JANUARY 2022

DISCUSSION PAPER SERIES NO. 2022-02

Opportunities for the Philippines under RCEP: Trade in Services

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January 2022

Abstract

The Regional Comprehensive Economic Partnership (RCEP) is a forward-looking trade agreement between member economies of the Association of Southeast Asian Nations (ASEAN) and its free trade agreement (FTA) partners (AFPs) namely Australia, China, Japan, Korea, and New Zealand (i.e., non-ASEAN signatory economies). It presents an opportunity to participating economies to consolidate rules given overlapping sets of FTAs. Because of stalemates that developed between economies in World Trade Organization (WTO) negotiations, more regional trading agreements (RTAs) have emerged. As RTAs define trade rules and commitments for all its signatories that are geared towards encouraging free movement of goods and services among member economies, it can deepen economic linkages. The RCEP is an alternative avenue for trade liberalization at the regional level, and a challenger to the Trans-Pacific Partnership (TPP) in terms of coverage and degree of liberalization. Through RCEP, new opportunities for trade and investment may be harnessed. As a result, the enhanced partnership can contribute to human resource and infrastructure development—which are key to the economic growth and development of the Philippines. Hence, we investigate how the RCEP can deepen the contributions of trade in services in the Philippine economy through the commitments made and limitations imposed. We reviewed and assessed the specific commitments of AFPs joining the RCEP in terms of trade in services, particularly on market access and national treatment. We compared these commitments, evaluated its relevance to the needs of the Philippines, and determined the benefits that he Philippines can reap from RCEP. Our analysis suggests that the RCEP is a marginal regional trading arrangement that should be viewed as a compilation of previous regional trading agreements for key economies in the Asia-Pacific (APAC) region. Because of the additional commitments made by the signatory economies, specific opportunities in trade in services may be valuable for the Philippines. However, there are challenges in the form of market access and national treatment limitations, which the Philippines must view as an opportunity to enhance its domestic productivity.

Keywords: ASEAN, free trade agreements, market access, national treatment, regional comprehensive economic partnership, trade in services

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Opportunities for the Philippines under RCEP: Trade in Services

John Paolo R. Rivera[*] and Tereso S. Tullao Jr.[**]

1. Introduction

As an accord between economies, a regional trade agreement (RTA[1]) defines the trade rules and commitments for all its signatories aimed to encourage free movement of goods and services across member economies. Moreover, it comes with internal rules that member economies comply with among themselves; and imposes external rules for non-member economies that all members assent to. Moreover, "in many trade agreements today, negotiations go beyond tariffs to cover multiple policy areas that affect trade and investment in goods and services, including behind-the-border regulations such as competition policy, government procurement rules, and intellectual property rights" (Smillie, 2018, para. 2). For instance, in the light of the stalemate in global trade negotiations as well as the race for economic supremacy between the United States of America (USA) and the People's Republic of China (PRC) (Chin, 2018), RTAs have been increasing over time accompanied by modifications and innovations in its nature, objectives, and scope.

As further discussed by Smillie (2018), RTAs that cover border measures (e.g., tariffs) are denoted as "shallow" agreements while those that cover a larger set of policy areas (i.e., at the border; behind the border) are called "deep" agreements. As such, the Regional Comprehensive Economic Partnership (RCEP[2]) is a forward-looking trade agreement (Malvenda 2019) between Association of Southeast Asian Nations (ASEAN) Member States (AMS) and its free trade agreement (FTA) partners (AFPs)[3] – China, Japan, Korea, Australia, and New Zealand (i.e., non-ASEAN signatory economies). Because trade agreements can deepen economic linkages, the RCEP is an alternative avenue for trade liberalization at the regional level, and a challenger to the Trans-Pacific Partnership (TPP) in terms of coverage and degree of liberalization. At the national level, for instance, according to Drysdale and Armstrong (2021), RCEP is important for China to "trial reforms and demonstrate its commitment to broader international multilateral liberalization and economic cooperation" (p. 128).

Hence, because the RCEP aims to further liberalize trade in goods and services, while enhancing competition policy, intellectual property rights (IPRs), investment, economic and technical cooperation, and government procurement (Balińo 2020). It will link approximately 2.2 billion people and 30 percent of global economic output, increase output, and generate significant economic, social, and political gains (Gunia 2020; Petri & Plummer 2020). Negotiations covered areas of dispute settlement, e-commerce, micro, small and medium enterprises (MSMEs), and economic cooperation (Business Standard, n.d.).

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[1] Examples of RTAs include the Association of South East Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), European Union (EU), North American Free Trade Agreement (NAFTA), Trans-Paciifc Partnership (TPP), among others.

[2] RCEP was introduced during the 19th ASEAN meeting in November 2011. Negotiations began during the 21st ASEAN Summit in Cambodia in November 2012. Participating economies signed in November 2020 (Balińo 2020; Pearson 2020; Rivas 2020).

[3] Although India is an FTA partner of ASEAN, it did not sign the RCEP because it was cautious of its industry's ability to compete with China and its agricultural sector is worried on its capacity to compete on a global scale (Business Standard n.d.)

As reported by Rivas (2020), the RCEP also aims to establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership that would bring employment and market opportunities, and accelerate economic growth and development in the region. It will also progressively reduce tariffs and target counter protectionism, boost investments, and liberalize the movement of goods and services within the area (Pearson 2020). By recognizing the individual and diverse levels of development and economic needs of its signatories, the RCEP is expected to benefit all its member economies despite the pandemic-induced global slowdown and concerns about de-globalization (Wolf et al. 2020).

Similarly, as pointed out by Drysdale and Armstrong (2021), the RCEP's economic cooperation agenda integrates and accounts for existing ASEAN processes—it allows for the expansion of cooperation on untouched areas. Therefore, the RCEP serves as an evolving and adaptive agreement that can address the emerging needs of its members. In general, this agreement underpins the RCEP framework which initiates reforms and commitments to further broaden multilateral liberalization and economic cooperation. Once ratified by the six AMS and the three FTA partners, RCEP will take effect after 60 days upon its ratification (Baliño 2020).

1.1. Rationale

According to Anuradha (2013), the RCEP presents an opportunity for participating economies to consolidate rules given overlapping sets of FTAs such as in the case of trade in services. Given that at least 65 percent of all services sectors will be fully open to foreign investors with commitments to increase foreign shareholding limits in various industries, including professional services, information and communications technology (ICT) services, financial services, distribution, and logistics—trade in services proves to be a critical juncture of RCEP discussions (Markert & Doernenburg 2020; Scoles 2020; Deloitte 2021). Arguably, the RCEP also offers opportunities to expand Mode 1 (cross border transactions) of the General Agreement of Trade in Services (GATS[4]) relative to other modes of supply[5] through the rise of digital economy during the pandemic (Cohron et al. 2020). This transition to digitalization may then be facilitated by the RCEP. On the other hand, however, the RCEP also poses a challenge arising from the varying degrees of interests and levels of ambition of the individual participating economies, and the relative extent to which each of them seek to undertake their commitments on liberalization in trade in services[6].

In terms of RCEP's implications to ASEAN, it poses both opportunities and challenges. On one hand, because it is anchored on the extension and expansion of existing bilateral FTAs between member economies, it does not only deepen trade and economic linkages in the Asia-Pacific (APAC) region, it also opens up new opportunities for trade and investments (Oxford Business Group 2020). As the first East Asian mega FTA, it can also support AEC's stance against growing protectionism during the coronavirus (COVID-19) pandemic (Shimizu 2021). Hence, participating economies will benefit from RCEP through increased exports, investment growth, and greater opportunities to engage in regional supply chains due to greater market

[4] See https://www.wto.org/english/tratop_e/serv_e/cbt_course_e/c1s3p1_e.htm for a comprehensive discussion.

[5] The following are the GATS modes of supply: Mode 1 (cross border transactions) – services are supplied from the territory of one member economy of a trade agreement into the territory of another; Mode 2 (consumption abroad) – services are supplied in the territory of one member economy of a trade agreement to the consumers of another; Mode 3 (commercial presence) – services are supplied through any type of business or professional establishment of one member economy of a trade agreement in the territory of another; and Mode 4 (movement of natural persons) – services are supplied by nationals of one member economy of a trade agreement in the territory of another, requiring physical presence of the service provider in the host economy.

[6] Involves the exchange of sale of a service within the eleven broad categories subsequently indicated between residents of one economy and residents of another as per one of the four modes of supply. It includes payments and receipts for service-related activities (e.g., financial, transport, legal, accounting, consultancy, tourism, among others). It is determined as the sum of service exports and imports divided by the value of GDP.

access. In particular, it can facilitate more MSMEs to integrate with regional and global value chains as well as enhance external participation.

On the other hand, three pertinent limitations of RCEP were identified. First, Hong (2020) and Sytsma (2020) argued that it lacks depth in terms of tariff cuts given its low trade imports coverage. RCEP will cut tariffs on 90 percent of goods when existing trade agreements among member economies already cover 80 percent of these goods. (Hong 2020; Sytsma 2020). Second, RCEP negotiations put less emphasis on "new rules formulation" and lacks stringent regulations for member economies on issues related to state-owned enterprises, consumer protection, labor standards and rights, IPR protection, government procurement, competition policy, Internet rules, and environmental protection – all are the important concerns in establishing a high-level regional FTA (Hong 2020; Rowlands 2020; Sytsma 2020). Third, being written prior to the COVID-19 pandemic, it does not include yet specific updates that will directly address the unprecedented challenges posed by the health crisis that will drive faster economic recovery for participating economies (Rowlands, 2020).

Due to varying states of economic development and industrial structures of participating economies, RCEP may fall short on some areas (Sytsma 2020) that would result to a varying degree of benefits from RCEP (Hong 2020). However, these shortcomings pose opportunities for RCEP to evolve in the future through a work program that settle disputes within two years of ratification (i.e., see Chapter 10 of RCEP Agreement). Any change would require the consent of all RCEP-participating economies (Sytsma 2020).

Despite these challenges, Hong (2020) argued that RCEP's main objective is still to hasten regional economic integration that will assist participating economies hurdle the global economic downturn driven by declining global market demand. Likewise, even if RCEP's tariff cuts may not be as ambitious as other trade agreements, its less restrictive rules of origin can encourage higher utilization of the preferential tariff rates under RCEP (Sytsma 2020).

While the RCEP has been signed, it will take time for full ratification. Moreover, while many tariff cuts under RCEP are phased in a span of two decades, economic effects will also take time to fully materialize. At the moment, the fact that WTO is at a standstill, RCEP is the second best solution for liberalizing international trade at the regional level; and a facilitating mechanism towards a more integrated Asian market. Nonetheless, by enforcing RCEP, participating economies can improve market access and two-way investments that would facilitate growth in regional trade and investments in the long run.

Meanwhile, at the geopolitical level, the success of the RCEP in navigating through existing power imbalances within the region may also be attributed to the crucial role played by ASEAN specifically through "ASEAN centrality" (Petri & Plummer 2020, para. 7). As shown in the withdrawal of India from the agreement, the RCEP was seen by India as a facilitator in deepening power imbalance in the region where it is believed that "RCEP-induced surge of imports from China" (Ha, 2020, para. 6). Although scholars believed that RCEP may be used by China as a leverage to strengthen its relation with its neighbors, while diminishing US influence in the region, the RCEP is still seen as a successful case of ASEAN's middle-power diplomacy, where neither China nor Japan were assigned to spearhead the negotiations (Petri & Plummer, 2020). Cook (2020) further argued that rather than viewing RCEP as a venue for China's "regional leadership ambitions" given its "perceived central role in the agreement" (para. 2), the RCEP should be seen as an indisputable affirmation of ASEAN's "irreplaceable East Asian centrality" (para. 4) that brings benefits to China, Japan, and Korea. This is evidenced by the fact that in 2012, as detailed by Cook (2020), it was ASEAN that invited Australia, China, India, Japan, Korea, and New Zealand to join RCEP negotiations.

Through the intercession of ASEAN in mobilizing RCEP, the hostilities[7] among giant economies are tempered. That is, with "ASEAN centrality" in RCEP, the historical hostilities and differences between China, Japan, and Korea may be mitigated with the establishment of this RTA (Sytsma 2020). Likewise, the inclusion of Australia and New Zealand can reinforce the role of Japan and Korea in managing the perceived leverage of China in RCEP. Hence, "by leading the RCEP negotiation process, ASEAN has consolidated its pivotal position in formulating regional trade rules and promoting regional economic integration" (Hong 2020, para. 9). This warrants greater economic gains for the entire region.

For the Philippines, because the RCEP's "open, fair, and rules-based trading system" aims to "help restore business confidence and encourage more economic activities, particularly for MSMEs, investors, service providers, and professionals" (Presidential Communications Operations Office [PCOO] 2020, para. 5), it will reinforce current reforms in trade and investment, as well as initiatives for the redevelopment of manufacturing sector, enhancement of investment regime, strengthening of agriculture sector, and integration of MSMEs into global value chains. Furthermore, according to Malvenda (2019), because the RCEP brings to the ASEAN Economic Community (AEC) the three major economic giants in East Asia, it would open markets for 92 percent of Philippine products, which includes the business process outsourcing (BPO); and service workers (e.g., seafarers, teachers, computer programmers, and engineers), who can benefit from the high demand of developed economies for service workers.

These opportunities and limitations raise the issue of what AMS, particularly the Philippines, stand to gain from RCEP given the entry of larger and more influential economies.

1.2. Statement of the problem

Such backdrop on RCEP's perceived benefits for the Philippines in various areas motivated us to explicate the potential opportunities for the country to exploit the commitments of signatory economies. Of particular interest to the Philippines are commitments on services trade – an area where the Philippines has made significant advances given its membership in the AEC, its participation in mutual recognition arrangements (MRAs[8]), and its critical role in post-pandemic recovery. Although each AMS is mutually benefitting from its membership in the AEC, it is important to determine the benefits the country can obtain from the concessions and commitments of AFPs joining the RCEP. Since our focus is trade in services within RCEP and its prominence in the Philippines, there is a need to discuss its expanding role in the economy through GATS, ICT developments, and recovery from the pandemic.

Hence, we posed the research problem: *how can RCEP expand and deepen the contributions of trade in services in the Philippine economy through the commitments made by signatory economies?*

[7] According to Pearson (2020), the "RCEP marks the first time China, Japan and South Korea have been brought together under a single trade agreement – a process that has been otherwise marred by historical and diplomatic issues" (para. 9).
[8] See Rivera et al. (2019) for a comprehensive discussion of the Philippines' involvement in ASEAN MRAs.

1.3. General and specific objectives

To address our research question, our general objective is t*o determine if the Philippines will benefit from the commitments of AFPs joining the RCEP*. We also set these specific objectives:

1. To identify and review specific commitments of AFPs joining the RCEP in terms of trade in services, particularly on market access and national treatment;
2. To compare these commitments on market access and national treatment, and evaluate whether these are relevant to the needs of the Philippines;
3. To identify specific additional benefits in trade in services that the Philippines can reap from RCEP, if any;
4. To provide analytical information for policymakers on the significance of RCEP that will generate recommendations on how the Philippines can harness the benefits from this economic agreement in terms of trade in services.

1.4. Scope and limitations

In identifying and reviewing specific commitments of AFPs joining the RCEP on trade in services, analysis would be done according to the GATS modes of supply. We specify a sector to represent each mode of supply. The sector was chosen on the basis of its comparative advantage in the Philippines. We specifically covered the GATS' four modes of supply specifically digital education services for Mode 1 (cross border transactions); tourism for Mode 2 (consumption abroad); business services for Mode 3 (commercial presence); and professional services for Mode 4 (movement of natural persons).

We included Mode 1 because of the significance of the increasing trend in digital trade specifically in education, medicine, manufacturing, and agriculture, among others (Tullao Jr. 2021; Fan & Gallaher 2020; Serafica & Oren 2020). We particularly chose digital education services because of the Philippines' comparative advantage in digital education specifically in English education (Lazaro & Medalla 2004). We also deem Mode 2 important particularly tourism because of the capacity of tourism to stimulate economic growth (Roxas et al. 2020). By encouraging tourism, economies will reap the benefits tourism bring to local livelihoods that would diffuse to the macroeconomy. Of equal importance, we also looked into Mode 3 particularly business services. We noted that even if the Philippines has comparative advantage in providing accounting and financial services, commercial presence is still limited because of the highly restrictive foreign direct investment (FDI) regime of the country (Serafica 2019). Discussing this in the light of RCEP may pose opportunities for the country. Finally, Mode 4 is of critical importance because of the Philippines' status as one of the global supplier of manpower including professional services (Rivera et al., 2019).

The study will only examine relevant documents involving AFPs joining the RCEP (i.e., non-ASEAN signatory economies of RCEP – Australia, China, Japan, Korea, and New Zealand) in terms of trade in services. This is because the commitments of AMS with each other are already established, reviewed, and assessed in the AEC. We focus on analyzing commitments and limitations these economies vis-à-vis the GATS mode of supply.

