures etc | 6.10 Competitive neutrality and competition policy applies to procurement 6.14 Similar 6.15 Can promote indigenous people, can promote small and medium businesses | Same (13.4) | Same (9.16) |
| 15.13 Modifications and rectifications to coverage – changes can be made, compensation required if necessary | 6.17 No dispute settlement for one-off violations | Same (13.5) | Same (9.14) |
| 15.14 Cooperation – review every 2 years | 6.18 Review annexes every 2 years. Give consideration to incorporating agreements with third parties | | |
| 15.15 Definitions Annexes 15A to 15H Side letters of fractionation services excluded | 6.1 Definitions | 13.6 Definitions Annex 13A specify what is covered | 9.20 Definitions Annexes 9.1A to H specify what is covered |

A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|---|--|
| | | 13.1 reaffirms rights and obligations under WTO gov't procurement agreement, affirms cooperation in APEC; determination to apply APEC non-binding principles to all procurement that is outside the scope of this chapter and the GPA | 9.15 Non-disclosure of information – confidentiality 9.17 Public information – procuring entities to make electronic databases about procurement available to suppliers of the other party. Notices of intended procurement to be published through a single point of entry |
| | | 13.3 incorporates Article II of GPA on valuation of contracts | 9.18 Committee on procurement |
| | | 13.3 incorporates Article XIV of GPA which allows for negotiations, to identify strengths and weaknesses in tenders | 9.19 Further negotiation on request (with view to incorporating agreements with third parties) |
| 16 E-COMMERCE | | | |
| 16.1 General – recognise importance of avoiding barriers to use | 14.1 Purpose and definitions – promote use | Same (14.1) | 15.1 Similar, but chapter does not prevent imposition of internal taxes on digital products |
| 16.2 Electronic supply of services – covered by GATS, not GATT (critical for cross-border trade in banking) | | Same (14.2) | Same (15.2) |
| 16.3 Customs duties – not be applied to digital products (as in Doha Declaration). Definition of digital products covers content but not the medium of digitised material, not just electronic transmission (hence broader than Doha) | 14.3 Maintain current practice of not imposing customs duties on electronic transmissions (same as Doha) | 14.3 Customs duties not applied to trade in digital products by electronic transmission | 15.3 Customs duties not to be applied to digital products, where these are defined to be transmitted electronically |
| 16.4 Non-discriminatory treatment of digital products – NT and MFN to digital products, except where listed elsewhere in 10.6, 11.13 and 13.9 as non-conforming measures. IP chapter takes precedence. Excludes subsidies | | 14.3 NT and MFN for digital products, except where listed elsewhere as non-conforming measures. Does not apply to broadcasting | 15.4 NT and MFN for digital products, except where listed elsewhere as non-conforming measures |



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--|--|---|--|---|
| | and grants. Also excludes reservations on audiovisual and broadcasting | | | |
| 16.5 | Authentication and digital certificates – need to maintain a domestic regime. Will negotiate an agreement for MR of digital certificates by central governments | 14.5 Need to maintain a domestic regime. Will work towards MR of digital certificates by central governments. Shall encourage interoperability of digital certificates by business | No provision | No provision |
| 16.6 | Online consumer protection – there should be some | 14.6 There shall be some | No provision | No provision |
| 16.7 | Paperless trading – will endeavour to accept documents submitted electronically | 14.8 Accept paperless versions of trade administration documents where appropriate | No provision | No provision |
| 16.8 | Definitions | <p>14.2 Transparency – publication and exchange of information</p> <p>14.4 Maintain legal frameworks governing e-commerce transactions based on UNCITRAL model law, minimise regulatory burden</p> <p>14.7 Online personal data protection – there shall be some, taking into account international standards</p> <p>14.10 Dispute settlement shall not apply to articles 4,5,6,7</p> | | 15.6 Definitions |
| | | | | 15.5 Cooperation – including to overcome obstacles to SME use of e-commerce |
| 17 INTELLECTUAL PROPERTY RIGHTS | | | | |
| 17.1 | General provisions – affirms existing international agreements, need to ratify or accede to WIPO Copyright Treaty 1996 and WIPO Performances and Phonograms Treaty 1996 (the ‘internet’) | <p>13.1 Purpose and definitions.</p> <p>13.2 Affirms commitment to TRIPS. Need to ratify or accede to WIPO Copyright Treaty 1996 and WIPO Per-</p> | 16.1 Need to ratify or accede to treaties. Requires NT. No retrospection | 17.1 Need to ratify or accede to treaties. Requires NT. No retrospection. Cooperation on educational projects and exchange of information |



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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|------|---|--|--|--|
| | treaties) by entry into force of this agreement. Best efforts to comply with Hague Agreement on Industrial Designs 1999 and Patent Law Treaty 2000. Requires NT (same as TRIPS). Applies to existing protected material only (no retrospection). Transparency | formances and Phonograms Treaty 1996 (the ‘internet’ treaties) within 4 years of entry into force of this agreement. Agree to comply with Hague Agreement on Industrial Designs 1999 | | |
| 17.2 | Some minor legislative changes in relation to cancellation procedures and grounds for refusing an application for a geographical indication to codify current practice | | 16.2 Same, but without (i) prescriptive section on registration of marks, (ii) requirement to reduce differences in law and practice , and (iii) procedural section on requirements for applying for and challenging marks | 17.2 Same, but without (i) requirement to reduce differences in law and practice , and (ii) procedural section on requirements for applying for and challenging marks, and with (i) requirement to cancel marks similar to well-known trademarks, and (ii) encouragement to classify goods and services according to the Nice Agreement 1979 |
| 17.3 | Domain names on the internet – provide procedures for disputes, and maintain database of registrants | 13.7 Support for international efforts to resolve disputes | 16.3 Same, plus requirement for dispute resolution | Same (17.3) |
| 17.4 | Copyright – need to extend coverage by another 20 years. Also need to introduce criminal procedures against those who circumvent effective technological Other measures are primarily the status quo or the same as in TRIPS | 13.3 Right of reproduction to apply to electronic copies (for works, sound recordings, films), subject to domestic limitations and exceptions. No extension of copyright term | 16.4 Essentially the same | Same (17.5, 17.6 and 17.7) |
| 17.5 | Obligations pertaining specifically to copyright works – authors can authorise or prohibit use | No provision | | Same (17.5, 17.6 and 17.7) |
| 17.6 | Obligations pertaining specifically to performers and producers of phonograms – those of other party can authorise or prohibit use | No provision | 16.5 Same, but without requirement to give performers and producers the right to authorise or prohibit the broadcasting and communication to the public | Same (17.5, 17.6 and 17.7) |



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-------|---|--|---|--|
| 17.7 | Protection of encrypted program-carrying satellite signals – need to introduce criminal procedures against those who decode these signals | No provision | Same (16.6) | Same (17.8) |
| 17.8 | Designs – need to maintain system, and work to reduce differences in laws and practice and participate in international forums | No provision | No provision | No provision |
| 17.9 | Patents – provisions generally reflect TRIPS or current practice | No provision | 16.7 Similar. Requires right to transfer a patent, to conclude licensing contracts, and to redress wrongful procurement of patented pharmaceutical product. Also provides for extension of patent where it is based on examination of invention in another country, and the other country has extended the term because of delay. AUSFTA has requirement to reduce differences in law and practice , plus procedural requirements in patent applications | 17.9 Similar. Chile required to provide patent protection for plant varieties. Does not have the requirement to reduce differences in law and practice , nor procedural requirements in patent applications |
| 17.10 | Measures related to certain regulated products – protection of test data for new pharmaceutical products (reflects current practice). Protection of test data for new agricultural products will require changes (but these changes already being considered). Need legislative changes to prevent a person from entering the market with a generic product before a patent has expired, and notification of intention to market a generic product of the patent is viewed as invalid | No provision | 16.8 Similar. AUSFTA also limits third-party production where new information is required in the patent process | 17.10 Similar. AUSFTA also limits third-party production where new information is required in the patent process |
| 17.11 | Enforcement – general obligation to enforce is the same as in TRIPS. Will | 13.4 On complaint, each party shall take measures to prevent | 16.9 Similar. Minor variations include provision in US– Singapore | 17.11 Similar. Minor variations include provision in US– |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|---|---|---|
| need to institute criminal penalties for (a) presumptions in relation to copyright (b) wilful trade in copyright and trademark infringements on a commercial scale, (c) ability to seize infringing goods and forfeiture of assets. Also need legislative changes to implement provisions relating to ISP liability for infringements on their networks | export of goods that infringe copyright or trademarks 13.5 Cooperation on enforcement 13.6 Cooperation on education, exchange of information on protection, management and exploitation of IPRs | Agreement that decisions about distribution of enforcement resources will not excuse a party from complying with the chapter . ISP liability provisions are the same | Singapore agreement that decisions about distribution of enforcement resources will not excuse a party from complying with the chapter . ISP liability provisions are the same |
| 17.12 Transitional provisions – Australia has 2 years to implement provisions regarding circumvention of effective technological measures | | Similar (16.10) | 17.12 Similar, with longer periods for implementing enforcement measures and effective technological measures 17.4 Geographical indications – Chile to protect GIs of US persons, including for wines and spirits. US to protect GIs of Chilean persons, including for wines and spirits. Plus procedural provisions |
| 18 LABOUR | | | |
| 18.1 Statement of shared commitment – affirms membership of ILO, and right to establish own domestic labour standards and laws | No provision | Same (17.1) | Same (18.1) |
| 18.2 Application and enforcement of labour laws – enforcement required, and non-enforcement subject to dispute settlement | No provision | Same (17.2) | Same (18.2) |
| 18.3 Procedural guarantees and public awareness – tribunals required, awareness to be promoted | No provision | Same (17.3) | Same (18.3) |
| 18.4 Institutional arrangements – subcommittee on labour affairs may be created | No provision | Similar (17.4) | Similar (18.4) |



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-----------------------|---|---------------------|---|--|
| 18.5 | Cooperation – parties to establish a consultative mechanism for cooperation on labour matters | No provision | Same (17.5) | Same (18.5) |
| 18.6 | Labour consultations – may be requested. Provides for general dispute settlement for non-enforcement (panellists to have labour expertise). Penalties are a fine, the proceeds of which are to be spent on labour initiatives | No provision | Same (17.6) | Same (18.7) |
| 18.7 | Internationally recognised labour principles and rights – defines the subject matter of labour laws to which this chapter applies (eg right of association) | No provision | Same (17.7) | |
| 18.8 | Scope – federal in the case of the US, federal and state in the case of Australia | No provision | Annex 17A US–Singapore Labour Cooperation Mechanism – spells out content of consultations | Annex 18.5 – Labour Cooperation Mechanism – spells out content of consultations 18.7 Labour Roster – parties to establish roster of 12 panellists with expertise to serve in dispute settlement cases |
| 19 ENVIRONMENT | | | | |
| 19.1 | Levels of protection – recognises right to establish own domestic levels | No provision | Same (18.1) | Same (19.1) |
| 19.2 | Application and enforcement of environmental laws – enforcement required, and non-enforcement subject to dispute settlement | No provision | Same (18.2) | Same (19.2) |
| 19.3 | Procedural guarantees and public awareness – tribunals required, awareness to be promoted | No provision | 18.3 More prescriptive | 19.8 More prescriptive, and without the promotion of public awareness |
| 19.4 | Measures to enhance environmental performance – encouragement of flexible, | No provision | | |



