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Frameworks
Geneva, 17–19 January 2005

**REPORT OF THE EXPERT MEETING ON TRADE AND DEVELOPMENT
ASPECTS OF PROFESSIONAL SERVICES AND
REGULATORY FRAMEWORKS**

Held at the Palais des Nations, Geneva,
from 17 to 19 January 2005

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Chapter I

CHAIRPERSON'S SUMMARY

1. The Expert Meeting on Trade and Development Aspects of Professional Services and Regulatory Frameworks was held in Geneva from 17 to 19 January 2005. Experts put forward their views on how Governments of developed and developing countries could play an active role, at the national level and in multilateral negotiations, in promoting trade in professional services. The background note by the UNCTAD secretariat entitled "Trade and development aspects of professional services and regulatory frameworks" and the discussion paper entitled "Moving professionals beyond national borders: Mutual recognition agreements and the GATS" were commended as important contributions to the discussions and as inputs into domestic policy formulation, including in the context of regional and multilateral initiatives and negotiations. Different views were expressed on the issues touched upon in those documents. The text that follows sets out to reflect the richness and diversity of the views expressed and suggestions made.

I. Professional services and development

Global market trends

2. The global market for all professional services totalled over \$1 trillion in 2002. Professional services are one of the fastest-growing sectors in economies worldwide. Employment in those services has been increasing more rapidly than in the other sectors of the economy. The relative importance of the professional services trade of developing countries has been declining unlike in the developed economies, whose firms have been dominating all global professional services markets. A trend towards concentration in many professional services is emerging at the firm and country levels. At the same time, professional services providers have witnessed the internationalization of production, and the growing importance of regional trade and South-South trade, and of competition-related issues. While services contribute increasingly to gross domestic product (GDP) in developing countries, their share in total trade is still lagging behind that of goods, and especially in comparison with developed countries.

The role of professional services

3. Professional services play an important role as an infrastructural service in improving the competitiveness of the economy. They are inputs into all business activities, and their quality and competitiveness determine how large the spillover effects are. A crucial development impact of professional services lies in their contribution to what is often referred to as the "knowledge economy". Economists have found close links between human capital, value added and economic growth, and professional services are often at the cutting edge of innovation. These services, notably in developing and least developed countries, have a direct bearing on achieving the Millennium Declaration's socio-economic development goals (MDGs), such as further development of an open trading and financial system that is rule-based, predictable and non-discriminatory, delivering universal primary education, reducing child mortality, enhancing maternal and general health, and addressing the HIV/AIDS pandemic. Moreover, the issue of trade in services is of direct relevance to the Millennium

Declaration's commitment to eradicating poverty, to achieving Goal 8 and to its endeavours regarding a global partnership for development.

4. Professional services encompass *accredited professions*, such as lawyers, doctors, accountants, architects and engineers, and non-accredited or *free exercise professions*. The scope and definition of professional services vary across countries. Most developing countries adhere to a broad definition of professional services, which include new services linked to trade in indigenous goods or are related to trade in other services, including maritime services, and in particular cover computer and related services. In Rwanda, for example, in addition to the members of the traditional professions, bankers and insurers are considered to be professionals.

Professional services trade and developing countries

5. The experience of developing countries clearly shows the possible developmental gains accruing to them from trade in professional services. Exports of professional services reached \$270 billion in 2002, with developing countries accounting for 15 per cent of total exports. Owing to the lack of adequate disaggregated data, it is not possible to assess properly the behaviour of professional services exports from developing countries and the direction of trade. It seems that business opportunities are mainly available to large transnational professional firms, which are present in several markets, are connected with local firms and are part of the global network. The supply of professional services providers is facilitated where mutual recognition agreements (MRAs) have been put in place. For other professional service suppliers, the opportunities to provide their services abroad are quite limited. Niche markets have been identified for all services providers, including small and medium-sized enterprises (SMEs), since professional services give rise to extensive business opportunities — for example, in the United Kingdom professional services contribute 15 per cent to GDP — and are not limited to large companies. For most developing countries, exports of professional services are still modest, but significant growth rates have been achieved in some cases. This is the case of Colombia, for example, where exports of business services have recorded an annual growth rate of 13 per cent in recent years, with Andean countries absorbing 31 per cent of total exports. Furthermore, developing countries such as Brazil and India are becoming global players in professional services. The case of outsourcing companies in India is an example of successful integration into the world market. Global outsourcing of services is expected to reach \$1 trillion by 2006, only 2 per cent of which will be internationally traded. The US market accounts for 60 per cent of India's outsourcing, but it amounts to a mere 1 per cent of total US imports of services. The value of services outsourcing increased in India from \$565 million in 1999–2000 to \$3.6 billion in 2003–2004. The United Kingdom has become India's second market for outsourcing of services and has served as the operations base for 480 Indian companies established there to access the EU market. This has resulted in the bilateral investment flows between the two countries recently reaching parity. In the case of Brazil, 36 per cent of its total exports of services have been in business and professional services, the bulk of it being engineering and architectural services.

6. Developing countries with small economies, for example countries of the Caribbean Community (CARICOM) and Mauritius, tend to rely on the services sector as the main contributor to GDP and employment. Small island developing countries tend to maintain an open trading regime where financial and tourism services account for the greatest share of trade and act as the main drivers of the economy and development, and where professional services are important inputs. Further trade and development must clearly rely on services

which already account for two thirds or more of GDP in small island developing countries. The success of some LDCs in sustaining high rates of economic growth, as in the case of Rwanda, could be explained to a large extent not only by growing telecommunications, tourism and transport services but also by professional services, including consulting services.

New developments: Outsourcing

7. Development of the outsourcing industry in developing countries has produced direct and indirect gains for their socio-economic development. For example, in India it is expected that two million people will be employed in this industry in 2008 and many more jobs will be created as secondary employment due to a multiplier effect by a factor of three. Outsourcing boosted trade in the area of private sector education aimed at providing training in computer education by establishing franchises in other countries. These services have evolved to provide basic computing and more advanced training, since universities were too slow in adapting to the demands of new technologies and in responding to the market, which was changing too rapidly. The outsourcing industry has provided better-paid jobs, leading to income growth and a boost in consumption. Wages in this sector have been growing annually at the rate of 15 per cent. The high attrition rate among employees suggested that the outsourcing services industry was creating skills which were portable. This has resulted in the transfer of these skills to the domestic industry. Changes in telecom legislation and its liberalization, leading to a lowering of the costs of telecom services, were driven by the needs of the global outsourcing industry. To strengthen its position in the export markets, companies in the outsourcing services industry have sought to obtain top-quality certifications from companies established in their export markets in order to sustain the quality levels of their products and to meet the demands of customers in Western countries. Given that 40–60 per cent of staff in this services industry is female, outsourcing has had a pronounced impact on gender empowerment by providing higher-value-added employment opportunities, few of which were available before. This sector has also led to emergence of Indian multinationals, namely TCS, Infosys and Wipro, which are becoming internationally competitive in a wide range of services and expanding their operations globally. Finally, success in the information and communication technologies (ICT) sector has contributed to building Brand India with positive spillover into other sectors, such as tourism, entertainment, professional services and other services.

