

RULES OF ORIGIN FOR SERVICES IN ASIA-PACIFIC TRADE AGREEMENTS

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ABSTRACT

Rules of origin for services in the GATS carve out services of non-WTO members from enjoying benefits ascertained under the GATS. In a case of Regional Trade Agreements (RTAs), rules of origin appear in a denial of benefits clause which differs in each agreement. This article reviews rules of origin provisions in 47 RTAs in the Asia-Pacific region. It was found that the majority of Asia-Pacific RTAs contained liberal provisions on rules of origin for juridical persons. However, restrictive rules of origin for natural person remain in operation in some RTAs that involve Japan. In principle, liberal rules of origin in RTAs could act as de facto multilateral services liberalization since suppliers outside RTAs can gain access to market in that RTA. Local players may lose out from opening up markets to stronger non-party suppliers. However, opportunities may be gained from capacity development in trying to keep up with rigor competition. In the long run, domestic adjustment of rules and regulations is needed to create a viable environment for foreign and domestic business in the region.

KEYWORDS: *rules of origin, trade in services, regional trade agreement, RTA, Asia-Pacific, substantive business operations, commercial presence*

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