

# Promoting Services Trade in ASEAN

## Trade in Professional Services

PAPER 1  
FEBRUARY  
2017



ASEAN-JAPAN  
CENTRE

国際機関日本アセアンセンター

**For inquiries, contact ASEAN-Japan Centre  
(ASEAN Promotion Centre on Trade, Investment and Tourism)**

1F, Shin Onarimon Bldg., 6-17-19, Shimbashi,  
Minato-ku, Tokyo 105-0004 Japan  
Phone/Fax: +813-5402-8002/8003 (Planning & Coordination)  
+813-5402-8004/8005 (Trade)  
+813-5402-8006/8007 (Investment)  
+813-5402-8008/8009 (Tourism & Exchange)  
+813-5004-8118/8003 (PR)  
e-mail address: [toiawase\\_ga@asean.or.jp](mailto:toiawase_ga@asean.or.jp)  
<http://www.asean.or.jp>

# Promoting Services Trade in ASEAN

## Trade in Professional Services

PAPER 1  
FEBRUARY  
2017



国際機関日本アセアンセンター

## NOTES

The terms country and economy as used in this study also refer, as appropriate, to territories or areas; the designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the ASEAN-Japan Centre concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The following symbols have been used in the tables:

- Two dots (..) indicate that data are not available or are not separately reported.
- A dash (-) indicates that the item is equal to zero or its value is negligible.
- Use of a dash (-) between dates representing years, e.g., 2015–2016, signifies the full period involved, including the beginning and end years.
- Reference to “dollars” (\$) means United States dollars, unless otherwise indicated.

There are seven papers in total. The other six papers cover R&D services; computer and related services; courier services; telecommunication services; air, rail and road transport services; and tourism.

Prepared by Hikari Ishido (Chiba University, Japan) and Masataka Fujita (ASEAN-Japan Centre). The authors wish to thank the staff members of AJC and Richard Liang for their research and statistical assistance. The manuscript was edited by Lise Lingo and typeset by Laurence Duchemin. Errors and omissions are only those of the authors and should not be attributed to their respective organizations.

## CONTENTS

<b>I. Introduction</b> .....	<b>1</b>
<b>II. Ascendancy of professional services trade</b> .....	<b>2</b>
1. Mode 1: supply through cross-border trade .....	<b>3</b>
2. Mode 2: supply through consumption abroad .....	<b>8</b>
3. Mode 3: supply through commercial presence.....	<b>8</b>
4. Mode 4: supply through movements of natural persons .....	<b>12</b>
<b>III. Trade agreements and regulations among and within the ASEAN Member States</b> .....	<b>12</b>
1. ASEAN Framework Agreement on Services (AFAS).....	<b>12</b>
2. Status of liberalization and restrictions.....	<b>14</b>
<b>IV. Impacts of further liberalization of professional services on economy</b> .....	<b>20</b>
1. General impacts.....	<b>20</b>
2. ASEAN-wide interactive efforts between Mode 3 and Mode 4.....	<b>22</b>
3. Maximizing benefits from and minimizing negative effects of services provision .....	<b>23</b>
<b>V. Policy recommendations and promotion measures for professional services</b> .....	<b>24</b>
1. General policy recommendations.....	<b>24</b>
2. Workable policy measures .....	<b>26</b>
3. Policy evaluation by the ASEAN Member States .....	<b>29</b>
<b>References</b> .....	<b>33</b>
<b>Annex</b> .....	<b>35</b>
Annex A. The ASEAN Mutual Recognition Arrangement on Engineering Services (signed in Kuala Lumpur on 9 December 2005).....	<b>35</b>
Annex B. Specific schedule of commitments for Professional Services by ASEAN Member States .....	<b>40</b>
Annex C. 50 Large foreign affiliates engaged in professional services in ASEAN, 2015 .....	<b>56</b>
Annex D. 50 Large ASEAN affiliates abroad engaged in professional services, 2015 .....	<b>58</b>



## I. INTRODUCTION

Professional services are an indispensable input into the economic activities of ASEAN. The General Agreement on Trade in Services (GATS) administered by the World Trade Organization (WTO) lists<sup>1</sup> the following 11 job categories under “professional services”:

- a. Legal services;
- b. Accounting, auditing and bookkeeping services;
- c. Taxation services;
- d. Architectural services;
- e. Engineering services;
- f. Integrated engineering services;
- g. Urban planning and landscape architectural services;
- h. Medical and dental services;
- i. Veterinary services;
- j. Services provided by midwives, nurses, physiotherapists and paramedical personnel; and
- k. Other.