Trade and development benchmarks

8. In the area of professional services it is possible to devise trade and development benchmarks (set out below) to assess how effectively developing countries are integrating and deriving benefits from the international trading system and trade negotiations, on the basis of their expected contribution to development.

- *Supply capacity and competitiveness of developing countries in professional services.* This is largely determined by the quality and diffusion of higher and technical education. Unlike in some other service sectors, comparative advantage is a mix of cost, quality, competitive labour and the ability to generate, apply and disseminate specialized knowledge in the relevant areas. In the context of the emerging knowledge economy, these services, comprising *inter alia* business consulting, information technology services, research and development (R&D), and design and engineering services, are major factors for competitiveness. SMEs in developing countries are particularly disadvantaged owing to their size and the difficulty in obtaining adequate capital and credit, as well as their

inability to assume greater business risks, especially given the lack of special programmes and public support measures at the national level in developing countries, which are available to SMEs in developed countries.

- *The increase in the share of developing countries' trade in professional services and strengthening the participation of developing countries in new and dynamic sectors of international trade.* It is to be noted that while there is increased participation by developing countries not only in the import but also in the export of professional services, they are still net importers. Exports are accounted for by a small number of developing countries and in limited traditional professional activities, delivered mostly through Modes 4 and 1. However, developing country firms are developing niches of competitiveness, such as specialized health services, R&D services including biotechnology, computer services, and engineering.
- *Openness of markets to developing country exports and their opening up to others.* A recent study by the Australian Productivity Commission comparing the degree of restrictiveness across professions and countries indicates that trade in accredited professions still faces significant restrictions worldwide. Professional services providers tend to face more restrictions in terms of establishment than in ongoing operations. It was indicated that, among accredited professions, legal services are the most restricted, followed by accounting, architecture and engineering services. Most affected, however, is the movement of professionals from developing countries owing to existing market access and entry barriers, including the impact of domestic regulations concerning registration, licensing, certification, recognition and accreditation, and also residence, nationality or citizenship requirements. Developed countries have identified the negative impact on their competitiveness and services exports arising from anti-competitive practices such as price-fixing and restrictions on advertising. Additionally, there are barriers emerging from anti-competitive practices of dominant organized stakeholders in developed country markets, which have implications for developing country suppliers that could nullify *inter alia* the positive effects of trade liberalization, especially for SMEs and consumers. In terms of liberalization by developing countries, while policy space for nurturing domestic supply capacity and competitiveness, as well as access to essential services, is particularly valid, skills transfer, investment promotion and connectivity to global networks are necessary conditions for maximizing the contribution of trade to growth and development.
- *Poverty reduction, gender equity and welfare, public interest, employment generation, skills development and value added, ICT diffusion and technological innovation.* Professional services are, contrary to their elitist image, capable of pulling people out of poverty, and in turn efficient and widely disseminated professional services contribute to the public interest, mitigating the adverse effects of poverty through, for example, access to better health and education and social services. Professional services development is the source of new and additional, high-wage and formal employment in developing countries. It is driven by skills development and contributes to value added in the production of goods, services and trade. Professional services in most developing countries are highly gender sensitive and positive. For example, women are active as nurses, teachers and social workers, both domestically and internationally. ICT, apart from being a professional service in themselves, are recognized as a measure of the modernization of a society. Professional services, particularly R&D and engineering services, contribute to innovation.

II. Emergence of new regulatory frameworks and challenges facing developing countries

9. Professional services are often regulated in different ways between and sometimes even within nations. The scope of regulation may include both the service provider and the service itself, extending from educational requirements for professionals to licensing requirements for firms or their certification, and to the setting of mandatory standards for performing the service and for the final product itself. Both the scope and form of regulations differ widely between countries. Certain professional activities may be regulated in one country and not in another. Activities that may be performed by professionals in one country may be legally restricted in other countries or may be performed by entirely separate professions. In most countries, regulatory powers are shared between public and private authorities (typically professional associations), but the balance between them differs widely across nations. In addition, professions may be regulated at the national level in some countries and at the sub-national level in others.

10. Regulators in all countries are facing challenges in adapting to the market and technological developments, which are even greater for developing countries. Even the best regulations have to be in a state of constant flux to adapt to new realities. Most countries are grappling with regulatory reform. What started with deregulation and liberalization has increasingly become re-regulation of professional services. This process is particularly lengthy and complex, as well as resource-intensive. Professionals are increasingly connected globally, and this trend is reflected in the growing number of and interest in internationally agreed practices and standards, as well as in MRAs. Harmonized standards, best practices and guidelines for specific professions are increasingly being developed by international/regional federations of professional associations. A move towards global regulatory arbitrage seems to be taking place. The emergence of international standards governing different professional services, many of which are private standards, technological innovation and e-trade, as well as the increasing level of internationally binding commitments, reduce the policy flexibility of Governments for designing and applying certain types of domestic rules, and make enforcement difficult. In this connection, it would be relevant to assess whether standards-setting entities may be regarded as truly inclusive and representative of the interests of countries at different levels of development. Another potential problem is that of seeking to adopt standardized and harmonized regulatory approaches without fully taking into account the institutional and national specificities and development needs of the countries involved. Standard-setting should involve developing countries and reflect their needs and conditions. The membership of developing countries in standard-setting bodies and institutions, and the effective participation of those countries, should be promoted and ensured.

11. Governments are increasingly keen to regulate the professions in order to ensure *inter alia* quality and safety of supply, and universal access to essential services, and to ensure the independence and integrity of suppliers, among other public objectives. A trend towards market-friendly competition enhancing regulations is emerging. However, a balance has to be struck between ensuring the quality of services and guaranteeing that a sufficient number of services providers are available in a competitive market. Nevertheless, in achieving this objective, the risk exists that it may lead to overregulation. The international federations of professional associations, which are engaged in developing standards and best practices for specific professions, may help Governments achieve a balance between meeting market requirements and public considerations.

12. In a number of developing countries professional services have developed in a legal and regulatory vacuum, governed only by the general policy guidelines covering the whole service economy. The challenge facing many developing countries is to establish adequate policies and regulatory frameworks, and to enhance institutional enforcement capabilities in professional services. A great variety has been noted among developing countries also in the level of the institutionalization of professional associations, with some developing countries, particularly the least developed countries (LDCs), not even having professional associations. The majority of LDCs do not have any procedures or agreements on recognition of professional qualifications. They are often not even members of international professional associations. In many developing countries, professional associations, which may be non-compulsory, self-regulating entities, with or without delegated authority, set entry requirements, issue practice certificates, deal with disciplinary issues and set standards, including ethical ones. In this context, a challenge for developing countries is to ensure the independence of the regulators where the regulatory body is separate from, and not accountable to, any supplier of services. Another challenge is to secure the compliance of those foreign professionals supplying services in their countries with disciplinary and ethical rules and regulations enacted by their professional bodies.

