Professional Accreditation in the Liberalization of Trade in Services

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Abstract

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The General Agreement on Trade in Services (GATS) has laid down the general legal framework that would govern the promotion of global trade in services. It has several obligations and disciplines which member countries agree to follow. Two major obligations stand out, namely the Most Favored Nation Treatment (MFN) or the principle of non-discrimination, and transparency, which calls for the publication and dissemination of all relevant laws and regulations regarding the conduct of trade in services in member countries.

Of the 134 countries that have acceded to GATS, the Philippines is one of the 45 member countries with the highest number of commitments. Specifically, the country has committed transport services, communications services, financial services, and the tourism sector. It has not made any commitment in business services including professional services.

Expanding trade in professional services will require the accreditation of qualifications of service providers in the light of existing differences in training, requirements, standards, licensing mechanisms across countries. In addition, domestic rules governing the practice of a profession entail not only the licensing procedures but implies the valuation of perceived social risks from the incompetence of service providers. International accreditation or mutual recognition of professionals may be approached in two ways. One approach is to focus on the outputs and the nature of occupation rather than on the inputs such as qualifications of practitioners. An alternative approach is to evaluate the equivalency of various requirements for licensure in each jurisdiction.

With the call for a new round of trade negotiations under WTO, the Philippines should review its initial commitments with GATS. In the area of domestic regulation, the accountancy profession, through the Professional Regulation Commission, should be cognizant of the provisions on the Disciplines on Domestic Regulation in the Accountancy Sector. In particular, changes in the regulatory measures in accountancy should be consistent with the disciplines. In the field of international accreditation, professional organizations should be active in regional discussions on the establishment of MRAs. In addition, many bilateral agreements with reciprocity recognition of professionals should be reviewed in the light of MFN obligation or non-discrimination.

To enhance overseas employment, the Philippines should improve the spatial and occupational structure of overseas employment, internalize the cost of overseas employment, encourage savings and resource mobilization among OFWs, improve the productivity of Filipino workers through training, limit and focus the tasks of POEA, link overseas employment with the GATS, and ensure the promotion of sound equitable, humane and lawful conditions of migrant workers.
I. Introduction

One of the objectives of trade liberalization under the WTO setting is to expand global trade and make it an avenue for economic growth in all trading countries. The General Agreement on Trade in Services (GATS) has laid down the general legal framework that would govern the promotion of global trade in services. A key mode of supply of services is the movement of workers and professionals from one territory to another to supply various forms of services. In turn, this avenue for enhancing global trade in services may be facilitated or obstructed by the degree and levels of obstacles among countries in accepting the competence of these foreigners to perform the service.

There are two compelling factors that may restrict the movement of persons across countries. These factors are likewise acknowledged in the GATS and thus included in the general obligations and disciplines of the agreement. One refers to domestic regulation of services in countries where foreigners intend to enter and provide a service. The second factor is the process of recognizing the competence and qualifications of foreign professionals to provide the service in a host territory.

With the adoption of the Disciplines on Domestic Regulation in the Accountancy Sector in December 14, 1998, the Council for Trade in Services is confident that the disciplines would serve as a model that would minimize the restrictive elements of domestic regulations on trade in services. On the other hand, the current discussions on the establishment of mutual recognition agreements in various professions are meant to make the process of international recognition easier and, in turn, facilitate the movement of professionals across countries.

The Philippines, as a service export country, should welcome the continuing multilateral negotiations to expand global trade in services, including overseas employment, in order to maximize the benefits from a liberalized trading environment. The significant contributions of overseas employment in terms of mitigating the unemployment problem and stabilizing the balance of payments position of the country, through their significant remittances, have been recognized. However, there are still some

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issues that prevent the country from enhancing overseas employment and from fully utilizing its export earning capacity. Crucial to these issues is the role of government regulation. Like any other domestic regulation, that is based on the protection of consumers and the promotion of public safety and order, government regulation on overseas employment has the potential of restricting the free movement of human resources internationally.

Given these two important issues of professional accreditation and promotion of export of manpower services, this paper will attempt to answer the following objectives:

a. Review the salient provisions of the General Agreement on Trade in Services (GATS)
b. Summarize the initial commitments of the Philippines in GATS
c. Discuss the crucial role played by domestic regulation and mutual recognition agreements in facilitating trade in professional services
d. Discuss the various issues on international accreditation of professionals
e. Identify the alternative options that the Philippines can take in the next round of negotiations in WTO
f. Discuss the various issues confronting manpower exports in the Philippines
g. Identify various ways of enhancing the export of Filipino manpower services.
II. An Overview of the General Agreement on Trade in Services (GATS)

The General Agreement on Trade in Services (GATS) is one of the major documents produced with the completion of the Uruguay Round of trade negotiations in 1996. It is the first multilateral agreement to provide legally enforceable rights to trade globally in all services except in the exercise of government authority. It is meant to expand trade in services internationally with its commitment to progressive liberalization through periodic negotiations. Aside from providing the legal framework for setting up transparent rules and regulations limiting the intervention of governments and other institutions in the flow of trade in services, the GATS also intends to be an avenue for the economic growth for all trading partners and the development of developing countries.

Services have been excluded in previous trade negotiations primarily because of its perceived non-tradability. Many services were not traded internationally because of the inherent difficulties in transporting and storing services, and because of the physical proximity between consumers and suppliers required in any service transaction. In addition, government regulation has contributed in preventing the tradability of services. The difficulty of separating the quality of the service from the service provider made it necessary for the government to regulate, which in some cases excluded foreign service providers, in the name of consumer protection, public safety, national security and other reasons.

The growing importance of the services sector in recent years have urged the negotiators in the Uruguay Round to include the drafting of an international agreement on services as a major task. Domestically, the services sector accounts for a large proportion of the gross value added of the economy and absorbs a sizable portion of its labor force. The global trade in services, on the other hand, has grown substantially in recent years. Accompanying these internal and external developments are advances in information technology, rapid improvements in telecommunications, expanded role of foreign direct investment in financing domestic requirements of developing countries, and the unprecedented expansion of the international flow of human resources. All these factors have contributed in one way or another in dismantling the non-tradability features of services.

As a multilateral legal document, the GATS has several obligations and disciplines enumerated in Part II which member countries agree to follow. But among these general obligations, two major obligations stand out because of their relative prominence. First is the Most Favored Nation Treatment (MFN) or the principle of non-discrimination. According to Article II Section 2 of the agreement, “Each member shall accord immediately and unconditionally to services and service suppliers of any other Member treatment no less favorable than that it accords to like services and service suppliers of any other country.” However, the MFN treatment does not prohibit a group of countries from extending among themselves preferential concessions to enhance trade in services. In particular the agreement states that “provisions of this Agreement shall not be so construed as to prevent any Member from conferring or according
advantages to adjacent countries in order to facilitate exchanges to contiguous frontier zones of services.” (Art. II.3).

Another prominent general obligation of GATS is transparency. This obligation calls for the publication and dissemination of all relevant laws and regulations regarding the conduct of trade in services in member countries. (Tullao, 1998). Specifically, the agreement states that “Each Member shall promptly and at least annually inform the Council for Trade in Services of the introduction of any new, or any changes to existing laws, regulations or administrative guidelines which significantly affect trade in services.” (Art.III.3)

An important component of the agreement is the section on specific commitments of member countries on market access and national treatment. Market access refers to the lifting of various forms of limitations on the number of service providers, value of service transactions, number of persons employed by service providers, value of foreign capital, and the restriction or requirement on a specific type of legal entity in establishing a supply provider. Member countries with market access commitments are prohibited by Article XVI Section 2 to maintain the above mentioned limitations and restrictions.

