

Trade in Services

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**ASEAN-CER
Integration Partnership Forum
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Protocol on Trade in Services

Services inscribed at 1 January 1989

Australia	New Zealand
Banking	International Carriers Flying Cabotage
Domestic Air Services	Shipping – Stevedoring
Insurance Services (Basic Health, Third Party, Workers Compensation)	
International Aviation	
Construction, Engineering and General Consultancy	
Coastal Shipping	
Postal Services	
Broadcasting , Radio and Television	
Airport/Airways Services	
Telecommunications	

Protocol on Trade in Services

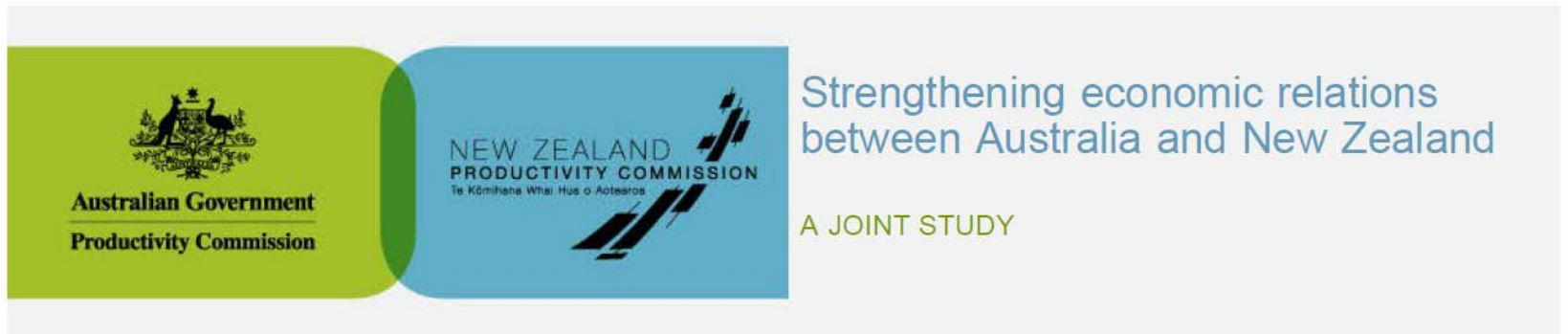
Annex as of 9 March 1999

Australia	New Zealand
Third Party Insurance Services	
Broadcasting , Radio and Television	
Coastal Shipping	
Postal Services	
Airport/Airways Services	

Annual CER Ministerial Forum agrees eg 'to continue to examine the few remaining sectors....'

Three case studies

- Postal services
- Coastal shipping
- Telecommunications



Postal services

- Interest
 - Natural monopoly (?), Universal services, Pressures for adjustment from technological change
- Letter monopoly in NZ removed in a series of steps (1987, 1991 then finally 1998)
 - All were documented in the inscription list

Following reform...

- New competitors then arrived eg [Pete's Post](#)
 - Use of access agreement
 - Attracted foreign investment eg Croxley
- Other adjustment by NZ Post
 - Developed new businesses using their network eg banking, express delivery, international consulting,
 - investments in Australia



Other consequences

- Productivity growth in anticipation of removal of the monopoly
 - In the lead up to reform, prices fell and quality improved.
 - NZP Letter price fell in 1995 from 45 to 40 cents and then to 50 cents in 2006 [60 cents in 2010 and 70 cents from July 2012 – general price level 45% higher since 1995]
 - between 1987 and 1995 next day deliveries went from 17% to 99%
- Universal service
 - Still carried by NZ Post

Further adjustment to come

- Falling mail volumes (5% a year) will lead to further discussion about service quality and adjustments to the universal service obligation
 - Variations in fees, service quality, use of substitute services, etc.



NEW
ZEALAND
POST
GROUP

Coastal shipping

- Usually a sensitive sector
- Important input for some other non-services sectors

