

# Cross Border Trade in Services (CBTS) and International Engineering Alliance (IEA) Accords/Agreements: Opinion of a Retired Practitioner



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**I**n sum, Cross Border Trade in Services (CBTS) relating to engineering and construction services and IEA Accords/Agreements (International Engineering Services Standards or ESS) is the key for GATS to develop a universal WTO (sample) MRA on ESPs' mobility.

IEA (Qualification) Accords & (Mobility) Agreements are stakeholder-developed international ESS suitable for WTO (via GATS) to facilitate CBT in engineering and construction services delivered by Engineering Services Professionals (ESPs).

## SYNOPSIS

Washington Accord (WA) came into being in 1989 for a reason – to facilitate cross border trade in services (CBTS), in particular cross border trade in engineering (including technology) and construction services. "Trade in Services" was introduced for the first time in 1986, under the ambit of GATT (the forerunner to WTO) which hitherto, since 1947, dealt only with trade of goods. In time, WA was complemented by the development of two other accords; viz. the Sydney Accord (SA) and the Dublin Accord (DA) effectively completing the entry qualifications for the Engineering Team of Engineering Services Professionals (ESPs) and four professional competences/professionalism based agreements for the purpose of cross-border mobility relating to the respective ESPs of the Engineering Team.

However, cross border mobility of ESPs in a (binding) rules and standards based MRA (after an FTA has earlier been inked), is only effective if it was a G-to-G Arrangement. IEA's three (Qualification) Accords and four (Mobility) Agreements in aggregation forms a family of international "Engineering Services Standards" (ESS) that WTO has good reason to adopt to improve its GATS. Perhaps to develop

a (universal) model MRA on the crossborder mobility of ESPs forming the Engineering Team that delivers CPC 8672 (Engineering Services), CPC 8673 (Integrated Engineering Services), and CPC cluster 511 to 518 (Construction & Engineering Services).

It is worth noting that Regional FTAs' down line and subsequent MRAs on Trade in Services, for example ASEAN Framework Agreement on Services (AFAS), are templated after WTO+/GATS-plus rules. However, GATS lacks a set of international (stakeholders developed/accepted) ESS, unlike WTO's TBT Agreement which has adopted the IEC Standards for the Cross Border Trade in E&E equipment/goods. It is time IEA engages WTO and other Regional FTA's such as TPPA and others to adopt IEA ESS.

For seamless CBTS, there shall be inclusiveness between nations (or economies).

Trade is better than aid. Therefore all nations shall have the opportunity to export goods, services, professionals and skilled workers. Enhanced trade is generally the result of increased FDI. Both CBTS and FDI depend upon domestic available resources and human resources capital is the key. If a jurisdiction can have its ESPs benchmarked to IEA ESS, what a difference it will make. There is a case for IEA to encourage the "Inclusiveness" and "Prosper Thy Neighbour" approaches, by initiating outreach capacity building efforts among least-developed and developing countries. A nation's prosperity and economic affluence (sustained by trade) ensures the community's well-being and peace for all.



IEA ESS facilitates global CBTS relating to Engineering & Construction Services:

1. In 1986, the United States launched the initiative to introduce "Trade-in-Services" as a new agenda for the GATT's Uruguay Round (which followed the Tokyo Round of the 1970s, the Kennedy Round of the 1960s, and the earlier formative rounds).
2. The past rounds since GATT's 1947 formation, dealt only with Trade in Goods. After all, GATT, the forerunner to WTO, which was eventually formed 1 January 1995, stands for "General Agreement in Trade and Tariff".
3. "Trade in Services", as primed by President Reagan and lobbied by American Bankers and Financial Institutions (read accountants), were then considered by many nations, including Malaysia, as "invisible trade" gauged by annual Balance of Payments (BOPs); a nation had either a positive or negative BOP.
4. "Trade in Services" to accountants, are in the areas of banking, insurance, project financing (loans), credit card transactions etc. very often referred to as financial products or financial instruments or asset-management - that's the innovative accountants for you. They also introduced profitable 'financial engineering'.
5. Hang on. Is that fish or fowl?
6. Engineers soon realised that accountants (bankers and financial institutions) can have their financial-products only when there are real projects to leverage on, to creating numerous instruments that facilitate "trade in financial services".
7. It all begins with "engineering and construction services" on which ride the financial services priming cross border trade. It is not only in engineering and construction services. Indeed trade in so many other science, engineering and technology (SET) services as in energy distribution (for example, the ASEAN Grid?), IPP power plants, communication & ICT, environmental services, etc.
8. It is no surprise that the first attempt, three years after the 1986 launch of GATT's Uruguay Round, was to establish an Outcomes Based Education (OBE) Quality Framework for benchmarking the (lead) engineering services provider/professional (ESP) – the 'Engineer' crossing border into different jurisdictions was the WA. This inaugural accord (the WA) entered among Engineering Professional Bodies, forms the basis for a structured assessment of OBE delivered engineering programmes for substantial equivalence "entry qualification" of recognised (graduate) engineers into the engineering profession.
9. For professional engineers (following formation and development from graduate status) to be gauged for their competence, skills and ethics/professionalism for cross border mobility, initial Quality Framework (i.e. the WA) – was later supplemented with some form of MRAs which made their appearances as the International Engineer Mobility Forum (now IPEA), and the APEC Engineer Agreement (following the economies-based establishment of the Asia Pacific Economic Cooperation). To date, the IEA has developed two other mobility agreements, viz. the International Engineering Technologist Agreement (IETA), and the Agreement for International Engineering Technicians (AIET).
10. By the way, APEC Engineer's skills, experience and professionalism template forms the basis for mutual recognition arrangement criteria of the ASEAN Chartered Profession Engineer (ACPE) under First Generation (1-G) ASEAN MRA on engineering services (specifically CPC 8672) that came into effect 2005 and now operationalised.
11. An Engineering Team delivers engineering and construction services.
12. Engineering Team consists of various grades of engineering services professionals (ESPs) made-up of the following: (1) Professional Engineers, (2) Engineering Technologists, (3) Technicians, and (4) related engineering trade professionals.