The position and role of professional services in value-creating economic activities can be well displayed on the value chain curve (figure 1). The coverage (the shaded square in this figure) of these professional services is broad, encompassing the whole production chain. Professional services ensure smoother (in the horizontal direction, known as the “value chain”) and more efficient (in the vertical direction, referred to as “value added”) operation of all of a country’s value-creating activities for entire industries. Out of the “three sources of value added”, i.e., provision of (1) tangible products, (2) information and (3) amenities, professional services tend to fall under the second source, provision of information. The provision of professional information and the importance of professional services both tend to rise with economic development. In the ASEAN region, which records constantly robust economic advances, the role of professional services is becoming larger year after year.

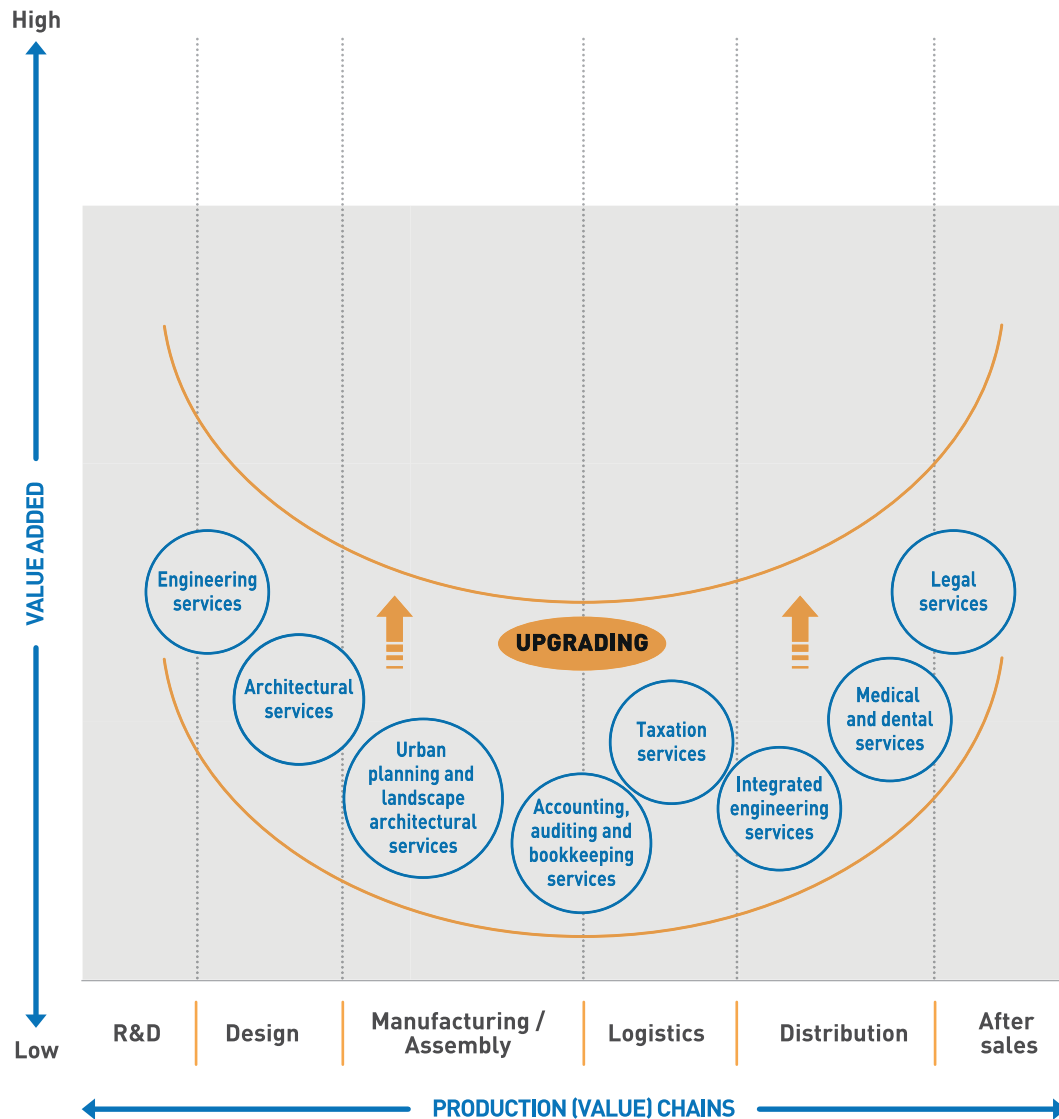
Professional services are subject to market failure due to information asymmetries. The information gap between professional service suppliers and clients tends to create unwanted outcomes such as poor provision of quality professional services and consequent exit by bona fide service suppliers. For instance, overcharging can happen when consumers are not fully aware of the nature of a particular professional service, say, architectural service. Thus, uninformed consumers of architectural services might pay more while not receiving a supply of safe and secure housing (e.g., in terms of earthquake-proof quality). The extent of the information gap is also greater in professional services as proper monitoring is difficult, unlike in relatively low-skilled services, e.g., cleaning services. Government regulation therefore needs to be introduced to prevent such negative outcomes.