13. Increasing recognition of the importance of professional services and trade in services, and also growing regional integration among developing countries and regional initiatives, have led to the creation of regional professional associations. Enabling technology has made such organizations more successful in their operations. Building national and regional positions among professions for the purpose of seeking to increase effective participation of developing countries in international trade and the trade negotiations at the WTO has also acted as a driver.

14. Adopting a participatory multi-stakeholder approach in the formulation of policies and appropriate regulatory frameworks and involving trade negotiators, regulators, legislators, professional associations and civil society were highlighted as important for ensuring that their particular concerns, including in respect of opening the market to foreign competition, are taken into account.

III. National experiences of trade in professional services

15. National experiences were shared among experts during the meeting, and highlighted major trends and problems facing developing countries in the area of professional services. Intermodal and intersectoral linkages were deemed to be particularly crucial for exporting professional services.

Domestic constraints

16. Development and exports of professional services by developing countries suffer from both domestic limitations and international restrictions. On the domestic front the following factors were recognized as hampering services exports:

- (a) Services in general, and professional services in particular, have not been fully integrated into mainstream national trade policies, and there are no adequate promotion and accompanying policies and strategies in place.
- (b) Tax and exchange rate and credit policies, in some cases, are not conducive to facilitating competitive domestic supply and services exports, and there are no

adequate financing mechanisms supporting exports, in particular by SMEs. Developing countries, and particularly LDCs, are often not parties to tax treaties aimed at avoiding double taxation. As a result, their service suppliers are being taxed twice — in the host and the home countries — a cost which is acting as a transaction charge on the service supplier.

- (c) There is a lack of adequate infrastructure, particularly telecommunication services.
- (d) There is an absence of export consciousness and international quality standards in respect of private sector firms and professional associations.
- (e) There is a lack of coverage for liability and risk. Liability represents a major obstacle inherent in the supply of many professional services, and it should be addressed. Constraints faced in the delivery of professional services include accountability and liability of the foreign services provider; applicability of domestic law to the foreign services providers; risk-sharing between the foreign services supplier and the consumer; and privacy and security issues.
- (f) There is a lack of extensive support by the State to higher-level educational institutions, which is necessary for building domestic capacities and competitiveness in professional services.

These issues need to be addressed as a matter of priority in the domestic agenda of developing countries in order to increase their participation in international trade in professional services.

17. In Kenya, until recently little attention was given to the services trade outside the most obvious services, such as tourism, telecommunications, transport and financial services. This has been changing with the realization that Kenya stands to gain immensely from a well-organized and facilitated services sector. In the last decade or so, Kenya has exported considerable quantities of professional services under Mode 4, especially to Southern African countries, and also to developed countries. Only in very few instances is this done at an official level and those who move do so entirely on their own without any type of support. This means that professional services trade, among other service sectors, has been almost wholly ignored in Kenya's trade policy. Remittances from Kenyans working abroad have been recognized as forming a significant proportion of foreign exchange earnings, and have exceeded revenues from the traditional export of coffee.

18. In Bhutan, given the size and level of development of the economy, legal instruments corresponding to the new economic environment in the field of professional services have so far been developed only for the regulation of the medical and health profession. Here too, implementation is still pending. The main purpose of these regulations is to ensure the quality of service and establish the standards of professional conduct, etiquette and code of ethics to be observed by all medical and health professionals.

19. In the case of Madagascar, professional providers have faced difficulties in meeting the standards and expectations of their foreign clients. To overcome this situation, building human capacities and making available financial resources are necessary. The present difficulties stem from the weakness of the educational system in Madagascar, which results in a relatively low quality of professionals. It is further exacerbated by a certain intellectual isolation. Inadequate infrastructure, and lack of laboratory equipment and telecommunications, among other things, have also constrained the development of domestic capacities in the country.

Importance of all modes of supply and intersectoral linkages

20. While Modes 1 and 4 are the ones mostly permitting the increased participation of developing countries in international trade of professional services, evidence suggests that Modes 2 and 3 also play a significant and increasing role for developing countries in trade in the area of professional services. Exports take place through different combinations of modes of supply, and limitations on one of them could render the efforts of developing countries' exporters ineffective. The growth of global outsourcing, for example, is inextricably linked to the movement of natural persons supplying services in the export market. To some extent, these two modes of service supply are substitutes. For example, the on-site work by India's IT companies has decreased from 62 to 39 per cent recently and offshore work has expanded from 30 to 52 per cent. At the same time, the nature of the relationship between Modes 1 and 4 has changed, often making Mode 4 more critical, with on-site work becoming shorter and more frequent, and necessitating timely delivery of services. The development of trade in services through global outsourcing has provided a strong impetus to the establishment of commercial presence in export markets or to foreign counterparts joining with Indian companies in India. Sustaining growth in services trade through outsourcing would to a large extent depend on ensuring that companies from developing countries would be able to choose the relevant mode of services supply on the basis of their own commercial considerations.

21. Despite the fact that many LDCs have been experiencing significant services trade deficits — for example, in Rwanda export earnings account for only 30 per cent of imports — their service providers have been exporting professional services through Modes 1 and 4 to countries in the region. For example, Rwanda's export markets are Burundi and the Democratic Republic of the Congo. On the other hand, Modes 3 and 4 have been the principal ways of importing these services from abroad.

22. In Mauritius, the growing trade in financial services created a demand for accounting services, which has become a driving factor in improving their international competitiveness. Local companies were compelled to compete at arm's length in overseas markets. Therefore, the accounting services supplied to such enterprises had to be consistent with international standards and were benchmarked against best practice worldwide.

Addressing barriers to trade

23. Exports of professional services from developing countries face significant market access and market entry restrictions abroad. In developed country markets they face sophisticated market entry barriers which are difficult to overcome. Also in the case of intra-South trade in professional services, restrictions impede that trade. The main market access restrictions identified as having a significant effect on the export possibilities of developing countries include recognition and qualifications issues, economic needs tests (ENTs) and labour market tests, onerous visa and licensing requirements and non-transparent procedures, the need to obtain work permits, limitations on establishment and local presence, and citizenship and residence requirements. A non-transparent regulatory environment, the effect of taxation and liability issues were identified as additional market entry barriers facing developing countries' exporters of professional services. The increased participation of developing countries in international trade in professional services and ensuring development gains from trade require, besides the lifting of market access restrictions, that the issue of existing market entry barriers be addressed effectively.