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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|------|--|---------------------|--|---|
| | voluntary and market-based mechanisms | | | |
| 19.5 | Institutional arrangements – subcommittee on environmental affairs may be created | No provision | Same (18.4) | Similar (19.3) |
| 19.6 | Cooperation – parties to negotiate a joint statement on this | No provision | Similar (18.6) | 19.5 similar – extensive list of cooperative projects outlined in Annex 19.3 |
| 19.7 | Environmental consultations – may be requested. Provides for general dispute settlement for non-enforcement (panellists to have environmental expertise). Penalties are a fine, the proceeds of which are to be spent on environmental initiatives | No provision | Same (18.7) | Same (19.6) |
| 19.8 | Relationship to environmental agreements – will seek to enhance mutual supportiveness of environmental and trade agreements | No provision | Similar (18.8) | Similar (19.9) |
| 19.9 | Definitions – defines scope of measures to which this chapter applies. Scope is federal in the case of the US, federal and state in the case of Australia | No provision | Definitions (18.10) | Definitions (19.11) |
| | | | 18.5 Opportunities for public participation – more prescriptive than AUSFTA 18.9 Principles of corporate stewardship – to be encouraged | 19.4 Opportunities for public participation – more prescriptive than AUSFTA 19.10 Principles of corporate stewardship – to be encouraged 19.7 Environmental roster – parties to establish roster of 12 panellists with expertise to serve in dispute settlement cases |

20 TRANSPARENCY

2.10 WTO Article X incorporated



A Table 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|---|--|---|--|--|
| 20.1 | Contact points – shall be established | | Same (19.2) | Same (20.1) |
| 20.2 | Publication – laws and regulations to be published (same as GATS). Where possible, provide the other party with the opportunity to comment (GATS plus) | | Same (19.3) | Same (20.2) |
| 20.3 | Notification and provision of information – regarding any measure which might affect operation of the agreement | | Same (19.4) | Same (20.3) |
| 20.4 | Administrative agency processes – individuals and companies have rights to natural justice and due process | | Same (9.5) | Same (20.4) |
| 20.5 | Review and appeal – against bureaucratic decisions | | Same (19.6) | Same (20.5) |
| 20.6 | Definitions | | Definitions (19.1) | Definitions (20.6) |
| 21 INSTITUTIONAL ARRANGEMENTS AND DISPUTE SETTLEMENT | | | | |
| 21.1 | Joint Committee – to supervise implementation, may issue interpretations | 17.2 Contact point established | 20.1 Same | 21.1 Free Trade Commission – similar |
| 21.2 | Scope of application of dispute settlement – nullification and impairment only actionable under chapters 2, 3, 5, 10, 15, 17 | 16.1 Scope and coverage – covers actions by regional or local govts | 20.4 Similar, except govt procurement not subject to nullification and impairment action | 22.2 Similar – technical barriers to trade and customs administration also subject to nullification and impairment action |
| 21.3 | Administration of dispute settlement proceedings – primarily about panellists | | Same (20.2) | Similar (21.2) |
| 21.4 | Choice of forum – to be made by complaining party | | Same (20.4) | Same (22.3) |
| 21.5 | Consultations – can be requested | 16.2 Consultations can be requested. Time limits set. 16.3 Good offices, conciliation or mediation can be used | Same (20.3) | Same (22.4) |

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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|-------|--|--|--------------|--|
| 21.6 | Referral of matters to Joint Committee – where consultations fail | | Same (20.4) | Similar (22.5) |
| 21.7 | Establishment of panel – involves strict timelines, and contingent list of 10 panellists | 16.3 Appointment of tribunals 16.4 Composition of tribunals 16.6 Functions of tribunals. Strict time lines set | Same (20.4) | 22.6, 22.7, 22.8 and 22.9 similar, with list of 20 panellists, 6 of whom are non-party nationals |
| 21.8 | Rules of procedure – requires openness and transparency | 16.7 Proceedings of tribunals. 16.8 Suspension and termination of proceedings | Same (20.4) | 22.10 and 22.11 more prescriptive about terms of reference |
| 21.9 | Panel report – consistent with allowing two governments to resolve disputes, the panel may only make recommendations for resolution if asked by the two governments | 16.9 Implementation of panel report – recommendations to be implemented within reasonable time | Same (20.4) | Similar (22.12) |
| 21.10 | Implementation of final report – normally shall take place. Breach of agreement shall normally be corrected | | Same (20.5) | Similar (22.13 and 22.14) |
| 21.11 | Non-implementation – specifies follow-up procedures and time lines. Breach can be corrected by compensating trade measure, or by payment of a monetary assessment | 16.10 Compensation and suspension of benefits. No provision for fine | Same (20.6) | Same (22.15) |
| 21.12 | Non-implementation of certain disputes – specifies follow-up procedures and time lines for labour and environment disputes. Allows only for payment of fine (no trade sanctions) | No provision | Same (20.7) | Same (22.16) |
| 21.13 | Compliance review – penalties withdrawn if breach rectified | | Same (20.8) | Same (22.17) |
| 21.14 | Five-year review – Joint Committee to review penalty clauses in 5 years or after 5 actions | | Same (20.9) | Same (22.18) |



ATable 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--|--|----------------|---|
| 21.15 Private rights – no right of action through domestic law for breach of agreement | | Same (20.10) | Same (22.20) |
| Annex Formula for inflation 21A adjustment | | Annex 20A same | |
| | 16.11 Expenses – each party to bear own costs | | 22.1 Cooperation – at all times to find resolution 22.19 Referral of matters from judicial or administrative proceedings – commission can provide interpretations to domestic judicial or administrative proceedings 22.21 Alternative dispute resolution – to be encouraged for settlement of disputes between private parties |
| 22 GENERAL PROVISIONS AND EXCEPTIONS | | | |
| 22.1 General exceptions – same as for GATT and GATS | 7.18 General exceptions for services – public morals etc – same as GATS 8.19 General exceptions for investment 9.5 For financial services 10.15 For telecoms 14.9 For e-commerce | Same (21.1) | Same (23.1) |
| 22.2 Essential security – safeguarded | 7.19 Security exception for services 8.20 Security exception for investment 9.5 For financial services 10.15 For telecoms 14.9 For e-commerce | Same (21.2) | Same (23.2) |



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ATable 4 contd.

| | AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|----------------------------|--|--|---|--|
| 22.3 | Taxation – exempt | No provision | Same (21.3) | 23.3 Chile also reserves right to impose excise tax on insurance premiums in the same way as US |
| 22.4 | Disclosure of information – privacy protected | | Similar (21.4) | Similar (23.5) |
| 22.5 | Anti-corruption – cooperate on this issue | | Same (21.5) | 23.4 Balance-of-payments measures on trade in goods – shall be in accordance with WTO, shall not impair benefits |
| 23 FINAL PROVISIONS | | | | |
| 23.1 | Accession – other parties can accede if both parties agree | 17.4 Open to accession or association on terms to be agreed | Same (21.6) | No provision |
| 23.2 | Annexes incorporated | 17.5 Annexes incorporated | Same (21.7) | Same (24.1) |
| 23.3 | Amendments – can occur | 17.6 Amendments can occur | Same (21.8) | Same (24.2 and 24.3) |
| 23.4 | Entry into force and determination – 60 days after internal processes completed. Can be terminated by notification in writing, with effect 6 months after notification | 17.7 Entry into force on date of exchange of letters. Terminate with 6 months notice in writing 17.1 No general regional carve-out, except where noted 17.3 Review after a year, and biennially thereafter 17.5 Consult in the event of inconsistency with other agreements | Same (21.9) | Similar (24.4) |
| | No provision | Movement of business persons | Movement of business persons | Temporary entry for business persons |
| | No provision | 11.1 Purpose – enhance mobility | 11.2 General principles – temporary entry only, subject to security 11.3 General obligation is to apply measures of the party expeditiously to avoid | 14.1 Same as 11.2 of US–Singapore Agreement |



A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--------------|---|--|---|
| | | impairing trade in goods or services or investment | |
| No provision | 11.2 Scope and definitions | 11.1 Definitions | 14.9 Definitions |
| No provision | | 11.3 General obligations – requiring a visa is not a violation | 14.2 Same as 11.3 of US–Singapore Agreement |
| No provision | 11.3 Short-term entry – shall be up to 3 months | 11.4 and Annex 11A – 90 days for business people in certain sectors, unspecified for traders and investors, intra-company transferees, professionals (subject to other limitations on professionals) | 14.3 and Annex 14.3 – Same format as 11.4 and Annex 11A of US–Singapore Agreement. No time limit mentioned for any category, and more sectors for business people |
| No provision | 11.4 Long-term entry – shall be up to 14 years | | |
| No provision | 11.5 Provision of information on requirements | 11.6 Provision of information on requirements after 6 months of entry into force | 14.4 Same as 11.6 of US–Singapore Agreement |
| No provision | 11.6 Dispute settlement – only for pattern of practice, after domestic remedies exhausted | 11.8 Dispute settlement – only for pattern of practice, after domestic remedies exhausted | 14.6 Same as 11.8 of US–Singapore Agreement |
| No provision | 11.7 Immigration measures – can maintain, so long as they do not nullify or impair | 11.9 relation to other chapters – No obligation on immigration measures, except transparency etc | 14.7 Same as 11.9 of US–Singapore Agreement |
| No provision | 11.8 Expedient application procedures – especially where there is MR | 11.5 Regulatory transparency – about regulations, and expeditious application procedures | 14.8 Similar to 11.5 of US–Singapore Agreement, but less stringent |
| No provision | 11.9 Notification of outcome of application – shall occur | Same (11.5) | |
| No provision | 11.10 Online lodgment and processing – shall happen asap | | |
| No provision | 11.11 Resolution of problems – shall happen within domestic law | | |



Pacific Economic Papers

A Table 4 contd.

| AUSFTA | Australia–Singapore | US–Singapore | US–Chile |
|--------------|--|---|---|
| No provision | 11.12 Labour market testing – not required for temporary entry | Annex 11 – only prohibits labour certification tests | |
| No provision | 11.13 Immigration formality requirements – Australia to grant MFN for access to ETA; Singapore to waive visa requirements for Australian nationals | | |
| No provision | 11.14 Inclusion of PRs – all benefits except 11.13 to be granted to PRs | | |
| No provision | 11.15 Employment of spouses and dependants – can work as managers executives or specialists, or as office administrators | | |
| No provision | 11.16 Reservations – see Annex 4– I and 4–II. | | |
| No provision | | 11.7 Temporary entry coordinators – to coordinate, exchange information and consult | 14.5 Similar to 11.7 of US–Singapore Agreement – but via a committee on temporary entry |
| No provision | | Annex 11A.3 – sets annual quota of 5,400 Singaporean business persons per year into US (not counting spouses or renewals) | |

Source: Agreement texts.

**ATable 5 Comparison of Australia's commitments on services trade***(Notes: Bold indicates promises not already made in GATS. See list of abbreviations for explanation of acronyms)*

| | AUSFTA | Australia–Singapore |
|---|--|--|
| | Blanket exemption of MA for mode 4 indigenous preferences and for regional governments (all modes) (Annex II exemptions). Blanket MFN exemption for all existing preferences under FTAs etc, and for new preferences in the areas of aviation, fisheries or maritime matters (Annex II exemption) | Blanket exemption on mode 4 supply (Annex II), indigenous preferences (Annex II), any contracting out or privatisation measure (Annex II), measures with respect to gambling and betting (Annex II). Australia to establish a dedicated help desk to assist Singaporean investors, and application time lines for Singapore investors (Annex III) |
| I BUSINESS SERVICES | | |
| A Professional services | | |
| a Legal | Natural persons practising foreign law not required to join local law firm. Residency requirements for patent attorneys stay (Annex I exemption) | Patent attorneys must be resident in Australia (Annex I) |
| b Accounting | Auditors or liquidators not required to be natural persons. Exemption for residency requirements for auditors (persons or companies) | Auditors or liquidators required to be natural persons. At least one equity partner in an accounting, auditing or bookkeeping firm must be a permanent resident (Annex I) |
| c Taxation | | |
| d Architectural | | |
| e Engineering | | |
| f Integrated engineering | | |
| g Urban planning and landscape architecture | | |
| h Medical and dental | Annex II exemption for MA and NT for health and child care maintained for public purpose | Annex II exemption for MA and NT for health and child care established for public purpose. Doctors with training outside Australia and registered in Australia since December 1996 may only bill Medicare for a patient if they work in a 'district of workforce shortage' (Annex I) |
| i Veterinary | | |