National treatment, on the other hand, refers to the non-discrimination in the treatment of non-local service and service providers. Article XVII Section 1 specifically provides that “each Member shall accord to services and service suppliers of any other Member, in respect of all measures affecting supply of services, treatment no less favorable than that it accords to its own like services and service providers.”

Upon accession, member countries are required to make commitments along the four modes of supply; and identify their limitations on market access, limitations on national treatment and additional commitments. The four modes of supply, such as cross border, consumption abroad, commercial presence, and presence of natural persons, describe the alternative manner trade in services can take its form as defined in Article I of the agreement. Cross border refers to the supply of service from one territory into another territory. Consumption abroad is the purchase by foreigners of services in the territory of another country. In the case of commercial presence, the service providers are present in the territory in which they supply the service through the establishment of offices, branches, agencies, joint ventures and other forms of equity participation. Presence of natural persons, on the other hand, refers to the entrance and temporary stay of the individuals into the territory of another country to supply services (Tullao, 1998).

Given these modes of supply, the member countries identify their horizontal and specific commitments by scheduling their limitations on market access and national treatment. Horizontal commitments are limitations on market access and national treatment by modes of supply across all committed sectors of the country. On the other hand, the list of limitations on market access and national treatment by modes of supply by specific sectors is a specific commitment of the country.
III. Initial Commitments of the Philippines under the GATS

The Philippines is one of the 45 member countries in the category with the highest number of commitments with at least 80 committed sectors for liberalization. To date, there are 134 countries that have acceded to the GATS.

On horizontal commitments, the Philippines has limited the market access in all sectors under the supply mode of commercial presence. In particular, it states that “participation of foreign investors in the governing body of any corporation engaged in activities expressly reserved to citizens of the Philippines by law shall be limited to the proportionate share of foreign capital of such entities.” In addition, there is also a limitation in the acquisition of land. “Foreign investors may lease only private owned lands.”

An important limitation in market access that was scheduled in the supply mode of presence of natural persons is the labor market test. “Non resident aliens may be admitted to the Philippines for the supply of a service after a determination of the non-availability of a person in the Philippines who is competent, able and willing, at the time of application, to perform the services for which the alien is desired.” The Philippines is required by WTO to review this labor market test within two years after entry into force of the Agreement in the country. However, this labor market test is waived under a special visa category for traders and investors of countries with which the Philippines has concluded treaties on entry rights for traders and investors. The Philippines, in turn, has submitted this waiver as part of its list of exemptions based on their inconsistencies with the non-discrimination provision of Article II of the agreement.

For sector specific commitments, the Philippines has committed the transport services including the sub-sectors on maritime transport services, air transport services, road transport services, rail transport services, the communications services including courier services and telecommunications services, the financial services including banking and insurance, and the tourism sector. We have not made any commitment in business services including professional services.

In transport services, a limitation on market access in the supply mode of presence of natural persons was listed. Specifically “only aliens qualified to hold technical positions may be employed within the first five years of operation of the enterprise. Their stay should not exceed five years. Each employed alien should have at least two Filipino understudies.” The same limitation was scheduled in insurance under financial services. In maritime transport services, foreign workers are allowed as supernumeraries in specialized vessels for only six months.

In tourism, various limitations on the temporary stay of foreign professionals and workers were scheduled. A maximum of four managerial positions was set for hotel and resort establishments. Moreover, foreign workers are allowed during the pre-operation stage and initial stage of operations of new hotels and resorts up to three months and
renewable for another three months. There are also limitations on the number of aliens that can be hired in specialty restaurants. For travel agencies, it is specified that “managers and executives must be resident Filipino citizens.”
IV. Issues on Professional Accreditation

4.1. Basis for Recognition of Qualifications: Disciplines on Domestic Regulation or Mutual Recognition Agreements

Expanding trade in professional services will require the accreditation of qualifications of service providers in the light of existing differences in training, requirements, standards, licensing mechanisms across countries. In addition, as we have discussed earlier, domestic rules governing the practice of a profession entail not only the licensing procedures but implies, to a great extent, the valuation of perceived social risks from the incompetence of service providers.

In establishing guidelines for accreditation of qualifications, member countries have different views on which pertinent article of the GATS should prevail. One view is to operate within the provisions of Article VI on Domestic Regulation while others believe that Article VII is very explicit on the process of recognition of qualifications of service providers.

Member countries arguing for Article VI consider the prominence of domestic regulation over the need to have a multilateral recognition of qualifications. We know that for reasons of public order, health and safety, public morals, and other socially acceptable reasons, government can enforce laws and regulations pertaining to the provision of a service. Thus, according to this view, recognition of qualifications of service providers should operate within the basic right of sovereign nations to regulate their domestic economy.

What Article VI intends to accomplish is the prevention of barriers to trade in services arising in the course of the administration of domestic regulation. In view of this, member countries are assured that government regulations affecting trade in services are administered in a reasonable, objective and impartial manner. In addition, Article VI Section 4 calls for the establishment and development of necessary disciplines to ensure that domestic rules governing qualification and licensing requirements do not lead to unnecessary barriers to trade in services. “Such disciplines shall aim to ensure that such requirements are, inter alia: a) based on objective and transparent criteria b) not more burdensome than necessary to ensure the quality of the service, c) in the case of licensing procedures, not in themselves a restriction on the supply of service.” (Art. VI. 4)

Last December 14, 1998, the WTO Council for Trade in Services adopted the Disciplines on Domestic Regulation in the Accountancy Sector. “The disciplines are applicable to all WTO members who have scheduled specific commitments in accountancy. An important feature of the discipline is that measures in the administration of licensing requirements and procedures, qualification requirements and procedures and technical standards in accountancy should not be more restrictive than is necessary to fulfil a legitimate objective.” (http://www.wto.org/wto/new/press118.htm). “Legitimate objectives are, inter alia, the protection of consumers (which includes all users of accounting services and the
public generally), the quality of service, professional competence, and the integrity of the profession.” (Disciplines on Domestic Regulation in the Accountancy Sector)

Although the disciplines will not have immediate legal effect, the Council decided for a “standstill provision”. Member countries, including those that did not commit their accountancy sector, are urged not to alter their policies on the regulation of the accountancy profession that are inconsistent with the disciplines. As an implication, the Philippines, although it has not committed the accountancy profession, but as a WTO member, will have to be governed by the disciplines in changing its policies on the regulation of the accountancy profession.

There are practical reasons why many countries are opting to use Art. VI as the avenue to pursue recognition of qualifications. First, a harmonized system under a Mutual Recognition Agreement (MRA) is more of a long-term objective given the difficulties in harmonizing the multiple and different standards, qualifications and other requirements across countries. Second, countries that are allowed to enter into bilateral mutual recognition agreements, or even to have an autonomous recognition, are required not to discriminate. But inherent in reciprocity agreements on recognition of professionals is the discrimination on third parties.

On the other hand, Article VII does not obligate members to form mutual recognition arrangements but encourages them to establish such arrangements. Members are free to choose their own approach in recognizing foreign qualifications and licenses through autonomous recognition, bilateral arrangements or international harmonization.