24. It was pointed out that while the above types of measures constitute effective market access barriers to developing countries' exporters, exporters from developed countries exporting to developing countries' markets frequently find ways of circumventing national measures. In Rwanda, for example, a visa and a work permit are required and are granted for three years, during which time a national professional should be trained so as to obtain the relevant qualifications. The work permit is renewable; once a person is employed, full national treatment is granted. At the same time, to engage a foreign professional an employer needs to show that no qualified Rwandan is available for the job. Despite these regulatory measures, foreign services providers dominate many professions in Rwanda. The legal framework is liberal in the area of trade in professional services, allowing for any form of establishment, and the market is free to set its prices. Notably, no specific legislation has been put in place to address issues governing competition. Another example of circumventing any restrictions on market access in developing countries is that of donor-driven presence through aid packages that include developed country professionals.

25. Developing countries are seeking to move up the value chain as the best way to maximize gains from participating in the global outsourcing of services. Global outsourcing has proved to be a win-win situation for all parties, leading to productivity gains, enhanced competitiveness and overall growth in employment. The fear of job losses in developed countries that has resulted in a recent backlash against outsourcing and attempts to restrict global outsourcing in relation to the use of public funds has been unfounded and economically detrimental. The economic benefits to all trading partners have been quantified in numerous studies. For example, a recent McKinsey study found that when US companies offshore to India, out of \$1.45 of value created, 33 cents remain in India, the rest being transferred back to the United States. The possible labour market effect is linked to the natural displacement of workers, which happens anyway in moving away from more mature industries. At the same time, measures aimed at restricting trade through outsourcing to other countries have denied Indian companies trading opportunities and resulted in the loss of contracts in potential export markets. Indian companies are also denied opportunities to export to those European countries that adopt privacy laws preventing transfer of personal data outside Europe unless strict safeguards are met. At the same time, Indian companies are looking for new opportunities in regional markets and are taking gradual steps to involve other developing countries in the region in sharing in their successful experience.

26. Studying abroad implies considerable human and financial efforts. Students from developing countries who have had the opportunity to study in developed country universities may be penalized from two points of view. First, once they have completed their studies, they may have to leave the country where they have studied since they are often not able to fulfil qualification requirements through training and work experience, and are thus deprived of work opportunities in such countries. Second, they may face problems when trying to integrate themselves into the professional market of the country of origin, since work opportunities and remuneration may be considerably below their expectations.

Competition-related issues

27. Professional associations often act to restrict competition and retain business opportunities for domestic providers. This is particularly the case for self-regulated professions. In some instances, however, restrictions that affect foreign suppliers are mainly for preserving the quality of services. This is the case, for example, in Thailand, where only Thai lawyers may represent clients in courts, in view of the need to have a full command of

Thai law and the Thai language. Nevertheless, foreign lawyers have been in Thailand for more than four decades carrying out legal consultancy work and assisting clients in drafting of contracts, and have not faced any barriers to delivering legal services of this kind. In the European Union (EU), professional services providers in accredited professions often face five categories of potentially restrictive regulations: price-fixing, recommended prices, advertising regulations, entry requirements and reserved rights, and regulations governing business structure and multidisciplinary practices. Such regulations may eliminate or limit competition between services providers, have a negative impact on consumers, reduce cost efficiency and discourage lower prices and innovation.

28. Professional services providers from developing countries face stringent financial requirements with high ceilings as a market entry condition, which they cannot meet owing to their limited access to financial resources. Other measures may be putting small national providers of professional services at a disadvantage in comparison with globally operating international firms. In Rwanda, for example, where national firms are not allowed to advertise their services locally, international firms circumvent this restriction by using their access to international distribution channels and information networks. Local firms in developing countries also face transfer pricing by means of which international firms set their fees centrally for services supplied internationally. Such an arrangement is disadvantageous for developing countries, limiting their room for manoeuvre.

29. Large engineering projects imply substantial risks, and consequent possible liability that only large firms can afford. This accounts for the drastic reduction in the number of small and medium-sized engineering services firms, compared with a decade ago when many such firms were present in the market. At the same time, the size of firms has increased dramatically, with some firms employing 50,000 professionals. Obviously, competition with such firms is extremely hard even for the largest firms from developing countries, let alone the medium and small-sized ones. Those firms, however, represent the bulk of developing country firms. Moreover, services suppliers are increasingly requested to provide integrated packages of different services or packages that include goods and services. Again, it is mainly large firms that are in a position to meet such requests. Experts noted that policies at the national and international levels need to actively promote the participation of developing country firms in the design and execution of construction projects in their own markets. Multilateral financial institutions and donor countries should support domestic policies aimed at developing national capacities, including through associations of firms, and provide all the required incentives through specific programmes related to the transfer of technology.

Government procurement

30. Government procurement practices, which discriminate in favour of domestic suppliers, have a significant impact on trade in professional services. Agencies implementing government procurement seek to obtain the most for public money, and are thus interested in the lowest cost for quality ratio. At the same time, government agencies may be concerned with other social issues, and so give preference to small local producers to help them obtain expertise and build their capacities while providing local employment opportunities. Alternatively, procurement contracts may be awarded with conditionality attached, for example for the use of local resources. It is estimated that around 50 per cent of the engineering services market is composed of services provided to Governments through public procurement. It is likely that the situation is the same for other professional services markets. Governments have their own criteria for selecting suppliers, often favouring local ones.

However, the trend seems to be in the opposite direction in the case of developing countries. In fact, local providers seldom succeed in being selected to provide services through government procurement. This leads to large amounts of money being spent to recruit foreign professionals. Conditionalities established by the multilateral lending institutions may also go against local tenderers' interests.

31. Although large firms from developed countries have in most cases the technical and logistical know-how to provide the services that may be requested worldwide, they lack the local knowledge component. In other words, they are not familiar with societal, cultural, environmental and similar needs that play an important role in shaping the final product that is requested. For example, while from a technical point of view an airport is an airport anywhere in the world, the needs and expectations of people using an airport may differ across countries. It is in this field that local companies may make a substantial and unique contribution, and local professional capacity should therefore be used as much as possible.

Information, data and statistical challenges

32. Lack of detailed and relevant statistical information on measuring professional services and trade was stressed in all national experiences. Policy makers, professionals and trade negotiators alike were facing the need for better and timelier data collection and information generation. This was a major barrier to establishing national strategies and assessing different policy options available to developing countries, including in trade negotiations. In order to have a better understanding of professional services markets, constraints that prevent sustained growth, and strengths and weaknesses of professional services providers in developing countries, more detailed information is required. This information is also critical for identifying public policies and regulatory approaches that can enhance growth and promote better the export performance of professional services. Contact points established in line with GATS Article IV would facilitate the access of developing country Members' services suppliers to information related to their respective markets concerning commercial and technical aspects of the supply of services, the registration, recognition and obtaining of professional qualifications, and the availability of services technology.