Pacific Economic Papers

A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|--|---|---|
| j Paramedical | Annex II exemption for MA and NT for health and child care maintained for public purpose | Annex II exemption for MA and NT for health and child care established for public purpose |
| k Other | Citizenship/residency requirements for migration agents stay (Annex I exemption) | Migration agents must be resident in Australia (Annex I) |
| B Computer-related services | | |
| a Consultancy – hardware | | |
| b Consultancy – software | | |
| c Data processing | | |
| d Database services | | |
| e Other | | |
| C Research and development services | | |
| a In natural sciences | | |
| b In social sciences and humanities | | |
| c Interdisciplinary | | |
| D Real estate services | | |
| a Involving own or leased property | | |
| b On fee or contract basis | | |
| E Rental/leasing services | | |
| a Ships | | |
| b Aircraft | | |
| c Other transport equipment | | |
| d Other machinery and equipment | | |
| e Other | | |
| F Other business services | | |
| a Advertising | Local content requirements for advertising on free-to-air and digital TV remain (Annex I exemption). Also for multi-channelled free-to-air commercial TV (Annex II exemption) | Annex II exemption for local content requirements |
| b Market research | | |



A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|--|--|--|
| c Management consulting | | |
| d Services related to management consulting | | |
| e Technical testing and analysis services | MA for modes 1, 2 and 3 for technical testing and analysis services – subject to exemption of CSL | Citizenship and foreign equity limits on CSL remain (Annex I) |
| f Services incidental to agriculture, hunting and forestry | | |
| g Services incidental to fishing | Foreign fishing vessels seeking to undertake fishing in Australian fishing zone must be authorised, and may be subject to levy | Foreign fishing vessels seeking to undertake fishing in Australian fishing zone must be authorised, and may be subject to levy (Annex I) |
| h Services incidental to mining | | |
| i Services incidental to manufacturing | | |
| j Services incidental to energy distribution | | |
| k Placement and supply services of personnel | | |
| l Investigation and security | | |
| m Related scientific and technical consulting services | | |
| n Maintenance and repair of equipment | | |
| o Building-cleaning services | | |
| p Photographic services | | |
| q Packaging services | | |
| r Printing, publishing | Investment in existing businesses in media sector still subject to review. Existing limits on equity holdings in newspapers maintained (Annex I exemption) | Annex II exemption on foreign ownership in newspapers |
| s Convention services | | |
| t Other | | |
| 2 COMMUNICATION SERVICES | | |
| A Postal | NT for all modes (except delivery of standard letter, which is seen as govt service) | Australia Post has monopoly on delivery of standard letter (Annex I) |



A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|--|--|--|
| B Courier | | |
| C Telecommunications | | |
| a Voice telephone services | Foreign equity limits on Telstra remain. Chair and majority of directors of Telstra must be citizens and Telstra's required to remain Australian based (Annex I exemption) | Foreign equity restricted to 35% of the 49.9% of Telstra shares that are not govt owned. Individual holding limited to 5%. Chair and majority directors of Telstra must be Australian citizens and Telstra's required to remain Australian based (Annex I) |
| b Packet-switched data transmission services | As above | |
| c Circuit-switched data transmission services | As above | |
| d Telex services | As above | |
| e Telegraph services | As above | |
| f Facsimile services | As above | |
| g Private leased circuit services | As above | |
| h Electronic mail | | |
| i Voice mail | | |
| j Online information and database retrieval | | |
| k Electronic data interchange | | |
| l Enhanced/value-added facsimile services, including store and forward, store and retrieve | | |
| m Code and protocol conversion | | |
| n Online information and/or data processing (including transaction processing) | | |
| o Other (includes mobile, paging) | As above | |
| D Audiovisual services | | |
| a Motion picture and video tape production and distribution services | Australia reserves right to maintain preferential co-production arrangements for film and television production (Annex II exemption) | Annex II exemption for foreign investment in broadcasting and audiovisual services. Annex II exemption for local content requirements |
| b Motion picture projection services | | |



A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|--|--|---|
| c Radio and television services | Local content requirements for commercial analogue and digital TV remain (Annex I exemption). Also for multi-channelled free-to-air commercial TV broadcasts, subscription TV broadcasts, free-to-air radio broadcasts (Annex II exemptions), plus measures to ensure Australian content not unreasonably denied on interactive audio or video, spectrum management (MA only), tax concessions (Annex II exemptions). Australia reserves right to maintain preferential co-production arrangements for film and television production (Annex II exemption) | Annex II exemption for foreign investment in broadcasting and audiovisual services. Annex II exemption for local content requirements |
| d Radio and television transmission services | Investment in existing businesses in media sector still subject to review. Existing limits on equity holdings in TV licences maintained (Annex I exemption) | Annex II exemption for foreign investment in broadcasting and audiovisual services. Annex II exemption for local content requirements |
| e Sound recording | | |
| f Other | | |
| E Other | | |
| 3 CONSTRUCTION AND RELATED SERVICES | | |
| A General construction work for buildings | | |
| B General construction work for civil engineering | | |
| C Installation and assembly work | | |
| D Building completion and finishing work | | |
| E Other | | |
| 4 DISTRIBUTION SERVICES | | |
| A Commission agent services | | |
| B Wholesale trade | Australian Wheat Board powers preserved (Annex I exemption). Australia can impose any measure on wholesale or retail of tobacco, alcohol or firearms (Annex II exemption) | A person who trades in therapeutic goods must have the product registered on the ARTG. The person registering must be resident in Australia. A person who trades in chemicals must have a permit. Permit holders must be resident in Australia (Annex I). Local presence required to distribute and sell hazardous substances. Only service suppliers who appoint a local agent can supply medical and |

A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|-----------------------------------|---|--|
| | | health-related products defined under the Medicines Act. Annex II exemption for marketing boards. Annex II exemption for wholesale and retail distribution of alcohol and tobacco |
| C Retail trade | Australia can impose any measure on wholesale or retail of tobacco, alcohol or firearms (Annex II exemption) | Annex II exemption for wholesale and retail distribution of alcohol and tobacco |
| D Franchising | | |
| E Other | | |
| 5 EDUCATION SERVICES | | |
| A Primary | Annex II exemption for MA and NT for public education and public training. Blanket exemption for primary education (Annex II exemption) | Annex II exemption for MA and NT for primary education |
| B Secondary | Annex II exemption for MA and NT for public education and public training. General regional exemption would also apply | Annex II exemption for MA and NT for public education and public training. Annex II exemption for supply via commercial presence |
| C Higher education | As above | As above |
| D Adult education | Annex II exemption for MA and NT for public education and public training. Liberalisation of private education. General regional exemption would also apply | As above |
| E Other | Annex II exemption for MA and NT for public education and public training. General regional exemption would also apply | As above |
| 6 ENVIRONMENTAL SERVICES | | |
| A Sewerage | | |
| B Refuse disposal | | |
| C Sanitation and similar services | | |
| D Other | | |
| 7 FINANCIAL SERVICES | At least 2 directors of a public company must be resident in Australia (Corporations Act) (Annex III exemption for financial services). NT | At least 2 directors of a public company must be resident in Australia (Annex I). Annex II exemption for cross-border supply of banking |



A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|---|---|---|
| | for mode 1 for services specified in B.3 of understanding (eg maritime insurance). NT for modes 1, 2 and 4 for insurance intermediation such as brokerage and agency and provision of financial info (Annex 13A). Australia to allow foreign institutions to offer certain services to collective investment schemes, and to promise expedited availability of insurance services if it ever instituted approval on a product basis (Annex 13B) | services, except for provision of information and financial data processing. Annex II exemption for cross-border supply or consumption abroad of life and non-life insurance, other than for risks related to maritime, aviation, space launching, freight and goods in international transit. Annex II exemption on cross-border supply or consumption abroad of insurance intermediation (brokerage and agency) |
| A Insurance and related services | Blanket exemption of regional measures for financial services (Annex III exemption). For mode 3, approval of non-residential life insurers no longer restricted to subsidiaries. US life insurance companies no longer need officer resident in Australia. Non-incorporated entities no longer need Australian resident as agent | Non-resident life insurers must be subsidiaries incorporated under Australian law. Registered foreign life insurers required to have local agent in Australia. If insurance company is operating as non-incorporated entity, it must have an Australian resident as agent. Comcare is monopoly provider of workers compensation insurance to Commonwealth employees (Annex I) |
| a Life, accident and health insurance services | As above | As above |
| b Non-life insurance services | As above | As above |
| c Reinsurance and retrocession | As above | As above |
| d Services auxiliary to insurance (including broking and agency services) | As above | As above |
| B Banking and other financial services | For modes 1 and 3, a foreign bank located overseas can offer services to enterprises, but cannot raise deposits or undertake business in Australia unless it is an authorised bank. Can raise debt funds in Australia subject to conditions (Annex III exemption). For mode 3, foreign branches cannot accept 'retail' deposits (must be subsidiary) and representative offices cannot undertake any business (Annex III exemption). Blanket exemption for regional measures in financial services (Annex III). For mode 1, investment of official reserves by US no longer requires approval of RB. For modes 1 and 3, dealings in foreign exchange no | Foreign deposit taking institutions may operate through subsidiaries or branches. Must be authorised by APRA. Foreign branches cannot accept 'retail' deposits (must be subsidiary) and representative offices cannot undertake any business. Can raise debt funds in Australia subject to conditions (Annex I exemption). To obtain an Australian market licence, an applicant must be a body corporate. The govt has monopoly on administration of Commonwealth super schemes. The responsible entity of a registered managed investment scheme must be a public company |

Pacific Economic Papers

A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|----------|--|---|
| | longer must be through dealer authorised by RB (with limits on who can become one). Commonwealth entities guaranteed by federal government (Annex IV exemption) Some guarantees to CBA and AIDC are exempt (Annex III exemption) | with an appropriate licence (Annex I). Liabilities of CBA and AIDC covered by transitional guarantee arrangements (Annex I). Annex II exemption of guaranteed to Commonwealth-owned entities conducting financial operations |
| a | Acceptance of deposits | |
| b | Lending of all types | |
| c | Financial leasing | |
| d | All payment and money transmission services | |
| e | Guarantees and commitments | |
| f | Trading money market instruments, foreign exchange, derivatives, exchange rate and interest rate instruments, transferable securities, other negotiable instruments and financial assets, including bullion | |
| g | Participation in issues of all kinds of securities, including underwriting and placement as agent | |
| h | Money broking | |
| i | Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services | |
| j | Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments | |
| k | Advisory and other auxiliary financial services | |
| l | Provision and transfer of financial information, and financial data processing and related software by providers of other financial services | |
| C | Other | |



A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|--|---|--|
| 8 HEALTH-RELATED AND SOCIAL SERVICES | | |
| A Hospital services | Annex II exemption for MA and NT for health and child care maintained for public purpose. Citizenship and foreign equity limits on CSL remain (Annex I exemption) | Annex II exemption for MA and NT for health and child care established for public purpose. Citizenship and foreign equity limits on CSL remain (Annex I) |
| B Other human health services | Annex II exemption for MA and NT for health and child care maintained for public purpose. PR requirements stay (Annex I regional exemption) | Annex II exemption for MA and NT for health and child care established for public purpose |
| C Social services | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare |
| D Other | As above | As above |
| 9 TOURISM AND TRAVEL-RELATED SERVICES | | |
| A Hotels and restaurants | | |
| B Travel agencies and tour operator services | | |
| C Tourist guide services | | |
| D Other | | |
| 10 RECREATIONAL, CULTURAL AND SPORTING SERVICES | | |
| A Entertainment services | | |
| B News agency services | | |
| C Libraries, archives, museums and other cultural services | | |
| D Sporting and other recreational services | | |
| E Other | | |
| 11 TRANSPORT SERVICES | | |
| | | Annex II exemption for MA and NT for public utilities and public transport for public purpose |
| A Maritime | Blanket exemption for cabotage and offshore transport services (Annex II exemption) | Annex II exemption for cabotage and offshore transport services. |

