

# APEC Professional Services and Mutual Recognition Community of Practice

Session 4 – Monday, 20 February 2023 – 11:00AM to 12:30PM (PST)

## Key principles and lessons in negotiating Mutual Recognition Agreements

### Session 4 Discussion Summary

The fourth session of the APEC Professional Services and Mutual Recognition Community of Practice was held in the United States on the sidelines of the First APEC Senior Officials' Meeting (SOM1) 2023 at Palm Springs, California. This was the first in-person session (with some online participation) of the Community of Practice and provided the opportunity to demonstrate the Community of Practice to trade officials and other stakeholders.

#### Overview of themes

The overarching theme for Session 4 was a reprise of the Session 2 theme *Key principles and lessons in negotiating Mutual Recognition Agreements*. This provided the basis for three panel members to speak about and share their experiences with the aim of passing on insights and lessons to the community.

After some brief introductory remarks, the Community of Practice facilitator Mr Paul Howorth provided an overview about the community of practice. The overview covered structure, objectives and how the community of practice works.

The following themes were then covered:

#### *Theme 1 – Recalling why MRAs are important*

**Mr Arjuna Nadaraja**, Director, Professional Services and Mutual Recognition Unit, Australian Department of Foreign Affairs and Trade provided some remarks about why mutual recognition agreements (MRAs) are important given the overarching goals for trade in services in the APEC region.

#### *Theme 2 – Negotiating MRAs: experiences and lessons from Community of Practice members*

The session then heard about experiences and lessons from three panellists:

**Ms Patricia N. Ramallo**, Assistant Vice President, Innovation, National Council of Architectural Registration Boards (NCARB), US

**Ms Colleen K. Conrad**, CPA, Executive VP and Chief Operating Officer, National Association of State Boards of Accountancy (NASBA), US

**Ms Paola Reyes**, Expert in International Agreements, Superintendencia Nacional de Educación Superior Universitaria (Sunedu), Peru

A Q&A discussion with the presenters then allowed participants to further explore the insights shared by the three panellists.

A link to the presentations made at Session 4 can be found here:

<https://auapecstudycentre.wordpress.com>

## Summary of key discussion points

The following key points emerged from the facilitated discussions of the above themes:

### *Theme 1 – Recalling why MRAs are important*

- Five key reasons why MRAs are important were presented:
  - By liberalizing the movement of professional services across borders, MRAs are a critical enabler of trade generally
  - Professional services unlock and underpin trade value chains, and competitiveness improves when they are delivered efficiently, as supported by MRAs
  - MRAs continue to play a critical role in ensuring the maintenance of standards and consumer protections as cross-border trade in professional services grows
  - How professional services move across borders is evolving rapidly as the digital economy expands, and MRAs are a key tool for responding appropriately to this evolution
  - MRAs support the implementation of other key areas of trade policy such as the APEC Services Competitiveness Roadmap, services domestic regulation disciplines and other structural reforms
- In his remarks, Mr Nadaraja emphasised the important enabling role of professional services and how these underpin trade and investment activities. He also pointed to the value of mutual recognition from the three perspectives of:
  - the individual professional (efficient access to markets),
  - the domestic economy (enabling efficient trade and investment activities), and
  - the consumer (maintaining standards).

*Theme 2 – Negotiating MRAs: experiences and lessons from Community of Practice members*

**Ms Patricia N. Ramallo**, Assistant Vice President, Innovation, National Council of Architectural Registration Boards (NCARB), US