IV. Experiences with regional integration and mutual recognition agreements

Importance of regional integration in services

33. There is today a huge potential for regional trade in professional services in developing regions. This is evidenced by growing pressure from professionals in several countries for a more liberal environment. Such a development could result in large savings. Moreover, providers from the same region may use the same language, may operate according to similar legal frameworks and have an overall familiarity with the way business is run in the region. Therefore, regional trade should be encouraged and facilitated. Recognizing this, members of regional trade agreements (RTAs) have introduced disciplines to liberalize trade in services among members. Professional services are addressed through a combination of different provisions, dealing with (a) the elimination of market access restrictions, including access to foreign commercial presence; (b) enhancing the mobility of natural persons; and (c) promoting the recognition of qualifications and licences. Different RTAs have achieved various degrees of success in liberalizing trade in professional services. However, work programmes are in place in many of them to move further in this regard.

Facilitating movement of professionals

34. The analysis of the experiences of the Andean Community, CARICOM and MERCOSUR highlighted different approaches to liberalizing trade in professional services at the regional level. All these agreements aim at achieving full services trade liberalization, including liberalization of professional services. Measures have been implemented allowing for cross-border movement of natural persons and for facilitating entry procedures. For example, the MERCOSUR visa has been introduced with the aim of facilitating the temporary circulation of service providers, and allows for multiple entries. In that context, MERCOSUR removed the application of ENTs, prior work permit requirements, a proportionality requirement in terms of nationality, and also wage parity requirements. CARICOM and the Andean Community have taken further steps, besides facilitating entry, guaranteeing the right to establishment for citizens of member States in the territory of other member States, thus significantly contributing to enhancing the mobility of professional services suppliers. In this regard, it is worth mentioning the Movement of Skills scheme in CARICOM and the Andean Migration Instrument. These RTAs have put in place programmes for the progressive removal of all existing market access restrictions: CARICOM and the Andean Community through negative listing, and MERCOSUR through positive listing, with very ambitious time frames within which this objective should be achieved. There has been some delay in negotiating the elimination of restrictions in CARICOM and the Andean Community. The MERCOSUR Protocol on Services is still to come into effect pending ratification by three members, but work has proceeded, through five rounds of negotiations, on the adoption of liberalizing commitments that will be implemented once the Protocol finally comes into effect.

Recognition issues

35. Recognition issues are considered to be the main obstacle specifically affecting trade in professional services, and most RTAs incorporate mandates to address this issue in order to make free trade of professional services a reality. The case of the Andean Community regarding recognition is noteworthy. According to its regulations, each member shall recognize the licences, certifications, professional qualifications and accreditation granted by other member countries for any service activity subject to such requirements. Therefore, recognition is a general binding obligation for member countries. Members will be accountable for that obligation once a decision establishing the criteria for regional recognition is put into effect. Work is currently under way in this regard. Initial attempts seeking the establishment of equivalence of qualifications for recognition have been put aside, because of their complexity and the time and cost implied. The Andean Community is currently considering a differentiated approach depending on the features of different professional services, including the forms of delivery — individual or corporate; type of knowledge required — universal or country-specific; and main clients — consumers or business; and depending on the risk level for society. This approach is considering recognition both by accreditation and by evaluation. A pilot project has been launched for accountancy and agronomy. In the case of MERCOSUR, however, members are following an equivalence approach: they are promoting the involvement of professional associations in establishing the systems and criteria for recognition of accreditations and licences. CARICOM, for its part, is working towards the establishment of a regional accreditation office.

Experience in the area of accountancy services

36. The limited progress made in achieving recognition even at the regional level reflects the complexity of the process. In the case of the North American Free Trade Agreement (NAFTA), for example, more than 10 years were needed to conclude a MRA on accountancy. That agreement is, for the time being, the only one in force between Canada, the United States and Mexico. Differences in national systems of recognition and accreditation, varying roles for State and private professional associations, and differences in responsibilities of different layers of government, account for this complexity. In federal States, such the United States and Australia, MRAs are needed for domestic suppliers to practise their profession in a state other than the one in which they obtained their academic and professional qualifications.

37. In September 2002, an MRA for accountants was signed by Mexico, the United States and Canada within the framework of NAFTA. A major problem that negotiators faced for the conclusion of such an agreement was the fact that while in the United States and Canada examinations were the responsibility of professional associations, in Mexico they fell within the competence of the universities, in other words, of the State. Mexico had therefore to put in place a similar professional examination system under the responsibility of the Mexican Institute of Public Accountants. The examination is very much like the examinations in place in Canada and the United States. At present, NAFTA accountants wishing to practise their profession in another NAFTA country have to pass a test to prove familiarity with the host country's regulation of the accountancy sector.

Experience in the area of legal services

38. The experience of the European Community, particularly in respect of legal services, highlights the fact that when there is the will to move forward in the field of mutual recognition, ways and means can be found, allowing for the effective integration of markets for professional services. Mutual recognition for lawyers has advanced significantly in the EU, despite the divergence among the national legal systems. Two directives regulate the movement of lawyers between member States. Under the so-called legal services directive, which entered into force in 1977, lawyers can provide their services in other EU countries under the home country title and without having to register in the host country. This directive covers legal services provided occasionally, without the establishment of an entity. The second directive, on the other hand, concerns lawyers who wish to establish themselves in another member State of the EU to pursue their profession. The directive entered into force in 1999. It requires that lawyers register in the host country and that during the first three years practise under the home country title. The host country can require them to be assisted by a local lawyer when representing and defending clients in court. After three years' work on this basis, however, lawyers acquire the right to full exercise of their profession under the host country's title without having to take a qualifying examination. Both directives have had a major impact on the movement of lawyers, including lawyers moving from one large European city to another, as well as lawyers established in border areas and practising their professions in two neighbouring countries. Although the directives were negotiated at governmental level, national bar associations strongly supported and encouraged the process. The way in which the movement of lawyers is taking place may become the basis for regulating the movement of other professionals within the EU. In other words, the principle that professionals can practise their profession in the host country using their home country title — without there being any need to harmonize curricula, training or registration — may

be expanded to other professions. This would create a parallel with the principle that regulates the movement of goods within the EU.

Experience in the area of nursing services

39. New trends in regulatory frameworks have attracted growing professional interest among nursing professionals, including in promoting MRAs, while Governments were moving towards development of umbrella-type legislation. All stakeholders concerned with the nursing profession remain committed to maintaining and ensuring the competence of providers as a key issue. In this respect, more attention is being given to education and practice environments. Also, regulations are tending to evolve towards regulating specialist and advanced practice, providing for greater lay participation in regulation. In general, there has been more focus on competences than on credentials. Major drivers of regulatory change include the global nursing shortage, practice environments, growing expectations and demands on the part of the public at large, Governments' changing perception of how to regulate professions, the scarcity of public funding for health services, the profession's interest in a global view and opportunities for trade and supply of nursing services globally, emerging entrepreneurship in the profession, and the willingness and ability of professionals to provide nursing services abroad.