At the same time, the market for professional services in ASEAN should embrace further liberalization. Thus, the main objective of regulatory measures for professional services is to pursue efficient value creation while avoiding market malfunctioning.

---

<sup>1</sup> The title of the WTO document is “Services Sectoral Classification List” (MTN.GNS/W/120, released on 10 July, 1991).

Figure 1. Value chains and professional services



Source: AJC.

## II. ASCENDANCY OF PROFESSIONAL SERVICES TRADE

Services supply to foreign markets from ASEAN (exports) and receipts of services from abroad (imports) are both estimated at roughly \$1 trillion, of which professional services supply accounts for 4 per cent (table 1) and professional services receipt for 2 per cent. Like other services, professional services are provided through four modes: through cross-border trade (Mode 1), through consumption abroad (Mode 2), through commercial presence (Mode 3), and through the movement of professional services providers (Mode 4). Provision through Mode 3 is the largest, 1.5 times larger than provision



through Mode 1 (table 1). The supply of professional services through Mode 2 is limited, and the supply through Mode 4 amounts to a negligible share.

Exports of professional services have been growing more rapidly than total services exports in most ASEAN Member States in all of these modes, as shown in table 2; i.e., the export share of professional services has been growing over time.

**Table 1. Estimated value and share of professional services supply in ASEAN, by mode of supply, 2015** (Billions of dollars and per cent)

Mode of supply	Receipts from the world (imports)				Supply to the world (exports)			
	Professional services		Total services		Professional services		Total services	
	Value	Share	Value	Share	Value	Share	Value	Share
Mode 1	14 <sup>a</sup>	33	308	30	14 <sup>a</sup>	61	302	30
Mode 2	5 <sup>b</sup>	12	103	10	6 <sup>b</sup>	26	101	10
Mode 3	22 <sup>c</sup>	51	565	55	2,3 <sup>c</sup>	10	554	55
Mode 4	2 <sup>d</sup>	5	51	5	0,2 <sup>d</sup>	1	50	5
<b>Total</b>	<b>43</b>	<b>101</b>	<b>1 027</b>	<b>100</b>	<b>23</b>	<b>98</b>	<b>1 007</b>	<b>100</b>

Source: AJC based on own estimates, UNCTAD for total services and WTO for the mode shares of total services.

<sup>a</sup> One fifth of "other business services" trade is estimated to be professional services. See note 2 in the text and table 2 note.

<sup>b</sup> One third of Mode 1 as per total services.

<sup>c</sup> See table 5.

<sup>d</sup> One tenth of Mode 3 as per total services.

<sup>e</sup> Medical tourism only in Thailand and Singapore.

## 1. Mode 1: supply through cross-border trade

Data on cross-border trade, which are obtainable only from balance-of-payments statistics, include R&D services and other business services which do not necessarily fall in the category of professional services as defined in the GATS sectoral classification. Knowing that these data are overestimated in both exports and imports, the ASEAN-Japan Centre (AJC) estimated only for professional services (tables 2-3), as follows.<sup>2</sup>

### (a) Exports

Overall, the ASEAN Member States have been increasing their exports of professional services. The share of professional services in both total services and total exports of goods and services has been rising, except in Brunei Darussalam and Thailand, where the shares have fluctuated over the past decade (table 2). In Cambodia, the share of professional services in the total services trade remains rather low. Myanmar's professional service exports have been growing significantly. The Philippines, in contrast – reflecting an economy more focused on professional services (i.e., business offshore

<sup>2</sup> The professional services category is estimated by the AJC – arguably, yet based on accumulated statistical analyses – to account for one fifth of "other business services" as grouped in the balance-of-payments statistics. Non-professional services such as operating leases, trade-related services and distribution services account for the bulk. R&D services are a separate sector, which is addressed in a separate paper of this series of study.