1.5. Significance of the study

The ASEAN region has entered a variety of FTAs through the years, with RCEP being the largest and most recent. While RCEP is awaiting ratification, it is important that a study on its potential impacts and opportunities be conducted (Plummer et al., 2010). Because the

Philippines is currently a major global services provider (Rivera et al. 2019), the RCEP can facilitate a significant growth in trade in services. Conversely, movement of services is also deemed as a facilitating factor of economic integration (Rivera 2013; Tullao Jr. 2008).

By addressing our research question and objectives, we will explicate the relevance of RCEP to the Philippines to provide a basis for its participation. Our study is particularly relevant and useful for the Department of Trade and Industry (DTI), the lead agency for the ASEAN Economic Ministers' (AEM) meeting on the RCEP (DTI n.d.), in highlighting the significance of RCEP in the country's economic recovery from the pandemic. Our study may influence DTI's stance regarding the RCEP—depending on whether it can be used as a leverage by exporters to boost their activities in line with the national recovery from the health crisis, and if it can reduce the cost of medical supplies and vaccines; and facilitate their shipment to the country (Rosales 2020). Our study is also useful for legislators (i.e., Senate and Congress), specifically in making informed policies, while also addressing apprehensions and concerns regarding the ratification of the RCEP.

2. Review of related literature

In reviewing existing literature on RCEP, we begin by discussing an overview of the rationale and scope of this trade agreement. We then discuss the overall benefits that member economies stand to gain from the RCEP as well as the concerns and reservations regarding it. Then, we focus on the benefits specific to the Philippines particularly in trade in services because of the country's unique competitive advantage in the services sector. We then identified gaps that can be addressed towards a better and comprehensive understanding of the implications of the commitments to liberalizing trade in services. Figure 1 illustrates our literature map.

2.1. Overview of RCEP

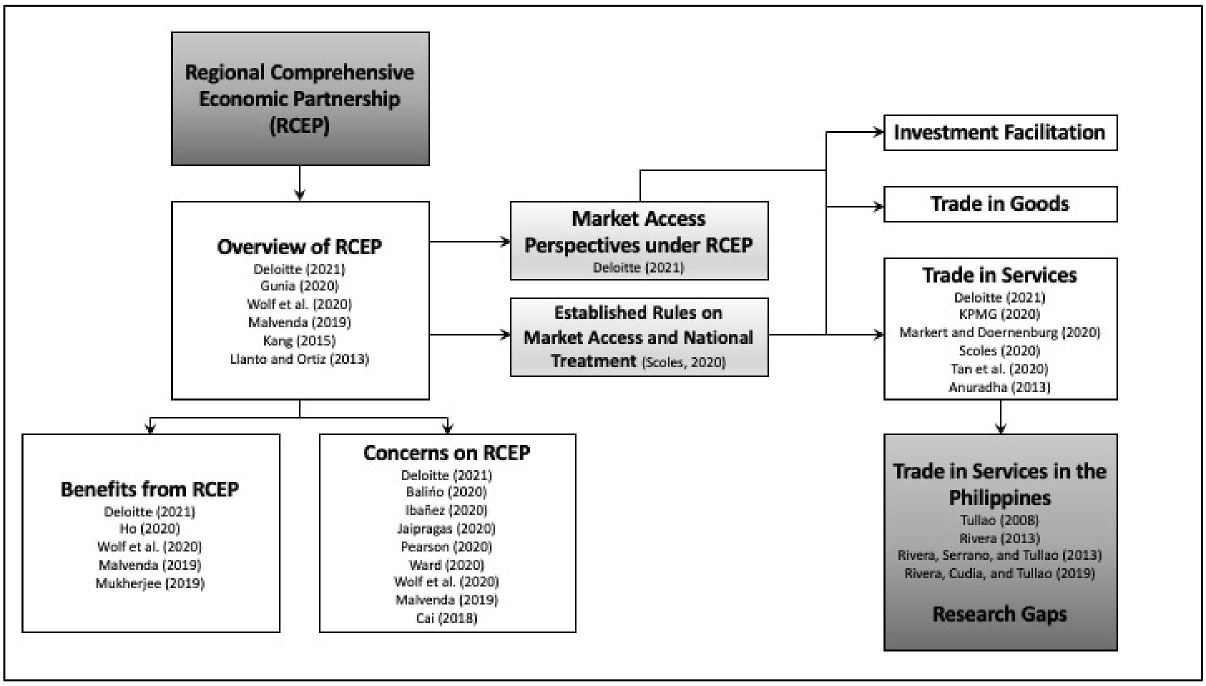
From a regional economic perspective, the RCEP is an agreement that can broaden and deepen ASEAN's engagement with its FTA partners namely Australia, China, Japan, Korea, and New Zealand. It is built upon the existing FTAs and economic linkages between signatory economies by combining them into a unified APAC regional multilateral deal (Deloitte 2021). According to ASEAN (2020), its objective is to establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership that will facilitate the expansion of regional trade and investment, and contribute to global economic growth and development. By working and supporting an open, inclusive, and rules-based multilateral trading system, it is expected to create market and employment opportunities to stakeholders in the region. Its member economies comprise 28 percent of global output, 28 percent of global trade, and 29 percent of global population (Flach et al. 2021).

Despite ASEAN having multiple FTAs, the RCEP will address its noodle bowl problem of being entangled with varying rules for each country (Kang 2015). Rules and procedures are simplified by a single arrangement that reduces existing trade inefficiencies (Malvenda 2019).

From a geopolitical perspective, Wolf et al. (2020) argued that the RCEP is an indication that Asia is now liberalizing trade even without the participation of USA. Moreover, Asia is now pivoting trade towards China as it emerges to be a powerhouse in the region, together with its treaty allies namely Australia, Japan, and Korea. Hence, the RCEP is also seen as an indication of both China's rising power and extension of its regional influence, as well as USA's waning influence in the APAC region (BBC News 2020; Gunia 2020). Most importantly, Deloitte (2021) highlighted that the RCEP is the first FTA to link Asia's three largest economies (i.e., China, Japan, Korea) creating a deeper foundation for future cooperation between them.

From a country perspective, specifically for the Philippines, the RCEP will reinforce its existing FTAs with its 14 other signatory economies. It is a modern and comprehensive free trade agreement covering trade in goods, trade in services, investment, economic and technical cooperation, and creates new rules for electronic commerce, intellectual property, government procurement, competition, and MSMEs – all of which are areas wherein the Philippines has been making advances in recent years (Llanto & Ortiz 2013).

Figure 1. Literature map



Source: Constructed by the authors

2.2. Benefits from RCEP

According to Wolf et al. (2020), the RCEP will boost regional trade and income growth in the long run. As reported by the Peterson Institute of International Economics (PIIE), cited by Wolf et al. (2020), RCEP will have the following global income benefits: first, it will permanently add USD 186 billion to the world economy and 0.2 percent to its members' Gross Domestic Product (GDP); second, it will compensate for 67 percent of the income losses caused by the trade war between China and USA; third, although the RCEP is not as comprehensive and does not reduce tariffs as much as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (i.e., in fact, tariffs are similar with other existing FTAs), its size makes it significant[9] allowing it to generate economic benefits that is estimated to be greater than 70 percent with that of the CPTPP (Ho 2020; Wolf et al. 2020).

[9] While China already has a number of bilateral trade agreements, the RCEP is its first time to be part of a regional multilateral trade pact (BBC News 2020).

According to Malvenda (2019), because the RCEP will reduce trade barriers[10] and improve market access for goods and services, it will further entice foreign enterprises to invest in a more integrated ASEAN region. That is, the RCEP encompasses three perspectives of market access, namely: trade in goods, trade in services, and investment facilitation (Deloitte 2021). These macro benefits of RCEP are also driven by specific commitments by each member economy stipulated in its chapters, annexes, and market access schedules. Consequently, once in effect, the RCEP is expected to enhance transparency in trade and investment, and facilitate the greater inclusion of enterprises in global and regional value chains. Furthermore, developing economies will benefit from technical cooperation with advanced industrialized members through assistance in producing better and more competitive products, as well as in upgrading services that are comparable regionally.

With the easing of trade barriers, enhanced investment regulations, greater connectivity initiatives to integrate the region, standardized rules of origin in the context of value chain integration in selected sectors as well as region-specific aspects of South Asia and South East Asia, the RCEP is expected to change the regional economic architecture (Mukherjee 2019). As such, East Asian economies (i.e., China, Japan, and Korea) are expected to experience the largest estimated income gains valued at USD 85 billion, USD 48 billion, and USD 23 billion, respectively. AMS, particularly Malaysia, Thailand, Viet Nam, and the Philippines, are assumed to experience increases in real income at 0.3 percent to 0.6 percent of national GDP (Wolf et al. 2020). Malvenda (2019) and Deloitte (2021) highlighted the most significant benefits of RCEP for AMS is facilitation of economic convergence for smaller and developing economies to further strengthen their FTAs and narrow development gaps with other members.

2.3. Concerns on RCEP

Despite the potential benefits that RCEP can bring to signatory economies, there are a number of economic and political concerns that also need to be addressed. First, a concern was raised with RCEP being "a significant geopolitical win for China" (Ward 2020, para. 6). Alternatively, although this agreement will boost regional trade and stimulate economic growth, it is also indicative of a pivot to a more China-centric trade in the region (Wolf et al. 2020), which "could boost China's influence – a prospect other members do not want" (Malvenda 2019, para. 22). Hence, despite the RCEP being signed, certain dips in ties with and resistance to China by other signatory economies hamper its ratification. For instance, according to Jaipragas (2020), domestic resistance in economies with shaky relationships with China is becoming a hurdle into the effectivity of the trade agreement. As explicated by Ward (2020), despite the RCEP reinforcing economic interdependence among Asian economies, it will also bring the region closer into China's scope. That is, China may exploit the RCEP as an opportunity to influence regulations and standards within the region as shown in the experience of its Belt and Road Initiative. Likewise, Ward (2020) emphasized that although supply-chain efficiencies from RCEP will increase the region's attractiveness to outside investment, it will also bolster China's resilience to trade tensions and decoupling. Similarly, Malvenda (2019) argued that if the RCEP rules and processes are not stringent enough, it could provide China with significant negotiating leverage over its partners, which would place it in a hegemonic position in regional trade[11]. However, it is expected that "ASEAN centrality" will keep this in check (Malvenda 2019) or Japan may leverage its status as a leading player in the

[10] Although the RCEP is designed to eliminate as much as 90 percent of tariffs on goods traded between signatory economies, it will be done within 2 decades of the agreement's effectivity (Deloitte 2021).
[11] As reported by Malvenda (2019), China is ASEAN's biggest trading partner, with total trade growth of an average of 10 percent annually since 2009 registering USD 483 billion in 2018.

CPTPP and its numerous free trade and economic partnerships with various AMS and with Australia, to form coalitions within RCEP to moderate the influence of China (Ward 2020) .

We can construe that because of such concerns and reservations, it compelled India to decide against signing the RCEP trade deal[12]. As reported by Business Standard (n.d.), the current form of the RCEP deal has not yet made a conclusive case for a mutually beneficial and favorable outcome for all signatory economies and its sectors. Specifically, it has not satisfactorily addressed India's outstanding issues and concerns. In particular, India seems to be concerned about its industries' capabilities (i.e., agriculture, dairy, domestic manufacturing) to compete globally and with China, along with fears of Chinese goods flooding India's markets (Wolf et al. 2020; Business Standard n.d.). That is, as reported by Ibañez (2020), there are reservations on the possibility that the RCEP may deepen persistent inequalities worsened by the pandemic by posing threats to job opportunities in the domestic economy and undermining the income-generating capacities of agricultural workers, indigenous peoples and rural women. However, Indian industries like that of pharmaceuticals, cotton yarn, and the services industry believe that being part of the RCEP can allow them to tap a bigger market and generate significant gains (Business Standard n.d.). While this is the case, the RCEP signatory countries are still open to India's future participation[13] given its strategic importance in ensuring further integration and advancement of regional value chains (Baliño 2020).

While Ranald (2020) concurred that enhanced trade can generate job opportunities to participating economies, trade-offs are inevitable. As trade liberalization materializes, there will always be winners and losers. The reduction in tariffs, regulations, and other barriers can intensify competition resulting to job losses in some industries. Hence, Ranald (2020) underscored the need for RCEP's costs and benefits to be evaluated also on the basis of human rights, labor rights, and environmental sustainability.

Given all benefits and concerns about RCEP, Cai (2018) reported that it still represents a neutral economic bloc that facilitates trade promotion given rising protectionism. It is positioned as a multilateral trade cooperation that "is neither Sino-centric nor Japan-centric trade order" (Cai 2018, para. 10). Instead, RCEP is aimed to benefit all participating economies because of a unified blanket trade rulings (Deloitte 2021; Pearson 2020; Malvenda 2019).

2.4. RCEP and trade in services

Among RCEP's market access perspectives (Deloitte 2021), we focus on trade in services because of the degree to which the signatory economies seek to undertake commitments on trade in services liberalization (Anuradha, 2013), specifically in finance, telecommunications, professional services, and the temporary movement of business people (Klynveld Peat Marwick Goerdeler [KPMG] 2020). Although the benefits of RCEP for services are not readily apparent, its framework renders an avenue where foreign service providers can enable considerable degrees of market access (KPMG 2020).

According to Scoles (2020), similar to other trade agreements, the RCEP also has established rules for the supply of services including obligations to provide the following: market access (i.e., access to foreign service suppliers), national treatment (i.e., equal treatment for local and foreign suppliers), and most favored nation (MFN) treatment (i.e. at least as well treatment to foreign suppliers of any other non-member economy). In this study, we focus on market access

[12] India's absence diminishes ASEAN's aspirations to expand into the Indo-Pacific region (Malvenda 2019).
[13] India may negotiate to accede after the deal's effectivity rather than waiting for 18 months like other economies (Baliño 2020).

and national treatment. This can be attained via gradation from a "positive list" approach (i.e., when certain services are allowed in a given economy, respective of detailed commitments) to a "negative list" approach (i.e., when certain services are allowed unless stated otherwise; non-conforming measures) (KPMG 2020; Tan et al. 2020).

However, Scoles (2020) highlighted a complexity in the scheduling of specific commitments for services. For instance, Cambodia, China, Lao PDR, Myanmar, New Zealand, the Philippines, Thailand, and Viet Nam adopt a positive list approach to the scheduling of specific services commitments. For market access to be opened to foreign service providers, unless exceptions are made, these economies must shift to a negative list approach within six years after the effectivity of RCEP, unlike the economies of Australia, Brunei Darussalam, Indonesia, Japan, Korea, Malaysia, and Singapore who have already adopted the negative list approach for immediate liberalization of trade in services. Scoles (2020) underscored that the RCEP also contains ratchet-mechanism[14] that locks in future unilateral liberalization for selected sectors to smoothen continuous reduction of trade barriers in services over time.

Mechanisms to facilitate trade in services are crucial given that the RCEP is expected to fully open at least 65 percent of the services sectors. Moreover, part of the commitments of signatory countries is the increased foreign shareholding limits in various sectors such as professional services, ICT, financial services, distribution, and logistics services (Markert & Doernenburg 2020; Deloitte 2021). Furthermore, the RCEP also provides for specific measures relating to three services sectors that are traditionally considered to be key and of particular sensitivity to national security and sovereignty, including: financial, telecommunications, and professional services (Tan et al. 2020). The RCEP further seeks to expand commitments of member economies by providing them flexibility to select their methods of supplying services.

2.5. RCEP and Philippine trade in services

The Philippines is one of the world's major exporter of labor, which contributes to large influx of remittances from overseas workers thereby providing a good source of income (Rivera et al. 2013). In fact, data from the World Bank[15] showed that trade in services in the country for 2019 and 2020 was reported at 18.36 percent and 13.76 percent of GDP, respectively.

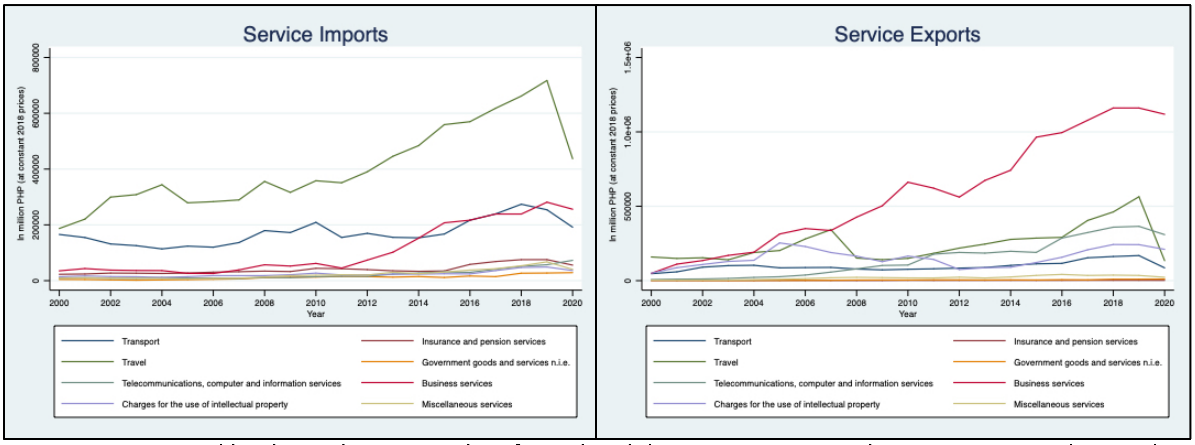
While literature on Philippine services exports to other AFPs in RCEP on a per sector basis are limited, we present in Figure 2 (left panel) and Appendix 1 data on Philippine service imports from 2000 to 2020. We can see that major service imports include travel; telecommunications, computer and information services; and business services. This provides insight on the potential complementarity of Philippine exports of services to what partner economies are importing. For instance, from Figure 2 (right panel) and Appendix 2, we can see that major Philippine services exports include travel; telecommunications, computer and information services; business services; and use of intellectual property. These sectors were recorded as the top services imports of AFPs, as per WTO (2019).