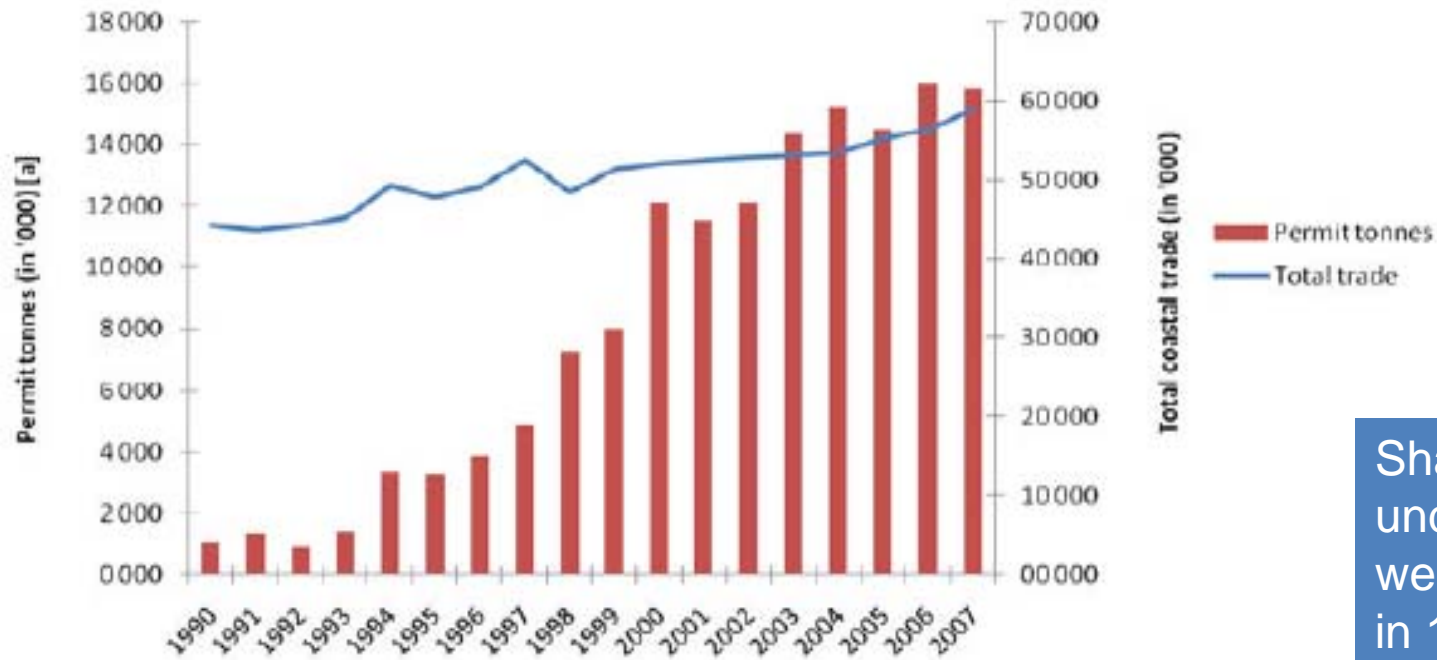


Coastal shipping

(Bertho paper for the PSU)

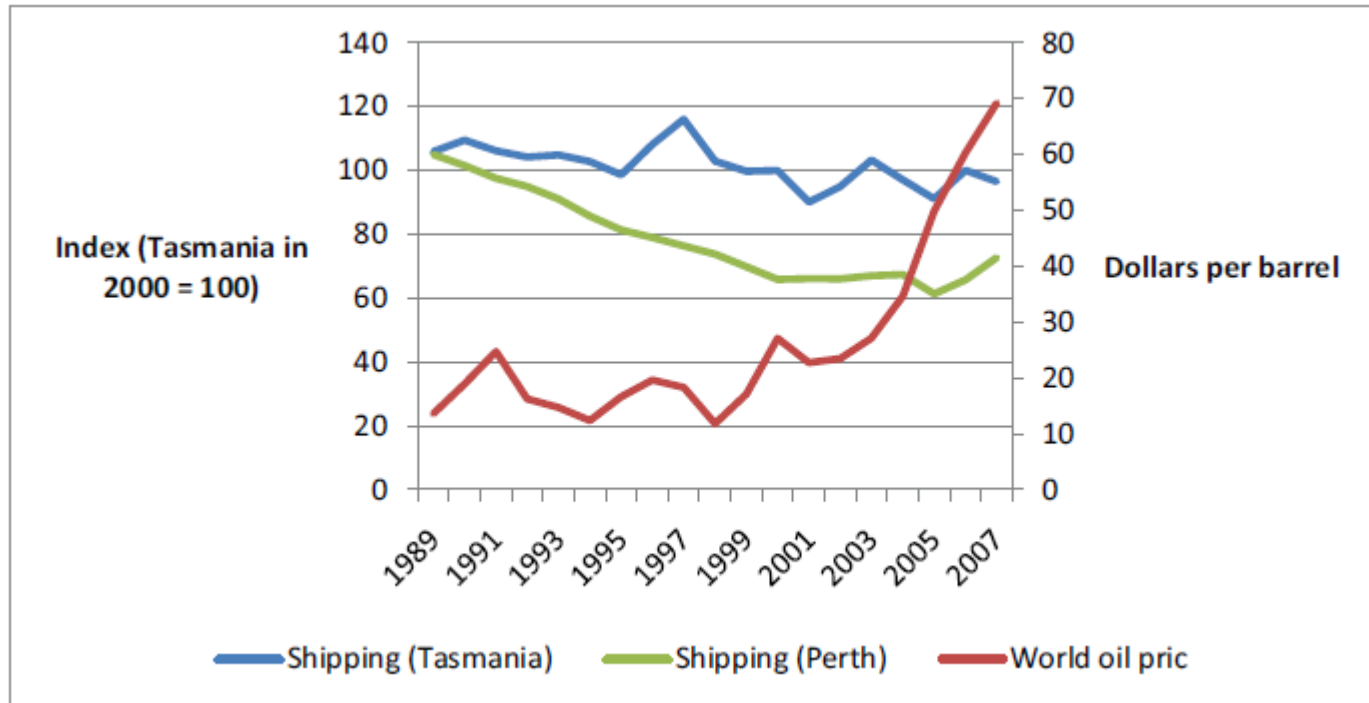
- Australian coastal shipping is regulated by the Navigation Act 1912.
 - Plus ‘Ministerial Guidelines for Granting Licences and Permits to Engage in Australia’s Domestic Shipping
- The legislation has not changed much over several decades but its interpretation has.
 - “Until the early 1990s coastal shipping permits were issued to foreign-flag vessels in exceptional circumstances only and the share of coastal trade transported under the permit system was small”.
This changed in the late 1990s.