A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|--|---|---|
| a Passenger transportation | Existing limits on foreign ownership of shippers remain (Annex I exemption). Only Australian flag operators can ask ACCC whether conferences and others are hindering their operations (Annex I exemption). Liner services still need agent who is Australian resident (Annex I exemption). Blanket exemption from NT for registration of Australian vessels (Annex II exemption) | Only Australian flag operators can ask ACCC whether conferences and others are hindering their operations (Annex I exemption). Annex II exemption for cabotage and offshore transport services. Ships registered in Australia must be majority Australian owned. Liner services need agent who is Australian resident (Annex I exemption) |
| b Freight transportation | As above | As above |
| c Rental of vessels with crew | | |
| d Maintenance and repair of vessels | | |
| e Pushing and towing services | | |
| f Supporting services for maritime transport | | |
| B Inland waterways transport | | |
| a Passenger transportation | | |
| b Freight transportation | | |
| c Rental of vessels with crew | | |
| d Maintenance and repair of vessels | | |
| e Pushing and towing services | | |
| f Supporting services for inland waterways transport | | |
| C Air transport services | | |
| a Passenger transportation | Existing limits on foreign ownership of Qantas and other Australian airlines (Annex I exemptions) and federal leased airports (Annex II exemption) remain | Total foreign ownership of Australian international airlines (other than Qantas) restricted to 49%. Citizenship and location requirements also apply. Total foreign ownership of Qantas restricted to 49%, with limits on individual holdings. Citizenship and location requirements also apply (Annex I). Annex II exemption on investment on federal leased airports. Airservices Australia is monopoly supplier of air traffic and related services |
| b Freight transportation | As above | As above |



ATable 5 contd.

| | AUSFTA | Australia–Singapore |
|---|---|---|
| c Rental of aircraft with crew | | |
| d Maintenance and repair of aircraft | | |
| e Supporting services for air transport | | |
| D Space transport | | |
| E Rail transport services | | |
| a Passenger transportation | | |
| b Freight transportation | | |
| c Pushing and towing services | | |
| d Maintenance and repair of rail transport equipment | | |
| e Supporting services for rail transport | | |
| F Road transport | | |
| a Passenger transportation | | |
| b Freight transportation | | |
| c Rental of commercial vehicles with operator | | |
| d Maintenance and repair of road transport equipment | | |
| e Supporting services for road transport | | |
| G Pipeline transport | | |
| a Transportation of fuels | | |
| b Transportation of other goods | | |
| H Services auxiliary to all modes of transport | | |
| a Cargo-handling services | | |
| b Storage and warehouse services | | |
| c Freight transport agency services | | |
| d Other | Customs brokers must be in and from Australia (Annex I exemption) | Customs brokers must be in and from Australia (Annex I exemption) |
| I Other transport services | MA for modes 1, 2 and 3 | |

A Table 5 contd.

| | AUSFTA | Australia–Singapore |
|------------------------------|--|---|
| 12 OTHER SERVICES NEC | MA for modes 1, 2 and 3 | |
| | Investment subject to \$50 million screening limit: investment in existing businesses in telecommunications, transport, to supply Australian or other defence forces or for goods and services for military purpose, encryption and security technologies and communications systems, extraction of plutonium or operation of nuclear facilities | All investment subject to \$50 million screening limit (Annex I) |
| | Investment subject to \$800 million screening limit: investments in existing businesses in all other sectors except finance, no-residential commercial real estate, takeovers of companies with more than \$800 million in assets | At least 2 directors of a public company must be resident in Australia (Annex I) |
| | Other screening – other large takeovers, investments by companies with large foreign government holding. | Blanket exemption for screening of foreign purchase of urban land (Annex II) |
| | No foreign control of existing financial sector companies | |
| | Existing restrictions on urban land remain (Annex II exemption) | |
| | Export performance requirements for existing contracts under government IT outsourcing program remain | |

Source: Agreement texts.

ATable 6 United States' commitments on services trade: Comparison between different agreements

(Notes: Bold indicates promises not already made in GATS. See list of abbreviations for explanation of acronyms)

| | AUSFTA | US–Singapore | US–Chile |
|--|---|--|--|
| | Blanket exemption of all market access measures (Annex II). Blanket exemption of all existing state measures (Annex I). Blanket exemption for measures according rights to socially or economically disadvantaged minorities (Annex II). Blanket MFN exemption for all existing preferences under FTAs etc and for new preferences in the areas of aviation, fisheries or maritime matters (Annex II exemption) | Blanket exemption of all existing market access measures (Annex I). Blanket exemption of all existing state measures (Annex I only). Blanket exemption for measures according rights to socially or economically disadvantaged minorities (Annex II). Blanket MFN exemption for all existing preferences under FTAs etc and for new preferences in the areas of aviation, fisheries or maritime matters (Annex I exemption) | Blanket exemption of all market access measures (Annex II). Blanket exemption of all existing state measures (Annex I only). Blanket exemption for measures according rights to socially or economically disadvantaged minorities (Annex II). Blanket MFN exemption for all existing preferences under FTAs etc and for new preferences in the areas of aviation, fisheries or maritime matters (Annex II exemption) |

1 BUSINESS SERVICES

A Professional services

| | | | |
|---|--|---|---|
| a Legal | MA exemption (Annex II) and state exemption (Annex I). US citizenship required to practise before US Patent and Trademark Office (Annex I exemption) | US citizenship required to practise before US Patent and Trademark Office (Annex I exemption) | US citizenship required to practise before US Patent and Trademark Office (Annex I exemption) |
| b Accounting | | | |
| c Taxation | | | |
| d Architectural | | | |
| e Engineering | | | |
| f Integrated engineering | | | |
| g Urban planning and landscape architecture | | | |
| h Medical and dental | Annex II exemption for MA and NT for health and child care maintained for public purpose | Annex II exemption for MA and NT for health and child care maintained for public purpose | Annex II exemption for MA and NT for health and child care maintained for public purpose |
| i Veterinary | | | |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|--|---|---|---|
| j Paramedical | As above | As above | As above |
| k Other | As above | As above | As above |
| B Computer-related services | | | |
| a Consultancy – hardware | | | |
| b Consultancy – software | | | |
| c Data processing | | | |
| d Database services | | | |
| e Other | | | |
| C Research and development services | Licence required for production and/or transport of any ‘nuclear utilisation or production facilities’. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) | Licence required for production and/or transport of any ‘nuclear utilisation or production facilities’. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) | Licence required for production and/or transport of any ‘nuclear utilisation or production facilities’. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) |
| a In natural sciences | | | |
| b In social sciences and humanities | | | |
| c Interdisciplinary | | | |
| D Real estate services | | | |
| a Involving own or leased property | | | |
| b On fee or contract basis | | | |
| E Rental/leasing services | | | |
| a Ships | | | |
| b Aircraft | | | |
| c Other transport equipment | | | |
| d Other machinery and equipment | | | |
| e Other | | | |
| F Other business services | | | |
| a Advertising | | | |

A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|--|---|--------------------------------------|---------------------------------------|
| b Market research | | | |
| c Management consulting | | | |
| d Services related to management consulting | | | |
| e Technical testing and analysis services | | | |
| f Services incidental to agriculture, hunting and forestry | MA exemption (Annex II) for ag machinery and harvesting services, labour contractors or aerial fire fighting | | |
| g Services incidental to fishing | | | |
| h Services incidental to mining | Foreigners may not acquire interests in certain minerals on onshore federal lands (Annex I exemption) | | |
| i Services incidental to manufacturing | | | |
| j Services incidental to energy distribution | | | |
| k Placement and supply services of personnel | | | |
| l Investigation and security | | | |
| m Related scientific and technical consulting services | | | |
| n Maintenance and repair of equipment | | | |
| o Building-cleaning services | | | |
| p Photographic services | | | |
| q Packaging services | | | |
| r Printing, publishing | Is MA exemption applicable (Annex II) | Is MA exemption applicable (Annex I) | Is MA exemption applicable (Annex II) |
| s Convention services | | | |
| t Other | | | |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|--|---|--|---|
| 2 COMMUNICATION SERVICES | | | |
| A Postal | MA exemption (Annex II). NT for all modes (except delivery of standard letter, which is seen as govt service) | MA exemption (Annex I). NT for all modes (except delivery of standard letter, which is seen as govt service) | MA exemption (Annex II). NT for all modes (except delivery of standard letter, which is seen as govt service) |
| B Courier | | | |
| C Telecommunications | Exemption for MA and NT for one-way satellite transmission of TV and digital audio (Annex II) | Exemption for MA and NT for one-way satellite transmission of TV and digital audio (Annex II) | Exemption for MA and NT for one-way satellite transmission of TV and digital audio (Annex II) |
| a Voice telephone services | Is MA exemption applicable (Annex II) | Is MA exemption applicable (Annex II) | Is MA exemption applicable (Annex II) |
| b Packet-switched data transmission services | | | |
| c Circuit-switched data transmission services | | | |
| d Telex services | | | |
| e Telegraph services | | | |
| f Facsimile services | | | |
| g Private leased circuit services | | | |
| h Electronic mail | | | |
| i Voice mail | | | |
| j Online information and database retrieval | | | |
| k Electronic data interchange | | | |
| l Enhanced/value-added facsimile services, including store and forward, store and retrieve | | | |
| m Code and protocol conversion | | | |
| n Online information and/or data processing (incl. transaction processing) | | | |



A Table 6 contd.