According to the DTI (n.d.), while this performance is exceptional, there are still greater opportunities for the country to increase its value-added in services outputs and to deepen participation in global value chains. Through a more comprehensive, holistic, and modern trading agreements and economic partnerships like the RCEP, the Philippines can advance its

[14] If a country signs a trade agreement with another country to reduce or eliminate trade and non-trade barriers, it cannot revert and bring in more restrictive measures (Suresh 2019).
[15] See data here: https://tradingeconomics.com/philippines/trade-in-services-percent-of-gdp-wb-data.html.

unique competitive advantage in the services sector by allowing it to sustain its position as the core of services trade in the region. As emphasized by Ibañez (2020), the RCEP will enhance market access not only for goods but also services. Thus, the increased demand for services, particularly by developed economies post-pandemic, provides an opportunity for the Philippines to support its economic recovery. Through the RCEP, the country can expand its contributions to trade in services while supporting its own economy.

Figure 2. Service imports and exports of the Philippines (2000 to 2020)



Source: Constructed by the authors using data from the Philippine Statistics Authority. See Appendix 1 and Appendix 2 for the data.

2.6. Research gap

We construed from literature that RCEP levels off the playing field among signatory economies where trade can still flourish—which is essential to sustain growth trajectories through new opportunities for trade and investments. We also identified concerns on RCEP, thereby requiring the need to fully understand the implications of its commitments to liberalization.

Being deemed as a global supplier of services, we emphasize on identifying and understanding the opportunities for the Philippines in trade in services under RCEP. Because the chapters, annexes, market access schedules, and commitment lists of RCEP are extensive, to fully understand the implications of the liberalization of trade in services in the country, an analysis to review its specific commitments against the needs of the country needs to be carried out.

As such, it can provide analytical information for policymakers on the significance of RCEP to the Philippine economy. Hence, it can generate policy frameworks that can support the Philippines in taking advantage of the benefits it can harness from this economic agreement.

3. Research design and methodology

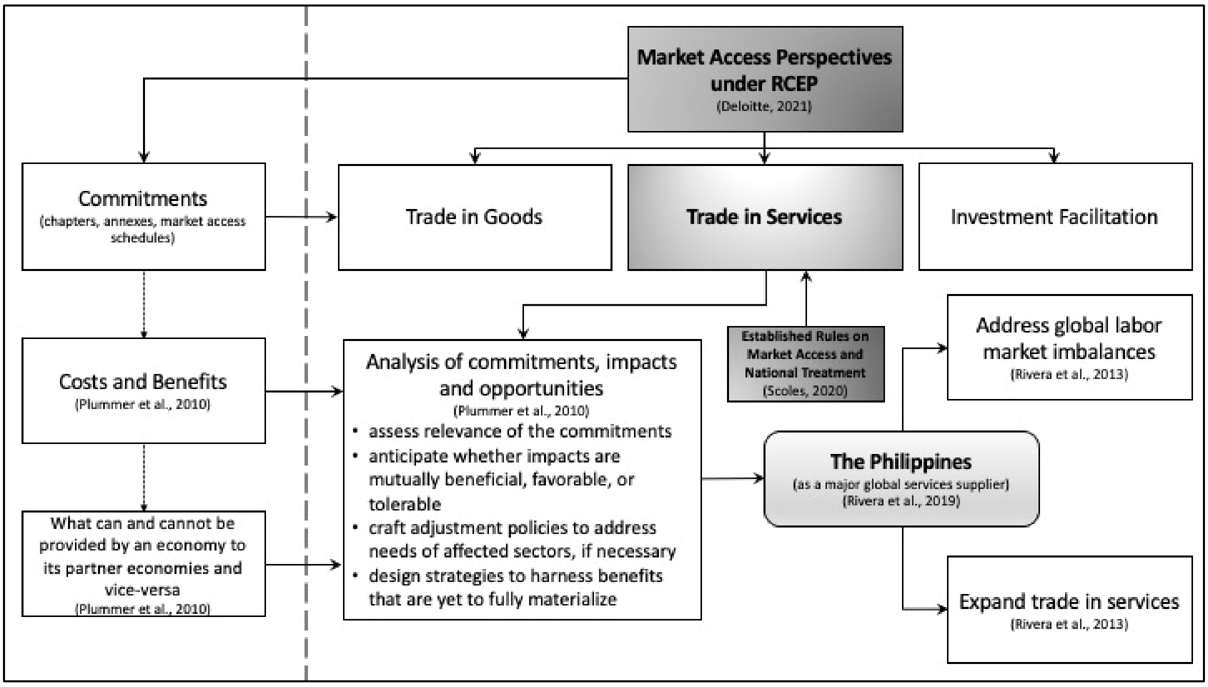
3.1. Conceptual framework

Our study is guided by the work of Plummer et al. (2010) which emphasized the need to conduct economic evaluation studies of trading agreements (e.g., RCEP). A clear and accurate understanding of its potential impacts to signatory economies serves as a useful input in guiding a country's stance regarding such economic agreements. Our study is underpinned by a SWOT

(Strengths, Weaknesses, Opportunities, and Threats) analysis which identifies the following: (1) what the Philippines can and cannot provide to its partners; and (2) what other signatory economies can and cannot provide to the Philippines. In terms of trade in services, following Rivera et al. (2013), this is relevant because trading agreements can be used by the Philippines "not merely to expand trade in services but to facilitate temporary migration flows in addressing global labor market imbalances" (p. 124).

Likewise, Plummer et al. (2010) also suggested that assessing the impacts of a trading agreement is useful in evaluating whether its impacts are considered tolerable by specific economies. In doing so, necessary adjustment policies may be in place to support and assist the needs of identified affected sectors. Such forms of studies are also important in designing strategies that aim to harness the benefits that are yet to fully materialize. This is important when concerns and reservations are raised about achieving mutually beneficial and favorable outcome for all signatory economies and its sectors. We illustrate in Figure 3 our conceptual framework following Plummer et al. (2010) and Rivera et al. (2013).

Figure 3. Conceptual framework



Source: Constructed by the authors

3.2. Research design and data requirements

Driven by the objectives and nature of our study, other than a comprehensive literature review, a document review and evaluation analysis will be conducted. Figure 4 illustrates the methodology that will be utilized in the study, following the works of Bowen (2009) and Sufian et al. (2011). The study's methodology also captures an input-process-output design which can assist in addressing our research problem and objectives. The pertinent chapters, annexes, market access schedules and commitment lists on trade in services[16] (input) would be subjected to document review and evaluation analysis (process) in order to generate analytical information for policymakers on the significance of RCEP.

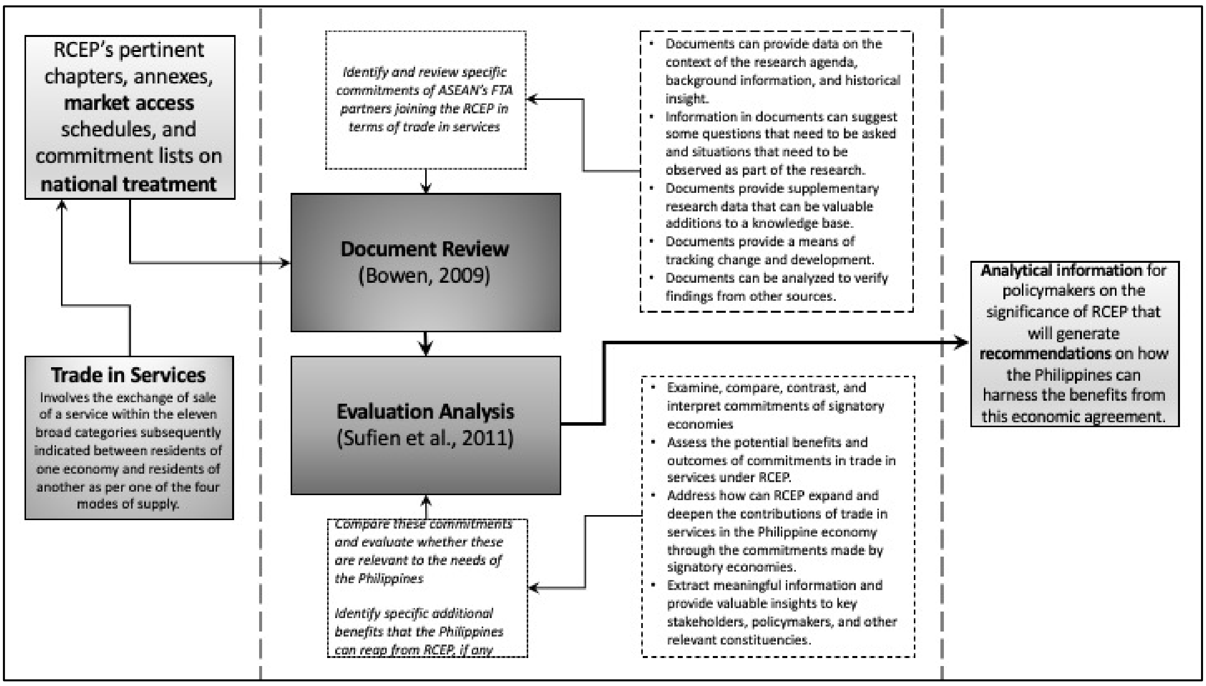
[16] See https://www.dfat.gov.au/trade/agreements/not-yet-in-force/rcep/rcep-text-and-associated-documents.

3.2.1. Document review

This is a systematic collection, documentation, analysis and interpretation, and organization of data as a research method (Bretschneider et al. 2017). Alternatively, according to Bowen (2009), document review is considered a systematic procedure for reviewing or evaluating documents (i.e., printed and electronic) that "requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge" (p. 27). This is an appropriate methodology to "uncover meaning, develop understanding, and discover insights relevant to the research problem (Merriam 1988, p. 118),

According to Denzin (1970), this method is often employed together with other qualitative research methods as a means of triangulation in order to seek convergence and corroboration. Hence, by triangulating data, we are able to generate "a confluence of evidence that breeds credibility" (Eisner 1991, p. 110) and reduce the impact of potential biases (Bowen 2009). As such, we are able to produce rich descriptions of the opportunities for the Philippine trade in services under RCEP. While document analysis has been used to complement other research methods, it can also be used as a stand-alone method similar to that of Wild et al. (2009). However, Bowen (2009) argued that the rationale for this method "lies in its role in methodological and data triangulation, the immense value of documents in case study research, and its usefulness as a stand-alone method for specialized forms of qualitative research" (p. 29). This is particularly useful for studies where documents may be the only necessary and viable data source, similar to our study on RCEP. As such, caution should be exercised in over-reliance on documents.

Figure 4. Methodological diagram



Source: Constructed by the authors

3.2.2. Evaluation analysis

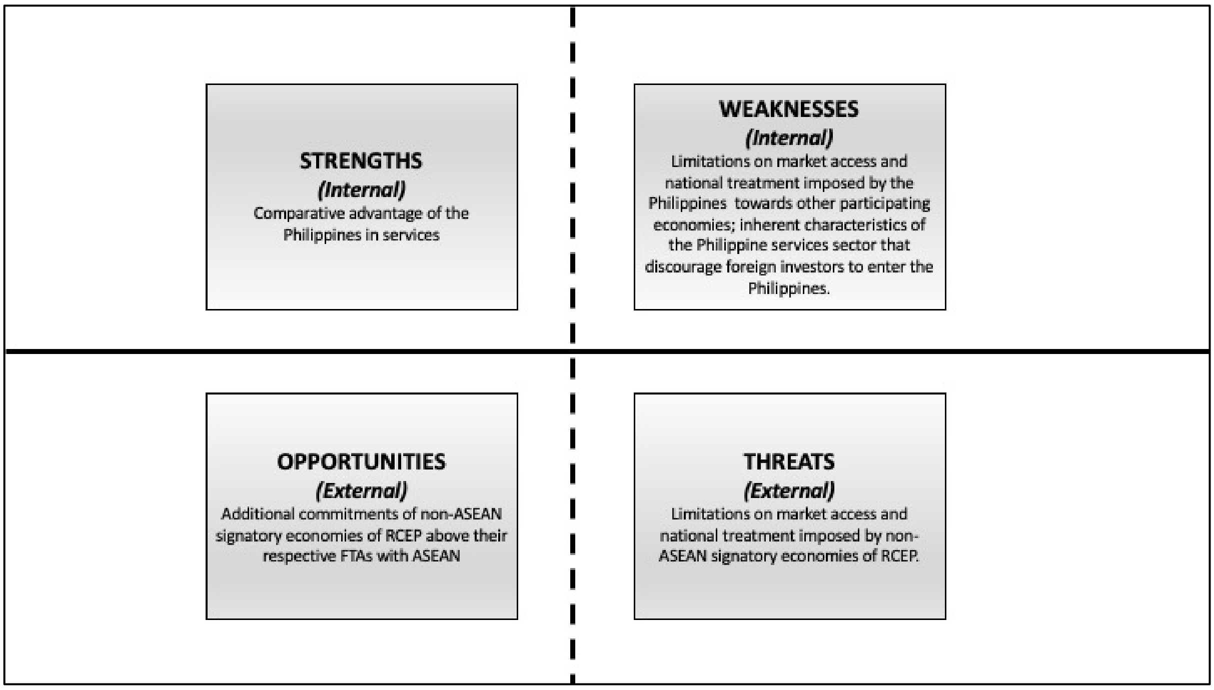
As discussed by Bhat (n.d.), evaluation analysis is a type of applied research intended to have real-world effects. It involves processes comprising rigorous and systematic data analysis and reporting about organizations, processes, projects, services, and/or resources. It aims to extract meaningful information from the audience and provide valuable insights to key stakeholders, policymakers, and other relevant constituencies. According to Stern (2004), evaluation analysis provides means to assess actions and activities in terms of values, criteria, and standards. Upon completion, it augments knowledge, enhance effectiveness of decision-making in the public sphere and policy making, and leads to practical applications (Stern 2004; Bhat n.d.).

In conducting evaluation analysis, Sufian et al. (2011) highlighted that it aims to answer the question "what is the value added?" (p. 175). It includes examining, comparing and contrasting, and interpreting patterns. Analysis includes the identification of themes, coding, clustering similar data, and reducing data to meaningful and important points (Patton 2002). As such, we would be able to address how RCEP can expand and deepen the contributions of trade in services in the Philippine economy via commitments made by signatory economies.

3.3. SWOT analysis as guiding framework

In addressing our research problem and objectives, we implemented an iterative assessment of the external environment and the Philippines' domestic capabilities. According to the Harvard Business School Press [HBS Press] (2005), this process of looking outside as well as inside is called SWOT Analysis. Hence, in processing the results of our document review and evaluation analysis, we appeal to the SWOT as our guiding framework of analysis, as seen in Figure 5.

Figure 5. SWOT analysis



Source: Constructed by the authors

In identifying and reviewing the specific commitments of AFPs joining the RCEP in terms of trade in services, their additional commitments above those in their respective FTAs with ASEAN can be seen as *opportunities* that the Philippines can exploit. On the other hand, these additional commitments warrant that AFPs joining the RCEP impose certain limitations particularly on market access and national treatment. These limitations imposed are deemed as *threats* or constraints that the Philippines must overcome to harness the available opportunities brought about by RCEP. In overcoming the threats brought by the limitations imposed by AFPs joining the RCEP, the Philippines would rely on its comparative advantage in various areas of services. These comparative advantages are considered as *strengths*. Finally, *weaknesses* are internal and inherent characteristics of the Philippine services sector that discourage foreign investors to enter the Philippines. Because of these weaknesses, the Philippines also imposed limitations particularly on market access and national treatment towards other RCEP-participating economies. These limitations imposed relevant services sector can either contribute to threats and weaknesses.

4. Results and discussion

4.1. Opportunities under RCEP

In addressing our first research objective, from our document review, we have identified and reviewed specific commitments of AFPs joining the RCEP in terms of trade in services particularly on market access and national treatment.

