



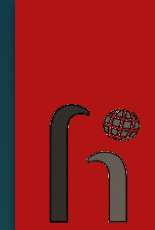
Professional services MRAs for the CEFTA region?

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Introduction



- ▶ Recap on benefits of professional mobility
- ▶ What is an MRA and how do they work?
- ▶ Lessons from MRAs concluded around the world
- ▶ A framework for CEFTA MRAs?
- ▶ Moving forward – pilot actions?



Benefits of Professional Services mobility

- ▶ Create wider/deeper markets for regional service providers
- ▶ Support infrastructure development
- ▶ Lower cost to clients and consumers
- ▶ Increase skills and opportunities
- ▶ Raise standards

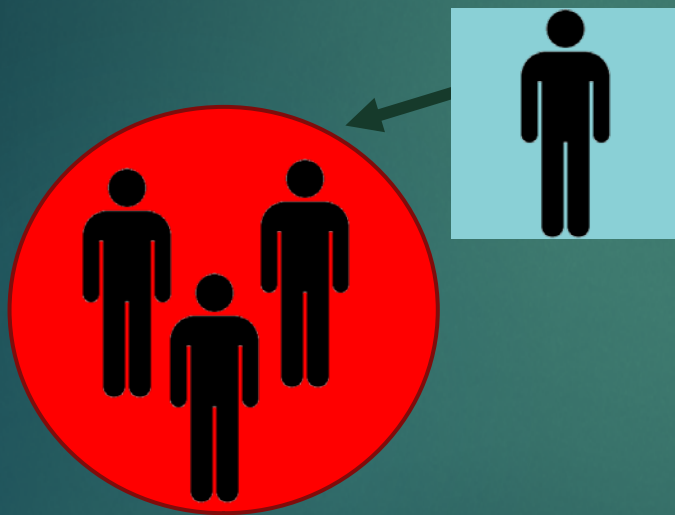


What does professional mobility require?

Cross border professional mobility rests on the appropriate use of three instruments:

- ▶ Trade in services commitments (n.b different modes)
- ▶ The link between trade in services and free movement of the self-employed and workers.
- ▶ What happens when services are regulated domestically? (e.g. professional services)

Trade in regulated Professional Services – the problem



- Host country regulated profession (red circle)
- Migrant professional (blue box)
- How do we deal with him/her?



Mutual Recognition Agreements (MRAs) – the solution?

“ An MRA involves the regulatory authorities in an importing country accepting ...in whole or in part, the regulatory authorizations obtained in the territory of the other Party or Parties to the agreement in granting their own authorization” .

Professor Kalypso Nicolaidis, “The New Approach to the Liberalization of Professional Services” (1997)



How do MRAs work? – Different types

- ▶ **Harmonising** (create a new regional standard)

$$A \rightarrow C \quad B \rightarrow C$$

- ▶ **Competency** (recognise qualification is equivalent but different)

$$A = B$$

- ▶ **Managed** (allow requalification through compensation measures)

$$A = (0.5)B; \quad \text{so} \quad A + e = B$$



Key Components of an MRA

- i) Governance
- ii) Mode of supply
- iii) Scope of practice/authorisation
- iv) Eligibility
- v) Equivalence
- vi) Automaticity
- vii) Post approval mechanisms

...and there can be trade-offs



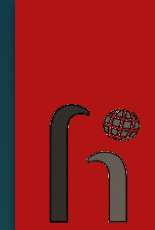
Lessons from elsewhere

- ▶ MRAs not an end in themselves – what is the policy objective(s)?
- ▶ Embedded in trade/customs union/single market agreements - with defined scope of services and movement of natural persons covered.
- ▶ Preparatory work: What is a profession? Who regulates? Is that regulation appropriate? How much prior harmonisation is necessary?
- ▶ Accompanying measures: e.g. procurement laws
- ▶ The role of international standards?
- ▶ Third country professionals/part qualifieds?



A framework for CEFTA MRAs?

1. Schedule market access in professional services (scope: modes 1-3, commitments on mode 4 or horizontal commitments on movement of natural persons)
2. Agreement on philosophy of professional regulation – promotion of national led reforms – create/strengthen CAs
3. ‘Model’ MRA – see key components e.g. governance, eligibility/equivalence etc.
4. Possible pilot actions



Pilot actions?

- ▶ Why? – MRAs tend to be led by professions/competent authorities – Need to strengthen competent authorities
- ▶ Choose one profession to demonstrate possibilities e.g. legal – why?
- ▶ Role of technical assistance:
 - ▶ Regional level
 - ▶ National level
 - ▶ Profession level



Conclusions

- ▶ Professional mobility supports economic growth and integration
- ▶ Important area of EU single market acquis
 - increasingly demanding role for competent authorities
- ▶ Market access commitments in these areas will not work without MRAs