There are several proposals coming from various member countries on the guidelines in the formation of MRA’s. The guidelines provide a list of issues to be covered by MRA and how the negotiations are conducted. It is hoped that this list will assist in creating greater transparency in the negotiation, conclusion and the substance of the agreements, without actually making an agreement more difficult to reach. In addition the guidelines should not deter but encourage parties to enter into negotiations (WTO Guidelines For Mutual Recognition Agreements in the Accountancy Sector, Communication from the European Community and Its Member States).

For example in the field of accountancy, the MRA should clearly define the scope of the regulated accountancy professions and activities in territories of the parties, the use of professional titles, the licensing agency, the recognition mechanisms, and the level of equivalence agreed upon by the parties. The precise terms of agreement will depend on whether the MRA is based on qualifications, experience, licenses or combinations of those elements.

If the MRA is based on recognition of qualifications, the following should be included:

a) minimum level of education required, including entry requirements, length of study, and curriculum
b) minimum level of experience required, including length of conditions or practical training or supervised professional practice prior to licensing
c) framework of ethical and disciplinary standards  
d) examinations passed; and the extent to which home country qualifications are 
recognized in the host country  

On the other hand, if the MRA is based on recognition of the licensing or 
registration decision of a licensing agency, the MRA should specify the mechanism by 
which eligibility for such recognition is established.  

If additional requirements are needed to ensure quality of service, the conditions 
under which those requirements may apply should be spelled out in the MRA. Examples 
are shortcomings in relation to the qualification requirements in the host country or 
knowledge of local law, practice, standards and regulations (Guidelines For Mutual 
Recognition Agreements or Arrangements in the Accountancy Sector. October 1996).  

Because of the differences in education and examination standards, experience 
requirements, regulatory powers and other factors across countries, it is difficult to 
implement professional recognition on a multilateral basis. Bilateral negotiations, on the 
other hand, are more practicable since countries are able to focus and resolve key issues 
related to their two environments. Once bilateral agreements have been achieved, this can 
lead to other bilateral agreements, which will ultimately extend mutual recognition more 
broadly.  

An example of a bilateral arrangement is an agreement between the Canadian 
Chartered Accountants and the US CPAs. Chartered Accountants (CA) in Canada 
seeking to use the title CPA in the US and CPAs in US seeking to use the title CA in 
Canada may do so by fulfilling certain minimum requirements. They “are permitted to 
take the abbreviated examination designed to demonstrate satisfactory knowledge of 
national and local legislation, standards and practices for the jurisdiction in which 
licensure is sought” (Mutual Recognition Agreements-Professional Services, 
Accounting). Currently, under the auspices of NAFTA, the inclusion of Mexican 
professional accountants in the agreement is being arranged. But as mentioned earlier, 
bilateral agreements have an inherent discriminatory element that is inconsistent with the 
MFN obligation under GATS.  

4.2. Alternative Ways of Professional Accreditation  
International accreditation of professionals may be viewed from two perspectives. 
One is from the output side or the competence of the professional. The other is from the 
input side or the list of qualifications of the professional. If the first option is utilized, the 
professional who is licensed by the appropriate regulatory body in one jurisdiction should 
be able to practice in other jurisdictions. Recognition can occur if the occupation is 
equivalent in both the practitioner home and destination jurisdictions. Mutual recognition, 
therefore, is focused on the outputs and the nature of occupation rather than on the inputs 
such as qualifications of practitioners.  

The leading proponents of this view are Australia and New Zealand. They believe 
that this route will speed up the liberalization process in the professional services 
particularly in accountancy. The basis of recognition is the mutual respect on the 
credibility of regulatory bodies to grant license in their respective jurisdictions. If
occupational equivalency exists, practitioners should be deemed to be competent unless and until it can be shown otherwise.

Another factor for the preference for this approach is the view that the social costs are very minimal as a consequence of the malpractice of a professional service and the incompetence of a professional. If on the other hand, the perception of social cost varies from one jurisdiction to another, implementation of this approach may ease the flow of professional services globally but at the expense of heavier social risks in some jurisdictions.

An alternative approach in the process of mutual recognition of professionals is to evaluate the equivalency of various requirements for licensure in each jurisdiction. This view is based on the qualifications, requirements and standards for the practice of various professions. Essentially, the process of mutual recognition is to prove the similarity, comparability and the extent of equivalence of educational qualifications, training, experience, process of licensing, type of examinations given and other factors considered by the regulatory agency. This approach may be considered appropriate if the risks from differences in qualifications and experience requirements are high. However, if the compliance costs of this approach are too prohibitive, it may create a restrictive wall in the trade of professional services (GATS: Working Party on Professional Services).

An important issue in the international accreditation of professionals using the chain of requirements approach is the establishment of an equivalency mechanism based on a comparative evaluation of requirements, qualifications and standards. Given the list of requirements for licensing and the fact that these requirements vary in quantity, quality and importance across jurisdictions, how can one requirement or a collection of requirements replace or compensate for the inadequacy of other requirements? Can professional experience, for example, compensate for limited training and educational qualification? Aside from linking these qualifications to the social risks involved in malpractice and the promotion of consumer protection, a relative valuation of inputs is needed to make an inter-requirement substitution possible. A system for compensating differences will be an important element in the final document of any MRA negotiation.

4.3 Welfare Implications of the Harmonization of Standards

It has been recognized that regulation of the practice of a profession is meant to minimize the social costs involved resulting from malpractice due to the lack of an institutional control mechanism. The cost of malpractice however is not uniform and may vary across countries according to professions. Some risks may be minimal, even doubtful, than heavy and real. For example, one may question the link between the rule of reserving the practice of professions to the nationals of a jurisdiction, on one hand, and consumer protection from malpractice, on the other hand. Are foreign professionals riskier in the practice of a regulated profession that they are completely excluded? If the social costs are minimal and risks varied, it may be prudent for the regulatory body to have rules that should reflect the relative social costs of professional malpractice and incompetence.
Thus, even if harmonization is a desirable objective, the general approach to be taken should be based on social risks. Any condition, exemption, or the development of common standards should be on the basis of real risk, safety and the consumer protection. The degree of restriction should be commensurate with the level of risk, thus, requirements are not more burdensome than necessary to ensure quality of service.

Implicit in the goal of international accreditation is the harmonization of standards. But does harmonization of standards imply the harmonization of social costs? As harmonization of standards make certain procedures and processes unnecessarily more expensive because higher standards may demand more requirements and qualifications, it is possible for social welfare to be reduced resulting from the reallocation of resources. Given the international variation in the perception of social costs, to demand similar qualifications and comparable requirements in the practice of a profession may entail unnecessary costs. Social welfare may decrease as resources needed to upgrade the professionals to be competitive and comparable with the rest of the world are taken away from other socially welfare-enhancing projects and programs and activities.

This harmonization of standards and costs has the potential of rekindling the North-South debate and can contribute to the delay of the liberalization process. Standards of professional practice in Northern countries are more stringent, reflective of the higher social costs attached to professional malpractice. Because of this, the standards of the North may become the international norm and Southern countries will have to adjust to these heavier requirements. This burdensome adjustment may lead developing countries to postpone their participation in the liberalization of trade in services.

4.4. The Role of Non-Government Regulatory Bodies

Article VII Section 5 of the GATS provides that “wherever appropriate, recognition should be based on multilaterally agreed criteria. In appropriate cases, members shall work in cooperation with relevant intergovernmental and non-governmental organizations towards the establishment and adoption of a common international standards and criteria for recognition and common international standards for the practice of relevant services trades and professions.”