40. Nursing, like other professions, continues to change with the addition of new knowledge and technology, and in line with the needs of consumers, in other words, patients. Governments in all countries are facing the challenge of ensuring a regulatory approach broad and flexible enough to permit freedom for innovation, growth and change; facilitating sound regulatory process principles; and providing for the fair treatment of those regulated. Through appropriate statutory regulation, which entrusts the profession with a high degree of self-regulation, Governments can be assisted in fulfilling their regulatory responsibilities, and target public protection and improve care. Self-regulating professional bodies would be expected to maintain high standards of transparency and accountability. In this respect, developing countries would benefit if developed countries with strong frameworks extended assistance to them in strengthening their regulatory infrastructure. It is important to ensure that regulatory reform would not result in weakening established professional infrastructure and rights and conditions concerning services, thus slowing down advances and developments in practice.

Factors influencing progress on mutual recognition agreements

41. The proactive role played by professional associations in seeking to foster liberalization of trade for professional services and the necessary coordination with public decision-makers were highlighted as a determining element which makes it possible to move forward on recognition of qualifications and licences. Another issue that deserves adequate attention regarding recognition issues is the accreditation of accrediting entities. This involves interesting challenges at the national and regional levels.

42. The negotiation of MRAs is very often a long, complex, costly and time-consuming process. This is why they cannot be negotiated in a vacuum and must be based on mutual trust. Many MRAs are concluded by neighbouring countries and represent a component of broader regional cooperation initiatives, sometimes including both developed and developing countries. Others are part of cultural agreements and often reflect linguistic and other kinds of cultural affinities between the countries involved. Extreme caution is required when dealing

with the culture of professions, since it may vary to a large extent across countries. Individual countries often grant recognition of the qualifications of professionals from countries with which an historical relationship exists, qualifications which accord with the legal and business set-up of a particular country. It is important that developing country professionals be granted recognition of qualifications in those cases, as provided for in Article VII of the GATS. Some countries grant recognition of professional qualifications on a unilateral basis, often for countries whose educational system is deemed to be of comparable rigour.

43. The experience of the EU and NAFTA shows that, even for countries with different cultural, regulatory and legal environments, agreements can be reached to allow foreign professionals to practise in the jurisdictions concerned. Both Governments and professional associations may act as the main responsible entities for the launching of MRA negotiations and their conclusion. In the case of the EU, for example, the Governments of the member States have been directly involved in the mutual recognition process. In the case of NAFTA, on the other hand, professional associations are the main drivers of MRAs. However, the results of their negotiations have to be presented for approval to NAFTA intergovernmental authorities (i.e. NAFTA's Free Trade Commission). Along the same lines, in some countries the examinations that lead to the right to practise are organized by the State through, for example, the universities, while in other countries they are the responsibility of the professional associations. The different ways in which countries organize access to practice may create difficulties in the negotiation of MRAs.

44. The WTO Guidelines on Mutual Recognition in the Accountancy Sector are an example of the efforts by WTO Members under GATS Article VII.5. However, despite some initial efforts to extend the Guidelines to other professions, no concrete results have so far been achieved. Moreover, the Guidelines have not been effectively implemented to provide developing countries with easy access to existing MRAs, and this has an impact on most-favoured-nation benefits. Developing countries do not have the market power to negotiate such agreements bilaterally. The playing field therefore needs to be levelled in this area. Governments were encouraged to promote progress in the area of MRAs in the interest of increasing developing countries' trade in professional services.

V. Professional services in the GATS and the interest of developing countries

45. The initial offers tabled in the ongoing GATS negotiations cover different categories of professional services. So far, they only indicate some limited improvements in terms of increasing market access opportunities for developing countries. With respect to the WTO's Working Party on Domestic Regulation and the work undertaken therein, it was indicated that it has the potential to serve as a tool for better regulation and facilitating effective market access, ultimately creating benefits for business, consumers and taxpayers, and contributing positively to broader governance issues. As demonstrated by the number of submissions, and in some cases, concrete proposals, WTO Members have shown a willingness to make progress in the development of disciplines on domestic regulation in a practical, concrete and substantive manner. Different views were expressed as to whether disciplines should apply only to specific commitments or to all services sectors, and whether they should be developed on a sector-by-sector or a horizontal basis.

Progress on Mode 4 delivery of professional services

46. Developing countries are concerned that disciplines linked to Mode 4 (including issues related to the recognition of qualifications and visa), which would make market access effective, are the missing element in the negotiations so far. Issues mentioned in that context included facilitating the movement of highly skilled persons (to enhance technology transfer) and facilitating movement at the regional level (to benefit from cultural commonalities and geographical proximity). It was stressed that security considerations and other administrative requirements (including work permits and visas, and ENTs) should not be used as protectionist tools. The impact of qualification requirements and procedures on recognition was also discussed — how they act as barriers to trade in professional services (e.g. owing to the multiplicity of layers of government, examination procedures and topics) — and possible elements of future disciplines to address them.

47. Such elements could include the following: mechanisms for verification of educational qualifications and professional competence; linking examination requirements to subjects related to the practice of the profession; criteria for recognizing foreign qualifications based on equivalence; the pre-establishment of requirements; a necessity test; provisions on the transparency of administrative/procedural rules; the need to conduct the requisite examinations fairly and at reasonably frequent intervals; the possibility of taking examinations in the home country or through electronic means; the need to ensure that examinations are open to all eligible applicants (including foreign ones); and the suggestion that fees relate directly to administrative costs without being used as barriers in themselves. Ensuring reasonable time frames for verifying the competence of foreign professionals, allowing the possibility of resubmitting applications and establishing an appeal or review mechanism for non-recognition are other ideas that were mentioned. Work under the GATS Article VI.4 mandate is one way forward on these issues; but there may be other ways, including additional commitments under GATS Article XVIII.

48. Work permits and visas which affect the ability to supply services act as a primary barrier to the movement of professionals providing services in the regional markets or, even more so, providing services globally. A number of opportunities exist for the supply of professional services from developing countries. This can be in the international or the regional arena, involving either South–South or North–South trade flows, or both. However, there are barriers to access by developing countries to developed countries' markets in terms of licensing, work and residence permits, and the limited ability of developing country services suppliers to establish a commercial presence in the target market. These barriers need to be removed in order to increase the participation of developing countries in professional services, so as to implement GATS Article IV effectively.