**Table 2. Exports of professional services and its share in total exports of services, and goods and services, 2005-2015** (Millions of dollars and per cent)

Country	Annual average 2005-2010	2011	2012	2013	2014	2015
<b>Professional services export</b>						
Brunei Darussalam	33	42	41	38	39	..
Cambodia	15	26	34	50	50	19
Indonesia	555	1 158	1 548	1 328	1 207	961
Lao People's Democratic Republic	..	..	..	..	..	..
Malaysia	713	1 298	1 533	1 641	1 406	1 138
Myanmar	13	7	34	61	157	..
Philippines	1 405	2 223	2 261	2 642	2 895	3 329
Singapore	3 163	4 798	5 653	6 774	7 290	6 762
Thailand	1 158	1 313	1 507	1 599	1 833	1 785
Viet Nam	15	10	11	52	59	..
<b>ASEAN total</b>	<b>7 070</b>	<b>10 875</b>	<b>12 622</b>	<b>14 186</b>	<b>14 936</b>	<b>13 994</b>
<b>Share in total exports of services</b>						
Brunei Darussalam	4,4	8,4	8,5	7,7	7,0	..
Cambodia	1,0	0,9	1,1	1,4	1,3	0,5
Indonesia	4,0	5,3	6,5	5,8	5,1	4,4
Lao People's Democratic Republic	..	..	..	..	..	..
Malaysia	2,6	3,3	3,8	3,9	3,4	3,3
Myanmar	4,0	0,9	2,7	2,2	3,7	..
Philippines	10,8	11,8	11,1	11,3	11,4	11,8
Singapore	4,2	4,0	4,4	4,8	4,8	4,8
Thailand	4,0	3,2	3,0	2,7	3,3	2,9
Viet Nam	0,3	0,1	0,1	0,5	0,5	..
<b>ASEAN total</b>	<b>4,2</b>	<b>4,3</b>	<b>4,6</b>	<b>4,6</b>	<b>4,7</b>	<b>4,6</b>
<b>Share in total exports of goods and services</b>						
Brunei Darussalam	0,37	0,3	0,3	0,3	0,3	..
Cambodia	0,30	0,3	0,4	0,5	0,4	0,2
Indonesia	0,43	0,5	0,7	0,6	0,6	0,6
Lao People's Democratic Republic	..	..	..	..	..	..
Malaysia	0,36	0,5	0,6	0,7	0,6	0,5
Myanmar	0,23	0,1	0,4	0,5	1,8	..
Philippines	3,15	3,9	3,4	3,9	3,8	4,7
Singapore	0,83	0,9	1,0	1,2	1,2	1,3
Thailand	0,64	0,5	0,5	0,6	0,7	0,7
Viet Nam	0,03	0,01	0,01	0,04	0,04	..
<b>ASEAN total</b>	<b>0,7</b>	<b>0,7</b>	<b>0,8</b>	<b>0,9</b>	<b>1,0</b>	<b>0,9</b>

Source: AJC, based on data from WGSITS (ASEAN Working Group on Statistics of International Trade in Services), IMF, UNCTAD and individual country's balance of payments data.

Note: One-fifth of "other business services", which cover both professional services such as research and development, professional and management consulting and technical services, and non-professional services such as operating leasing, trade-related, distribution services

**Table 3. The slope of the export trend lines of professional services, 2005-2015**

Country	Slope of the trend line (in log)
Brunei Darussalam	0,026
Cambodia	0,102
Indonesia	0,078
Lao People's Democratic Republic	..
Malaysia	0,076
Myanmar	0,713
Philippines	0,150
Singapore	0,150
Thailand	0,092
Viet Nam	0,441
ASEAN average	0,176
<b>(Memorandum)</b>	
China	0,247
Japan	0,126
Korea, Rep. of	0,544
India	0,086

Source: AJC calculation based on various statistical sources.

Note: Natural log trend calculated against year variable.

processing) as an export business – is ranked the second largest in terms of export value, but the largest in terms of its share of both services exports and total exports. Indonesia and Malaysia show somewhat similar traits.

Singapore is the largest exporter among ASEAN Member States, 30-40 times larger than Cambodia, for example. The size of the professional services trade of Singapore is larger than its trade in both computer and related services, and telecommunications services. There are several reasons for this. For example, Singapore attracts a large number of regional headquarters of transnational corporations (TNCs) that are engaged in business and professional services.