This provision is crucial in the light of the pivotal role played by professional organizations in the regulation, including the licensing, of various professions in some countries. Since the regulatory body is not a government agency while the process of mutual recognition negotiations are usually initiated and concluded by the government, the implementation of an MRA may be viewed as an unnecessary introduction of government intervention in the practice of profession. Thus, there is a need to seek the assistance of an international or regional federation of professional associations to start mutual recognition discussions. Their active participation will ensure that the completed MRA will be acceptable to the professionals concerned. Government agencies involved in the MRA negotiations should have a strong linkage with the appropriate professional groups.
4.5. Other Objectives of Licensing

The GATS is very emphatic in the prohibition of the use of recognition measures that are disguised trade restrictions. Article VII Section 3 of the GATS specifically provides that “a member shall not accord recognition in a manner which would constitute a means of discrimination between countries in the application of its standards or criteria for the authorization, licensing or certification of services suppliers or a disguised restriction on trade in services.”

It is possible that subsequent requirements in a formulated mutual recognition agreement may hamper trade in services in the name of implementing compensatory mechanism for differences in qualification requirements. The GATS recognizes legitimate reasons for licensing procedures that are not necessarily restrictions on the supply of service. However, there are gains that may accrue to existing professionals to pursue actions and policies that would restrict the supply of new professionals and maintain market power. For example, setting and maintaining a low passing mark in licensure examinations over time may be interpreted as one way of limiting the supply of new professionals. Aside from targeting the number of individuals passing the licensure examination, the supply of professionals can be limited through the form and style of licensing, types of questions asked, level of difficulty, and other ways which may not be reflective of the avoidance of the social risks.

4.6. Real or Apparent Benefit of Liberalization

One approach taken by some sectors in rationalizing the need to liberalize trade in services is to stress our legal obligations when the Philippines acceded to the GATS. Aside from this legalistic perspective, the need to liberalize trade in services and specifically commit our professional services to the rules, disciplines and obligations of GATS can be reasoned out by emphasizing the benefits derived from a liberalized environment.

In a study by Tullao (1998), the positive contributions of liberalization of services on various sectors of the economy have been discussed. In the field of professional service, some of the key benefits of liberalization cited through the establishment of Mutual Recognition Agreements include the following: “1) free movement of professionals across borders; 2) increase in the comparative advantage of professional services; 3) use of imported skills for the improvement of profession; 4) allows various regulatory bodies involved in granting rights to practice to save time and resources by working together and engaging in more effective division of labor; and 5) enhances mutual learning and the transmission of regulatory experience thus raising professional standards and the level of access to professional services” (Yew, 1997).

The discussion towards a mutual recognition agreement is focused on the details of recognition mechanism, implementation, rules and procedures on licensing and safeguards. But the main concern of local professionals and their respective professional organizations in these discussions is the reality of the benefits liberalization may bring to
them as practicing professionals. It has been argued that liberalization can improve the quality of services from accountancy to taxation services but individual professionals are more often than not apprehensive of the free entry of foreign competition.

Coming from a developing country with limited resources to invest in the formation of globally competitive professionals, they will always be on a defensive position. For Filipino professionals to be given licenses abroad, they have to conform to the stringent rules, regulations and requirements of advanced countries. But if foreign professionals are allowed to practice domestically, they have a cutting edge even if we define our licensing requirements because of the rigorous requirements that they have passed in order to get licenses in their home countries.

Moreover, foreign professionals do not come to the host country on an individual basis. They are usually associated with big professional companies. In the field of accountancy, for example, professional accountants are usually connected with the Big Four multinational accounting firms. Because of their economies of scale and huge resources for research, these multinationals can displace small domestic accounting firms. Currently, existing accounting and law firms serve as correspondents or partners to big foreign corporations. With the liberalization in professional services, the autonomy of these domestic firms may be lost (Pobre, 1997).

Thus, as a result of their better qualifications and a powerful multinational as mode of entry, there seems be easy access and inherent preference for foreigners to be hired in developing countries. However, such symmetric opportunities are absent for Filipino professionals wishing to practice abroad.
V. Options for Filipino Professionals

The call for a new round of trade negotiations under WTO has started and it is planned to commence in 2000. In this light, it is imperative for the Philippines to review its initial commitments with GATS, renew some, revise some limitations and more importantly, plan which sectors and sub-sectors can be committed for liberalization. Many observers in government feel that given the competitiveness of Filipino professionals, the country can commit some of the sub-sectors in professional services for liberalization under GATS.

In reviewing the country’s commitments, we need to look for inconsistencies between our laws, regulations and procedures and that of the major GATS obligations on non-discrimination, domestic regulation, recognition, market access and national treatment. Currently, the most compelling factor in committing professional services under the GATS rule is the nationalistic constitutional mandate, “the practice of professions in the Philippines shall be limited to Filipino citizens, save in the cases prescribed by law” (Art. 12. Sec.14). Amending this provision of the Constitution at this time may be difficult, but the most practicable alternative is to introduce legislation that will make liberal exemptions to the constitutional provision. This route is being used by the Department of Labor and Employment as it proposes a legislative measure to amend Article 40 of the Labor Code of the Philippines. The proposed amendment is being made to answer the instruction of WTO for the Philippines to review its labor market test rule in accepting foreign workers in the country.

In the area of domestic regulation, even if we have not yet committed our professional services to GATS, our accountancy profession through the Professional Regulation Commission should be cognizant of the provisions on the Disciplines on Domestic Regulation in the Accountancy Sector. In particular, changes in the regulatory measures in accountancy should be consistent with the disciplines. In the field of international accreditation, our professional organizations should be active in the current regional discussions on the establishment of mutual recognition agreements. In addition, many of our bilateral agreements with reciprocity recognition of professionals should be reviewed in the light of MFN obligation or non-discrimination.

There will be strong pressure coming from the government, the various sectors benefiting from liberalization as well as from our trade-negotiating panel to augment our committed sectors. The pressure will be heavier on professional services given the perception that many of our professionals are ready for international competition. Adding to the list of commitments is a strategy in the forthcoming negotiations. If we can identify additional sectors that we can commit, this can enhance our bargaining power in the next round of trade negotiations by giving our negotiators more elbow-room to work with.

If we are going to identify sub-sectors in the professional services that will be committed to GATS, there is a need to have a framework in the selection process. We propose an evaluation of the internal and external labor market for each profession. We should encourage the liberalization of professional services where there are relative
deficiencies in supply. This has been the strategy used in committing the initial services sector including among others, transport and communication. Based on this criterion, highly skilled professionals, scientists, professors will be allowed to enter the country to transfer technology, develop the research capability of our research institutions and assist in the improvement of our universities.

For sub-sectors with relative abundance of supply of professionals like lawyers, accountants and nurses, we recommend that they should be committed too not to further displace our professionals domestically but primarily to allow our professionals easy access and entry to other jurisdictions.

And finally in terms of the international exposure of our professionals, the nursing, civil engineering, and accountancy sub-sectors could also be liberalized. Our engineers have a long experience in building the infrastructure needs in the Middle East; our accountants are known to be the best in Asia; while our nurses have made a mark not only in North America but also in Europe.
VI. Promoting the Exports of Manpower Services

6.1. Role of Overseas Employment in the Economy

The upsurge of overseas employment started in the middle of 1970’s as an aftermath of the oil price shock that brought huge amounts of petrodollars to labor-scarce economies in the Middle East. As countries in the region accelerated their economic activities, many Filipino engineers, technicians and construction workers were recruited and found employment in these countries. In the late 1980’s and early 1990’s, the rapid economic growth in Asia transformed several erstwhile labor surplus economies into labor scarce economies. Japan, Taiwan, Hong Kong, Singapore and South Korea started recruiting foreign workers including Filipino entertainers, construction workers and domestic helpers to augment their increasing labor forces.