Progress on disciplines in the area of domestic regulations

49. Possible future disciplines on domestic regulations should build on and add to existing GATS provisions. In terms of approaching future disciplines, opinions differ about whether disciplines should apply only to specific commitments, or more broadly. Similarly, some WTO Members appear to prefer a horizontal approach, while others would prefer to move on a sector-by-sector basis, or a combination thereof. A sector-by-sector approach can be tailored to the specificities of each profession, and this would make it easier to secure the approval of national constituencies. In terms of a sector-specific approach, architectural and engineering professions are considered the most suitable for moving forward (the accountancy disciplines

could operate as a reference point in this context). However, owing to the negotiating dynamics and trade-offs that would be expected from developing countries, relying on this approach might result in new obligations outweighing expected benefits. For some countries this approach may not be practical in view of the number of licensed professions. In terms of moving forward horizontally, possible areas for progress could include horizontal disciplines on transparency. The view was also expressed that horizontal disciplines could cover both transparency and necessity aspects. More broadly, horizontal disciplines on domestic regulations would establish a baseline to enable WTO Members to move forward in specific areas and sectors, once the Doha Round has been concluded.

50. Challenges arise out of countries' interest in preserving their right to regulate while at the same time making market access effective in modes and sectors of export interest to them. These concerns are reinforced by the recent WTO dispute settlement cases in the services area. In fact, WTO jurisprudence seems to give more weight to perceived market access commitments than to Members' right to regulate.

51. The role of Governments goes beyond regulatory design but includes regulatory governance to ensure access to essential services, efficiency (e.g. through pro-competitive regulation), transparency, adaptability and coherence of regulations. While MRAs might be an optimal tool, they need to be demand-driven and resource-intensive in order to be negotiated (which may explain why they are still relatively rare). The need to notify all MRAs and to allow developing countries to accede to existing MRAs was highlighted as an important element in facilitating developing countries' services exports.

52. The importance of the temporary movement of individual professionals was recognized. In addition, professional services can be supplied by firms or their networks. Both areas would need to be addressed by the negotiations.

53. Questions were raised about the importance of the GATS, especially where progress is slow and where market realities have moved ahead of international trade rules. Multilateral work, including the most-favoured-nation principle, provides benefits, particularly for developing countries. Finally, the need to understand the particular profession (including its peculiarities across countries) was highlighted: crystallizing issues at the professional level and building trust amongst professionals constitute an initial and essential step towards facilitating the movement of professionals.

VI. Policy conclusions and recommendations

54. In countries at all levels of development official policies have often failed to fully recognize the importance and complexities of the services sector and of international trade in services. Therefore, trade negotiators, professionals and policy makers from all countries are on a steep learning curve, seeking to improve their understanding of issues and interlinkages with respect to trade in professional services.

55. The professional services sector is an area where developing countries have a positive agenda and where they are not merely responding to demands for liberalization from their developed partners. Consequently, there is considerable scope for developing countries to devise a "responsive" agenda, leading to a "win-win" outcome for both developing and developed countries. In that context, it is crucial to respect the right to regulate as well as the need to experiment with different regulatory approaches, particularly in developing countries.

In fact, developing countries need to follow a mix of active public policies in order to develop their private sector. Private sector development is crucial for increasing both developing countries' domestic capacities and the international competitiveness of their professional services. Governments in developing countries need to acknowledge the importance of promoting services trade, and complementing this with specific strategies and financial and budgetary support.

56. The temporary movement of professionals across countries must be facilitated to improve efficiencies in the receiving and the sending countries. It was recognized that professionals moving under Mode 4 do not enter the permanent employment market or seek immigration into the receiving countries. The importance of making visa procedures transparent and of linking them to a necessity test was stressed, with recognition at the same time of the need to take account of security considerations. Some doubts were expressed about the need to subject Mode 4 movement of professionals to a work permit requirement, which is more appropriately applied to professionals permanently entering the employment market. With respect to movement of professionals who are highly skilled, economic needs tests and labour market tests should not be applied. Since professionals under Mode 4 move in order to deliver a specialized service for a short period of time, wage parity should not be an issue. The implications of social security contributions, however, need to be considered, since countries differ in their laws and instruments used for this purpose.

57. Unnecessary barriers to the supply of professional services should be removed through multilateral, regional and bilateral negotiations, the ongoing GATS negotiations representing an avenue for doing so. Developed countries need to undertake commercially meaningful commitments to open their markets to developing countries' professional services exports. Developing countries may fully benefit from liberalizing their professional services markets if liberalization takes place at the right pace and if it is closely linked to human development, to the building of their domestic services capacities, and to the strengthening of their domestic regulatory and institutional frameworks. Ways of addressing this challenge include the following:

- A balance has to be struck between ensuring the quality of services and fostering competition (e.g. by ensuring that a sufficient number of services suppliers are available in the market).
- A clear link should be established between recognition of academic qualifications and the right to practise, especially for those professions based on universal knowledge.
- Mechanisms are needed to ensure that foreign students, after completing their academic programmes, are granted the same opportunities as local students enjoy as far as the practice of the profession is concerned.
- Joint ventures and joint bidding for projects (including firms from developing and developed countries) should be encouraged (as they provide useful tools for services providers to acquire complementary knowledge and technology).
- Mechanisms are needed to address liability issues (as this would facilitate trade in professional services through all modes, particularly Mode 1).
- Self-regulating professional bodies could strive to develop better information systems.
- For developing countries, and especially the least developed among them, putting in place adequate regulatory domestic frameworks for professional services requires special efforts. At the same time, sound regulatory systems represent a first step in enhancing domestic supply capacity. They also need to support the role of professional bodies. Consequently, support is needed in this context.

Professional bodies can play a key role when developing regulatory and institutional frameworks. Such bodies would respond to the growing complexities of the market, provide for domestic capacity development and ultimately bring about competitive exports. While professional associations may pursue ethical standards that look after the public interest and contribute to the development of high standards and best practices for the professions across borders, they are not established solely or mainly for that purpose. In some cases, they can be regarded as bodies developed to defend the interests and preserve the scarcity of their members.

58. Another issue relates to legal obligations deriving from MRAs negotiated by professional bodies deprived of governmental authority. This would need to be addressed, as well as the ability of developing countries to accede to such agreements.

59. Policy makers in developing countries often face a large agenda of conflicting priorities, ranging from political and economic considerations to social reform. Limited human capacities in Governments often make it impossible to conduct full analyses before formulating policy approaches. Implementing policies is further complicated by the lack of financial, institutional and regulatory resources. Priority needs to be accorded to those regulatory policies that could yield broader gains and feed into human development. Regulatory approaches that address poverty alleviation and income inequalities, and increase opportunities, especially for the disadvantaged groups in society, are crucial in that context.

60. Cooperation by developed countries is encouraged in order to increase the participation of developing countries, particularly LDCs, in international trade. Cooperative arrangements could range from work secondment to mutual or unilateral recognition of qualifications, and to the removal of trade barriers in markets of export interest. To encourage transfer of knowledge and technology, international firms should use as many local professionals as possible when carrying out local assignments. Double taxation treaties between trading partners need to be encouraged. The number of scholarships for students from developing countries should be increased. Corporate companies employing students who have been sponsored by Governments of developing countries, particularly LDCs, could be invited to pay a levy to assist in educating other professionals.