| | AUSFTA | US-Singapore | US-Chile |
|--|---|---|---|
| o Other (includes mobile, paging) | | | |
| D Audiovisual services | | | |
| a Motion picture and video tape production and distribution services | | | |
| b Motion picture projection services | | | |
| c Radio and television services | | | |
| d Radio and television transmission services | US reserves right to restrict ownership of radio licences (incl. foreign participation) (Annex I); exemption of NT for sharing of radio spectrum (Annex II); NT exemption for imposing retaliatory restrictions on foreign ownership of cable TV systems (Annex II) | US reserves right to restrict ownership of radio licences (incl. foreign participation) (Annex I); exemption of NT for sharing of radio spectrum (Annex II); NT exemption for imposing retaliatory restrictions on foreign ownership of cable TV systems (Annex II) | US reserves right to restrict ownership of radio licences (incl. foreign participation) (Annex I) |
| e Sound recording | | | |
| f Other | | | |
| E Other | | | |
| 3 CONSTRUCTION AND RELATED SERVICES | | | |
| A General construction work for buildings | | | |
| B General construction work for civil engineering | | | |
| C Installation and assembly work | | | |
| D Building completion and finishing work | | | |
| E Other | | | |
| 4 DISTRIBUTION SERVICES | | | |
| A Commission agent services | | | |
| B Wholesale trade | | | |
| C Retail trade | | | |
| D Franchising | | | |
| E Other | | | |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|-----------------------------------|---|--|---|
| 5 EDUCATION SERVICES | | | |
| A Primary | Annex II exemption for MA and NT for public education and public training. State measures exemption also relevant | Annex II exemption for MA and NT for public education and public training. State measures exemption also relevant | Annex II exemption for MA and NT for public education and exemption also relevant |
| B Secondary | As above | As above | As above |
| C Higher education | As above | As above | As above |
| D Adult education | Annex II exemption for MA and NT for public education and public training | Annex II exemption for MA and NT for public education and public training | Annex II exemption for MA and NT for public education and public training |
| E Other | As above | As above | As above |
| 6 ENVIRONMENTAL SERVICES | | | |
| A Sewerage | | | |
| B Refuse disposal | | | |
| C Sanitation and similar services | | | |
| D Other | | | |
| 7 FINANCIAL SERVICES | NT for mode 1 for services specified in B.3 of Understanding (eg maritime insurance). NT for mode 4 for all insurance. NT for modes 1, 2 and 4 for provision of financial information (Annex 13A). US to allow foreign institutions to offer certain services to collective investment schemes, and to promise expedited availability of insurance services (Annex 13B) | NT for mode 1 for services specified in B.3 of Understanding (eg maritime insurance). NT for mode 4 for all insurance. NT for modes 1, 2 and 4 for provision of financial information (Annex 10A). US to allow foreign institutions to offer certain services to collective investment schemes, and to promise expedited availability of insurance services except for new financial services from Singapore, and to extend chapter to fiscal agency or depository services, liquidation and management services for regulated financial institutions, and sale and distribution services for govt debt (Annex 10C) | NT for mode 1 for services specified in B.3 of Understanding, eg maritime insurance. NT for mode 4 for all insurance. NT for modes 1,2 and 4 for provision of financial information (Annex 12.5). US to allow foreign institutions to offer certain services to collective investment schemes, and to promise expedited availability of insurance services (Annex 12.5) |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|---|--|--|--|
| A Insurance and related services | Blanket MA exemption for insurance (US Financial Annex I). Blanket regional exemption for insurance (US Financial Annex I). NT granted according to state of domicile (US Financial Annex I). Blanket regional exemption for insurance (US Financial Annex I) | Blanket MA exemption for insurance (US Financial Annex I). Blanket regional exemption for insurance (US Financial Annex III). NT granted according to state of domicile (US Financial Annex I). Blanket regional exemption for insurance (US Financial Annex I) | Blanket MA exemption for insurance (US Financial Annex III). Blanket regional exemption for insurance (US Financial Annex III). NT granted according to state of domicile (US Financial Annex I). Blanket regional exemption for insurance (US Financial Annex I) |
| a Life, accident and health insurance services | Blanket regional exemption for insurance (US Financial Annex I). Foreign branches cannot provide surety bonds for US federal gov't contracts (US Financial Annex I). Existing non-conforming tax measures are exempt (Article 22.3.4(d)). Limits on foreign companies insuring vessels built under federally guaranteed mortgage funds are exempt (US Financial Annex I) | Blanket regional exemption for insurance (US Financial Annex I). Foreign branches cannot provide surety bonds for US federal gov't contracts (US Financial Annex I). Existing non-conforming tax measures are exempt (Article 22.3.4(d)). Limits on foreign companies insuring vessels built under federally guaranteed mortgage funds are exempt (US Financial Annex I) | Blanket regional exemption for insurance (US Financial Annex III). Foreign branches cannot provide surety bonds for US federal gov't contracts (US Financial Annex III). Existing non-conforming tax measures are exempt (Article 22.3.4(d)). Limits on foreign companies insuring vessels built under federally guaranteed mortgage funds are exempt (US Financial Annex I) |
| b Non-life insurance services | As for life insurance | As for life insurance | As for life insurance |
| c Reinsurance and retrocession | Blanket regional exemption for insurance (US Financial Annex I). Existing non-conforming tax measures are exempt (Article 22.3.4(d)). State measures exemption (US Financial Annex I) | Blanket regional exemption for insurance (US Financial Annex I). Existing non-conforming tax measures are exempt (Article 22.3.4(d)). State measures exemption (US Financial Annex I) | Blanket regional exemption for insurance (US Financial Annex I). Existing non-conforming tax measures are exempt (Article 22.3.4(d)). State measures exemption (US Financial Annex I) |
| d Services auxiliary to insurance (including broking and agency services) | Blanket regional exemption for insurance (US Financial Annex I). State measures exemption (US Financial Annex I) | Blanket regional exemption for insurance (US Financial Annex I). State measures exemption | Blanket regional exemption for insurance (US Financial Annex I). State measures exemption |
| B Banking and other financial services | NT granted according to foreign bank's home state (ie there are geographical limitations on NT within the states); also affects MA; limits of juridical form of juridical person (partnerships and sole proprietorships generally not acceptable) (US Financial Annex | NT granted according to foreign bank's home state (ie there are geographical limitations on NT within the states); also affects MA; limits of juridical form of juridical person (partnerships and sole proprietorships generally not acceptable) (US Financial | NT granted according to foreign bank's home state (ie there are geographical limitations on NT within the states); also affects MA; limits of juridical form of juridical person (partnerships and sole proprietorships generally not acceptable) (US Financial Annex III). Blanket regional exemption for banking and other financial |



A Table 6 contd.

| AUSFTA | US–Singapore | US–Chile |
|--|--|---|
| <p>II). Blanket regional exemption for banking and other financial services (US Financial Annex II). Credit unions and thrift institutions cannot be established through branches. Banks accepting small retail deposits must be subsidiaries (branches established before 1991 are grandfathered). There may be limitations on legal entity for cross-state establishment or mergers. Home state of foreign bank will determine NT for purposes of interstate expansion. There may be restrictions on legal entity for foreign banks in some states. Blanket regional exemption for banking and other financial services (US Financial Annex II). All directors of national bank must be US citizens (can be waived for a minority). Foreign ownership of edge corporations limited to foreign banks or US subsidiaries. Foreign banks (excl. subsidiaries) required to register as investment advisers. Foreign banks (excl. subsidiaries) cannot be members of the Federal Reserve system. There may be restrictions on legal entity for foreign banks in some states. MFN reservation for broker-dealers with Canadian principal place of business. Advantages may be granted to named government-sponsored financial enterprises. (US Financial Annex II)</p> | <p>Annex II). Blanket regional exemption for banking and other financial services (US Financial Annex II, headnote only). Credit unions and thrift institutions cannot be established through branches. Banks accepting small retail deposits must be subsidiaries (branches established before 1991 are grandfathered). There may be limitations on legal entity for cross-state establishment or mergers. Home state of foreign bank will determine NT for purposes of interstate expansion. There may be restrictions on legal entity for foreign banks in some states. Blanket regional exemption for banking and other financial services (US Financial Annex II). All directors of national bank must be US citizens (can be waived for a minority). Foreign ownership of edge corporations limited to foreign banks or US subsidiaries. Foreign banks (excl. subsidiaries) required to register as investment advisers. Foreign banks (excl. subsidiaries) cannot be members of the Federal Reserve system. There may be restrictions on legal entity for foreign banks in some states. MFN reservation for broker-dealers with Canadian principal place of business. Advantages may be granted to named government-sponsored financial enterprises (US Financial Annex II)</p> | <p>services (US Financial Annex III, headnote only). Credit unions and thrift institutions cannot be established through branches. Banks accepting small retail deposits must be subsidiaries (branches established before 1991 are grandfathered). There may be limitations on legal entity for cross-state establishment or mergers. Home state of foreign bank will determine NT for purposes of interstate expansion. There may be restrictions on legal entity for foreign banks in some states. Blanket regional exemption for banking and other financial services (US Financial Annex II). All directors of national bank must be US citizens (can be waived for a minority). Foreign ownership of edge corporations limited to foreign banks or US subsidiaries. Foreign banks (excl. subsidiaries) required to register as investment advisers. Foreign banks (excl. subsidiaries) cannot be members of the Federal Reserve system. There may be restrictions on legal entity for foreign banks in some states. MFN reservation for broker-dealers with Canadian principal place of business. Advantages may be granted to named government-sponsored financial enterprises (US Financial Annex II)</p> |

a Acceptance of deposits

b Lending of all types

A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|---|--|---|---|
| c Financial leasing | | | |
| d All payment and money transmission services | | | |
| e Guarantees and commitments | | | |
| f Trading money market instruments, foreign exchange, derivatives, exchange rate and interest rate instruments, transferable securities, other negotiable instruments and financial assets, including bullion | Foreign firms may not use simplified registration and reporting for securities issued by small business corporations (Annex I exemption). Authority to act as sole trustee of an indenture for a bond offering in the US subject to a reciprocity test (US Financial Annex II). Modes 1, 2 and 3 options and/or futures contracts on onions allowed | Foreign firms may not use simplified registration and reporting for securities issued by small business corporations (Annex I exemption) | Foreign firms may not use simplified registration and reporting for securities issued by small business corporations (Annex I exemption). Authority to act as sole trustee of an indenture for a bond offering in US subject to reciprocity test |
| g Participation in issues of all kinds of securities, including underwriting and placement as agent | | Designation as a primary dealer in US govt debt is conditioned on reciprocity (lack of NT reservation by other country is a positive factor in a firm's request for designation) (US Financial Annex II) | Designation as primary dealer in US govt debt securities conditioned on reciprocity |
| h Money broking | | | |
| i Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services | | | |
| j Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments | | | |
| k Advisory and other auxiliary financial services | | | |
| l Provision and transfer of financial | | | |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|--|---|---|---|
| information, and financial data processing and related software by providers of other financial services | | | |
| C Other | | | |
| 8 HEALTH RELATED AND SOCIAL SERVICES | | | |
| | Licence required for production and/or transport of any 'nuclear utilisation or production facilities'. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) | Licence required for production and/or transport of any 'nuclear utilisation or production facilities'. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) | Licence required for production and/or transport of any 'nuclear utilisation or production facilities'. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) |
| A Hospital services | Annex II exemption for MA and NT for health and child care maintained for public purpose | Annex II exemption for MA and NT for health and child care maintained for public purpose | Annex II exemption for MA and NT for health and child care maintained for public purpose |
| B Other human health services | As above | As above | As above |
| C Social services | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare | Annex II exemption for MA and NT for law enforcement and correctional services, income security or insurance, social security or insurance, social welfare |
| D Other | As above | As above | As above |
| 9 TOURISM AND TRAVEL RELATED SERVICES | | | |
| A Hotels and restaurants | | | |
| B Travel agencies and tour operator services | | | |
| C Tourist guide services | | | |
| D Other | | | |
| 10 RECREATIONAL, CULTURAL AND SPORTING SERVICES | | | |
| A Entertainment services | | | |
| B News agency services | | | |
| C Libraries, archives, museums and other cultural services | | | |
| D Sporting and other recreational services | | | |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|--|---|--|---|
| E Other | | | |
| 11 TRANSPORT SERVICES | | | |
| A Maritime | Blanket exemption of maritime services (Annex II) | Blanket exemption of maritime services (Annex II) | Blanket exemption of maritime services (Annex II) |
| a Passenger transportation | As above | As above | As above |
| b Freight transportation | As above | As above | As above |
| c Rental of vessels crew | As above | As above | As above |
| d Maintenance and repair of vessels | As above | As above | As above |
| e Pushing and towing services | As above | As above | As above |
| B Inland waterways transport | | | |
| a Passenger transportation | Blanket exemption of maritime services (Annex II) | Blanket exemption of maritime services (Annex II) | Blanket exemption of maritime services (Annex II) |
| b Freight transportation | As above | As above | As above |
| c Rental of vessels with crew | As above | As above | As above |
| d Maintenance and repair of vessels | As above | As above | As above |
| e Pushing and towing services | As above | As above | As above |
| f Supporting services for inland waterways transport | As above | As above | As above |
| C Air transport services | | | |
| a Passenger transportation | Only air carriers that are ‘citizens of the US’ may operate domestic air services (cabotage) and provide international services as US air carriers (Annex I exemption) Authorisation required for provision of specialty air services. ‘Foreign civil aircraft’ require authorisation | Only air carriers that are ‘citizens of the US’ may operate domestic air services (cabotage) and provide international services as US air carriers (Annex I exemption). Authorisation required for provision of specialty air services. ‘Foreign civil aircraft’ | Only air carriers that are ‘citizens of the US’ may operate domestic air services (cabotage) and provide international services as US air carriers (Annex I exemption). Authorisation required for provision of specialty air services. ‘Foreign civil aircraft’ require authorisation from DoT to undertake these services, and in |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|----------|--|--|--|
| | from DoT to undertake these services, and in practice the air carrier has to be under the control of US citizens (Annex I exemption) | require authorisation from DoT to undertake these services, and in practice the air carrier has to be under the control of US citizens (Annex I exemption) | practice the air carrier has to be under the control of US citizens (Annex I exemption) |
| b | Freight transportation | | |
| c | Rental of aircraft with crew | | |
| d | Maintenance and repair of aircraft | | |
| e | Supporting services for air transport | | |
| D | Space transport | | |
| E | Rail transport services | | |
| a | Passenger transportation | | |
| b | Freight transportation | | |
| c | Pushing and towing services | | |
| d | Maintenance and repair of rail transport equipment | | |
| e | Supporting services for rail transport | | |
| F | Road transport | | |
| a | Passenger transportation | | |
| b | Freight transportation | | |
| c | Rental of commercial vehicles with operator | | |
| d | Maintenance and repair of road transport equipment | | |
| e | Supporting services for road transport | | |
| G | Pipeline transport | | |
| a | Transportation of fuels | Foreigners may not acquire rights of way for oil and gas pipelines across federal land (Annex I exemption) | Foreigners may not acquire rights of way for oil and gas pipelines across federal land (Annex I exemption) |
| b | Transportation of other goods | | |
| H | Services auxiliary to all modes of transport | | |
| a | Cargo-handling services | | |
| b | Storage and warehouse services | | |