To date, it is estimated that close to four million Filipinos are working in various territories around the world. In 1990, some 446,065 Filipinos were deployed in land-based and sea-based employment. Three out of four of these workers are in land-based occupations. Since then, overseas employment has been increasing, reaching 755,684 deployed workers in 1998. Land based workers still account for the majority of deployed workers, representing 74 percent of the total. Although the number of deployed workers is a small portion of the labor force, it is however equivalent to a significant share of the number of unemployed workers in the country. Thus, overseas employment has, to some extent, relieved the growing unemployment problem of the country.

The leading destinations of our workers are the countries in the Middle East (30%) and Asia (29%). Europe is a far third with only 2% of the total deployed workers. In the Middle East, Saudi Arabia stands out among her neighboring countries since it absorbs almost 70% of the entire deployed Filipinos workers in the region. On the other hand, Overseas Filipino Workers (OFWs) are more evenly distributed in Asia with the economies of Taiwan, Hong Kong, and Japan accounting for more than 80% of the market share. In Europe, Filipino workers are heavily concentrated in Italy where it accounts for 66% of the deployed workers in the region.

Aside from spatial concentration, the structure of occupations of OFWs is also concentrated in very few occupations. From a partial and an incomplete number of 219,246 deployed workers in 1998 released by POEA, the leading occupational groups are service workers (37%), production workers (34%), and professional and technical workers (25%).

However, if we look further in these occupational groups, we can see that OFWs are concentrated in very few specific occupations. For example, in the service group, maids, residential and housekeeping service workers constitute close to 60% of service workers and they comprise 22% of total deployed workers. In the same occupational group, caretakers and building cleaners account for 34% of the service group and they represent 11% of the total deployed OFWs. Among the professionals and technical workers, on the other hand, more than 65% in this occupational group are composers and performing artists which also account for over 16 % of the total deployed workers. Thus
only three occupations make up for almost half of the deployed overseas Filipino workers in 1998. To further reinforce this occupational concentration, adding two more occupations, production workers and laborers, to the previous three would make the top five occupations constitute over 60% of the total deployed overseas Filipino worker.

One of the major economic contributions of overseas employment is the foreign exchange that it has generated through the OFW’s periodic remittances to the country. During the initial years of overseas employment, the foreign exchange inflows of OFWs were not that significant; but over time overseas employment remittances have contributed significantly in easing the pressure on the exchange rate and on our country’s balance of payments difficulties.

In 1982, close to USD 810 was sent by our land-based and sea-based workers. Over time, the inflow of foreign exchange has continued to increase reaching a peak of USD 5.7 billion registered in 1997. However, because of the financial crisis, the remittances declined in 1998 to USD 4 billion. As mentioned earlier, around 75% of total deployed workers are in land-based employment, but they continue to contribute more than 90% of total remittances sent to the country by OFWs. This is a consequence of the homogeneity of the sea-based employment compared to the heterogeneity in occupation, productivity and compensation in land-based employment.

6.2. Issues in Promoting Overseas Employment

6.2.1. Spatial and Occupational Concentration

The spatial and occupational concentration of OFWs has certain implications in enhancing our export of manpower services. Concentrated in a few countries, a large number of Filipino overseas workers, all at the same time, are subject to the volatility of their host countries caused by economic, political and social changes. A depressed international oil market, for example, may affect many of our workers in Saudi Arabia. Political discords in the Middle East have displaced a large number of our workers who eventually returned home in the early 1990s.

Another example of this instability is the decision of the Hong Kong government to scale down salaries of foreign domestic helpers as an adjustment to the financial crisis. Because of the heavy concentration of Filipino domestic workers in Hong Kong, this government move became a diplomatic issue between the Philippines and Hong Kong. Moreover, it could have been a domestic problem in the Philippines if a large number of workers were repatriated to the country. In addition, as the autonomous region of Hong Kong gets integrated with the mainland, there is a strong possibility in the future that the influx of mainland Chinese to Hong Kong may affect the market dominance of Filipinos in the territory.

The highly concentrated structure of occupations, on the other hand, is one of the factors contributing to several problems confronting the overseas workers. The top five occupations constituting more than 60% of deployed workers are usually low-paying jobs. Because of limited educational attainment and training, a significant number of OFWs in these occupations are semi-skilled workers characterized by low productivity.
As a consequence, their wages are low and, in turn, their remittances are also low. Aside from their low salaries, these occupations attract workers who are often victims of violation of contracts, abuses, maltreatment and inhospitable working conditions.

In the light of this occupational concentration, there is a need to re-structure the mix though a strategy of occupational substitution, i.e. promotion of more professionals and workers with high productivity. Higher training will not only improve the mix but minimize the instability as well as improve the remittances from overseas employment.

6.2.2. Role of POEA in Manpower Development

Recognizing the emergence of overseas employment not only as alternative in job creation but also as a major source of foreign exchange, the government felt the need to establish the Philippine Overseas Employment Administration (POEA) as the primary government agency responsible for the deployment of Filipino workers abroad. The POEA was initially set up as a unit under the Department of Labor and Employment in the middle of 1970s but subsequently became an independent body under Executive Order (EO) 797 in 1982. In 1987, the POEA was further reorganized by Executive Order (EO) 247 in order “to enhance its effectiveness in responding to changing market and economic conditions and to the call of the national development plan for the strengthening of the worker protection and regulation component of the overseas employment program.” In 1995, at the height of the Flor Contemplacion case, Republic Act (RA) 8042 or the Migrant Workers and Overseas Filipinos Act of 1995 was enacted to “establish higher standard of protection and promotion of the migrant workers, their families and overseas Filipinos in distress.”

Executive Order 247 has extended a number of powers and functions to POEA that makes it a very powerful government agency. Powers given to POEA include, among others, the power to regulate private recruitment and placement, power to settle disputes, power to directly recruit and place Filipino workers overseas, promotion of development of skills, the power to monitor, promote and protect Filipino overseas workers, and others. RA 8042 did not alter the powers and structure of POEA but added other functions to implement the welfare objective of the act. However Article VII Section 29 of the law provides for the deregulation plan on recruitment activities and Section 30 calls for the gradual phase-out of its regulatory function.

The POEA is doing many things all at the same time including pre-deployment training, information gathering, international labor diplomacy, workers protection, industry regulation, adjudication of disputes, market promotion and direct recruitment among others. With so many important tasks, it may limit, as many observers have noted, its effectiveness in enhancing overseas employment and generating higher remittances for the country. Aside from the sheer volume and scope of its functions, there are conflicting interest in its multi-faceted powers and functions. For example, how can it be an effective regulator of overseas employment when it is also involved in direct recruitment and placement?
For POEA to become an effective government agency in enhancing overseas employment, there is a need to critically examine its function with the goal of redirecting its enormous functions towards few but manageable tasks. The POEA should emphasize its promotional role and less its regulatory role, enhance the protection and promotion of worker’s welfare rather than settling disputes, and engage in aggressive international labor diplomacy rather than restricting the market with its direct recruitment and placement function.