More permits issued since late 1990s



Share of trade under permits went from 7% in 1999 to 25% in 2007

Coastal shipping prices



And productivity of the remaining Australian coastal fleet increased by a factor of more than 2

Australian fleet adjusted

Table 13.2: Summary of the Australian registered trading fleet, 1999 and 2007.

	Number of vessels		Dwt		Change in %
	1999	2007	1999	2007	
Coastal trade	41	28	1 562 588	644 807	-59
Overseas trade	10	10	673 467	543 808	-19
Total	51	38	2236055	1188615	-47

Now only 22 ships



Reaction

- The policy change however is not 'bound'
- Government now proposes to abandon the permit system in [new legislation](#)
- But consumers are resisting the change:
 - Eg [petrol](#) and [cement](#)

Telecom

(Lee paper for APEC PSU)

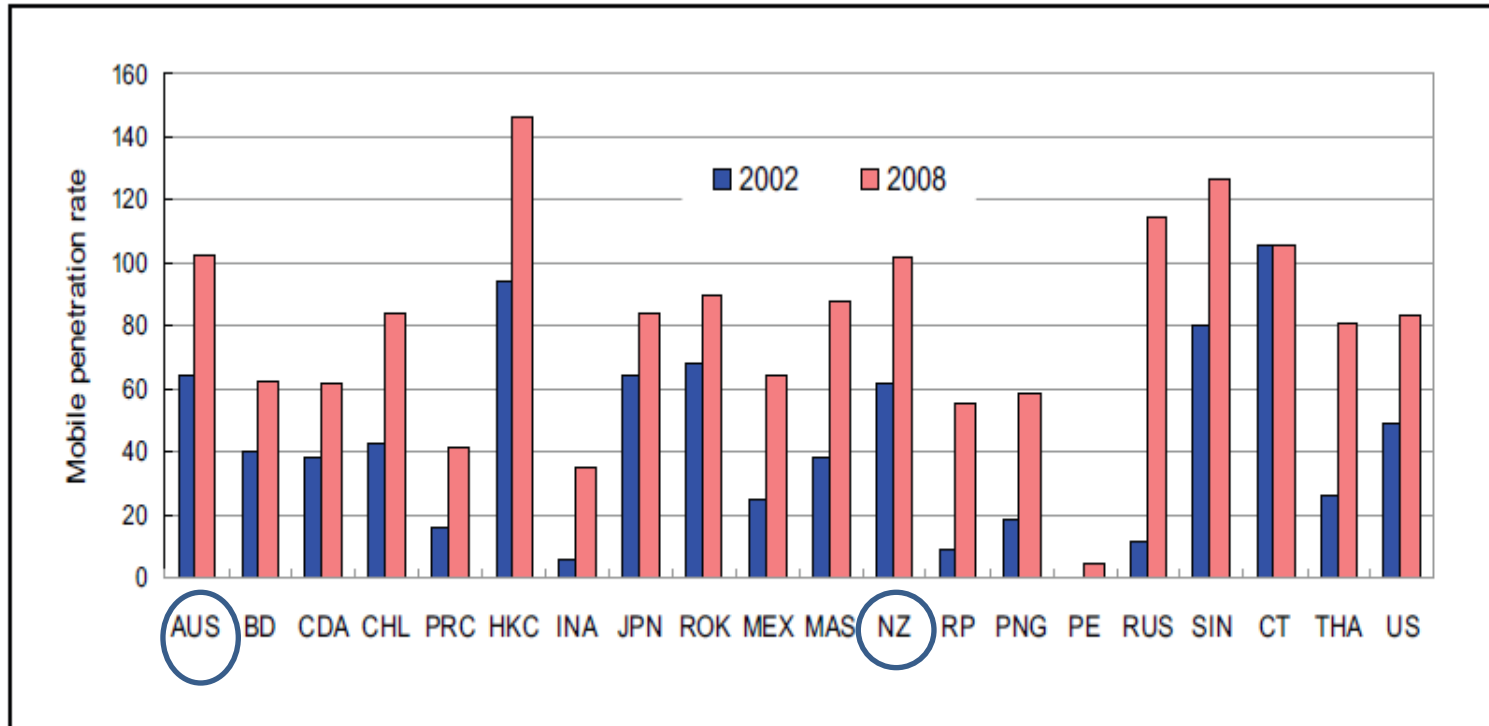


Figure 7.5: Comparison of change in APEC economies' mobile penetration rate. (Source: ITU 2009b)

http://publications.apec.org/file-download.php?filename=07-Quantifying_Impact_of_Structural_Reform_in_Telecommunications.pdf&id=1113_toc

NZ and Australia are 'on the line'

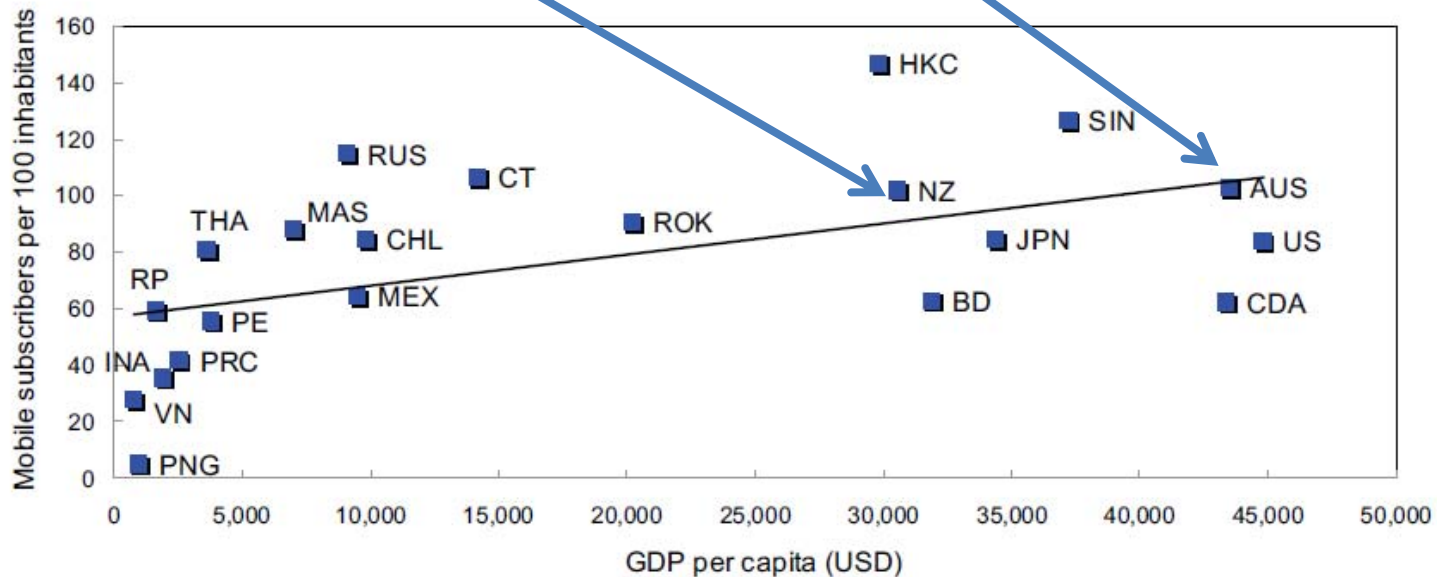


Figure 7.4: Mobile penetration rate and GDP *per capita* (2008). (Source: ITU 2009b)

Telecom debate in CER context

- Growth linked to reform applied globally
- CER debate now focuses on competition regulatory policy
 - whether the lack of harmonisation is holding back the degree of market integration
 - CER is not as detailed as other bilateral agreements with respect to aspects of telecom competition.