A Table 6 contd.

| | AUSFTA | US–Singapore | US–Chile |
|-------------------------------------|--|--|--|
| c Freight transport agency services | | | |
| d Other | Customs house brokers licence only issued to US citizens. Must form corporation, association or partnership (Annex I exemption) | Customs house brokers licence only issued to US citizens. Must form corporation, association or partnership (Annex I exemption) | Customs house brokers licence only issued to US citizens. Must form corporation, association or partnership (Annex I exemption) |
| I Other transport services | | | |
| 12 OTHER SERVICES – NEC | | | |
| | Licence required for production and/or transport of any ‘nuclear utilisation or production facilities’. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) | Licence required for production and/or transport of any ‘nuclear utilisation or production facilities’. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) | Licence required for production and/or transport of any ‘nuclear utilisation or production facilities’. Licence also required for use in medical therapy or R&D. Licence cannot be held by foreign entity (Annex I) |
| | There is an exemption for the non-availability to foreigners of ‘certificates of review’ for export conduct, which limit liability under federal and state anti-trust laws – granted only when the conduct is deemed to be not anticompetitive (Annex I exemption) | There is an exemption for the non-availability to foreigners of ‘certificates of review’ for export conduct, which limit liability under federal and state anti-trust laws – granted only when the conduct is deemed to be not anticompetitive (Annex I exemption) | There is an exemption for the non-availability to foreigners of ‘certificates of review’ for export conduct, which limit liability under federal and state anti-trust laws – granted only when the conduct is deemed to be not anticompetitive (Annex I exemption) |
| | There is an exemption for the requirement of a licence to export commodities, software and technology subject to Export Administration Regulations (eg defence-related) (Annex I exemption) | There is an exemption for the requirement of a licence to export commodities, software and technology subject to Export Administration Regulations (eg defence-related) (Annex I exemption) | There is an exemption for the requirement of a licence to export commodities, software and technology subject to Export Administration Regulations (eg defence-related) (Annex I exemption) |
| | Overseas Private Investment Corporation insurance and loan guarantees not available to foreigners (Annex I exemption) | Overseas Private Investment Corporation insurance and loan guarantees not available to foreigners (Annex I exemption) | Overseas Private Investment Corporation insurance and loan guarantees not available to foreigners (Annex I exemption) |

Source: Agreement texts.



ATable 7 Singapore's commitments on services trade: Comparison between different agreements

(Note: Bold indicates promises not already mad in GATS. See list of abbreviations for explanation of acronyms)

| Australia–Singapore | US–Singapore |
|--|---|
| <p>Blanket exemption on mode 4 supply (Annex II). Only service suppliers who qualify under the home office schemes can set up businesses in their homes (Annex I). Annex II exemption on land zoning, land use and urban planning policies. Annex II exemption on alienation and divestment of real estate owned by the state. Annex II exemption on contracting out or privatisation measures. Annex II exemption on measures affecting administration and operation of national electronic systems such as Tradenet and Marinet which collect proprietary govt information. Annex II exemption on measures affecting arms and explosives. Annex II exemption on creative arts, cultural heritage and other cultural industries (includes indigenous practice and cultural expression). Annex II exemption for measures affecting ownership, sale, purchase, development, and management of real estate (though not real estate agency, auction or valuation services). Annex II exemption for betting and gambling services. Foreign businesses must appoint a local manager. Also residency requirements on directors</p> | <p>Annex I exemption on NT and MFN in divestment of state land. Only Singapore citizens' enterprises allowed to own restricted residential property (HDB). Only Singapore citizens allowed to own an apartment developed or owned by the Housing and Development Board. Only the purchase of apartments developed by the HDB may be subsidised. With the exception of small residential properties and properties given conservation status, all developers of land sold by the govt must incorporate a new company in Singapore to develop the site. Annex II exemption allowing Singapore to retain restrictions on number of service suppliers, monopoly reservations, senior management, local presence and juridical form when it devolves a service currently provided in the exercise of govt authority. Annex II restrictions on foreign ownership (49%), individual ownership (5%) and management after devolution. Annex II exemption on land zoning, land use and urban planning policies. Annex II exemption for betting and gambling services. Annex II exemption for measures affecting administration and collection of proprietary govt information. Foreign businesses must appoint a local manager. Also residency requirements on directors. There is a blanket MFN exemption for all existing preferences under FTAs etc and for new preferences in the area of aviation, fisheries or maritime matters (Annex II exemption)</p> |

1 BUSINESS SERVICES

A Professional services

a Legal

Patent agents must be resident in Singapore. **Annex II exemption of recognition of qualifications for patent agents.** Foreign firms cannot practise Singapore law. Restrictions on who they can hire to practise Australian, third country or international law. Foreign lawyers need to register. Can appear in international arbitration, but

Patent agents must be resident in Singapore. Lawyers must be admitted to Singapore Bar and be registered in Singapore to provide services in Singapore law. US enterprises can practise Singapore law through joint venture, the requirements for which are more generous than for others – **minimum number of resident US lawyers reduced from 5 to 3, minimum ex-**



A Table 7 contd.

| | Australia-Singapore | US-Singapore |
|-----------------|--|--|
| | <p>must appear jointly with Singapore lawyer where the applicable law is Singapore law (Annex I). Annex II exemption on any measure affecting Australian representative offices and Australian lawyers in Singapore, joint ventures or alliances with Singapore firms, the supply of services in Singapore law, the recognition of qualifications to register as a Singapore lawyer; limitations on the number of Singapore lawyers. Annex III clarifies the requirements for recognition of qualifications for both Australia and Singapore (Singapore requires students to have been in top 30% of class). Annex III also clarifies 4 requirements which Singapore waives for the operation of joint ventures and alliances – minimum number of resident Australian lawyers reduced from 5 to 4, minimum experience an aggregate of 20 years (not 5 years each), minimum relevant experience for each lawyer reduced from 5 to 4 years, experience expanded from banking and finance to any areas in tier 1 and tier 2 legal software</p> | <p>experience an aggregate of 15 years (not 5 years each), minimum relevant experience for each lawyer practising under section 130C of the Legal Profession Act reduced from 5 to 3 years, experience expanded from banking and finance to any areas in tier 1 and tier 2 legal software, US joint ventures can practise corporate law in addition to banking and finance law. Annex II exemption on any measure affecting the supply of services in Singapore law, the recognition of qualifications to register as a Singapore lawyer</p> |
| b Accounting | <p>Auditors must be registered with ICPAS and PAB. At least one partner must be effectively resident. Public accountants need to be resident (or have at least one resident partner). Those practising tax must register with PAB</p> | <p>Auditors must be registered with ICPAS and PAB</p> |
| c Taxation | | |
| d Architectural | <p>Partnerships or corporations need to be under the control of a director or partner who is a Singapore-registered architect. Chairman and two-thirds of directors need to be Singapore-registered architects or allied professionals. Similarly for directors and partners</p> | <p>Only persons who are registered with Board of Architects and resident in Singapore are allowed to provide architectural services. Partnerships or corporations need to be under the control of a director or partner who is a Singapore-registered architect. Chairman and two-thirds of directors need to be Singapore-registered architects or allied professional. Similarly for directors and partners</p> |
| e Engineering | <p>Works requiring govt approval require engineer resident in Singapore for the duration of the project. Partnerships or corporations</p> | <p>Partnerships or corporations need to be under the control of a director or partner who is a Singapore-registered engineer. 51% of directors need to be Singapore-registered</p> |



A Table 7 contd.

| | Australia–Singapore | US–Singapore |
|---|---|---|
| | need to be under the control of a director or partner who is a Singapore-registered engineer. Chairman and two-thirds of directors need to be Singapore-registered engineers or allied professionals. Similarly for directors and partners | engineers or allied professionals. Similarly for directors and partners |
| f Integrated engineering | As above | As above |
| g Urban planning and landscape architecture | Partnerships or corporations need to be under the control of a director or partner who is a Singapore-registered land surveyor. Directors and partners need to be Singapore-registered surveyors or allied professionals | Partnerships or corporations need to be under the control of a director or partner who is a Singapore-registered land surveyor. Directors and partners need to be Singapore-registered surveyors or allied professionals. Requirement for two-thirds of shares to be held by Singaporean professional to be phased out by Jan 2004 |
| h Medical and dental | | |
| i Veterinary | | |
| j Paramedical | | |
| k Other | | |
| B Computer-related services | | |
| a Consultancy – hardware | | |
| b Consultancy – software | | |
| c Data processing | | |
| d Database services | | |
| e Other | Mailing list compilation and mailing services subject to reservations in the postal sector | |
| C Research and development services | | |
| a In natural sciences | | |
| b In social sciences and humanities | | |
| c Interdisciplinary | | |
| D Real estate services | | |
| a Involving own or leased property | Development of Sentosa reserved for the Sentosa Development Corporation | Development of Sentosa reserved for the Sentosa Development Corporation. Private developers can develop specific plots for |



A Table 7 contd.

| | Australia-Singapore | US-Singapore |
|--|--|---|
| | | commercial, residential and recreational purposes |
| b On fee or contract basis | | |
| E Rental/leasing services | | |
| a Ships | | |
| b Aircraft | | |
| c Other transport equipment | Cross-border rental of cars and other land transport vehicles by Singapore residents for use in Singapore is prohibited | |
| d Other machinery and equipment | | |
| e Other | | |
| F Other business services | | |
| a Advertising | | |
| b Market research | | |
| c Management consulting | | |
| d Services related to management consulting | | |
| e Technical testing and analysis services | Need local presence to provide testing on products physically present in Singapore, whether or not intended for import or export. Singapore may expand scope of Animals and Birds Act or Control of Plants Act. Need local presence to test cars | Need local presence to provide testing on products physically present in Singapore, whether or not intended for import or export |
| f Services incidental to agriculture, hunting and forestry | | |
| g Services incidental to fishing | | |
| h Services incidental to mining | | |
| i Services incidental to manufacturing | Annex II exemption on measures affecting goods restricted by the Control of Manufacture Act (air conditioners, beer and stout, cigars, drawn steel products, firecrackers, pig and sponge iron, refrigerators, rolled steel products, steel ingots etc, chewing gum, CDs, DVDs, cigarettes, matches) | Annex I exemption on measures affecting goods restricted by the Control of Manufacture Act (beer and stout, cigars, drawn steel products, chewing gum, cigarettes, matches) |



ATable 7 contd.

| | Australia–Singapore | US–Singapore |
|--|--|--|
| j Services incidental to energy distribution | | |
| k Placement and supply services of personnel | Need local presence to set up and place foreign workers (Annex I) | |
| l Investigation and security | Need local presence, citizen and residency requirements to provide unarmed guards for hire. Foreigners cannot work as guards. Restrictions on operations. Need local presence and designation by relevant govt bodies to supply collection agency services. Need local presence to run a royalty collection management entity | Only Singapore citizens or PRs and Malaysian citizens can work as security guards or as PIs. Unarmed guard services precluded from exporting large cash-in-transit operations. Singapore may limit number of suppliers of credit bureau services, where they get info from Singaporean financial institutions. Suppliers must be established in Singapore and be subject to share ownership and other requirements of Association of Banks in Singapore (Annex I) |
| m Related scientific and technical consulting services | Annex II exemption of scientific and technical consulting services | |
| n Maintenance and repair of equipment | | |
| o Building-cleaning services | | |
| p Photographic services | | |
| q Packaging services | | |
| r Printing, publishing | Annex II exemption on any measure affecting newspapers, not limited to shareholding and management control. MA and NT restrictions apply if the newspaper breaches content standards | Annex II exemption on any measure affecting printed media |
| s Convention services | | |
| t Other | | |
| 2 COMMUNICATION SERVICES | | |
| A Postal | Only Singapore Post can convey letters and postcards. This does not apply to express letters. There are performance requirements and price floors for express letter delivery. Express letter delivery requires local presence | Only Singapore Post can convey letters and postcards. This does not apply to express letters. There are performance requirements and price floors for express letter delivery. Express letter delivery requires local presence |
| B Courier | | |
| C Telecommunications | Facilities and service operators must be locally incorporated. Registrars for | Facilities and service operators must be locally incorporated. Registrars for the .sg |