6.2.3. Some Options for Enhancing Overseas Employment

6.2.3.1. Improve the spatial and occupational structure of overseas employment. In the light of a heavy spatial and occupational concentration, there is a need to alter the spatial and occupational composition of our overseas workers towards a more balanced one through an export substitution strategy. For spatial redistribution, the POEA can carry out an aggressive international labor diplomatic effort, conduct market studies, open new markets, and promote OFWs in non-traditional destinations. For example, developing the European market has the potential of enhancing overseas employment as well as improving the spatial distribution of OFWs especially those displaced in the Middle East.

Occupational distribution, on the other hand, can be improved by expanding the recruitment in other occupations with a focus on professional and technical workers. The POEA should have a system of encouraging and attracting the deployment of skilled, highly educated and highly productive workers. An occupational substitution may result in the reduction of number of unskilled and semi-skilled workers deployed. Even if this consequence occurs, it is still possible to have higher remittances and export earnings because skilled workers command higher compensation and as a consequence they may send more foreign exchange to the country.

6.2.3.2. Internalize the cost of overseas employment. If we cannot control the exodus of Filipino workers abroad, we should allow them to work abroad, but they should pay the risks involved in overseas employment. Those workers who are undocumented, and prone to abuse, maltreatment and violations of contractual obligations, should pay a premium to internalize the cost of migration. For example, we may introduce an insurance premium tax collected at the time of departure. It should be high enough to discourage illegal recruitment and undocumented workers. The amount should be collected as a mutual fund to cover for unemployment and displacement benefits, legal assistance to contract violations and other forms of protection. As an incentive for documented workers, they will have a huge discount in the payment of the tax and the advantage to have more liberal and expanded benefits. For those travelling as tourists, they can refund it if they return within 12 months from departure. This system, in addition, can discriminate the undocumented from the documented OFWs and which one should internalize the cost of overseas employment.

6.2.3.3. Encourage savings and resource mobilization among OFWs. Financial institutions should take advantage of the huge number, earning capacity and savings potentials of OFWs by offering them various financial instruments like
mutual funds, investment in the stock market, retirement insurance, and other forms of savings for post-overseas employment. In addition, the process of sending remittances to the Philippines should be easier and inexpensive.

6.2.3.4. Improve the productivity of our workers though training. Based on its market studies and other information, the POEA can identify skills needed in various occupations and destinations. It should not assume the training task itself but let the appropriate agencies CHED, TESDA, and other NGOs do it.

6.2.3.5. Limit and focus the tasks of POEA. The POEA is overburdened with too much power and responsibilities. It should focus on information, market promotion, consumer protection and international labor diplomacy.

6.2.3.6. Linking Overseas Employment with the GATS. As a major exporter of manpower services, the Philippines can take advantage of the benefits of liberalization under GATS if some of the occupations of our major OFWs are included in the nomenclatures of GATS for business services, if not under professional services. For example, if our caretakers, building cleaners and housekeeping service workers can be classified under building-cleaning services (875) of GATS, then close to one-third of our OFWs can enjoy the non-discriminatory, market access and national treatment obligations under GATS. It is the task of POEA to assist these workers to group themselves together and professionalize their occupations. Our trade negotiators, on the other hand, should convince other countries on the need and rationale to include semi-skilled occupations under the coverage of GATS. In addition, we should encourage the establishment of companies specializing in the cleaning building services internationally. These companies can be the conduits for the thousands of Filipino workers who wish to be employed internationally under the protection of GATS. But the most important move for the above measures to be accomplished is for the Philippines to commit business services including professional services in the next round of trade negotiations.
VII. Conclusion

Based on the above discussion on professional accreditation and the role of manpower services exports in the Philippine economy, the following options are being recommended with the intention of enhancing the benefits the country can derive arising from the liberalization of professional services and the promotion of overseas employment:

1. Review the labor market test of the Philippines as directed by WTO
2. Study possible legislation that would make liberal exemptions to the Constitutional provision on the practice of foreign professionals in the country
3. Review bilateral agreements on reciprocal recognition of professionals that may have inconsistencies with the general obligations of GATS specifically non-discrimination
4. The accountancy profession, through the Professional Regulation Commission, should take cognizance of the Disciplines on Domestic Regulation on the Accountancy Sector in revising rules, regulations and requirements on licensing accountants
5. Encourage professional organizations to take an active part in the on-going discussions towards the establishment of MRAs in various professions
6. Study the possibility of committing some sub-sectors in the professionals services based on relative scarcity, abundance and international exposure to Filipino professionals
7. Encourage financial institutions to create new and attractive financial instruments for Overseas Filipino Workers (OFWs)
8. Devise a mechanisms that would make OFWs internalize the cost of overseas employment
9. Improve the spatial and occupational distribution of overseas employment through export substitution strategy
10. Refocus the role of POEA into a promotional, and less of a regulatory, government agency.

11. The POEA should assist our semi-skilled workers in forming themselves into professional groups so that they can be covered under GATS nomenclature and classification of business services if not professional services.
12. After committing our business and professional services to GATS, our trade negotiators should work towards the inclusion of our semi-skilled workers and service providers as part of business services.
13. The POEA should encourage the establishment of companies specializing in the international provision of services discharged by our leading OFWs.
Bibliography


______. WTO Guidelines For Mutual Recognition Agreements in the Accountancy Sector. Communication from the European Community and Its Member States.

Appendix 1

Disciplines on Domestic Regulation In the Accountancy Sector

Objectives

1. Having regard to the Ministerial Decision on Professional Services, Members have agreed to the following disciplines elaborating upon the provisions of the GATS relating to domestic regulation of the sector. The purpose of these disciplines is to facilitate trade in accountancy services by ensuring that domestic regulations affecting trade in accountancy services meet the requirements of Article VI:4 of the GATS. The disciplines therefore do not address measures subject to scheduling under Articles XVI and XVII of the GATS, which restrict access to the domestic market or limit the application of national treatment to foreign suppliers. Such measures are addressed in the GATS through the negotiation and scheduling of specific commitments.

General Provisions

2. Members shall ensure that measures not subject to scheduling under Articles XVI or XVII of the GATS, relating to licensing requirements and procedures, technical standards and qualification requirements and procedures are not prepared, adopted or applied with a view to do or with the effect of creating unnecessary barriers to trade in accountancy services. For this purpose, Members shall ensure that such measures are not more trade-restrictive than necessary to fulfil a legitimate objective. Legitimate objectives are, inter alia, the protection of consumers (which includes all users of accounting services and the public generally), the quality of the service, professional competence, and the integrity of the profession.

Transparency

3. Members shall make publicly available, including through the inquiry and contact points established under Articles III and IV of the GATS, the names and addresses of competent authorities (i.e. government or non-governmental entities responsible for the licensing of professionals or firms, or accounting regulations).

4. Members shall make publicly available, or shall ensure that their competent authorities make publicly available, including through the inquiry and contact points:

   a. where applicable, information describing the activities and professional titles which are regulated or which must comply with specific technical standards;
b. requirements and procedures to obtain, renew or retain any licenses or professional qualifications and the competent authorities monitoring arrangements for ensuring compliance;

c. information on technical standards; and

d. upon request, confirmation that a particular professional or firms is licensed to practice within their jurisdiction.

5. Members shall inform another Member, upon request, of the rationale behind domestic regulatory measures in the accountancy sector, in relation to legitimate objectives as referred to in paragraph 2.

6. When introducing measures which significantly affect trade in accountancy services. Members shall endeavor to provide opportunity for comment, and give consideration to such comments, before adoption.

