

ASR welcomes groundbreaking OECD Study on the Australian Services Sector

The OECD Trade Committee in Paris today discussed Australia's services competitiveness drawing on an OECD Secretariat study "Australian Services Trade in the Global Economy".

The OECD has found Australians benefit from a domestic regulatory environment that is more open, efficient and pro-competitive than many other countries. Australia's domestic regulatory regime is more liberal than average in 21 of the 22 services sectors measured by the OECD Services Trade Restrictiveness Index. The study nevertheless suggests potential directions for action by government and business to help improve Australia's international competitiveness and export performance in services.

"Services industries are upbeat", said Jane Drake-Brockman, ASR Board Chair. "The cluster of policy and regulatory reforms recommended by the OECD study reinforce 18 years of public advocacy on the part of ASR and help build momentum towards a whole-of-government national services strategy."

Services account for more than 80 per cent of both GDP and employment, but only around a quarter of total Australian exports, as measured by the balance-of-payments. When measured in value-added terms, services are 46 per cent of Australia's total exports, which still lags behind the average for other OECD countries.

"The OECD study confirms that there is no underlying problem with services productivity but highlights that there is some scope for improvement and that regulatory settings, both at home and abroad, would benefit from further opening," said Ms Drake-Brockman.

"Australia's largest services exports, Tourism and Education, face challenges as new competitors are emerging in our region. These challenges call for significant industry rethink as well as policy enhancement, including market diversification, export promotion and enhanced internal government coordination.

"Other sectors highlighted in the OECD study are Health services, Mining equipment technology and services (METS), Professional services, Financial services and ICT services. Across all these sectors, continued focus on trade negotiating efforts at bilateral, plurilateral and multilateral levels can be expected to reap benefits. At a regional level, implementation of the APEC Services Competitiveness Roadmap must remain a high priority.

"ASR, together with other peak industry bodies, is bringing an industry perspective to the OECD recommendations in individual services sub-sectors, to fine-tune industry priorities and help develop a domestic Services Action Plan. ASR attaches priority to working with the Government to take this forward."

Background:

The OECD study provides a comprehensive compendium of statistical material on the Australian services industries. It draws heavily on the latest analytical tools including the OECD/WTO Trade in Value-Added (TiVA) database and the OECD Services Trade Restrictiveness Index (STRI).

ASR was closely involved in the process of “reality testing’ the OECD findings on the ground in Australia. ASR was consulted during the study’s 18-month drafting process, by both the Department of Foreign Affairs and Trade and the OECD Secretariat. ASR facilitated OECD Secretariat consultations with Australian business stakeholders in Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra.

Other peak industry bodies are also involved in helping to develop a Services Action Plan. This is because services competitiveness is a key driver of export performance across all industries. The OECD study shows that services business inputs contribute a major component of value-added to Australia’s exports of goods, so competitiveness in all other industries is fundamentally dependent on competitiveness in services.

About the ASR: The Australian Services Roundtable is the peak business voice for Australia’s services industries, focused on Australian services competitiveness and international business and trade performance.

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