ATable 7 contd.

| | Australia-Singapore | US-Singapore |
|-------------------------------|---|--|
| | the .sg domain name must be locally incorporated. Annex II exemption on foreign ownership in telecommunications | domain name must be locally incorporated. Annex II exemption on foreign ownership on reciprocal basis in mobile and wireless telecommunications |
| a | Voice telephone services | |
| b | Packet-switched data transmission services | |
| c | Circuit-switched data transmission services | |
| d | Telex services | |
| e | Telegraph services | |
| f | Facsimile services | |
| g | Private leased circuit services | |
| h | Electronic mail | |
| i | Voice mail | |
| j | Online information and data base retrieval | |
| k | Electronic data interchange | |
| l | Enhanced/value-added facsimile services, incl. store and forward, store and retrieve | |
| m | Code and protocol conversion | |
| n | Online information and/or data processing (incl. transaction processing) | |
| o | Other (includes mobile, paging) | |
| D Audiovisual services | | |
| a | Motion picture and video tape production and distribution services | |
| b | Motion picture projection services | |
| c | Radio and television services | Free-to-air broadcasting, cable and pay TV, direct broadcasting by satellite and teletext not included. Blanket Annex II exemption on broadcasting and allocation of spectrum (though does not apply to the sole activity of transmitting licensed broadcasting services to a final consumer). An additional Annex II exemption of broadcasting services |
| | | Blanket Annex II exemption on broadcasting and allocation of spectrum (though does not apply to the sole activity of transmitting licensed broadcasting services to a final consumer) |



A Table 7 contd.

| | Australia-Singapore | US-Singapore |
|--|--|--|
| d Radio and television transmission services | | |
| e Sound recording | | |
| f Other | | |
| E Other | | |
| 3 CONSTRUCTION AND RELATED SERVICES | | |
| | Works requiring govt approval require engineer resident in Singapore for the duration of the project. Partnerships or corporations need to be under the control of a director or partner who is a Singapore-registered engineer. Chairman and two-thirds of directors need to be Singapore-registered engineers or allied professionals. Similarly for directors and partners | Partnerships or corporations need to be under the control of a director or partner who is a Singapore-registered engineer. 51% of directors need to be Singapore-registered engineers or allied professionals. Similarly for directors and partners |
| A General construction work for buildings | | |
| B General construction work for civil engineering | | |
| C Installation and assembly work | | |
| D Building completion and finishing work | | |
| E Other | | |
| 4 DISTRIBUTION SERVICES | | |
| | Annex II exemption in distribution of goods subject to import prohibition or non-automatic import licensing, and list can be changed. Annex II exemption in supply of alcohol and tobacco | Need local presence to distribute and sell hazardous substances. Need local agent to distribute medical and health-related products |
| A Commission agent services | | |
| B Wholesale trade | | |
| C Retail trade | | |
| D Franchising | | |
| E Other | | |
| 5 EDUCATION SERVICES | | |
| A Primary | Annex II exemption for public training. Annex II exemption for primary, | Annex II exemption for public training. Annex II exemption for primary, general |



A Table 7 contd.

| | Australia–Singapore | US–Singapore |
|--|--|---|
| | general secondary and higher secondary (junior colleges and pre-university centres) education services. Annex II exemption for supply of sports education services at primary, secondary, post-secondary and higher education levels | secondary and higher secondary (junior colleges and pre-university centres) education services |
| B Secondary | As above | As above |
| C Higher education | Only local institutions can train doctors. Annex II exemption for public training. Annex II exemption for recognition of university degrees for registration for professional practice. Annex II exemption for supply of sports education services at primary, secondary, post-secondary and higher education levels | Only local institutions can train doctors. Annex II exemption for public training |
| D Adult education | Annex II exemption for public training | Annex II exemption for public training |
| E Other | As above | As above |
| 6 ENVIRONMENTAL SERVICES | | |
| A Sewerage | Annex II exemption for waste water management | Annex II exemption for hazardous waste management. Annex II exemption for waste water management |
| B Refuse disposal | | |
| C Sanitation and similar services | | |
| D Other | Annex II exemption for supply of potable water | Annex II exemption for supply of potable water |
| 7 FINANCIAL SERVICES | | |
| | Singapore dollars to be swapped or converted into foreign currency before being sent abroad. Singapore dollars should not be lent to non-residents for currency speculation (Annex I). See also under NT section. Annex II exemption for measures affecting foreign full banks or in relation to qualifying full bank licences. Annex II exemption for measures affecting Supplementary Retirement Scheme accounts and CPF Investment Scheme accounts. Annex II exemption for use of CPF moneys for purchase of health insurance schemes and annuities. Conditions apply to the admission of insurers | NT for mode 1 for services specified in B.3 of Understanding (eg maritime insurance) plus services auxiliary to insurance and MAT and reinsurance intermediation. NT for mode 4 for services auxiliary to insurance. NT for modes 1, 2 and 4 for financial leasing, provision of information, financial data processing, trading in money market instruments, foreign exchange and exchange and interest instruments with financial institutions of Singapore, corporate finance advisory services, advisory and other auxiliary services (Annex 10A). Singapore to extend chapter to sale and distribution services for govt debt, Singapore to not require product approval for other than certain insurance products, for |



A Table 7 contd.

| | Australia–Singapore | US–Singapore |
|---|--|---|
| | <p>under the Central Provident Fund Investment Scheme (capital, experience). All insurance brokers must be established as Singapore incorporated companies. Direct life insurers and captive insurers must be Singapore incorporated. Reinsurers and non-life insurers can also be branch offices. CTP and workers compensation reserved for registered insurers in Singapore. Annex II exemption for cross-border supply of all services except reinsurance/retrocession and services auxiliary to insurance (actuarial, loss adjustor, average adjustor and consultancy services). Annex II exemption for placement of domestic risks outside Singapore, except those relating to maritime liabilities of shipowners insured by protection and indemnity clubs</p> | <p>others to allow expedited availability except where it is a new financial service from the US, Singapore to allow foreign institutions to offer certain services to collective investment schemes, to consider allowing non-bank credit card issuers access to ATM network (Annex 10C). Singapore dollars to be swapped or converted into foreign currency before being sent abroad. Singapore dollars should not be lent to non-residents for currency speculation (Annex I). Annex II exemption for measures affecting foreign full banks (no new licences) or in relation to qualifying full bank licences (quantitative limits on licences lifted for US banks after 18 months, and US banks customer locations after 2 years (not 1), and to access any ATM network in Singapore after 2.5 years for incorporated banks, after 4 years for others). Annex II exemption for measures affecting Supplementary Retirement Scheme accounts and CPF Investment Scheme accounts (only banks with qualifying full bank privileges can provide these). Conditions apply to the admission of insurers under the CPF Investment Scheme (capital, experience). All insurance brokers must be established as Singapore incorporated companies. Captive insurers must be Singapore incorporated. CTP and workers compensation reserved for registered insurers in Singapore. Placement of domestic risks outside Singapore, except those relating to maritime liabilities of shipowners insured by protection and indemnity clubs, is subject to approval by the Monetary Authority of Singapore</p> |
| A Insurance and related services | | |
| a Life, accident and health insurance services | | |
| b Non-life insurance services | | |
| c Reinsurance and retrocession | | |
| d Services auxiliary to insurance (including broking and agency services) | | |
| B Banking and other financial services | <p>Foreign banks may only establish as Singapore branch offices of a corporation or Singapore incorporated companies. <i>Wholesale banks</i> not allowed to</p> | <p>Wholesale banks not allowed to accept retail deposits, offer savings accounts, operate interest bearing Singapore dollar current accounts, and there are restrictions on issuing bonds and certificates of deposit. Only 20</p> |



A Table 7 contd.

| | Australia–Singapore | US–Singapore |
|--------------------------|--|---|
| | <p>accept retail deposits, offer savings accounts, operate interest bearing S\$ current accounts, and there are restrictions on issuing bonds and certificates of deposit. Only 20 new wholesale licences granted between June 2001 and June 2003. (Annex III clarifies that Australian wholesale banks are not bound by the number of licences issued after 4 years.) <i>Offshore banks</i> not allowed to offer savings accounts, limits on lending, not allowed to accept interest-bearing deposits, limits on current accounts, no retail deposits, limits on issuing bonds and certificates of deposit. Merchant banks may only establish as Singapore branch offices of a corporation or Singapore incorporated companies. No more than one office. No foreign control of 'financial holding companies'. Majority of directors of bank incorporated in Singapore must be citizens or PRs. Limits on individual shareholding. Annex II exemption to allow Singapore to differentiate to safeguard the interests of depositors of a Singapore branch in receivership or winding-up procedures. Annex II exemption on foreign ownership of finance companies incorporated in Singapore. Annex II exemption on supply of clearing and settlement services for exchange traded securities, financial futures and interbank transfers</p> | <p>new wholesale licences granted between June 2001 and June 2003. (US wholesale banks not bound by the number of licences issued after 3 years). Offshore banks not allowed to offer savings accounts, limits on lending, not allowed to accept interest bearing deposits, limits on current accounts, no retail deposits, limits on issuing bonds and certificates of deposit. No new finance company licences issued. Finance companies must incorporate in Singapore, cannot have off-premises ATMS, ATM networking or EFTPOS. Merchant banks may only have one office. No foreign control of 'financial holding companies'. Limits on establishment and operation of securities and futures markets. Notwithstanding other (MA) restrictions, Singapore to offer one new full bank licence and two additional customer service locations for a financial institution of the US (Annex 10C). Clearing and settlement services for exchange-traded securities and futures reserved to Central Depository Ltd, Singapore Exchange Derivatives Clearing Ltd, and Banking Computer Services Pty Ltd</p> |
| a Acceptance of deposits | <p>Clearing services reserved to clearing houses established under the Banking Act. Authorisation required to operate securities or futures markets, and conditions may apply. Banks and merchant banks must establish subsidiaries to trade financial futures. Conditions apply to the admission of funds management companies under the Central Provident Fund Investment Scheme (capital, experience). Banks and merchant bank membership on securities exchange must be held through a subsidiary. Only Central Depository Pty Ltd can provide custodial services for book-entry securities.</p> | <p>Clearing services reserved to clearing houses established under the Banking Act. Must be majority Singapore ownership of remittance shops and money changing businesses. Currency from Brunei to be exchanged at par without charge. Banks and merchant banks must establish subsidiaries to trade financial futures. Banks and merchant bank membership on securities exchange must be held through a subsidiary. Only Central Depository Pty Ltd can provide custodial services for book-entry securities. Conditions apply to the admission of funds management companies under the Central Provident Fund Investment Scheme (capital, experience)</p> |



Pacific Economic Papers

A Table 7 contd.

| | Australia–Singapore | US–Singapore |
|---|---|--------------|
| | <p> Holders of capital market services licence must be Singapore company or branch office. Must be majority Singapore ownership of remittance shops and money changing businesses</p> | |
| c | Financial leasing | |
| d | All payment and money transmission services | |
| e | Guarantees and commitments | |
| f | Trading money market instruments, foreign exchange, derivatives, exchange rate and interest rate instruments, transferable securities, other negotiable instruments and financial assets, incl. bullion | |
| g | Participation in issues of all kinds of securities, incl. underwriting and placement as agent | |
| h | Money broking | |
| i | Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services | |
| j | Settlement and clearing services for financial assets, incl. securities, derivative products, and other negotiable instruments | |
| k | Advisory and other auxiliary financial services | |
| l | Provision and transfer of financial information, and financial data processing and related software by providers of other financial services | |

C Other



A Table 7 contd.

| | Australia-Singapore | US-Singapore |
|--|---------------------|--------------|
|--|---------------------|--------------|