- Ms Ramallo provided an overview of NCARB's experience with MRAs to date.
- There are five MRAs in place, between the US and Canada, Mexico, Australia, New Zealand and, most recently, the UK.
- Ms Ramallo provide data about the number of architects using MRAs to gain access to these markets and made the observation that the numbers are relatively low but that there are spikes when new agreements are established.
- One of the reasons that can impede the use of MRAs is that not all states in the US recognise or accept the agreements and this then makes it much harder for architects in those states to use them.
- Ms Ramallo then provided a very clear and useful overview of how NCARB works with another economy to form an MRA, using the recently developed agreement with the UK as an example.
- From this overview, Ms Ramallo pointed to some important factors for success when developing an MRA, including:
  - Establishing and maintaining relationships is essential, as this leads to transparency, trust and a better understanding of the counterpart's approach to qualifications, standards and competency assessment
  - Recognising that the process can take a long time and being prepared to watch for and work with changes that can affect an agreement negotiation (for example, Brexit and how this affected the UK)
  - Communicating and collaborating throughout the process with all entities that are crucial to the success of both making and implementing the agreement is also an essential factor, especially for federated economies.

**Ms Colleen K. Conrad**, CPA, Executive VP and Chief Operating Officer, National Association of State Boards of Accountancy (NASBA), US

- Ms Conrad began by providing insights about how mobility of accountants between states works in the US, which provides the context for how NASBA then works on international mobility.
- At the international level, the US has accounting services MRAs with eight economies, with each these agreements struck between NASBA and the professional credentialing bodies in the respective economy.
- Ms Conrad explained how in the accounting field CPA qualification acts as an identifiable international standard or credential, which makes recognition across borders more efficient

and is the preferred way that NASBA likes to work when establishing and implementing an MRA.

- Reflecting on NASBA's experiences with MRA making and implementation, Ms Conrad offered the following advice for success:
  - Establishing substantial equivalency of professional competencies between economies is crucial but doesn't need to mean 'exactly the same', this is more about economies being reassured that sufficient standards are being established and maintained via whatever means
  - Responding to market demand should be a major driver when deciding which economies to strike an MRA with, higher volumes of demand and movement between economies is something to watch for and respond to, as smaller volumes of demand and movement may not be worth all the work required to make and implement an MRA
  - Being prepared to adapt to changes once an MRA is established is also important, as education approaches and competency standards can and do change – this kind of adaptation means working with ongoing relationships of trust, and maintaining good faith between parties, keeping each other informed about material changes than can affect professional standards.

**Ms Paola Reyes**, Expert in International Agreements, Superintendencia Nacional de Educación Superior Universitaria (Sunedu), Peru

- Ms Reyes began by pointing to how work around mutual recognition helps Peru to review and improve professional education standards, as it learns about these standards elsewhere and how to establish and maintain them
- Ms Reyes then pointed to the two ways through which overseas education and qualifications are assessed in Peru: revalidation by academic institutions (which can be influenced by public policy) and / or recognition via a particular professional body or other similar institution (stand-alone bodies can have a lot of autonomy). Where there are two assessments, this brings in inefficiencies that can take a lot of work and time to overcome.
- Ms Reyes explained that Peru sees the greatest amount of cross-border activity in professional services with the US, particularly in engineering and economics. This is largely because these sectors have long standing mutual recognition agreements and practices which have come to be more trusted over time.
- Ms Reyes concluded by pointing to the key insight that though we may operate mutual recognition however we like for any given profession, we need to remember its broader purpose is to support trade and investment, to support economic growth and to benefit economies – all stakeholders should work on agreement making and implementation in this

spirit and help to overcome barriers and impediments that frustrate it.

- Several further key insights and observations about approaches to MRAs and mutual recognition emerged from the facilitated Q&A discussion that followed the presentations. These include:
  - Deeper insights about how assessment and recognition processes work in the accounting services arena, and particularly how individuals are prepared for and supported through these.
  - How adaptation of agreements works in practice, for example, through 5 year check and review requirements.
  - The importance of thinking about how standards are met and maintained regardless of the processes used to recognise these, some processes may be unnecessarily intensive where there is an internationally or regionally recognizable standard like the CPA, or APEC Engineer, for example.
  - Building up relationships of trust requires a proper investment of time and resources, this isn't something that be done superficially but happens through ongoing interactions between peers.

The terms of reference for the Community of Practice are available on the [APEC Projects Database](#).