61. Countries with strong regulatory and institutional frameworks should be encouraged to help developing countries in strengthening their domestic regulations, as sound regulatory and institutional systems are a necessary condition for making progress on future reforms. International model frameworks could help by guiding countries in their efforts to improve domestic regulatory capacity. The work on GATS disciplines on domestic regulation should take into account the fact that only countries with a strong regulatory infrastructure would be in a position to apply those future disciplines and that developing countries would require appropriate flexibility with respect to implementing such disciplines. At the same time, any possible future multilateral disciplines should preserve national regulatory autonomy and should in no way undermine the upholding of standards or weaken established professional infrastructures or the rights and conditions of services.

62. It is important for multilateral and bilateral development agencies to shift attention to services and services trade if the international community is genuinely committed to achieving the MDGs, especially in the area of addressing poverty issues.

63. For developing countries to increase their exports through the global outsourcing of services, a number of preconditions need to be met. Among them are the creation of an efficient telecommunications infrastructure; the development of an education system in line with the needs of the market; enhanced awareness on the part of firms concerning the availability of certification for services in their export markets (particularly for developed countries); and following the global developments and trends in treating privacy and any other relevant issues in countries of major trade interest. As negotiations under the GATS are gaining momentum, it is important to pre-empt protectionist trends by locking in the openness that cross-border trade in services currently enjoys and to ensure continued growth of trade in services through this mode of supply.

VII. UNCTAD's contribution and future work

64. UNCTAD should continue and strengthen its work on professional services in a number of areas. With a view to achieving the MDGs, UNCTAD should, for example:

- Facilitate the assessment of professional services at the sub-sectoral level. This would assist developing countries, particularly LDCs, in formulating domestic policy options and defining negotiating positions and strategies within multilateral, regional and bilateral trade negotiations, and allow the need to achieve the MDGs to be taken into account;
- Help to improve understanding of classification and the availability and quality of relevant information and statistical data;
- Continue its work in devising trade and development benchmarks for professional services. This would make it possible to assess how effectively developing countries are integrating into, and deriving benefits from, the international trading system and trade negotiations, on the basis of their expected contribution to development;
- Identify, on the basis of the above discussions and analysis, elements for disciplines on qualification requirements and procedures, licensing requirements and procedures, and technical standards with regard to professional services. This would make it possible to reflect the interests and concerns of developing countries, and to contribute to consensus-building, including in the GATS negotiations and including on domestic regulation;
- Ensure that the movement of professionals is not hindered by restrictive procedures, examine the components of such procedures, and analyse how to facilitate the movement of professionals under GATS Mode 4, as well as in the context of regional trade arrangements;
- Analyse trade opportunities arising from global outsourcing of professional services, and ways and means of facilitating such trade in order to enhance developing countries' exports;
- Analyse existing best practices to strengthen domestic capacity in professional services, including through outsourcing, and to increase developing country international trade in this sector;
- Analyse market entry barriers faced by developing country professional services supplier.

Chapter II

ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

65. The Expert Meeting on Trade and Development Aspects of Professional Services and Regulatory Frameworks was held at the Palais des Nations, Geneva, from 17 to 19 January 2005.

B. Election of officers

(Agenda item 1)

66. At its opening meeting, the Expert Meeting elected the following officers to serve on its bureau:

| | |
|----------------------------------|-------------------------------------|
| Chairperson: | H.E. Mr. Fernando de Mateo (Mexico) |
| Vice-Chairperson-cum-Rapporteur: | Ms. Clare Kelly (New Zealand) |

C. Adoption of the agenda and organization of work

(Agenda item 2)

67. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in document TD/B/COM.1/EM.25/1. The agenda for the Meeting was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Trade and development aspects of professional services and regulatory frameworks
4. Adoption of the report of the Meeting

D. Documentation

68. For its consideration of the substantive agenda item, the Expert Meeting had before it a note by the UNCTAD secretariat entitled "Trade and development aspects of professional services and regulatory frameworks " (TD/B/COM.1/EM.25/2).

E. Adoption of the report of the Meeting

(Agenda item 4)

69. At its closing meeting, the Expert Meeting authorized the Rapporteur to prepare the final report of the Meeting.

Annex**ATTENDANCE ***

1. Experts from the following States members of UNCTAD attended the meeting:

| | |
|----------------------------|---|
| Angora | Mali |
| Australia | Mauritius |
| Bangladesh | Mexico |
| Barbados | Nepal |
| Bhutan | New Zealand |
| Brazil | Pakistan |
| Canada | Panama |
| Chile | Peru |
| China | Philippines |
| Colombia | Poland |
| Dominican Republic | Republic of Korea |
| Ecuador | Russian Federation |
| El Salvador | Rwanda |
| Ethiopia | Senegal |
| Ghana | Slovenia |
| Guatemala | South Africa |
| Honduras | Spain |
| India | Sudan |
| Indonesia | Switzerland |
| Iran (Islamic Republic of) | Thailand |
| Italy | Trinidad and Tobago |
| Japan | United Kingdom of Great Britain and Northern Ireland |
| Jordan | United Republic of Tanzania |
| Kenya | United States of America |
| Lesotho | Ukraine |
| Lithuania | Yemen |
| Madagascar | Zambia |

2. The following intergovernmental organizations were represented at the meeting:

Common Market for Eastern and Southern Africa
 European Commission
 Organisation for Economic Co-operation and Development
 Organisation Internationale de la Francophonie
 South Centre

3. The following organization was also represented at the meeting:

World Trade Organization

* For the list of participants, see TD/B/COM.1./EM.25/INF.1

4. The following non-governmental organizations were represented at the meeting:

General Category

International Confederation of Free Trade Unions

Third World Network

PANELLISTS

Mr. Greg McGuire, External Trade Adviser, UNSFIR

Mr. Peter Boswell, International Federation of Consulting Engineers

Mr. Bamrung Tanchittiwatana, Director, Business Law Committee, Board of Trade,
Bangkok, Thailand

Mr. James A. Scheeler, Union Internationale des Architectes

Mr. Salvador Ruiz De Chavez, Director General, Grupo Mexicano de Consultores en
Educación, Mexico

Ms. Judith Oulton, International Council of Nurses

Mr. Mariano Jordan, "Architectural services in Mercosur"

Ms. Maria Esperanza Dangond, ANDEAN

Mr. Ramesh Chaitoo, Caribbean Regional Negotiating Machinery

Mr. Hans-Jürgen Hellwig, President, Council of the Bars and Law Societies of Europe

SPECIALLY INVITED

Mr. Charles P. Heeter, Deloitte & Touche, United States

Mr. Elliott Paige, Organisation of Eastern Caribbean States

Mr. Roderick Sanatan, University of the West Indies, Bridgetown, Barbados