We present in Table 1 the commitments of AFPs under RCEP. Here, we determined whether they provided additional commitments. In constructing this table, we reviewed their commitments in their respective trading arrangements with AMS vis-à-vis their commitments in RCEP. Appendix 3 and Appendix 4 detail these commitments.

We can see from Table 1 that there are no additional commitments made by AFPs in Mode 1 under RCEP. Similar to their respective FTAs with ASEAN, commitments on education were limited to the "Recognition" clause of their respective FTAs with ASEAN. For Mode 2, AFPs did not have any commitments on tourism in their respective FTAs with ASEAN and in RCEP.

Table 1. Additional commitment of non-ASEAN signatory economies in RCEP relative to trade arrangement with ASEAN Member States

Economies	Mode 1 (digital education services)	Mode 2 (tourism)	Mode 3 (business services)	Mode 4 (professional services)
Australia	×	×	×	✓
China	×	×	✓	✓
Japan	×	×	×	✓
Korea	×	×	×	✓
New Zealand	×	×	×	✓

Note: Tabulated by authors using data from RCEP's Annex II – Schedule of Specific Commitments for Services. See details in Appendix 3 and Appendix 4.

Based on RCEP's Annex II: Schedule of Specific Commitments for Services, under Mode 3, only China has made additional commitments in RCEP above their commitments in their FTAs with specific AMS. Our document review and evaluation analysis revealed that China has made more commitments in business services under RCEP than on its FTA with ASEAN. For its commitments in RCEP, China included commitments on legal services, accounting, auditing, and bookkeeping services. On the other hand, Australia and New Zealand have made more commitments in business services, specifically financial services, and telecommunications, in their respective FTAs with ASEAN than in RCEP. We can imply from this observation that Australia and New Zealand has preference towards AMS than East Asian economies. Such can be construed because China, Japan, and Korea have already developed financial and telecommunication services allowing them to easily penetrate the markets of Australia and New Zealand. Meanwhile, Japan and Korea did not make additional commitments in their respective ASEAN FTAs and RCEP.

Despite the lack of additional commitments under Mode 3 from the AFPs in RCEP (due to the absence of Annex II: Schedule of Specific Commitments for Services), the DTI-Bureau of International Trade Relations (BITR) provided an analysis of the improved commitments of AFPs under RCEP. Table 2 outlines these improvements as new Mode 3 commitments made by AFPs vis-à-vis ASEAN+1 FTAs (i.e., ASEAN-Australia-New Zealand Free Trade Area [AAANZFTA], ASEAN-China Free Trade Area [ACFTA], ASEAN-Japan Free Trade Area [AJCEPA], and ASEAN-Korea Free Trade Area [AKFTA]).

Table 2. DTI-BITR Analysis of Improved Commitments of AFPs under RCEP

Economy	Subsectors
Australia	**100% foreign equity:** Database services, R&D services on Natural Science, Interdisciplinary R&D, Rental/Leasing Services without Operators for Agricultural, Construction, Office Machineries, Technical testing and analysis services, Services incidental to Manufacturing, Maintenance and Repair of equipment, Packaging, Printing, Postal, Courier, on-line information and/or data processing, Adult Education, Private Hospital Services, Recreation Park and Beach Services, Maritime Transport Maintenance, Pushing and Towing Maritime, Supporting Services for Maritime, Air Transport Passenger, Air Transport Freight, Air Transport Rental Vessel with Crew, Space Transport, Rail Transport Passenger, Rail Transport Maintenance, Road Transport Maintenance, Supporting Services for Road Transport.
China	**100% foreign equity:** Legal services and accounting (excluding Chinese law practice), Auditing and bookkeeping services, Taxation services, Architectural services, Engineering Services, Integrated Engineering Services, Urban Planning Services (except general urban planning), Medical and Dental services, and Services incidental to forestry.
Japan	**100% foreign equity:** Services supplied by Physiotherapists qualified as "Rigaku-ryohoshi" under Japanese law, Hotel Management Services, Other Human Health Services (e.g. ambulance services, residential health facilities services), Pilotage services.
Korea	**100% foreign equity:** Settlement and Clearing Services for Financial Assets, incl. securities, Derivative Products, and other Negotiable Instruments, Game Services, Rail Transport Services (e.g. Railway Passenger Terminal Services, Maintenance and Repair of Rail Transport Equipment).
New Zealand	**100% foreign equity:** Airport Operation Services, Specialty Air Services, Cargo and Baggage Handling Services, Ramp Handling Services, Airfreight Storage and Warehousing Services, and Airport Management Services.

Source: Department of Trade and Industry – Bureau of International Trade Relations (DTI-BITR) (Annex 3).

The case is different under Mode 4. All AFPs have made more commitments on professional services in RCEP than in their respective FTAs with ASEAN. In general, they committed to the movement of business visitors, intra-corporate transferees, independent executives, contractual service suppliers, and accompanying spouses and dependents of entrants. Special commitments were made by China by also including contractual service suppliers, installers and servicers in its commitments; and Japan included investors. However, unlike other economies, Korea did not include independent executives, and accompanying spouses and dependents of entrants in its commitment.

We highlight three findings: (1) the absence of additional commitments under Mode 1 and Mode 2 was observed; (2) there is lack of additional commitments under Mode 3 with the exception of China but all AFPs in RCEP made improved commitments under Mode 3; and (3) there is an abundance of additional commitments under Mode 4. These provides opportunities for the Philippines under RCEP, specifically in the movement of natural persons (i.e., where the country has comparative advantage).

4.2. Threats under RCEP

Now that we have evaluated the similarities and differences of AFPs' commitments in their respective FTAs with ASEAN vis-à-vis their commitment in RCEP, it is imperative to look into the limitations they imposed on market access and national treatment. Because they did not make any additional commitments under Mode 1 and Mode 2, no limitations should be mentioned. However, despite this, limitations were still imposed.

Because only China made additional commitments in Mode 3, it is natural for China to set some limitations. Finally, because all of them made additional commitments in Mode 4, limitations are also expected. These limitations are presented briefly in Table 3, and extensively in Appendix 5. In constructing this table, we determined the limitations imposed to market access and national treatment.

Table 3. Limitations on market access and national treatment imposed by non-ASEAN signatory economies in RCEP

Economies	Mode 1 (digital education services)		Mode 2 (tourism)		Mode 3 (business services)		Mode 4 (professional services)	
	MA	NT	MA	NT	MA	NT	MA	NT
Australia	✓	✓	×	×	✓	×	×	✓
China	✓	✓	×	×	✓	✓	✓	✓
Japan	✓	✓	×	×	✓	✓	✓	✓
Korea	✓	✓	×	✓	✓	✓	✓	✓
New Zealand	×	×	×	×	×	×	✓	✓

Note: MA – market access; NT – national treatment.
Source: Tabulated by authors. See details in Appendix 5.

From Table 3 and Appendix 5, we can see that while China has made additional commitments in business services, and all made additional commitments for RCEP in professional services, certain limits were imposed in terms of its clauses on acceptability, eligibility, insurability, and issuance. As outlined in the signatories' respective guidelines and manuals, these limitations pose threats to maximizing the full benefits of the RCEP.

More specifically, under Mode 3, China has set market access limitations on legal; accounting, auditing, and bookkeeping; taxation; architectural, engineering, integrated engineering, and urban planning services except general urban planning; medical and dental; and other business services. In general, market access limitations are conditions set by AFPs on how foreign players are allowed entry into specific sectors. These include authorization of a representative office, successful passing of an examination conducted by Chinese authorities, and imposition of quantitative limits on the basis of economic needs tests. In line with national treatment limitations (i.e., AFPs discriminate against foreign suppliers in favor of their citizens), China has specifically restricted Chinese national registered lawyers from being employed by representative legal offices. It also identified that the majority of the employees to be hired by a partly foreign-invested medical facility should be of Chinese nationality.

Under Mode 4, Australia did not impose any market access limitations. China and New Zealand are unbound[17]. Japan and Korea requires professional service providers to be qualified and certified under their domestic laws and regulations. On the one hand, in terms of national treatment limitations, Australia requires residency or citizenship status. China and New Zealand have unbound. Japan and Korea invoked its right to adopt or maintain any measure with respect to the supply of a professional service as indicated in their commitments. That is, professional service providers must be domestically licensed and registered under their domestic laws and must have offices established within the country.

While additional commitments made by AFPs joining the RCEP present opportunities for the Philippines, there are still some limitations. If the Philippines want to penetrate these developed economies in terms of business and professional services, certain hurdles and requirements have to be managed such as their respective domestic regulations.

4.3. Implications of identified opportunities and threats under RCEP

From our discussion of the identified opportunities and threats in RCEP, we have seen that there are additional commitments made by AFPs with respect to their FTAs with ASEAN. This makes RCEP a marginal regional trading arrangement. That is, the RCEP should be viewed as a compilation of previous commitments of the Philippines and other trading partners in the following RTAs (i.e., ASEAN Economic Community, ASEAN-Australia FTA, ASEAN-China FTA, ASEAN-Japan FTA, ASEAN- Korea FTA, and ASEAN-New Zealand FTA) for the key economies in the APAC region.

Because of these additional and improved commitments made by AFPs, there is value for the Philippines to participate in RCEP and exploit specific trading opportunities, particularly in trade in services. In examining the four modes of supply of services, our document review and evaluation analysis revealed that these AFPs have made no additional commitments in Mode 1 and Mode 2. Only China has made additional commitments in Mode 3 (business services), while the remaining AFPs made improved commitments. Meanwhile, all AFPs joining RCEP made commitments in Mode 4, particularly on professional services. These additional and improved commitments in Mode 3 and Mode 4 are opportunities for the Philippines to expand trade in services with these AFPs through RCEP.

Hence, the Philippines can take advantage of specific trading opportunities such as business services in China (e.g., particularly in accounting and auditing services (see Appendix 3 and

[17] Because of the absence of a binding authority, professional services applications are reviewed whether they conform to the acceptability, eligibility, insurability, and issuance based on the receiving economy's underwriting guidelines and manuals.

Appendix 4), and in professional services of AFPs in RCEP. More specifically, professional organizations in accounting and auditing (e.g., Philippine Institute for Certified Public Accountant) may directly benefit from this opportunity. Both Filipino and Filipino-Chinese CPAs who are proficient in Mandarin are deemed viable candidates, as outlined by the RCEP commitments. However, we note that there are market access and national treatment limitations to Mode 3 and Mode 4. These can be considered threats to the Philippines – where Filipino and Filipino-Chinese CPAs proficient in Mandarin need to hurdle China's CPA examination.

4.4. Strengths of the Philippines in business and professional services

Our document review and evaluation analysis revealed the opportunities the RCEP offers to the Philippines. It also identified some threats that the Philippines need to manage to maximize it potential in contributing to services growth and development. In this section, we outline the strengths of the Philippines, specifically in business and professional services, that can be utilized to harness the opportunities in trade in services brought about by the RCEP.

Table 4 lists some of the perceived strengths of the Philippines in business and professional services. We can see that the Philippines possesses strengths in terms of competitiveness, language proficiency, cultural adaptability, human capital, and government participation. We can see that the strengths of the Philippines rely primarily on language, culture, and education. These identified strengths can be further enhanced through government and institutional support. Developmental policies geared towards enhancing education and language, for example, are deemed necessary in the face of a highly competitive ASEAN region.

Table 4. Strengths of the Philippines in business and professional services

Area	Strengths in business services	Source	Strengths in professional services	Source
Competitiveness	Competitive cost structures relative to other service suppliers with business sophistication and innovation capability	Karamouzis and Singh (2008); Arayata (2021)	Higher participation in tertiary education; Competitiveness of Filipinos driven by the pursuit of tertiary degrees as vehicle to secure job opportunities and ascend the professional ladder; reinforced by advancements to modernize the education system designed to empower Filipinos	Macha et al. (2018); Plaza (2018); Rivera et al. (2019)

			personally and professionally.	
Language proficiency	World-class (business) English-language proficiency, particularly verbal skills*	Karamouzis and Singh (2008); Mendoza (2012); Plaza (2018) Magsambol (2020)	World-class (business) English-language proficiency, particularly verbal skills*	Karamouzis and Singh (2008); Mendoza (2012); Plaza (2018) Magsambol (2020)
Cultural adaptability	Cultural affinity; close familiarity with Western culture; anglophonic culture and religious system	Karamouzis and Singh (2008); Plaza (2018) Schumacher (2018)	Cultural affinity; close familiarity with Western culture; anglophonic culture and religious system	Karamouzis and Singh (2008); Plaza (2018) Schumacher (2018)
Human resource development / human capital	Labor supply that can perform both technology and business services; capacity to produce knowledge and technology outputs; availability of a critical mass of service providers that are skilled, creative, and educated; large domestic market scale of service providers;	Karamouzis and Singh (2008); Schumacher (2018); Global Innovation Index (2020); Arayata (2021)	Competencies of Filipino professionals are comparable with other AMS allowing them to participate in the regional mobility of professionals, as per ASEAN MRAs (in terms of education, curriculum, training; assessment and examination; accreditation; and certification and licensing). The MRAs of selected professions have compelled intensive human resource development for Filipinos.	Rivera et al. (2019)
Government Participation	Clear commitment from government to partnership and reform (i.e., shared duty to improving baseline mapping,	Schumacher (2018)	Government has been active in further expanding access and participation in tertiary education (e.g., free college education) while	Malolos and Tullao Jr. (2018); Montemayor (2018); Plaza (2018)

initiating research activities, establishing effective governance structures and investment models).	continuously improving the quality of education (developmental policies by the Commission on Higher Education).

* This strength is slowly becoming a threat as the Philippines slides down to 27th in global English proficiency index in 2020 from being ranked 13th in 2016, 15th in 2017, 14th in 2018, and 20th in 2019 (ranking in Education First English Proficiency Index). However, despite the declining rank, English proficiency still remains to be classified as "high" given its score of 562/700 (Magsambol 2020).

4.5. Commitments and limitations of the Philippines under RCEP

The Philippines, being a signatory economy to the RCEP, has also made commitments to liberalize trade. Table 5 presents the commitments of the Philippines in trade in services under the AEC. We also presented whether the Philippines have made additional commitments in trade in services under RCEP. These additional commitments under RCEP serve as platforms to attract businesses, investors, and foreign professionals to invest and visit the country. Consequently, this may help develop human capital, infrastructure, tourism, and other industries in the long-run. The identified additional commitments under RCEP also serve as an opportunity for signatory economies to capitalize on the strengths of the Philippines by engaging economically in the country regardless of the mode of supply.

However, as observed in Table 5, while the Philippines did not make additional commitments under RCEP for Mode 1 and Mode 3, it also imposed limitations on market access and national treatment. Consistently, the Philippines has also made no additional commitments and limitations in Mode 2, specifically on tourism, under RCEP.

Table 5. Commitments of the Philippines in AEC and RCEP, and limitations on market access and national treatment under RCEP

Mode of Supply	Commitments in AEC	Additional Commitments in RCEP	Limitations on MA under RCEP	Limitations on NT under RCEP
Mode 1 (digital education services)	✓	✗	✓	✓
Mode 2 (tourism)	✓	✗	✗	✗
Mode 3 (business services)	✓	✗	✓	✓
Mode 4 (professional services)	✓	✓	✓	✓

Note: MA – market access; NT – national treatment.
Tabulated by Authors. See details in Appendix 6, Appendix 7, and Appendix 8.

The limitations in trade in services imposed by the Philippines under the RCEP are generally tied to the stipulations of its 1987 Constitution. The 1987 Philippine Constitution aims at protecting “Filipino enterprises against unfair foreign competition and trade practices” (Article XII, Section 1, para. 2). Ideally, the stipulations of the constitution should provide diverse industries an “optimum opportunity to develop” where “private enterprises, including corporations, cooperatives, and similar collective organizations, shall be encouraged to broaden the base of their ownership” (Article XII, Section 1, para. 3). However, Cornelio (n.d.) argued that this eventually resulted to a weakness of the economy through the propagation of an oligopolistic market structure for the Philippine economy. It undermined growth because of the resulting local elite capture wherein “the rule of the few rich family businesses in the country” dominated the market (para. 7).

The protective nature of the constitution, as emphasized by the existing conditions, limitations, and qualifications to ownership of enterprises and professional practice by foreign nationals (i.e., domestic regulations), however, has influenced the market access and national treatment limitations imposed by the Philippines under RCEP. According to Aldaba et al. (2013), this is deterrent to liberalization and warrants certain amendments but may prove to be difficult “given the country’s political economy constraints” (p. 10). Such constitutional limitations prove to be a weakness of the Philippines in maximizing the gains from trade (Amoranto et al. 2010). With the emergence of more comprehensive trading agreements, such as the RCEP, it is imperative to reopen the discussions on reviewing, re-evaluating, and amending certain provisions (Cornelio n.d.; Sicat 2007; Ylagan 2020).