8 HEALTH-RELATED AND SOCIAL SERVICES

| | |
|--|---|
| <p>Annex II exemption on recognition of qualifications for registration of health-related professionals, including contact lens practitioners, dentists, doctors, pharmacists, nurses, midwives and traditional Chinese medicine practitioners. Nurses and midwives must be registered with Singapore Nursing Board. Those supplying medical services must be registered with the Singapore Medical Council. Only those registered with the Singapore Pharmacy Board can provide pharmacy services. Only Singapore registered pharmacists can sell products defined under the Medicines Act. Annex II exemption on supply of health services by govt owned or controlled institutions. Annex II exemption on limits to number of doctors or pharmacists practising in Singapore, and conditions for registration</p> | <p>Annex II exemption on recognition of qualifications for registration of health-related professionals, including contact lens practitioners, dentists, doctors, pharmacists, nurses, midwives and traditional Chinese medicine practitioners. Nurses and midwives must be registered with Singapore Nursing Board. Those supplying medical services must be registered with the Singapore Medical Council. Only those registered with the Singapore Pharmacy Board can provide pharmacy services. Only Singapore registered pharmacists can sell products defined under the Medicines Act. Annex II exemption on supply of health services by govt institutions. Annex II exemption on limits to number of doctors or pharmacists practising in Singapore</p> |
|--|---|

A Hospital services

| | | |
|--------------------------------------|--|--|
| B Other human health services | Must be resident in Singapore to supply contact lenses | Must be resident in Singapore to supply contact lenses |
|--------------------------------------|--|--|

C Social services

D Other

9 TOURISM AND TRAVEL-RELATED SERVICES

| | |
|---------------------------------|---|
| A Hotels and restaurants | Only a Singapore citizen or PR can apply for a licence to operate a food establishment in places such as hawker centres, restaurants and cafes in their personal capacity |
|---------------------------------|---|

B Travel agencies and tour operator services

C Tourist guide services

D Other

10 RECREATIONAL, CULTURAL AND SPORTING SERVICES

A Entertainment services

B News agency services



A Table 7 contd.

| | Australia–Singapore | US–Singapore |
|--|--|--|
| C Libraries, archives, museums and other cultural services | Annex II exemption on measures affecting archive services for govt records specified under the National Heritage Board. Annex II exemption on museum services and preservation of historic sites, monuments and buildings | |
| D Sporting and other recreational services | National park management reserved for National Parks Board | |
| E Other | | |
| 11 TRANSPORT SERVICES | | |
| A Maritime | Aggregate foreign shareholdings in PSA Corporation not to exceed 49%. Individual holdings limited to 5%. Annex II exemption on towing and tug assistance, provisioning, fuelling and watering, garbage collection and ballast water disposal, port captains services, navigation aids, emergency repair, anchorage, and other shore-based services essential to ship operations. Annex III clarifies that these services are made available to international maritime operators on reasonable and non-discriminatory terms | Aggregate foreign shareholdings in PSA Corporation not to exceed 49%. Individual holdings limited to 5% |
| a Passenger transportation | Singapore flagged vessels must be registered to Singapore citizen or PR. Need a ship manager resident in Singapore. Vessels do not need to be majority Singapore owned if they are of a minimum size and self-propelled. Registered seamen must be Singapore citizens or PRs | Singapore flagged vessels must be registered to Singapore citizen or PR. Need a ship manager resident in Singapore. Vessels do not need to be majority Singapore owned if they are of a minimum size and self-propelled. Registered seamen must be Singapore citizens or PRs |
| b Freight transportation | | |
| c Rental of vessels with crew | | |
| d Maintenance and repair of vessels | | |
| e Pushing and towing services | | |
| f Supporting services for maritime transport | Cargo handling reserved for PSA and Jurang Port. Pilotage and water supply reserved to PSA Marine. Only local service suppliers can operate and manage cruise and ferry terminals (more than 50% owned) | Cargo handling reserved for PSA and Jurang Port. Pilotage and water supply reserved to PSA Marine |





A Table 7 contd.

| | Australia–Singapore | US–Singapore |
|--|---|--|
| B Inland waterways transport | Annex II exemption on supply of internal waterways transport | |
| a Passenger transportation | | |
| b Freight transportation | | |
| c Rental of vessels with crew | | |
| d Maintenance and repair of vessels | | |
| e Pushing and towing services | | |
| f Supporting services for inland waterways transport | | |
| C Air transport services | | |
| a Passenger transportation | Individual shareholding in Singapore airlines limited to 5%. Individual shareholding in Singapore Technologies. Engineering limited to 5%. Suppliers of passenger and freight services need to comply with the ‘effective control’ and ‘substantial ownership’ requirements of Singapore’s air service agreements. This may limit foreign ownership | Individual shareholding in Singapore airlines limited to 5%. Individual shareholding in Singapore Technologies Engineering limited to 5%. Suppliers of passenger and freight services need to comply with the ‘effective control’ and ‘substantial ownership’ requirements of Singapore’s air service agreements. This may limit foreign ownership |
| b Freight transportation | | |
| c Rental of aircraft with crew | | |
| d Maintenance and repair of aircraft | | |
| e Supporting services for air transport | Ground handling services reserved for Singapore Airport Terminal Services and Changi International Airport Services. Rescue and firefighting services reserved for Civil Aviation Authority of Singapore. Annex II exemption on supply of air traffic, air navigation, etc, rescue and fire fighting, ground operations, terminal operations, flight information management, security, and real estate management of airports and heliports. Annex II exemption for building, ownership and management of airports and heliports | Ground handling services reserved for Singapore Airport Terminal Services and Changi International Airport Services. Does not apply to services already supplied by US providers under other international agreements. Annex II exemption for measures relating to divestment of the administrator and operator of airports |



ATable 7 contd.

| | Australia–Singapore | US–Singapore |
|---|---|---|
| D Space transport | | |
| E Rail transport services | Annex II exemption for public transport | Annex II exemption for public transport |
| a Passenger transportation | | |
| b Freight transportation | Annex II exemption for rail and road freight services | |
| c Pushing and towing services | | |
| d Maintenance and repair of rail transport equipment | | |
| e Supporting services for rail transport | Annex II exemption | |
| F Road transport | Annex II exemption for public transport | Annex II exemption for public transport |
| a Passenger transportation | | |
| b Freight transportation | Annex II exemption for rail and road freight services | |
| c Rental of commercial vehicles with operator | | |
| d Maintenance and repair of road transport equipment | Local presence required to maintain and repair motor vehicles | |
| e Supporting services for road transport | Annex II exemption | |
| G Pipeline transport | | |
| a Transportation of fuels | Distribution of gas reserved to City Gas and Power Gas. Local presence required for supply of chemicals and petroleum via pipeline | Distribution of natural gas reserved to Power Gas |
| b Transportation of other goods | | |
| H Services auxiliary to all modes of transport | Annex II exemption for storage and warehousing, freight forwarding, inland trucking, container station and depot services | Annex II exemption for storage and warehousing, freight forwarding, inland trucking, container station and depot services. Does not extend to express delivery services (part of postal services) |



A Table 7 contd.

| | Australia-Singapore | US-Singapore |
|-------------------------------------|---|--|
| a Cargo-handling services | Need local presence to apply for import/export permit, certificate of origin or other trade document | Need local presence to apply for import/export permit, certificate of origin or other trade document |
| b Storage and warehouse services | | |
| c Freight transport agency services | | |
| d Other | | |
| I Other transport services | | |
| 12 OTHER SERVICES – NEC | | |
| | Annex II exemption on services provided by cooperative societies and trade unions | Only suppliers with local presence can be registered under the Cooperative Societies Act or provide trade union services. Generally only Singapore citizens can hold office or be a manager in co-ops. Office bearers of trade union must be Singapore citizens |
| | Individual shareholding in Singapore Power, Power Grid, Power Supply, Power Gas limited to 5% | Individual shareholding in Singapore Power, Power Grid, Power Supply, Power Gas limited to 5% |
| | Power suppliers must sell through Singapore wholesale market, not directly to consumers. There are limits on the amount of power supplied. Only Power Supply Ltd can sell to retail customers. Only Power Grid can be the transmission licensee, and the sole owner and operator of the transmission and distribution network | Power suppliers must sell through Singapore wholesale market, not directly to consumers. There are limits on the amount of power supplied. Only Power Supply Ltd can sell to retail customers. Retail competition to be phased in, fully open by 2003. Only Power Grid can be the transmission licensee, and the sole owner and operator of the transmission and distribution network |
| | Annex II exemption over government ownership of Singapore Technologies Engineering (defence-related) | Annex II exemption over government ownership of Singapore Technologies Engineering (defence-related) |
| | | As part of the Asset Enhancement Scheme, the Govt of Singapore may limit to Singaporean citizens sales of shares in enterprises that it owns. But shares are freely transferable thereafter |

Source: Agreement texts.

Glossary

| | |
|-----------|--|
| ACCC | Australian Competition and Consumer Commission |
| AFTA | ASEAN Free Trade Area |
| AIDC | Australian Industry Development Corporation |
| APEC | Asia–Pacific Economic Cooperation |
| APRA | Australian Prudential Regulation Authority |
| ARTG | Australian Register of Therapeutic Goods |
| asap | as soon as possible |
| ASX | Australian Stock Exchange |
| ATC | Agreement on Textiles and Clothing |
| ATM | automatic teller machine |
| AUSFTA | Australia–United States Free Trade Agreement |
| BD method | build-down method |
| BSE | bovine spongiform encephalopathy |
| BU method | build-up method |
| CBA | Commonwealth Bank of Australia |
| CER | Closer Economic Relations Trade Agreement with New Zealand |
| CIE | Centre for International Economics, Canberra |
| CP | Ccommercial presence |
| CPC | Central Product Classification |
| CPF | Central Provident Fund, Singapore |
| CSL | Commonwealth Serum Laboratories, Melbourne |
| CTP | compulsory third party |
| CV | countervailing measures |
| DC | District of Columbia |
| DFAT | Department of Foreign Affairs and Trade |
| DoT | Department of Transport, Australia |
| EFTPOS | Electronic Financial Transfer and Payment System |
| ETA | Electronic Travel Authority |
| EU | European Union |
| FDA | Food and Drug Administration, United States |
| FIRB | Foreign Investment Review Board, Australia |
| FTA | free trade agreement |
| FTAA | Free Trade Agreement of the Americas |
| GATS | General Agreement on Trade in Services |
| GATT | General Agreement on Tariffs and Trade |
| GI | geographical indication |
| GPA | Government Procurement Agreement |
| GSP | Generalised System of Tariff Preferences |
| HDB | Housing Development Board, Singapore |
| ICPAS | Institute of Certified Public Accountants of Singapore |
| ICSID | International Centre for Settlement of Investment Disputes |



| | |
|----------|--|
| ILO | International Labour Organization |
| IP | intellectual property |
| IPRs | intellectual property rights |
| ISP | internet service provider |
| MA | market access |
| MFN | most favoured nation |
| MR | mutual recognition |
| MRA | mutual recognition agreement |
| NAFTA | North American Free Trade Agreement |
| NEC | not elsewhere classified |
| NSW | New South Wales |
| NT | national treatment |
| NTM | non-tariff measures |
| PBS | Pharmaceutical Benefits Scheme of Australia |
| PI | private investigator |
| PR | permanent resident |
| Qld | Queensland |
| RBA | Reserve Bank of Australia |
| ROOs | rules of origin |
| RVC | regional value content |
| SMEs | small and medium-sized enterprises |
| SPS | sanitary and phytosanitary |
| TBT | technical barrier to trade |
| TCF | textiles, clothing and footwear |
| TGA | Therapeutic Goods Administration of Australia |
| TPC | Trade Practices Commission of Australia |
| TRIMS | Agreement on Trade-Related Investment Measures |
| TRIPS | Agreement on Trade-Related Aspects of Intellectual Property Rights |
| UK | United Kingdom |
| UNCITRAL | United Nations Commission on International Trade Law |
| US | United States |
| USO | universal service obligation |
| Vic | Victoria |
| WIPO | World Intellectual Property Organization |
| WTO | World Trade Organization |
| WTO DSB | WTO Dispute Settlement Body |



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