7. Details of procedures for the review of administrative decisions, as provided for by Article VI: 2 of the GATS shall be made public, including the prescribed time-limits, if any, for requesting such as review.

*Licensing Requirements*

8. Licensing requirements (i.e. the substantive requirements, other than qualification requirements, to be satisfied in order to obtain or renew an authorization to practice) shall be pre-established, publicly available and objective.

9. Where residency requirements not subject to scheduling under Article XVII of the GATS exist. Members shall consider whether less trade restrictive means could be employed to achieve the purposes for which these requirements were set, taking into account costs and local conditions.

10. Where membership of a professional organization is required, in order to fulfil a legitimate objective in accordance with paragraph 2. Members shall ensure that the terms for membership are reasonable, and do not include conditions or pre-conditions unrelated to the fulfillment of such an objective. Where membership of a professional organization is required as a prior condition for application for a license (i.e. an authorization to practice), the period of membership imposed before the application may be submitted shall be kept to a minimum.

11. Members shall ensure that the use of firm names is not restricted, save in fulfillment of a legitimate objective.

12. Members shall ensure that requirements regarding professional indemnity insurance for foreign applicants take into account any existing insurance
coverage, in so far as it covers activities in its territory or the relevant jurisdiction in its territory and is consistent with the legislation of the host Member.

13. Fees, charged by the competent authorities shall reflect the administrative costs involved, and shall not represent an impediment in themselves to practicing the relevant activity. This shall not preclude the recovery of any additional costs of verification of information, processing and examinations. A concessional fee for applicants from developing countries may be considered.

Licensing Procedures

14. Licensing procedures (i.e. the procedures to be followed for the submission and processing of an application for an authorization to practice) shall be pre-established, publicly available and objective, and shall not in themselves constitute a restriction on the supply of the service.

15. Application procedures and the related documentation shall be not more burdensome than necessary to ensure that applicants fulfil qualification and licensing requirements. For example, competent authorities shall not require more documents than are strictly necessary for the purpose of licensing, and shall impose unreasonable requirements regarding the format of documentation. Where minor errors are made in the completion of applications, applicants shall be given the opportunity to correct them. The establishment of the authenticity of documents shall be sought through the least burdensome procedure and, wherever possible, authenticated copies should be accepted in place of original documents.

16. Members shall ensure that the receipt of an application is acknowledged promptly by the competent authority, and that applicants are informed without undue delay in cases where the application is incomplete. The competent authority shall inform the applicant of the decision concerning the completed application within a reasonable time after receipt, in principle within six months, separate from any periods in respect of qualification procedures referred to below.

17. On request, an unsuccessful applicant shall be informed of the reason for rejection of the application. An applicant shall be permitted, within reasonable limits, to resubmit applications for licensing.

18. A license, once granted, shall enter into effect immediately in accordance with the terms and conditions specified therein

Qualifications Requirements

19. A Member shall ensure that its competent authorities take account of qualifications acquired in the territory of another Member, on the basis of equivalency of education, experience and/or examination requirements.
20. The scope of examinations and of any other qualification requirements shall be limited to subjects relevant to the activities for which authorization is sought. Qualification requirements may include education, examinations, practical training, experience and language skills.

21. Members note the role which mutual recognition agreements can play in facilitating the process of verification of qualifications and/or in establishing equivalency of education.

Qualification Procedures
22. Verification of an applicant’s qualifications acquired in the territory of another Member shall take place within a reasonable timeframe in principle within six months and where applicants’ qualifications fall short of requirements shall result in a decision which identifies additional qualifications, if any, to be acquired by the applicant.

23. Examinations shall be scheduled at reasonably frequent intervals, in principle at least once a year, and shall be open for all eligible applicants, including foreign and foreign-qualified applicants. Applicants shall be allowed a reasonable period for the submission of applications. Fees charged by the competent authorities shall reflect the administrative costs involved, and shall not represent activity. This shall not preclude the recovery of any additional costs of verification of information, processing and examinations. A concessional fee for applicants from developing countries may be considered.

24. Residency requirements not subject to scheduling under Article XVII of the GATS shall not be required for sitting examinations.

Technical Standards
25. Members shall ensure that measures relating to technical standards are prepared, adopted and applied only to fulfil legitimate objectives.

In determining whether a measure is in conformity with the obligations under paragraph 2. account shall be taken of internationally recognized standards of relevant international organizations (1) applied that Member. (1) The term ‘relevant international organizations’ refers to international bodies whose membership is open to the relevant bodies of at least all Members of the WTO.

Appendix 2

Summary of Specific Commitments
(Professional Services)
Asia-Pacific Economies

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D Architectural Services
E Engineering Services
F Integrated Engineering Services
G Urban Planning and Landscape Architectural Services
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I Veterinary Services
J Services Provided by Midwives, Nurses, Physiotherapists
K Other
## Appendix 3

### Summary of Specific Commitments in Accounting

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<td>1993</td>
<td>302,975</td>
<td>168,205</td>
<td>13,423</td>
<td>12,228</td>
<td>2,425</td>
<td>8,890</td>
<td>1,507</td>
<td>0</td>
<td>550,872</td>
<td>145,758</td>
<td>696,630</td>
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<tr>
<td>1994</td>
<td>286,387</td>
<td>194,120</td>
<td>11,513</td>
<td>12,603</td>
<td>3,255</td>
<td>8,489</td>
<td>1,295</td>
<td>0</td>
<td>565,226</td>
<td>154,376</td>
<td>719,602</td>
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<tr>
<td>1995</td>
<td>234,310</td>
<td>166,774</td>
<td>10,279</td>
<td>13,469</td>
<td>3,615</td>
<td>7,039</td>
<td>1,398</td>
<td>0</td>
<td>488,621</td>
<td>165,401</td>
<td>654,022</td>
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<tr>
<td>1996</td>
<td>221,224</td>
<td>174,308</td>
<td>11,409</td>
<td>8,378</td>
<td>2,494</td>
<td>4,869</td>
<td>1,577</td>
<td>0</td>
<td>248,653</td>
<td>175,469</td>
<td>660,122</td>
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<tr>
<td>1997</td>
<td>221,047</td>
<td>235,129</td>
<td>12,626</td>
<td>7,058</td>
<td>3,517</td>
<td>5,280</td>
<td>1,970</td>
<td>4</td>
<td>259,227</td>
<td>188,469</td>
<td>747,696</td>
</tr>
<tr>
<td>1998</td>
<td>226,803</td>
<td>221,257</td>
<td>15,682</td>
<td>8,210</td>
<td>5,548</td>
<td>6,483</td>
<td>2,062</td>
<td>40</td>
<td>562,384</td>
<td>193,300</td>
<td>755,684</td>
</tr>
</tbody>
</table>

Sources: LAC NAIA Deployment Reports, POEA Regional Centers/ Extension Units

Processed by: Policies and Programs Division, Planning Branch

*Incomplete and partial reports from POLOs as of December 1998*
Appendix 5

Philippine Overseas Employment Administration
Deployed Overseas Filipino Workers by Occupation
(1997-1998)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1997</th>
<th>1998*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Technical and Related Workers</td>
<td>51,381</td>
<td>55,576</td>
</tr>
<tr>
<td>Administratvie and Managerial Workers</td>
<td>572</td>
<td>385</td>
</tr>
<tr>
<td>Clerical and Related Workers</td>
<td>3,632</td>
<td>2,881</td>
</tr>
<tr>
<td>Sales Workers</td>
<td>2,637</td>
<td>2,510</td>
</tr>
<tr>
<td>Service Workers</td>
<td>76,644</td>
<td>80,917</td>
</tr>
<tr>
<td>Agricultural Animal Husbandry and Forestry</td>
<td>546</td>
<td>388</td>
</tr>
<tr>
<td>Forestry Workers Fishermen and Hunters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production and Related Workers Transport</td>
<td>85,289</td>
<td>75,222</td>
</tr>
<tr>
<td>Equipment Operators and Laborers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others Not Elsewhere Classified</td>
<td>0</td>
<td>1,367</td>
</tr>
</tbody>
</table>