While this is the case, the Philippines has certain laws that may relax constitutional constraints and accommodate some degree of further liberalization. As early as 1936, the Philippines enacted the *Public Service Act* (Commonwealth Act [CA] No. 146[18]) that recognizes “the public service commission, prescribe its powers and duties, define and regulate public services, provide and fix the rates and quota of expenses to be paid by the same for other purposes.” The Philippines also legislated the *Foreign Investments Act of 1991* (Republic Act [RA] No. 7042) where “foreign investments shall be welcome as a supplement to Filipino capital and technology in those enterprises serving mainly the domestic market” (Section 2). Hence, foreigners can invest up to 100 percent equity in domestic market enterprises excluding areas under the negative list. The Philippines also ratified the *Retail Trade Liberalization Act of 2000* (RA No. 8762), that liberalized the retail industry “to empower Filipino consumers through lower prices, higher quality goods, better services, and wider choices” (Section 2). Furthermore, the Philippine Supreme Court (SC) also made rulings to pursue liberalization.

In terms of trade agreements entered by the Philippines, the SC in 1997 dismissed a petition to nullify the Philippine ratification of the country’s participation in the WTO (*Tañada v. Angara,* 1997). The SC gave consent to the WTO Agreement and made it "a part of the law of the land." Today, the Philippines has been harnessing benefits of the trading system, exercising continuous improvements of facilitating liberalization, and participating in other multilateral and bilateral trading agreements that expanded the country’s economic frontiers.

In terms of public utilities, in 1995, the SC made a ruling regarding ownership of a public utility by a foreign corporation, specifically EDSA LRT III (*Tatad v. Garcia,* 1995). In this case, petitioners argued that granting EDSA LRT Corporation, Ltd. (a foreign corporation) the ownership of EDSA LRT III (a public utility) violates the constitution. They contended that

[18] In terms of public service vs. public utility, as emphasized by Pulta (2021), “foreign state-owned enterprises are prohibited from owning capital in any public service classified as critical infrastructure and foreign nationals are not allowed to own more than 40 percent of capital in public services engaged in the operation and management of critical infrastructure unless the country of such foreign national accords reciprocity to Philippine nationals under foreign law, treaty or international agreement” (para. 13).

the EDSA LRT III is a public utility, and the ownership and operation thereof is constitutionally limited to Filipino citizens and firms. However, the SC held that what the foreign firm owns here are rail tracks, rolling stocks, coaches, rail stations, terminals, and the power plant, which are not a public utility. While a franchise is required to operate these facilities to serve the public, they do not constitute a public utility. The SC ruled that public utility is different from providing public service. In other words, operating a public utility is distinct from owning the facilities. That is, there can be ownership of facilities but not necessarily operating them as a public utility. Conversely, one can operate a public utility to serve the public but not necessarily owning the facilities. Here, there are two things that the SC has differentiated in this ruling. First, public utility is different from the provision of public service. Second, ownership is different from operations.

In terms of construction, de Guzman (2020) highlighted that foreign firms may now fully participate in local construction (e.g., *Philippine Contractors Accreditation Board v. Manila Water Inc.,* 2020). In this case, the SC rendered invalid the regulatory rule issued by the Philippine Contractors Accreditation Board (PCAB) in limiting the participation of foreign firms as contractors in local construction projects. This nullified Section 3.1, Rule 3 of the Implementing Rules and Regulations (IRR) of the Contractors' License Law (RA No. 4566) stating that "foreign firms may only be granted a special license for their engagement as contractor in a specific construction project" that limited the PCAB License only to Filipino-owned construction companies. Because of this ruling, the construction industry can source their contractors liberally – they can choose foreign contractors. This decision provided a boost to the government's *Build, Build, Build* infrastructure program (de Guzman 2020).

These rulings can serve as inputs and pressure to amend the Public Service Act of 1936. According to Pulta (2021), the recent amendments in the Public Service Act can improve services and reduce cost of basic services. By delineating public utility from public service, the ambiguity between the two and using them interchangeably are addressed. When a firm is tagged a public utility, ownership is limited to Filipino citizens and firms. Hence, the ambiguity limits the number of players that results to unreliable and expensive consumer services. Under the amendment, the National Economic and Development Authority (NEDA), through consultation with the Philippine Competition Commission (PCC) and other concerned agencies, may recommend to Congress the classification of a public service as a public utility. Equally important, Congress has already approved an amendment that no other business or service shall be deemed a public utility unless otherwise provided by law. The amendment also identified "transmission and distribution of electricity, water pipeline distribution systems and sewerage pipeline systems, telecommunications, and transportation" as critical infrastructures requiring attention (Pulta 2021, para. 12).

These are what Filipinos need in accelerating recovery and building back better from the COVID-19 pandemic. Despite strict constitutional limitations on foreign entry and ownership in the country, the cases above show that when benefits to the public are clear, certain provisions that are restrictive and detrimental can be withheld under certain circumstances.

4.6. Weaknesses of the Philippines in business and professional services

Beyond these market access and national treatment limitations imposed by the Philippines, there are other inherent and perceived weaknesses of Philippine business and professional services. We present some of these weaknesses in Table 6. We can see that the Philippines needs to address issues concerning scalability, education and training, demography, country branding and marketing, language and culture, mobility cost, and legal aspect.

Table 6. Weaknesses of Philippines in business and professional services

Area	Weaknesses in business services	Source	Weaknesses in professional services	Source
Scalability	Potential bottlenecks in scaling labor in business services due to shortage of skills.	Karamouzis and Singh (2008); Fuller et al. (2020)	Potential bottlenecks in scaling labor in professional services due to shortage of skills.	Karamouzis and Singh (2008); Fuller et al. (2020)
Education and training	Skills shortage worsened by declining passing rate in licensure examination, limited continuing professional development (CPD), and inadequate research in business services	Fuller et al. (2020); Rivera et al. (2019)	Skills shortage magnified by declining passing rate in licensure examination, regulatory than developmental CPD, inadequate research in professional services	Fuller et al. (2020); Rivera et al. (2019)
Demography	While the Philippines enjoys demographic dividends due to a booming young and working population, the rapid demographic transition poses weaknesses. With older workers retiring, younger workers are taking over with very different priorities about who should do what work, where, when, and how work should be done.	Abad (2020); Fuller et al. (2020)	While the Philippines enjoys demographic dividends due to a booming young and working population, there is a weakness. With older workers retiring, younger workers are taking over with very different priorities about who should do what work, where, when, and how work should be done.	Abad (2020); Fuller et al. (2020)
Country branding and marketing	Relatively lower brand equity and marketing skills than neighboring economies. The Philippines is known more for its instability than its business services.	Karamouzis and Singh (2008); Fabe (2013)	Relatively lower brand equity and marketing skills than neighboring economies. The Philippines is known more for its instability than its professional services.	Karamouzis and Singh (2008); Fabe (2013)
Language and culture	Filipinos need foreign language training (other than English); Filipinos have different perspectives of work.	Panganiban (2010)	Filipinos need foreign language training (other than English); Filipinos have different perspectives of work.	Panganiban (2010)
Mobility cost	Requires resources to relocate employees from the Philippines	Panganiban (2010)	Requires resources to relocate professional service workers from	Panganiban (2010)

			the Philippines (which is borne by the receiving economy).	
Legal	Lack of efforts to harmonize regulatory framework evidenced by hesitancy to relinquish control over standards and fully commit on inter-regional standardization.	Rivera et al. (2019)	Absence of MRAs for other professionals, both regulated and unregulated. For regulated, only accountancy, architecture, dental, engineering, medical, and nursing services have MRA. For unregulated, only tourism and hospitality has an MRA.	Hamanaka and Jusoh (2016); Rivera et al. (2019)

Apparently, these weaknesses can be managed by developmental policies geared towards enhancing education and training on both hard and soft skills, improving the country's image by focusing on value-adding contributions that can be offered to the world market, and negotiating continuously with partner economies in the region to harmonize service standards.

4.7. Implications of identified strengths and limitations of the Philippines

While AFPs in RCEP have made additional commitments corresponding to market access and national treatment limitations in business and professional services (i.e., spanning legal, accounting, auditing, and bookkeeping, taxation, architectural, engineering, integrated engineering, and urban planning services; except general urban planning, medical and dental, among others), the Philippines has also made certain commitments and limitations on business and professional services. The Philippines' participation in RCEP are expected to facilitate the following: (1) provide opportunities for Filipinos to generate income by supplying business and professional services in RCEP-member economies; and (2) invite enterprises, investors, and professionals to go the Philippines to engage in business, which can develop human capital, infrastructure, tourism, and other industries that will enhance domestic productivity.

For the former, while there are reciprocal market access and national treatment limitations, there is still value in facilitating labor mobility. Because of these threats to mobility, exploiting opportunities in business and professional services can be facilitated by increased human resource development through the liberalization of professions, particularly the highly restrictive (e.g., education, health) through less domestic regulations and greater harmonization with regional standards. This can also be accompanied by state-of-the-art instructions generated by research and development as well as developmental (rather than regulatory) continuing professional development (CPD) programs. Therefore, by continuously investing in the improvement of professionals' human resource dimensions, the Philippines can possess a stock of professionals with superior competencies resulting to an economy that is more attractive to foreign investors.

For the latter, while liberalizing the economy to foreign players may compete with domestic enterprises and industries, protection can still be accorded to small players, infant industries, and MSMEs. In fact, in recent years, the Philippines has undertaken several liberalization measures in various service sectors with the objective of improving competitiveness of agriculture and manufacturing industries in the international market. Liberalization has been undertaken for larger sectors such as banking, telecommunications, distribution, energy, maritime industry, civil aviation, and insurance (Amoranto et al. 2010). While improvements have been made, these areas persist to be the country's key constraints in ensuing sustained economic growth. Hence, in pursuing an export-led industrialization trajectory for the Philippines, trade liberalization measures have to be instituted. Otherwise, protecting an inefficient service sector would generate deadweight loss for the economy that outweighs the cost incurred from protectionism. Liberalization can dismantle the oligopolistic structure of the economy that impede the effectiveness of competition policies and inhibit the growth of domestic productivity. As such, from the liberalization of services trade, we construe that the Philippines can take the elbow room of improving its infrastructure through RCEP.

5. Conclusions and recommendations

Our study focused on highlighting additional commitments of AFPs under RCEP in trade in services – specifically on each mode of supply with an identified sector per mode. We probed on additional commitments under: Mode 1 for digital education services, Mode 2 for tourism, Mode 3 for business services, and Mode 4 for professional services. These are areas where the Philippines has comparative advantage.

Alongside additional commitments, we also identified their market access and national treatment limitations. From the commitments and limitations, we used the SWOT analysis as framework of analysis to treat our data. Opportunities were drawn from the additional commitments of AFPs under RCEP in various service modes and sectors. Threats were identified from market access and national treatment limitations set by AFPs in various service modes and sectors. Meanwhile, strengths and weaknesses were lifted from the internal features of the Philippines' service sector. Using these, we identified where the Philippines can reap benefits from RCEP by maximizing strengths in services to pursue opportunities, mitigate threats, and temper weaknesses to counter threats.

In addressing our research problem, we determined if the Philippines can benefit from the commitments of AFPs joining RCEP.

5.1. Identification of additional commitments and limitations

In addressing our first research objective, we identified and reviewed specific commitments of AFPs in RCEP under trade in services, particularly on market access and national treatment. From our document review and evaluation analysis, we found that all AFPs made no additional commitments in digital education services (under Mode 1) and tourism (under Mode 2). For business services (under Mode 3), only China made additional commitments and the rest have improved commitments. For professional services (under Mode 4), all AFPs under RCEP made additional commitments.

Additional and improved commitments under Mode 3 and Mode 4 are opportunities for the Philippines to expand trade in services with AFPs in RCEP. However, national treatment and market access limitations can be considered as threats that the Philippines may face in harnessing perceived benefits from engaging in trade in services. The Philippines can take advantage of the opportunities in business services in China and in professional services in all AFPs in RCEP. However, market access and national treatment limitations must be managed.

Similarly, although the Philippines made commitments in AEC, it did not make additional commitments in RCEP under Mode 1, Mode 2, and Mode 3. Additional commitments were made only under Mode 4 but with accompanying limitations on market access and national treatment that is mandated by stipulations in the 1987 Philippine Constitution.

5.2. Comparing commitments and limitations

In addressing our second research objective, we compared the specific commitments and limitations outlined under RCEP. We also found that even if AFPs in RCEP did not make any additional commitments in Mode 1 and Mode 2, there are limitations on market access and national treatment. The same is true for the Philippines. As discussed above, it did not make additional commitments in RCEP under Mode 1, Mode 2, and Mode 3 but limitations on market access and national treatment were set as constitutionally prescribed. As observed, domestic regulations still play a critical role in economic integration.

Likewise, among AFPs in RCEP, China made more commitments in RCEP relative to others on top of its commitment in its regional FTA with ASEAN and its bilateral FTAs with respective AMS.

Nonetheless, commitments under RCEP are geared towards facilitating easier entry and increasing length of stay. Limitations appear to reflect existing domestic regulations including requirements on the possession of relevant education, training, certification, and licenses as prescribed by country-specific standards and qualifications. In addition, the scope of their additional commitments in RCEP did not deviate much from existing FTAs with ASEAN and respective AMS. Hence, we construed that RCEP can be seen as a compilation of the previous commitments made by the trading partners in various regional trading arrangements for the key economies in the APAC region. This makes RCEP a marginal trading arrangement that still provides additional benefits for participating economies.

5.3. Benefits the Philippines can reap from RCEP

In addressing our third research objective, we identified specific additional commitments of non-ASEAN signatory economies of the RCEP. We assessed that there is value for the Philippines to participate in RCEP and harness opportunities in trade in services.

Despite being a marginal trading arrangement, RCEP can provide additional opportunities for Filipinos to generate income by providing business and professional services to both AMS and AFPs in RCEP. The opportunities offered by RCEP can only be maximized by enhancing the Philippines' strengths in competitiveness, language proficiency, cultural adaptability, human capital, and government participation.

While there are limitations to taking advantage of the opportunities presented, the Philippines can view these as a call for government, academe, and professional organizations to: (1) upgrade educational systems, training, accreditation, certifications, licensing, and professional regulatory frameworks; and (2) enforce higher standards in delivering professional service. This is also a challenge for business and professional service providers to continuously improve on their respective crafts to remain competitive. To operationalize this, government's role in creating developmental policies to further its strength on language proficiency and educational standards is vital. Government is also capable of managing weaknesses such as constitutional limitations, domestic regulations, declining proficiency in business English relative to world rankings, declining quality of education and training due to the regulatory nature of quality assurance and limited graduate studies.

Through RCEP, the Philippines can invite enterprises, investors, and professionals to engage in business in the country. This can eventually develop human capital, infrastructure, tourism, and other industries, and enhance domestic productivity in the long run. While liberalizing the economy will pose competition with domestic enterprises and infant industries, protection can still be accorded. Liberalization can be considered for industries where the Philippines has inadequacy, such as utilities, telecommunications, construction, and infrastructure. These areas have been the country's key constraints that impede economic takeoff.

5.4. Recommendations

In addressing our fourth research objective, given the findings and key implications from our document review, evaluation analysis, and SWOT analysis, we provide recommendations for policymakers towards the Philippines harnessing RCEP's benefits in terms of trade in services. We direct DTI and the legislative branch of government to create a policy environment that will facilitate the benefits of the RCEP in business and professional services. This can be done by utilizing strengths and managing weaknesses of Philippine business and professional services sectors. We recommend strengthening linkages and improving human resources.

5.4.1. Strengthen linkages, reform domestic regulations, and liberalize professions

Given that the additional commitments of China on Mode 3 is on accounting and auditing services, we recommend government, private sector, and professional organizations to establish and strengthen linkages and partnerships with Chinese firms. This linkage can be operationalized if Filipino professionals have working knowledge of written and oral Mandarin. Similarly, given that Australia, Japan, and New Zealand have improved commitments on Mode 3, we also recommend government, private sector (especially those in telecommunication, computer, and information services), and professional organizations to establish and strengthen linkages and partnerships with these firms. This linkage can be operationalized by also expanding the working knowledge of written and oral Nihongo and intensifying Filipinos' comparative advantage in the use of English.

For the Philippines to have greater leverage in participating in Mode 3 and Mode 4, we recommend the need to continuously reform domestic regulations and liberalize professions, particularly those that are highly restrictive (e.g., dental, nursing, medical services) and restrictive (e.g., accountancy, architecture, engineering). All of which are being regulated for licenses, certifications, educational qualifications, safety and ethics, and constitutional limits. Through a multi-stakeholder approach that involve both regulatory bodies and all other related agencies, liberalization measures can begin with their collective reviewing, amending, and modifying prevalent protocols. Liberalizing professions, where the Philippines has inadequate supply of, may stimulate skill base growth as more professionals can take part in key sectors that promotes faster local productivity growth leading to higher development trajectories.