They are organised into appropriate coherent teams to provide either:

- a) Engineering Services under WTO CPC 8672, or
- b) Integrated Engineering Services under CPC 8673, either (i) as the PMC on the Demand Side, or (ii) as the EPC on the Supply Side of the Project Delivery Equation and
- c) Construction & Engineering Services under the CPC cluster of: 511 to 518.

- 13. The IEA now has a complete set of "Standards" – Engineering Services Standards (ESS), which when arranged in a mix-and-match mode forms a holistic quality framework for QA/QC based delivery of Engineering and Construction Services provided by ESP's who have their qualification/competence/skill/professionalism benchmarks established by international best practices. IEA ESS is subjected to CQI/OFI being carried out on a regular and incremental basis for the higher bar and for relevance.
- 14. The three IEA (Qualification) Accords and four (Mobility) Agreements are therefore meant to facilitate cross border trade in engineering and construction services; a set of "Engineering Services Standards" (ESS) WTO will find interesting and useful for GATS to develop a global MRA on ESPs' mobility to deliver CBT in Engineering & Construction Services as for CPC 8672, 8673 and the CPC cluster: 511 to 518.
- 15. WTO had recognised (on its onset) the IEC Standards to support their TBT Agreement and to overcome NTB/NTM in the trade of E&E equipment/goods.
- 16. Perhaps it is time IEA engages the WTO & "Free Trade Areas" such as AEC, the TPPA Region and other economic blocks to have the IEA "Engineering Services Standards" adopted to underpin their (respective) MRA's in the cross border trade in engineering & construction services.
- 17. In short, the time has come for IEA to outreach to WTO and other Regional Economic Groupings that the IEA "Engineering Services Standards" are on par with ISO/IEC and ITU standards, worthy of global (WTO) recognition.
- 18. With a universal (WTO) recognition and acceptance, then trading nations when framing their G-to-G MRA on CBT in engineering and construction services will then be able to underpin such arrangements with international "Engineering Services Standards" (ESS).
- 19. Cross-border trade in engineering and construction services (and other SET services) will flourish, thanks to IEA "Engineering Services Standards".
- 20. Domestic FDI will be enhanced when foreign investors realise that the professional qualifications of the domestic registered/licensed ESPs in the host country are benchmarked to (WTO recognised) IEA "Engineering Services Standards".
- 21. It's an exciting time! However there are questions: Who is going to belt the cat? Who shall bankroll the expenses involved? ■

**ACRONYMS**

- ACPECC** - ASEAN Chartered Professional Engineer Coordinating Committee
- SGM** - Study Group on Mobility
- CBT** - Cross Border Trade
- GATT** - General Agreement in Trade & Tariff
- MRA** - Mutual Recognition Arrangement
- WTO** - World Trade Organization
- AEC** - ASEAN Economic Community, a common market & borderless production base
- CPC** - Central Product Classification, managed by UN/WTO
- FDI** - Foreign Direct Investment
- G-to-G** - Government to Government
- GATS** - General Agreement on Trade

in Services (one of more than a dozen multilateral Agreements that constitute/underpin the creation of the WTO)

- NTB** - Non-Technical Barriers (to trade)
- NTM** - Non-Technical Measures (against trade)
- TBT** - Technical Barriers to Trade (Trade based on International Standards (such as ISO/ IEC Standards)-centric arrangements: to remove barriers to trade)

**Examples:** The ASEAN MRA on E&E Equipment, and the APEC MRA on E&E Equipment; both arrangements are based on WTO's TBT Agreement's principles and are IEC Standards centric.