

Liberalisation of Engineering Services



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Trade prospects in Southeast Asia are set for exciting times ahead, with the ASEAN Economic Community (AEC) coming to the fore by the end of this year.

Much has been said about the AEC, both good and bad. Whether you're looking forward to it or not, the liberalisation of trade in services within Southeast Asia is already taking place.

At IEM (Institution of Engineers Malaysia), we believe it's time for engineers to "soar". We need to take heed or risk losing out on the many opportunities that come with the liberalisation of engineering services through the AEC.

First of all, liberalisation of services simply means a process where measures are taken to open up or expand local market access to foreign service providers, or to diminish discriminations against them vis-à-vis the domestic suppliers. In essence, it is a relaxation of government restrictions, usually in areas related to social and economic policy. More favourable investment environments are created that are characterised by the ease of doing business. In the long run, this will benefit the national economy.

Obviously, there are concerns that liberalisation will result in foreign service providers crowding out our own domestic service providers. Other concerns include the potential outflow of money from Malaysia, with foreign providers and shareholders repatriating the profits, as well as an increased risk of financial instability due to increased exposure to global economic events.

To address such concerns, let's recall the wisdom of Sir Winston Churchill who once said: "A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

The benefits of liberalising the engineering services are simply immense. In an exclusive interview by IEM in 2013, Datuk Dr Rebecca Fatima Sta Maria, Secretary General of the Ministry of International Trade and Industry, was quoted as saying that "growth of professional services such as engineering is critical as they have high potential to add value to the economy, besides having a significant

multiplier effect on the economy and potential to improve productivity".

She added: "Liberalisation offers opportunities for transfer of capital, expertise and technology to domestic firms. It also provides opportunities for domestic firms in joint venture with foreign companies, to expand their business overseas."

The Board of Engineers Malaysia (BEM) has taken the necessary steps to amend the Registration of Engineers Act (2007) to liberalise the professional engineering services sector, with the aim to remove restrictions on foreign professional engineers. The Registration of Engineers (Amendment) Act 2014 was gazetted on 24 February 2015 where a two-tier registration has been introduced. The first tier is the Professional Engineer, a new second tier is Professional Engineer with Practising Certificate (PC). Professional Competency Examination (PCE) is a second tier examination introduced under the new Registration of Engineer (Amendment) Act 2014 for both local and foreign engineers who wish to practice as a Submitting Person.

Recognising the immense opportunities that liberalisation brings, it goes without saying that we should make the best out of it. In order to face the challenges of liberalisation, there is an urgent need to improve performance and increase competitiveness in our local engineering services, especially those who want to venture into the global market. To achieve this, IEM will take measures to support the liberalisation of engineering services by focusing on three major initiatives.

Firstly, IEM plans to strengthen the capacity building programmes by introducing Fundamentals of Engineering Examination (FEE) for final-year engineering students and fresh graduates, improving the Professional Interview (PI) Competency Model, and providing the necessary training for the Professional Competency Examination (PCE).

Strengthening capacity building programmes is essential to the development of local engineers, especially within IEM. Through such programmes, professional engineers will be

able to obtain their CPD points and equip themselves with the necessary skills to meet the impact of liberalisation and to venture overseas.

The next initiative is to facilitate business networking through national organisations such as the IEM Business Club and to support MITI's outreach and export programmes. Regionally, as the chair of ASEAN, Malaysia carries the hopes and aspirations of more than 600 million people in the region by working towards the final stage of the AEC.

At the same time, as the Secretariat of the ASEAN Federation of Engineering Organisations (AFEO), IEM conducts Business Opportunities Networking Sessions (BONS) for ASEAN engineers at the annual Conference of AFEO (CAFEO) - an excellent avenue where matchmaking of local engineering firms with relevant foreign partners can materialise.

Lastly, IEM will establish an Engineering Services Database (ESD) that can be accessed via the IEM Web Portal. The ESD is aimed at assisting members who wish to ride the liberalisation by expanding their businesses or venturing overseas. The ESD will include information on all matters related to engineering services, locally and globally. It will also provide information on available grants, incentives and opportunities by the Government and other organisations for engineers to participate in trade missions, marketing programmes and business ventures.

In short, IEM is thrilled to welcome the liberalisation of engineering services within ASEAN and especially in Malaysia. We believe all engineers should too and we welcome you to soar with IEM through your participation and support. ■

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Engineers take heed of the AEC*

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