5.4.2. Conduct research and development

Because of evident opportunities in business and professional services, we have emphasized the importance of human resource development as key to enable mobility. In creating human capital, we cannot undermine the importance of knowledge capital (i.e., accumulation of research and development) in stimulating technological development, generating patents, introducing innovations, driving economies of scale, and creating new methodologies that upgrade the practice of professions. Research outcomes advance long run societal and economic development. We suggest policymakers to create a research culture and environment by providing incentives in the form of financial grants and capacity-building programs. Similarly, through research, faculties handling professional degree programs are more adept with recent developments in their fields. It equips them with updated knowledge and competencies to be imparted to students. Hence, quality professional education is ensured.

5.4.3. Use MRAs and domestic regulations to advance human resource development

We have seen that participating economies have instituted limitations on market access and national treatment. While we cannot do anything with national treatment limitation, market access limitations can be tempered through (1) linkages and partnerships, (2) fortification of the strengths, and (3) mitigation of weaknesses in specific sectors under Mode 3 and Mode 4, particularly in ensuring enhanced and comparable manpower capabilities.

In further advancing human resource development, policymakers can also explore the role of MRAs as a facilitating factor of labor mobility. However, even if MRAs are in place, economies still impose domestic regulations through their nationally defined standards towards accrediting and licensing professionals. Nonetheless, despite this, MRAs and domestic regulations can be viewed as a motivating factor for professionals to upgrade their human resource dimensions that will make them comparable with professionals from other economies. Likewise, this can also compel higher education institutions to benchmark with partner economies in terms of curriculum design, teaching pedagogies, and learning outcomes, among others so that education standards are also comparable with other economies. Of course, this is contingent on the collaboration between educators, regulators, and professional organizations on how they can enhance the quality of education in the light of technological advancements.

Comparability may result to harmonization of regulatory frameworks towards mobility of services. Pursuing it may lead to gradual adoption of internationally recognized qualifications, standards, scientific principles, common practices, uniformity of regulatory mechanisms hinged on shared principles in achieving a common goal. Hence, stakeholders should view Mode 3 and Mode 4 facilitation and MRAs as opportunities than threats.

5.4.4. Promote developmental CPD

In ensuring enhanced and comparable manpower capabilities, research and CPD play a role. Through research, a strong industry-academe linkage can be created wherein research outputs are translated into practical outcomes and cascaded to professionals via CPD programs. Hence, rather than mandating professionals to attend inconsequential seminars and unnecessary training, most often with exorbitant costs shouldered by the professionals, to comply with regulatory protocols, a developmental approach can be taken. That is, trailblazing practices that will enhance the conduct of professional practice. In parallel, through developmental CPD, competencies of faculties handling professional degree programs can be augmented.

5.4.5. Improve business environment in the Philippines

Liberalization measures in the services sector do not only contribute to human resource development but also on infrastructure development—where an abundance of professionals with advanced competencies improves an economy's attractiveness to foreign investors. These foreign investors bring with them a multitude of technologies and innovations; more streamlined business practices; and relatively wider networks and value chains, that the Filipinos can learn from, acquire, and adopt. Once adoption reached a critical mass, productivity is expected to increase significantly. However, for these to reach the Philippine economy, policymakers need to address other factors beyond trade liberalization and RCEP that would attract FDIs in the services sector. These factors include cost and ease of doing business; bureaucratic protocols; cost of utilities (e.g., power); cost of labor; cost of capital; clarity and consistency of rules and regulations; transparency in the rule of law; constitutional limits; economic risks; socio-political uncertainties; among others.

5.4.6. Manage market access and national treatment limitations and weaknesses in construction and telecommunications

Improving the business environment in the Philippines also requires the availability of hard and soft infrastructure to seize greater business opportunities brought about by RCEP. For many years, infrastructure has been a key constraint to the country's economic growth and development. Its neighboring economies in ASEAN have invested in infrastructure exceeding what the Philippines has established in previous decades. The inadequate infrastructure in the country has hampered more efficient conduct of business, faster mobility, and seamless communication among supply chain members. This inadequacy can be attributed to the highly restrictive nature of the construction and telecommunication industries in the country.

On one hand, the Philippine construction industry is highly regulated by the national and local government through the Construction Industry Association of the Philippines (CIAP) that grants regular and special licenses to local and foreign contractors respectively. It also ensures their capacity to deliver quality, adhere to safety standards (i.e., National Building Code), and comply with nationality restrictions. On the other hand, the Philippine telecommunication industry is also highly regulated by the national government through the National Telecommunications Commission (NTC). It administers and implements regulatory laws on the licensing and operations of these entities. Because telecommunications services are deemed public utilities by the Philippine Constitution, Public Service Act, and Public Telecommunications Policy Act, public telecommunications entities must be at least 60 percent Filipino-owned and must be granted a legislative franchise and operating licenses by Congress. These limitations impede the entry of entities who can provide the Filipino people with hard and soft infrastructure that will facilitate higher productivity and accelerate economic growth. These limitations also cultivated an oligopolistic market structure for these industries that generated deadweight losses and undermined economic growth because of local elite capture.

5.4.7. Include implications of SC rulings on liberalization

We also recommend to formalize the implications of the SC's rulings on allowing the entry of foreign participants on certain sectors. The delineation of ownership of facility versus ownership of operations and participation of foreign contractors and subcontractors in local projects, as well as the differentiation of public utility from provision of public service are good starting points. Likewise, we also echo continuous reform in the Public Service Act, Foreign Investment Act, and Retail Liberalization Act.

Such has progressed when the Senate, in December 2021, approved on third and final reading Senate Bill No. 2094 that would eliminate foreign equity restrictions from public services not classified as natural monopolies. Specifically, as reported by Ramos (2021), it will: (1) limit public utilities to services on the distribution of electricity, the transmission of electricity, and water pipeline distribution and wastewater pipeline systems, airports, seaports, and public utility vehicles; (2) consider tollways and expressways as public utilities; (3) remove citizenship requirement for sectors not classified as public utilities (e.g., telecommunications, airlines, and the domestic shipping industry); and (4) railways and subways are deemed public services. There is now a clearer differentiation between public services and public utilities.

With liberalization measures under RCEP through relaxing some market access limitations, the Philippines can benefit from an infrastructure boom. Due to the increased availability of efficient service suppliers, the country may reap the benefits of modern infrastructures to facilitate mobility (e.g., transportation of essential supplies to all parts of the country) and connectivity (e.g., meet the needs of online education, digital workers, virtual work setups) towards greater productivity. While, this will have an impact on local service suppliers, liberalization measures should be accompanied by necessary safeguard mechanisms (e.g., prohibiting foreign state-owned enterprises from owning capital in public service categorized as critical infrastructures; reciprocity requirements; raising penalties for violators). While public services, that are not natural monopolies, will be freed from foreign equity restriction, they should not be free from their duties as public service providers.

Hence, policymakers must realize that RCEP can lay the necessary conditions for a liberalized environment. However, there are conditions that must be met first to reap the opportunities in trade in services presented by the RCEP. More specifically, the Philippines needs to position itself as an attractive destination for foreign investors in the services sector that will generate mutual gains in the form of monetary returns and productivity growth for all parties involved.

5.5. Key implication

As the global economy transitions into the post-pandemic, the increased demand for services, particularly by developed economies, provides an opportunity for the Philippines to drive its economic recovery, growth, and development. Given the opportunities that we have highlighted, through the RCEP, the Philippines can expand its contributions to trade in services while supporting its own economy through (1) enhanced linkages and partnerships, (2) comparable manpower skills, (3) amendments on laws hampering liberalization – all of which play a role in improving the business environment in the country. Thus, the expected implementation of RCEP can complement the Philippines' initiatives towards economic recovery through an avenue to transform itself as one of the region's hubs for manufacturing, innovation, research and development, and as a center for training and education.

6. Acknowledgements

This study was funded by the Philippine Institute of Development Studies (PIDS) – Philippine APEC Study Center Network (PASCN) under PIDS Project No. PASCN-RGA/00-2021/42.

We would like to acknowledge the technical and research assistance provided by Ms. Eylla Laire M. Gutierrez.

7. Declaration of ownership

This report is our original work.

8. Ethical clearance

All procedures performed in this study were in accordance with the ethical standards of the institutional and/or national research committee.

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10. Appendix

Appendix 1. Service imports of the Philippines (at constant 2018 prices)

Year	Transport	Insurance and pension services	Travel	Government goods and services n.i.e.	Telecommunications, computer and information services	Business services	Charges for the use of intellectual property	Miscellaneous services	TOTAL
2000	165,653.90	22,809.50	186,981.99	4,399.47	9,082.70	35,181.33	13,881.28	9,552.79	447,542.97
2001	154,605.68	23,892.70	220,570.89	3,936.64	10,122.72	43,385.08	16,839.64	10,630.28	483,983.63
2002	131,590.19	27,257.03	299,518.31	2,693.09	8,803.82	37,833.20	14,697.16	9,270.73	531,663.54
2003	125,506.08	26,761.75	308,336.82	1,732.17	8,489.30	36,451.96	14,134.22	8,924.26	530,336.57
2004	113,819.30	25,828.41	343,804.12	2,600.76	10,814.63	36,088.67	11,460.27	7,248.97	551,665.12
2005	123,847.82	27,188.80	279,063.88	3,576.67	9,453.62	26,215.34	14,389.30	6,265.56	490,000.98
2006	119,935.12	30,424.24	283,241.78	4,988.41	9,056.22	25,580.73	18,039.28	7,931.02	499,196.80
2007	136,504.19	31,988.03	289,409.73	6,328.37	7,742.24	38,615.73	17,992.49	8,950.52	537,531.30
2008	179,522.04	34,192.51	355,570.04	10,748.92	11,763.29	56,918.45	18,126.23	13,540.41	680,381.89
2009	172,423.26	32,637.29	316,516.75	12,060.59	10,703.00	52,363.21	21,203.32	18,106.41	636,013.85
2010	208,978.68	44,254.83	358,194.48	12,939.78	14,353.34	61,816.64	26,965.26	19,539.84	747,042.87
2011	154,905.88	42,855.28	350,965.47	15,242.22	15,907.84	45,047.88	20,530.52	21,288.85	666,743.93
2012	169,640.83	39,620.52	390,220.72	14,544.78	15,623.05	73,743.19	21,061.61	20,166.63	744,621.34
2013	155,291.45	35,325.85	445,943.16	12,745.93	23,387.46	101,961.12	23,354.76	30,078.90	828,088.62
2014	153,533.52	33,359.12	484,126.66	14,743.12	27,158.02	152,223.06	23,386.79	24,931.69	913,461.97
2015	167,142.45	34,852.73	559,277.54	11,477.17	31,454.52	207,391.39	24,772.71	30,722.44	1,067,090.96
2016	216,595.49	58,343.99	569,846.61	16,633.14	29,619.67	216,910.38	24,186.06	37,904.07	1,170,039.40
2017	239,210.51	68,552.36	618,002.45	14,422.34	40,841.70	238,902.61	35,987.26	42,590.75	1,298,509.98
2018	273,952.22	75,248.76	661,700.34	26,715.28	51,129.30	238,873.01	47,284.34	53,364.20	1,428,267.44
2019	254,129.21	75,420.48	717,454.00	27,372.08	57,150.93	281,291.26	48,972.16	67,468.79	1,529,258.90
2020	191,614.96	55,753.23	437,020.40	28,671.20	72,845.60	256,068.93	36,352.87	40,453.46	1,118,780.64

Source: Philippine Statistics Authority (https://psa.gov.ph/national-accounts/base-2018/data-series)

Appendix 2. Service exports of the Philippines (at constant 2018 prices)

Year	Transport	Insurance and pension services	Travel	Government goods and services n.i.e.	Telecommunications, computer and information services	Business services	Charges for the use of intellectual property	Miscellaneous services	TOTAL
2000	46,865.07	958.89	159,249.54	1,681.85	7,240.16	49,139.39	50,502.98	3,375.21	319,013.10
2001	59,283.16	1,026.84	149,349.99	1,613.58	10,080.27	111,142.89	87,193.65	3,276.34	422,966.71
2002	90,681.42	1,041.27	153,815.93	1,153.38	11,315.64	135,308.69	108,545.52	3,840.71	505,702.56
2003	101,119.17	1,072.74	140,420.03	808.68	14,958.27	169,883.77	129,305.32	4,144.52	561,712.50
2004	103,236.55	1,116.24	189,399.11	1,437.90	21,850.81	191,229.11	137,033.43	6,581.31	651,884.46
2005	86,233.64	1,494.56	202,384.63	1,799.52	26,313.28	313,566.59	253,887.96	9,280.73	894,960.91
2006	87,781.00	1,651.41	280,271.59	2,243.13	37,648.18	350,132.41	229,468.83	13,623.69	1,002,820.24
2007	88,941.62	1,511.74	342,698.86	2,577.18	57,507.84	337,020.75	189,177.92	19,408.94	1,038,844.85
2008	77,986.15	1,198.66	151,851.39	3,985.04	79,076.40	426,868.99	164,710.49	22,211.29	927,888.40
2009	72,565.00	1,188.45	141,121.14	4,396.12	102,022.22	503,214.12	127,553.01	20,469.10	972,529.16
2010	76,644.01	2,253.91	149,823.14	4,136.16	105,003.40	661,654.61	165,229.19	18,338.46	1,183,082.88
2011	79,776.54	1,751.26	183,850.04	5,601.33	177,953.18	621,744.00	142,844.07	18,097.88	1,231,618.29
2012	84,208.77	1,967.66	218,704.04	5,134.38	189,734.17	561,535.81	74,849.80	23,396.94	1,159,531.58
2013	88,358.63	1,890.05	245,872.59	4,445.15	185,186.75	673,756.52	87,048.40	17,697.28	1,304,255.36
2014	102,440.42	2,216.34	277,380.84	5,333.16	197,446.35	742,280.36	90,480.70	24,697.64	1,442,275.81
2015	113,157.43	1,961.65	285,904.67	4,406.17	189,919.51	964,358.24	122,012.35	35,166.90	1,716,886.92
2016	116,361.61	2,013.92	290,987.57	6,455.18	286,496.05	995,029.39	157,418.83	42,069.41	1,896,831.96
2017	153,732.62	2,485.95	404,714.70	5,458.49	323,299.26	1,077,818.09	207,353.67	35,000.39	2,209,863.18
2018	162,267.15	2,426.92	462,054.35	9,620.97	359,484.99	1,160,546.51	243,019.84	37,254.60	2,436,675.33
2019	168,531.86	2,483.47	563,945.36	9,815.86	365,248.19	1,160,409.27	242,028.11	35,088.74	2,547,550.86
2020	86,109.80	2,120.20	134,348.41	10,749.96	309,173.76	1,118,597.27	210,427.44	22,703.59	1,894,230.42

Source: Philippine Statistics Authority (https://psa.gov.ph/national-accounts/base-2018/data-series)

Appendix 3. Details of additional commitments of non-ASEAN signatory economies in RCEP relative to trade arrangement with ASEAN Member States

Australia / Mode of Supply	Commitments under ASEAN-Australia FTA	Source	Commitments of Australia in RCEP	Difference between ASEAN-Australia FTA and RCEP
Mode 1 (Digital Education Services)	Recognize the education or experience obtained, requirements met, licenses or certifications granted in a particular economy Afford adequate opportunity for any other Party to demonstrate that education, experience, licenses, or certifications obtained or requirements met in that other Party's territory should be recognized.	ASEAN-Australia-New Zealand Foreign Trade Agreement (Article 16, p. 99)	See Appendix 4	In the ASEAN-Australia FTA, education was mentioned under Article on Recognition. Meanwhile in RCEP, there were no additional commitments.
Mode 2 (Tourism)	None.		See Appendix 4	Tourism was neither mentioned in the ASEAN-Australia FTA nor in RCEP.
Mode 3 (Business Services)	For Financial Services: • Recognition may be achieved through harmonization or agreements. For Telecommunications: • Applies to measures by a Party affecting trade in public telecommunications transport networks and services.	ASEAN-Australia-New Zealand Foreign Trade Agreement (Annex on Financial Services, Article 4, p.111) ASEAN-Australia-New Zealand Foreign Trade Agreement (Annex on Telecommunications, Article 1, p. 117)	See Appendix 4	Financial services and telecommunications were part of the Annexes of the ASEAN-Australia FTA. On the hand, no commitments were made by Australia in RCEP.
Mode 4 (Professional Services)	No specific commitments; only general provisions wherein in sectors	ASEAN-Australia-New Zealand Foreign Trade	See Appendix 4	In the ASEAN-Australia FTA, commitments on Professional Services were limited to general provisions. On the other hand, Australia's

	where specific commitments regarding professional services are undertaken, each Party shall provide for adequate procedures to verify the competency of professionals of the other Parties.	Agreement (Article 10, p. 93)		commitments in RCEP were expanded to include short-term business visitors, intra-corporate transferees, independent executives, contractual service suppliers, and accompanying spouses and dependents of entrants.