Five Themes

1. Experiments are useful
2. Incumbents can adjust
3. Universal service is not a constraint on reform
4. Reform never ends
5. Resistance can reappear when reform is not bound

Additional slides

Protocol on Trade in Services to the ANZCERTA

- **Inscription of Postal Services (1989)**

- New Zealand

- Statutory monopoly of New Zealand Post Limited

- For letters up to 500 grams

- Exception: anybody may carry letters 500 grams or less

provided they charge at least NZD1.75

- Australia

- Statutory monopoly of Australian Postal Commission

- For letters up to 500 grams

- Exception: anybody may carry letters 500 gram or less

provided they charge at least ten times standard postal article rate

Protocol on Trade in Services to the ANZCERTA

- **Inscription of Postal Services (1992)**

- New Zealand

- Statutory monopoly of New Zealand Post Limited

- For letters up to **200 grams**

- Exception: anybody may carry letters **200 grams**
or less

provided they charge at least NZD0.80

- Australia

- Statutory monopoly of Australian Postal Commission

- For letters up to 500 grams

- Exception: anybody may carry letters 500 gram or
less

provided they charge at least ten times
standard postal article rate

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- **Inscription of Postal Services (1995)**
 - New Zealand
 - Statutory monopoly of New Zealand Post Limited
 - For letters up to 200 grams
 - Exception: anybody may carry letters 200 grams or less provided they charge at least NZD0.80
 - Australia
 - Statutory monopoly of **Australian Postal Corporation (Australian Post)**
 - Exceptions:
 - » **Letters weighing more than 250 grams**
 - » **Carriage of letters where charge is at least four times standard letter rate**
 - » **Collection of mail for foreign delivery**
 - » **Movement of documents within document exchange service**
 - » **Carriage of letters between offices within same organization by third party**

Protocol on Trade in Services to the ANZCERTA

- **Inscription of Postal Services (1999)**
 - New Zealand
 - **Full liberalization of postal services**
 - Australia
 - Statutory monopoly of Australian Postal Corporation (Australian Post)
 - Exceptions:
 - » Letters weighing more than 250 grams
 - » Carriage of letters where charge is at least four times standard letter rate
 - » Collection of mail for foreign delivery
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Protocol on Trade in Services to the ANZCERTA

- **Inscription of Telecommunication (1989)**
 - New Zealand
 - Statutory monopoly of Telecom (Network monopoly until 1 April 1989)
 - Exception: value added services using circuits leased from Telecom

Australia

- Provision of:
 - Basic public switched telecommunication networks
 - Basic international network facilities
 - Following services:
 - » Public switch data
 - » Public switched text and video
 - » Public switched ISDN
 - » Circuit leasing
 - » Mobile phones
 - Payphone services and maintenance of
 - The first standard telephone in customer's premises
 - Shared use and resale of carriage of traffic over private telecommunication networks

Protocol on Trade in Services to the ANZCERTA

- **Inscription of Telecommunication (1992)**
 - New Zealand
 - **Articles of Association of Telecom Corporation New Zealand limits the shareholding by any single overseas entity to 49.9 per cent and can only be amended by the consent of the Government**

Australia

- **Telecommunications Act 1991:**
 - Provision of payphone services and maintenance of
 - **Supply of telecommunication services by satellite**
 - » **Exception: Class license holders issues by AUSTEL**
 - **Supply of mobile phone services**
 - » **Exception: Class license holders issues by AUSTEL**
 - **Supply of services of interconnected radio-communication networks**
 - » **Exception: Class license holders issues by AUSTEL**
 - **Foreign ownership restrictions and control of licenses imposed by conditions of their license and Foreign Acquisition and Takeover Act 1975**
 - **Only two carrier licenses to be issued before 30 June 1997**
 - **Only three Public Mobile Telecommunication licenses to be issued before mid 1995**

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- Articles of Association of Telecom Corporation New Zealand limits the shareholding by **any single entity** to 49.9 per cent and can only be amended by the consent of the Government

Australia

- **Foreign ownership restrictions and control of licenses imposed by conditions of their license and Foreign Acquisition and Takeover Act 1975**
 - **No additional Public Mobile Telecommunication Services licenses will be issued before 30 June 1997**

Protocol on Trade in Services to the ANZCERTA

- **Inscription of Telecommunication (1995)**
 - New Zealand
 - **Full liberalization**

Australia

- **Full liberalization**