**Grand Total** | **221,241** | **219,246**

Source: *Preliminary figures based on EDP '92-'98
Philippine Overseas Employment Administration
Appendix 6

Overseas Filipino Workers Foreign Exchange Remittances
1982 - October 1998 (in million U.S. dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Landbased</th>
<th>Seabased</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>642.34</td>
<td>168.14</td>
<td>810.48</td>
</tr>
<tr>
<td>1983</td>
<td>660.08</td>
<td>284.37</td>
<td>944.45</td>
</tr>
<tr>
<td>1984</td>
<td>472.58</td>
<td>186.31</td>
<td>658.89</td>
</tr>
<tr>
<td>1985</td>
<td>597.89</td>
<td>89.31</td>
<td>687.20</td>
</tr>
<tr>
<td>1986</td>
<td>571.75</td>
<td>108.69</td>
<td>680.44</td>
</tr>
<tr>
<td>1987</td>
<td>671.43</td>
<td>120.48</td>
<td>791.91</td>
</tr>
<tr>
<td>1988</td>
<td>683.31</td>
<td>173.50</td>
<td>856.81</td>
</tr>
<tr>
<td>1989</td>
<td>755.19</td>
<td>217.83</td>
<td>973.02</td>
</tr>
<tr>
<td>1990</td>
<td>893.40</td>
<td>287.67</td>
<td>1,181.07</td>
</tr>
<tr>
<td>1991</td>
<td>1,125.06</td>
<td>375.23</td>
<td>1,500.29</td>
</tr>
<tr>
<td>1992</td>
<td>1,757.36</td>
<td>445.02</td>
<td>2,202.38</td>
</tr>
<tr>
<td>1993</td>
<td>1,840.00</td>
<td>389.28</td>
<td>2,229.58</td>
</tr>
<tr>
<td>1994</td>
<td>2,560.92</td>
<td>379.35</td>
<td>2,940.27</td>
</tr>
<tr>
<td>1995</td>
<td>3,658.33</td>
<td>210.05</td>
<td>3,868.38</td>
</tr>
<tr>
<td>1996</td>
<td>4,055.40</td>
<td>251.24</td>
<td>4,306.64</td>
</tr>
<tr>
<td>1997</td>
<td>5,484.20</td>
<td>257.61</td>
<td>5,741.81</td>
</tr>
<tr>
<td>1998</td>
<td>3,842.81</td>
<td>217.27</td>
<td>4,060.08</td>
</tr>
</tbody>
</table>
## MATRIX NON-CONVENTIONAL MODES OF INTERNATIONAL LABOR MOBILITY

### Immigrant Visa Deployment

Mobilization through Employment-based immigrant visas is an emerging trend which opens opportunities for professionals (e.g., nurses, teachers, IT, personnel). It is a scheme wherein a US-based company sponsors foreign professionals for permanent migration. Workers should the payment of high fees, particularly attorney’s fees, to secure visa. Some POEA licensed agencies facilitate this kind of mobilization.

- Should POEA licensed agencies assist in facilitating the recruitment of immigrant visa holders?
- Should POEA process Filipino workers who are holders of immigrant visas?

### Cultural Exchange Program

Au pair is a cultural exchange program wherein a host family sponsor a foreigner to study the host country’s language and culture at the same time rendering minimal household work with the sponsoring family. POEA suspended the processing of individuals with au pair visas upon advice of DFA. The au pair scheme is viewed as a pseudo cultural exchange where participants actually work as domestic helpers. Likewise, it presents a channel for illegal trafficking of women. The present ban may, however, result to unwanted backdoor exit.

DFA has initiated negotiation for bilateral agreement with host countries who engage au pairs in order to protect the applicants.

- Should DFA/POEA restrict the exit of Filipinos as au pairs?
- Should DECS oversee the au pair program since it is a cultural program?

### Secondment Arrangement

Filipino workers presently employed in the Philippines are being deployed overseas by a Philippine-based company to work for their subsidiary/mother/sister companies overseas. This intra-company transfers, usually using employment visas, are not processed by POEA as a regular overseas workers but are issued POEA clearances.

- To what extent should POEA allow the free movement of workers under this scheme?
- Do we see any conflict with the present overseas employment regulations? (addressed to recruitment agencies)

### Employment of Filipino workers by Foreign Exchange in the Philippines

Foreign employers/contracts with projects in the Philippines hire Filipino workers for their projects/companies. These foreign employers/contractors are requesting POEA clearance/guidelines for this purpose. Foreign oil rig companies with projects off the shares of the Philippines also inquire on wages for Filipinos employed with them.

- What wage rate prevail for these Filipinos? local or international rates?
## Pseudo-Worker Schemes

Various trainee schemes are being introduced by host countries of Filipino workers worldwide. Foreign trainees are being accepted to the labor market if a foreign country. However, trainees usually end up as workers overseas (e.g. Korea, Japan).

<table>
<thead>
<tr>
<th>Should companies enter into trainee agreements without government intervention?</th>
</tr>
</thead>
</table>

Incidence of run-ways are observed and trainees turn into illegal foreign workers.

Opportunities are also being offered to foreign student trainees/ teacher aides/ nurse aides etc. Filipino HRM students undergo on-the-job training in Singapore. They are allegedly treated as regular foreign employees. Some POEA licensed agencies facilitate the recruitment of possible student trainees.

Full-fledged teachers in the Philippines are being requested as teacher aides at lower pay. This scheme seems to be a pseudo source of cheap labor wherein Filipinos receive substandard employment terms and conditions.

Likewise, UK has open its doors to Asian nurses with valid work permits but are required to undergo 6-months adaptation period, the end of which sees the eventual registration of the nurse. Mobilization of nurses require review, examination, OJT or probationary period and other credential assessment processes which result to proliferation of unscrupulous review centers, fixers, counselors, etc.

There too is the scheme which entices a registered nurse to work as a student trainee in UK with a measly allowance to live on.

## POEA Regulation of Philippine Registered Vessels

 Philippine Registered Vessels (PRV) plying international route hire Filipino crews. Manning agencies facilitate deployment of the seafarers onboard PRV. PRVs are governed by POEA terms and conditions of employment of the seafarers

| Should POEA process documents of PRV Filipino personnel? |
| Should the PRV personnel be governed/covered by the standard employment contract for seafarers working on foreign registered vessels? |

PRV plying international routes are technically extensions of Philippine territory so employment terms should be subject to local labor laws, standards and monitoring

## Job Search through Internet/ International Publications

With the advent of modern technology, Filipino workers can now access job opportunities worldwide through the internet and through international publications. The employer and the worker can easily exchange information about prospective jobs overseas. However, quality employment terms can not be assured.

| How will the government regulate recruitment activities under this mode? |
| Should the government monitor deployment of international job placements through internet? |

Source: Policy Forum on Non-conventional Modes of International Labor Mobility. (1999). Migrant Workers Day. POEA