China	Commitments under ASEAN-China FTA	Source	Commitments of China in RCEP	Difference between ASEAN-China FTA and RCEP
Mode 1 (Digital Education Services)	Recognize the education or experience obtained, requirements met, or licenses or certifications granted in another Party. Afford adequate opportunity for any other Party to demonstrate that education, experience, licenses, or certifications obtained or requirements met in that other Party's territory should be recognized.	Agreement on Trade in Services of the Framework Agreement on Comprehensive Economic Cooperation Between the Association of Southeast Asian Nations and the People's Republic of China (2002, Article 6, p. 12-13)	See Appendix 4	In the ASEAN-China FTA, education was mentioned under Article on Recognition. Meanwhile in RCEP, there were no additional commitments.
Mode 2 (Tourism)	None.		See Appendix 4	Tourism was neither mentioned in the ASEAN-China FTA nor in RCEP.
Mode 3 (Business Services)	None.		See Appendix 4	Business Services was not mentioned in the ASEAN-China FTA. In RCEP, legal services and accounting, auditing, and bookkeeping services were included in China's commitment.
Mode 4 (Professional Services)	No specific commitments; only general provisions wherein in sectors	Agreement on Trade in Services of the Framework Agreement on	See Appendix 4	In the ASEAN-China FTA, commitments on Professional Services were limited to general provisions. On the other hand,

	where specific commitments regarding professional services are undertaken, each Party shall provide for adequate procedures to verify the competency of professionals of any other Party.	Comprehensive Economic Cooperation Between the Association of Southeast Asian Nations and the People's Republic of China (2002, Article 5, p. 12)		China's commitments in RCEP were expanded to include short-term business visitors, intra-corporate transferees, contractual service suppliers, installers and servicers, and accompanying spouses and dependents of entrants.

Japan	Commitments under ASEAN-Japan FTA	Source	Commitments of Japan in RCEP	Difference between ASEAN-Japan FTA and RCEP
Mode 1 (Digital Education Services)	None.		See Appendix 4	Education was neither mentioned in the Japan-ASEAN FTA nor in RCEP.
Mode 2 (Tourism)	No specific commitments; only general provisions where Parties shall explore and undertake economic cooperation activities in the field of tourism and hospitality.	ASEAN-Japan Comprehensive Economic Partnership (2008, Article 53, p. 40)	See Appendix 4	Commitments on tourism are very general in the ASEAN-Japan FTA but no additional commitments in RCEP.
Mode 3 (Business Services)	None.		See Appendix 4	Commitments on Business Services was neither mentioned in the Japan-ASEAN FTA nor in RCEP.
Mode 4 (Professional Services)	No specific commitments; only general provisions wherein Parties shall continue to discuss and negotiate provisions for trade in services.	ASEAN-Japan Comprehensive Economic Partnership (2008, Article 50, p. 38)	See Appendix 4	In the ASEAN-Japan FTA, commitments on Professional Services were limited to general provisions. On the other hand, Japan's commitments in RCEP were expanded to include short-term business visitors, intra-corporate transferees and investors, temporary entry for professionals, independent professionals, contractual service suppliers, and accompanying spouses and dependents of entrants.

Korea	Commitments under ASEAN-Korea FTA	Source	Commitments of Korea in RCEP	Difference between ASEAN- Korea FTA and RCEP
Mode 1 (Digital Education Services)	None.		See Appendix 4	Education was neither mentioned in the Korea-ASEAN FTA nor in RCEP.
Mode 2 (Tourism)	No specific commitments. Parties, on the basis of mutual benefits, shall explore and undertake cooperation projects in the following areas including tourism.	Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of the Association of Southeast Asian Nations and the Republic of Korea (Article 3.1, p. 8)	See Appendix 4	Tourism was neither mentioned in the Korea-ASEAN FTA nor in RCEP.
Mode 3 (Business Services)	None.		See Appendix 4	Business Services was neither mentioned in the ASEAN-Korea FTA nor in RCEP.
Mode 4 (Professional Services)	No specific commitments; only general provisions wherein Parties shall progressively liberalize trade in services among the Parties with substantial sectoral coverage in conformity with Article V of GATS.	Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of the Association of Southeast Asian Nations and the Republic of Korea (Article 2.2, p. 7)	See Appendix 4	In the ASEAN-Korea FTA, commitments on Professional Services were limited to general provisions. On the other hand, Korea's commitments in RCEP were expanded to include short-term business visitors, intra-corporate transferees, and contractual service suppliers.

New Zealand	Commitments under ASEAN-New Zealand FTA	Source	Commitments of New Zealand in RCEP	Difference between ASEAN- New Zealand FTA and RCEP

Mode 1 (Digital Education Services)	Recognize the education or experience obtained, requirements met, licenses or certifications granted in a particular economy. Afford adequate opportunity for any other Party to demonstrate that education, experience, licenses, or certifications obtained or requirements met in that other Party's territory should be recognized.	ASEAN-Australia-New Zealand Foreign Trade Agreement (Article 16, p. 99)	See Appendix 4	In the ASEAN-New Zealand FTA, education was mentioned under Article on Recognition. Meanwhile in RCEP, there were no additional commitments.
Mode 2 (Tourism)	None.		See Appendix 4	Tourism was neither mentioned in the ASEAN-New Zealand FTA nor in RCEP.
Mode 3 (Business Services)	For Financial Services: • Recognition may be achieved through harmonization or agreements. For Telecommunications: • Applies to measures by a Party affecting trade in public telecommunications transport networks and services.	ASEAN-Australia-New Zealand Foreign Trade Agreement (Annex on Financial Services, Article 4, p.111) ASEAN-Australia-New Zealand Foreign Trade Agreement (Annex on Telecommunications, Article 1, p. 117)	See Appendix 4	Financial services and telecommunications were part of the Annexes of the ASEAN-New Zealand FTA. On the hand, no commitments were made by New Zealand in RCEP.
Mode 4 (Professional Services)	No specific commitments; only general provisions wherein in sectors where specific commitments regarding professional services are undertaken, each Party shall provide for adequate procedures to verify the competency of professionals of the other Parties.	ASEAN-Australia-New Zealand Foreign Trade Agreement (Article 10, p.93)	See Appendix 4	In the ASEAN-New Zealand FTA, commitments on Professional Services were limited to general provisions. On the other hand, New Zealand's commitments in RCEP were expanded to include short-term business visitors, intra-corporate transferees, independent executives, contractual service suppliers, and accompanying spouses and dependents of entrants.

Appendix 4. Details of Additional Commitments of non-ASEAN signatory economies in RCEP (supplement to Appendix 3).

Economies	Mode 1 (Digital Education Services)	Source
Australia	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
China	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 5, p. 30-31)
Japan	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
Korea	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
New Zealand	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	Annex II: Schedule of Specific Commitments for Services – New Zealand (Article II, Section 5, p. 23)

Economies	Mode 2 (Tourism)	Source
Australia	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
China	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 9, p. 44-45)
Japan	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
Korea	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
New Zealand	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	Annex II: Schedule of Specific Commitments for Services – New Zealand (Article II, Section 9, p. 32)

Economies	Mode 3 (Business Services)	Source
Australia	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
China	For legal services: • In accordance with the Chinese laws, regulations and rules, foreign law firms which have established their representative offices in the China (Shanghai) Pilot Free Trade Zone (FTZ) may sign contracts with Chinese law	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 1, p. 5-6)

	firms in the FTZ. Based on such contracts, these foreign and Chinese law firms may dispatch their lawyers to each other to act as legal counsels. For the abovementioned dispatchment, Chinese law firms may dispatch their lawyers to the foreign law firms to act as legal counsels on Chinese law and international law practice, and the foreign law firms may dispatch their lawyers to the Chinese law firms to act as legal counsels on foreign law and international law practice. They will cooperate within their respective business scope. • Likewise, foreign law firms which have established their representative offices in the China (Shanghai) Pilot FTZ are permitted to form commercial association with Chinese law firms in Shanghai FTZ. Within the validity of commercial association, the two law firms from both sides respectively have independent legal status, name, and financial operation, and bear civil liabilities independently. Clients of the commercial association are not limited within Shanghai FTZ. Foreign lawyers in this type of commercial association are not permitted to conduct the practice of Chinese law.	
	For accounting, auditing, and bookkeeping services: • Foreign accounting firms are permitted to affiliate with Chinese firms and enter into contractual agreements with their affiliated firms in other Parties. Issuance of licenses to those foreigners who have passed the Chinese national CPA examination shall be accorded national treatment. Applicants will be informed of results in writing no later than 30 days after submission of their applications. Accounting firms providing services in CPC 862 can engage in taxation and management consulting services. They will not be subject to requirements on form of establishment in CPC 865 and 8630.	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 1, p. 7)
Japan	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
Korea	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	No Annex II
New Zealand	No other additional commitments other than those stipulated in Chapter 8 of the RCEP.	Annex II: Schedule of Specific Commitments for Services – New Zealand (Article II, Section 1, p. 7)

Economies	Mode 4 (Professional Services)	Source
Australia	Provides business visitors (those with financial support coming from sources outside Australia) temporary entry for an initial stay of at least six months and up to a maximum of three months.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Australia (Section A, p. 1).
	Provides intra-corporate transferees (executives, senior managers, specialists, and independent executives) from enterprises operating lawfully and actively in Australia) temporary entry and temporary stay, for periods of stay up to two years with possibility of further stay, subject to employer sponsorship.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Australia (Section B, p. 2).
	Provides independent executives (from enterprises operating lawfully and actively in Australia) temporary entry and temporary stay, for a maximum of two years, subject to employer sponsorship.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Australia (Section C, p. 3).
	Provides contractual service suppliers (including independent professionals or specialists who are natural persons) temporary entry and temporary stay subject to employer sponsorship. However, labor market testing may be required for some occupations to ensure that they comply with Australia's commitments under the WTO. Temporary entry is for periods of stay up to 12 months, with the possibility of further stay.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Australia (Section D, p. 3).
	Provides spouses and dependents temporary entry and temporary stay for the same period as the temporary entrant.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Australia (Section E, p. 3).
China	Provides business visitors (those who do not receive compensation from a source located in China) temporary entry and temporary stay limited to a 90-day period.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – China (Section A, p. 1).
	Provides intra-corporate transferees (manager, executives, and specialists from enterprises that has established a representative office, branch, or subsidiary in the territory of China) temporary entry and temporary stay as stated in the terms of contract concerned or an initial stay of three years, whichever is shorter. It may be extended for subsequent periods, provided that the conditions on which it is based remain in effect, and such intra-corporate transferees complies with immigration measures applicable to temporary entry. China will not impose numerical restrictions, labor market test, or other procedures of similar effect on temporary entry and temporary stay of intra-	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – China (Section B, p. 1-2).

	corporate transferees from other economies provided that the same will be extended to intra-corporate transferees from China.	
	Provides contractual service suppliers temporary entry and temporary stay, for a maximum period of one year, subject to the duration of contract. However, this is limited to the following sectors: accounting, medical and dental, architectural, engineering, urban planning, computer, construction, education, and tourism services. Moreover, labor market testing or numerical restrictions may be required as a condition for temporary entry of contractual service suppliers.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – China (Section C, p. 3).
	Provides installers and servicers (qualified specialists supplying installation or maintenance services for machinery or industrial equipment) temporary entry and temporary stay, for a maximum of three months, subject to the duration of contract.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – China (Section D, p. 2-3).
	Provides accompanying spouses and dependents of entrants temporary entry and temporary stay for at most one year and should not exceed the same period of stay for the entrants. Moreover, their working rights are also subject to relevant laws, regulations, and rules of China.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – China (Section E, p. 3).
Japan	Provides short-term business visitors (those who will not acquire remuneration from within Japan, will not engage in making direct sales to the public, will not supply services for the purposes of participating in business contacts including negotiations for the sale of goods or services, or other similar activities including those to prepare for establishing commercial presence in Japan) temporary entry and temporary stay for a maximum of 90 days.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Japan (Section A, p. 1).
	Provides intra-corporate transferees and investors temporary entry and temporary stay for a maximum period of five years, which can be extended.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Japan (Sections B and C, p. 1-3).
	Provides qualified professionals temporary entry and temporary stay for a maximum period of five years, which can be extended. This is applicable to legal, legal advisory, accounting, auditing, bookkeeping, and taxation services.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Japan (Section D, p. 3).
	Provides independent professionals temporary entry and temporary stay for a maximum period of five years, which can be extended. This is applicable to activities involving technology or knowledge in the fields of physical sciences,	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Japan (Section E, p. 3-4).

	engineering, natural sciences, jurisprudence, economics, business management, accounting, other human sciences, or activities which require ideas and sensitivity based on non-Japanese culture.	
	Provides contractual service suppliers temporary entry and temporary stay for a maximum period of five years, which can be extended. This is applicable to activities involving technology or knowledge in the fields of physical sciences, engineering, natural sciences, jurisprudence, economics, business management, accounting, other human sciences, or activities which require ideas and sensitivity based on non-Japanese culture. Japan extends these commitments provided other member economies has made the same commitments under this category.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Japan (Section F, p. 4-5).
	Provides accompanying spouses and dependents of entrants temporary entry and temporary stay for the same period of stay granted to the entrant, provided that such spouse and dependents obtain maintenance from the entrant to engage in daily activities recognized under the status of residence of "Dependent" provided for in the Immigration Control and Refugee Recognition Act. Moreover, a spouse who has been granted temporary entry and temporary stay may have his or her status of residence changed to that under which he or she is allowed to work, subject to government approval in accordance with the Immigration Control and Refugee Recognition Act.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Japan (Section G, p. 5).
Korea	Provides business visitors temporary entry and temporary stay for a limited period of 90 days.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Korea (Section A, p. 1-2).
	Provides intra-corporate transferees (executives, senior managers, specialists) temporary entry and temporary stay for a limited period not exceeding three years that can be extended if conditions are still complied with by intra-corporate transferees. However, intra-corporate transferees are subject to the application of numerical ceiling, numerical limitation, and economic need test.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Korea (Section B, p. 2-3).
	Provides contractual service suppliers temporary entry and temporary stay that is limited to the duration of the contract, which should not exceed one year. Extensions can be done if deemed to be necessary. Contractual service suppliers must also possess the necessary academic and professional qualifications and professionally qualified competency-based experience to	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Korea (Section C, p. 3-4).

	exercise an activity in the sector concerned pursuant to the laws, regulations or requirements of Korea and to accreditations by the relevant international organizations. Contractual service suppliers may also be subjected to numerical ceiling, numerical limitation, and economic need tests. Moreover, a contract is required to be obtained in the following service-supplying activities or subsectors, without conferring entitlement to exercise the professional title of Korea – installation and repair, consultancy services in natural science applied to information technology, consultancy services for foreign accounting standards and auditing, architectural services subject to joint contracts with architects registered under the Korean law, management consulting services, and professional engineering consultancy and research services.	
New Zealand	Allows business visitors entry for a period not exceeding in aggregate three months in any calendar year.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – New Zealand (Section A, p. 1).
	Allows intra-corporate transferees (executive and managers) entry for a period of initial stay up to a maximum of three years for an executive or manager who has been employed by their employer for at least 12 months prior to their proposed transfer to New Zealand. Meanwhile, for specialists (employed in a particular aspect of an organization's operations in New Zealand), they are assessed in terms of their employment experience, qualifications, and suitability for the position, and are allowed entry for a period of initial stay up to a maximum of three years.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – New Zealand (Section B, p. 2).
	Allows installers and servicers (installer or servicer of machinery or equipment, where such installation or servicing by the supplying company is a condition of purchase of the said machinery or equipment) entry for periods not exceeding three months in any 12-month period. However, an installer or servicer cannot perform services which are not related to the service activity which is the subject of the contract.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – New Zealand (Section C, p. 2-3).
	Allows independent service supplier (self-employed services supplier working on a contractual basis, without a requirement for commercial presence) entry for a period of stay up to a maximum of 12 months and subject to economic needs test.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – New Zealand (Section D, p. 3).

Appendix 5. Details of Limitations on Market Access and National Treatment of non-ASEAN signatory economies in RCEP.

Economies	Mode 1 (Digital Education Services) Market Access	National Treatment	Source
Australia	Australia reserves the right to adopt or maintain any measure with respect to primary education.	Australia reserves the right to adopt or maintain any measure with respect to primary education.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Australia (Education Sector, p. 35)
		None for secondary education, higher education, and other education services.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Australia (Educational Services, p. 55)
China	Unbound.	Unbound.	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 1, p. 5-30-31)
Japan	For primary and secondary educational services: • Japan reserves the right to adopt or maintain any measure relating to investment in or the supply of primary and secondary educational services.	For primary and secondary educational services: • Japan reserves the right to adopt or maintain any measure relating to investment in or the supply of primary and secondary educational services.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Japan (Education and Learning Support, p. 79)
	For higher educational services: • Higher educational services supplied as formal education in Japan are required to be supplied by formal education institutions. Formal education institutions are required to be established by school juridical person	For higher educational services: • None.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Japan (Education and Learning Support, p. 10)
Korea	• The Minister of Education may restrict the total number of students per year in the fields of medicine, pharmacology, veterinary medicine, traditional Asian medicine, medical technicians, and higher education for pre-primary, primary, and	• The Ministry of Education may restrict the total number of students per year in the fields of medicine, pharmacology, veterinary medicine, traditional Asian medicine, medical technicians, and higher education for pre-primary, primary, and	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Korea

	secondary teachers, and higher education institutions located in the Seoul Metropolitan Area. • Operation of joint educational programs with junior colleges, universities, and industrial universities is limited to foreign universities, which obtained accreditation by foreign public accreditation bodies, or which acquired recognition or recommendation by their governments, in fields that the president of the university (junior college) recognizes as necessary	secondary teachers, and higher education institutions located in the Seoul Metropolitan Area. • Operation of joint educational programs with junior colleges, universities, and industrial universities is limited to foreign universities, which obtained accreditation by foreign public accreditation bodies, or which acquired recognition or recommendation by their governments, in fields that the president of the university (junior college) recognizes as necessary • Korea reserves the right to adopt or maintain any measure with respect to pre-primary, primary, and secondary education; health and medicine-related higher education; higher education for prospective pre-primary, primary, and secondary teachers; professional graduate education in law; distance education at all education levels (except adult education services other than health and medicine-related adult education services, provided that such services do not confer academic credit, diplomas, or degrees); and other education services.	
New Zealand	None.	None.	Annex II: Schedule of Specific Commitments for Services – New Zealand (Article II, Section 5, p. 23)

Economies	**Mode 2 (Tourism)**		**Source**
	Market Access	**National Treatment**	

Australia	None.	None.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Australia (Tourism and Travel Related Services, p. 57)
China	None.	None.	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 9, p. 44-45)
Japan	None.	None.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Japan
Korea	None.	Korea reserves the right to adopt or maintain any measure with respect to tourism.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Korea
New Zealand	None	None	Annex II: Schedule of Specific Commitments for Services – New Zealand (Article II, Section 9, p. 32)

Economies	**Mode 3 (Business Services)** **Market Access**	**National Treatment**	**Source**
Australia	For legal advisory services in foreign law and international law and legal arbitration and conciliation/mediation services: • Natural persons practicing foreign law may only join a local law firm as a consultant and may not enter into partnership with or employ local lawyers in South Australia	None	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Australia (Professional Services, p. 50-51)
China	For legal services: • Foreign law firms can provide legal services only in the form of representative offices. Representative offices can engage in profit-making activities. Business scope of foreign representative offices is only as	For legal services: • All representatives shall be resident in China no less than six months each year. The representative office shall not employ Chinese national registered lawyers. For medical and dental services:	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 1, p. 5-19)

	follows: (a) to provide clients with consultancy on the legislation of the country/region where the lawyers of the law firm are permitted to engage in lawyer's professional work, and on international conventions and practices; (b) to handle, when entrusted by clients or Chinese law firms, legal affairs of the country/region where the lawyers of the law firm are permitted to engage in lawyer's professional work; (c) to entrust, on behalf of foreign clients, Chinese law firms to deal with the Chinese legal affairs; (d) to enter into contracts to maintain long-term entrustment relations with Chinese law firms for legal affairs; and (e) to provide information on the impact of the Chinese legal environment. • Entrustment allows the foreign representative office to directly instruct lawyers in the entrusted Chinese law firm, as agreed between both parties. The representatives of a foreign law firm shall be practitioner lawyers who are members of the bar or law society in a Party and have practiced for no less than two years outside of China. The Chief representative shall be a partner or equivalent (e.g., member of a law firm of a limited liability corporation) of a law firm of a Party and have practiced for no less than three years outside of China.	• Majority of doctors and medical personnel of the partly foreign-invested hospitals and clinics shall be of Chinese nationality	

	For accounting, auditing, and bookkeeping services: • Partnerships or incorporated accounting firms are limited to Certified Public Accountants (CPAs) licensed by the Chinese authorities. For taxation services: • Wholly foreign-owned subsidiaries are permitted. For architectural, engineering, integrated engineering, and urban planning services except general urban planning: • Wholly foreign-owned subsidiaries are permitted. For medical and dental services: • Foreign service suppliers are permitted to establish partly foreign-invested hospitals or clinics with Chinese partners with quantitative limitations in line with China's needs, with foreign majority ownership permitted. For other business services: • Either wholly foreign-owned subsidiaries are permitted or partly foreign-invested enterprises with foreign majority ownership are permitted where a specific value of global assets and/or economic needs tests are required.		
Japan	• An enterprise which intends to supply business services is required to establish a corporation under the laws and regulations of Japan.	• Prior notification requirement and screening procedures under specific laws apply to foreign investors and/or service providers who intend to establish commercial presence in Japan.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Japan

	• A person who intends to supply business services (e.g., employment and worker dispatching) for enterprises in Japan is required to have an establishment in Japan and to obtain permission from, or to submit notification to, the competent authority, as applicable. • Labor supply services may be supplied only by a labor union which has obtained permission from the competent authority pursuant to the Employment Security Law	• Screening is conducted from the viewpoint of whether the provision of business services is likely to cause a situation in which national security is impaired, maintenance of public order is disturbed, or protection of public safety is hindered. • Investors and/or service providers may be required to alter the content of their investment/service or discontinue the investment process, depending on the screening result. • Under certain areas/fields, nationality requirement (i.e., Japanese national, Japanese legal person, applies to the supply of service. • Japan reserves the right to adopt or maintain any measure relating to the supply of business services in industries other than those recognized or other than those that should have been recognized by the Government of Japan owing to the circumstances at the time of entry into force of an agreement.	
Korea	For legal services: • Only a Korean-licensed lawyer may establish a law office, partnership law company, limited liability law company, or limited liability partnership law office. An individual who is not a Korean-licensed lawyer is not permitted to invest in any of these legal entities. • A Korean-licensed lawyer or a Korean-certified judicial scrivener who practices in	• Must be domestically licensed and registered under Korean acts or laws and must have offices established within Korea. • Korea reserves the right to adopt or maintain any measure with respect to businesses services.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Korea

Korea must establish an office in the jurisdiction of the district court in practice is done.

- A Korean notary public must establish an office in the jurisdiction of the district office of the public prosecutor in which practice is done.

For accounting and auditing services:

- Only sole proprietorships, auditing task forces, or limited liability accounting company established in Korea by Korean-certified public accountants registered under the Certified Public Accountant Act may supply accounting and auditing services.
- A person who is not a Korean-registered certified public accountant may not invest in any of these legal entities.
- Only Korean-certified public accountants in an auditing task force or an accounting corporation may supply auditing services regulated under the External Audit of Stock Companies Act.

For taxation services:

- Only sole proprietorships, tax reconciliation task forces, or limited liability tax agency company established in Korea by Korean-certified tax accountants registered under the Certified Tax Accountant Act may supply Korean-certified tax accountants services, including tax reconciliation services and tax representative services.

	• A person that is not a Korean-registered certified tax accountant may not invest in any of these legal entities. • Only a tax reconciliation task force or a limited liability tax agency company may supply tax reconciliation services. Other business services • Must be Korean-registered and have offices established within Korea		
New Zealand	None.	None.	Annex II: Schedule of Specific Commitments for Services – New Zealand (Article II, Section 1, p. 6-15)

Economies	Mode 4 (Professional Services) Market Access	 National Treatment	Source
Australia	None.	For patent attorneys: • In order to register to practice in Australia, they must have been employed for at least two continuous years, or a total of two years within five continuous years, in Australia or New Zealand, or in both countries, in a position or positions that provided the applicant with required experience in Australia's and New Zealand's patent attorney regime. For migration agents: • To practice in Australia they must be an Australian citizen or permanent resident or a citizen of New Zealand with a special category visa For auditor or liquidator	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Australia (Professional Services, p. 8-11)

		• A person who is not ordinarily resident in Australia may be refused registration as a company auditor or liquidator. At least one partner in a firm providing auditing services must be a registered company auditor who is ordinarily resident in Australia. For customs brokers: • Service suppliers must supply the service in and from Australia.	
China	For legal services: • Unbound except as indicated in horizontal commitments. For accounting, auditing, and bookkeeping services: • Unbound except as indicated in horizontal commitments. For taxation services: • Unbound except as indicated in horizontal commitments. For architectural, engineering, integrated engineering, and urban planning services except general urban planning: • Unbound except as indicated in horizontal commitments. For medical and dental services: • Unbound except as indicated in horizontal commitments and as follows: Foreign doctors with professional certificates issued by their home country shall be permitted to provide short-term medical services in China after they obtain licenses from the health authorities. The term of	For legal services: • Unbound except as indicated in horizontal commitments. For accounting, auditing, and bookkeeping services: • Unbound except as indicated in horizontal commitments. For taxation services: • Unbound except as indicated in horizontal commitments. For architectural, engineering, integrated engineering, and urban planning services except general urban planning: • Unbound except as indicated in horizontal commitments. For medical and dental services: • Unbound except as indicated in horizontal commitments.	Annex II: Schedule of Specific Commitments for Services – China (Article II, Section 1, p. 5-9)

	service may be up to six months and may be extended to one year.		
Japan	A natural person who intends to supply professional services (e.g., legal, legal advisory, accounting, auditing, taxation) is required to be qualified and certified under the laws and regulations of Japan and to establish an office in Japan.	Japan reserves the right to adopt or maintain any measure with respect to the supply of a professional service through the mode of supply referred to in subparagraph (r)(iv) of Article 8.1 (Definitions), subject to Chapter 9 (Temporary Movement of Natural Persons) and Japan's Schedule in Annex IV (Schedules of Specific Commitments on Temporary Movement of Natural Persons).	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Japan
Korea	• Korea's commitments regarding temporary movement of natural persons do not apply in the case of labor-management disputes. • Only those registered under certain professional acts or laws of Korea may supply professional services. Non-Korean-registered professionals are also ineligible to invest in legal entities related to their field of practice.	• Natural persons whose temporary entry and temporary stay is permitted shall observe Korea's laws and regulations including immigration and labor laws and regulations. Korea's commitments regarding temporary movement of natural persons do not apply in the case of labor-management disputes. • Korea reserves the right to adopt or maintain any measure with respect to certain specific professional services. They must be domestically licensed and registered under Korean acts or laws and must have offices established within Korea.	Annex III: Schedule of Reservations and Non-conforming Measures for Services and Investment – Korea Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – Korea (Article 4, p. 4).
New Zealand	For all professional services: • Unbound except as indicated in horizontal commitments.	For all professional services: • Unbound except as indicated in horizontal commitments.	Annex II: Schedule of Specific Commitments for Services – New Zealand (Article II, Section 1, p. 6-8)

Note: As per RCEP official documents, unbound means "unbound due to lack of technical feasibility." That is, it means no market access or national treatment commitment in the specified sector, subsector, or activity for the given mode of supply. It also means a type of new business application that is reviewed due to agents not having binding authority along with confirming acceptability, eligibility, insurability, and issuance based on receiving economy's underwriting guidelines and manuals.

Appendix 6. Details of commitments of the Philippines under AEC relative to RCEP

<table>
<tr><th>Mode of Supply</th><th>Commitments under AEC</th><th>Source</th><th>Commitments in RCEP</th><th>Difference between AEC and RCEP</th></tr>
<tr><td>Mode 1 (Digital Education Services)</td><td>Agreed on seven packages of commitments under the ASEAN Framework Agreement on Services (AFAS), which covers the liberalization of education.</td><td>ASEAN Economic Community Scorecard (2010); Aldaba et al. (2013)</td><td>See Appendix 7</td><td rowspan="3">The Philippines has more commitments in AEC than in RCEP; accords more favorable treatment to AMS under any ASEAN agreement open to participation by any AMS</td></tr>
<tr><td>Mode 2 (Tourism)</td><td>• Agreed on seven packages of commitments under the AFAS, which covers the liberalization of tourism.
• Continuous provision of visa-free entry for citizens of AMS.
• Participation in the implementation of the ASEAN Single Aviation Market (ASAM) towards employment, tourism, and economic growth.</td><td>• ASEAN Economic Community Scorecard (2010); Aldaba et al. (2013)
• ASEAN Framework Agreement on Visa Exemption (2006); Fukunaga and Ishido (2015)
• Declaration on the Adoption of the Implementation Framework of the ASAM (2011); Laplace et al. (2019)</td><td>No specific commitments in terms of facilitating tourist arrivals but made commitments in facilitating ownership of tourism and travel-related enterprises (see Appendix 5)</td></tr>
<tr><td>Mode 3 (Business Services)</td><td>Agreed on seven packages of commitments under the AFAS, which covers the liberalization of business services.</td><td>ASEAN Economic Community Scorecard (2010); Aldaba et al. (2013)</td><td>See Appendix 7</td></tr>
<tr><td>Mode 4 (Professional Services)</td><td>Agreed on seven packages of commitments under the AFAS, which covers the liberalization of business services.</td><td>ASEAN Economic Community Scorecard (2010); Aldaba et al. (2013)</td><td>See Appendix 7</td><td>The Philippines has more commitments in AEC than in RCEP; accords more favorable treatment to AMS under any ASEAN agreement open to participation by any AMS; provided longer stays for all RCEP-signatory economies' professionals.</td></tr>
</table>

Appendix 7. Details of commitments of the Philippines under RCEP (supplement to Appendix 4).

Economies	Commitments in RCEP	Source
Mode 1 (Digital Education Services)	• Reserves the right to adopt or maintain any measure that accords more favorable treatment to any services or service suppliers, of a party or of other economies, under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of RCEP • Reserves the right to adopt or maintain any measure that accords more favorable treatment to AMS under any ASEAN agreement open to participation by any AMS, in force or signed after the date of entry into force of RCEP.	Annex II: Schedule of Specific Commitments for Services – the Philippines (Article I, p. 3)
Mode 2 (Tourism)	• Reserves the right to adopt or maintain any measure that accords more favorable treatment to any services or service suppliers, of a party or of other economies, under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of RCEP • Reserves the right to adopt or maintain any measure that accords more favorable treatment to AMS under any ASEAN agreement open to participation by any AMS, in force or signed after the date of entry into force of RCEP.	Annex II: Schedule of Specific Commitments for Services – the Philippines (Article I, p. 3)
Mode 3 (Business Services)	• Reserves the right to adopt or maintain any measure that accords more favorable treatment to any services or service suppliers, of a party or of other economies, under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of RCEP • Reserves the right to adopt or maintain any measure that accords more favorable treatment to AMS under any ASEAN agreement open to participation by any AMS, in force or signed after the date of entry into force of RCEP.	Annex II: Schedule of Specific Commitments for Services – the Philippines (Article I, p. 3)
Mode 4 (Professional Services)	Provides temporary entry and temporary stay to business visitors and intra-corporate transferee (i.e., executive, manager, and specialist) who stays in the Philippines for an initial period of 30 days, which can be extended.	Annex IV: Schedule of Specific Commitments on Temporary Movement of Natural Persons – the Philippines (p. 2-3).

Appendix 8. Details of limitations on Market Access and National Treatment imposed by the Philippines under RCEP.

Economies	Market Access	National Treatment	Source
Mode 1 (Digital Education Services)	Unbound	Unbound	Annex II: Schedule of Specific Commitments for Services – the Philippines (Article II, Section 5, p. 44-47)
Mode 2 (Tourism)	None	None	Annex II: Schedule of Specific Commitments for Services – the Philippines (Article II, Section 9, p. 77-80)
Mode 3 (Business Services)	• Participation of foreign investors in the governing body of any corporation engaged in business services expressly reserved to Filipino citizens by law shall be limited to the proportionate share of foreign capital of such entities. • Executive and managing officers must be Filipino citizens.	None / Unbound	Annex II: Schedule of Specific Commitments for Services – the Philippines (Article II, Section 1, p. 9-26)
Mode 4 (Professional Services)	All measures on the temporary movement of natural persons are unbound except for the terms, conditions, limitations, or qualifications concerning the temporary entry and temporary stay of natural persons who fall into one of the categories referred to in the Philippines' Schedule in Annex IV.	• Practice of profession in the Philippines shall be limited to Filipino citizens (by the 1987 Philippine Constitution) • If activity constitutes the practice of a regulated profession under Philippine laws, a special permit to practice regulated profession from the PRC must be secured • Natural persons must comply with the requirements relative to practice of profession by a foreign national as provided for in the appropriate professional regulatory law.	Annex II: Schedule of Specific Commitments for Services – the Philippines (Article II, Section 1, p. 9-15)

Note: As per RCEP official documents, unbound means "the Philippines remains free to introduce or maintain measures inconsistent with the obligations under this agreement." It can also mean "unbound due to lack of technical feasibility." That is, it means no market access or national treatment commitment in the specified sector, subsector, or activity for the given mode of supply. It also means a type of new business application that is reviewed due to agents not having binding authority along with confirming acceptability, eligibility, insurability, and issuance based on receiving economy's underwriting guidelines and manuals.