With regard to future trends, the export trend line (expressed as a linear regression line) of professional services suggests its future direction (table 3). Myanmar has the highest growth rate (the steepest line), though it started at a low level. In particular, export growth since 2013 has been dramatic, at a pace that is comparable to that of China. This is because Myanmar is now undergoing trade and investment liberalization after its transition to a democratic state over the same time period. Brunei Darussalam and Thailand show a rather slow future growth, if the current trends in those countries continue. Cambodia, Indonesia, Malaysia, the Philippines and Singapore display more or less comparable and moderate levels of growth, close to the ASEAN average and the rate in Japan.

## **(b) Imports**

Four countries – Singapore, Thailand, Malaysia and Indonesia, in that order – have been the large importers in ASEAN. The Philippines' growth in importing professional services has been remarkable, making the country the fifth largest importer in 2015, not far behind Indonesia and Malaysia (table 4). The evolution of imports is very much related to the growth of foreign direct investment (FDI), as imports of these kinds of services are also related to Mode 3 through commercial presence.

**Table 4. Imports of professional services and its share in total imports of services, and goods and services, 2005-2015** (Millions of dollars and per cent)

Country	Annual average 2005-2010	2011	2012	2013	2014	2015
<b>Professional services imports</b>						
Brunei Darussalam	56	63	59	56	57	..
Cambodia	10	13	15	16	27	16
Indonesia	1 076	1 299	1 570	1 534	1 394	1 492
Lao People's Democratic Republic	..	3	1	3	4	2
Malaysia	984	1 506	1 666	1 772	1 679	1 137
Myanmar	39	38	78	73	75	..
Philippines	189	203	330	453	712	1 026
Singapore	3 782	5 837	6 687	8 790	9 331	8 271
Thailand	1 769	2 539	1 997	2 106	2 169	2 191
Viet Nam	36	67	70	164	186	..
<b>ASEAN total</b>	<b>7 941</b>	<b>11 568</b>	<b>12 473</b>	<b>14 967</b>	<b>15 634</b>	<b>14 135</b>
<b>Share in total imports of services</b>						
Brunei Darussalam	4,3	3,5	2,2	2,0	2,6	..
Cambodia	1,2	1,0	1,0	0,9	1,4	0,8
Indonesia	4,4	4,3	4,6	4,4	4,2	4,9
Lao People's Democratic Republic	..	0,9	0,3	0,6	0,8	0,4
Malaysia	3,6	3,9	3,8	3,9	3,7	2,8
Myanmar	6,3	3,5	5,3	3,3	2,9	..
Philippines	2,1	1,6	2,3	2,8	3,4	4,3
Singapore	4,8	4,9	5,2	6,0	6,0	5,8
Thailand	4,7	4,9	3,8	3,8	4,1	4,3
Viet Nam	0,5	0,6	0,6	1,2	1,3	..
<b>ASEAN total</b>	<b>4,8</b>	<b>4,3</b>	<b>4,3</b>	<b>4,7</b>	<b>4,7</b>	<b>4,6</b>
<b>Share in total imports of goods and services</b>						
Brunei Darussalam	1,6	1,1	0,9	0,7	1,0	..
Cambodia	0,2	0,2	0,2	0,1	0,2	0,1
Indonesia	1,0	0,7	0,7	0,7	0,7	0,9
Lao People's Democratic Republic	..	0,1	0,01	0,02	0,02	0,01
Malaysia	0,6	0,7	0,8	0,8	0,8	0,8
Myanmar	1,2	0,4	0,9	0,6	0,5	..
Philippines	0,3	0,3	0,4	0,6	0,8	1,2
Singapore	1,1	1,2	1,3	1,7	1,8	1,9
Thailand	1,1	1,0	0,7	0,8	0,9	1,0
Viet Nam	0,1	0,1	0,1	0,1	0,1	..
<b>ASEAN total</b>	<b>0,9</b>	<b>0,9</b>	<b>0,9</b>	<b>1,0</b>	<b>1,1</b>	<b>1,1</b>

Source: AJC based on data from WGSITS (ASEAN Working Group on Statistics of International Trade in Services), IMF, UNCTAD and individual country's balance of payments data.

Note: One fifth of "other business services", which cover both professional services such as research and development, professional and management consulting and technical services, and non-professional services such as operating leasing, trade-related, distribution services and other business services trade.

Singapore, as the hub for the regional operations of many TNCs, not only deals with exports (to other ASEAN Member States) and imports of professional services but also utilizes them for leveraging inbound overall service investments.<sup>3</sup>



The future growth of professional services trade is related to the international competitiveness of this industry. One measurement of that competitiveness is the export competitiveness index (box 1). This index (as defined in the box) enables an assessment of the country's degree of comparative advantage as revealed in the relative presence of exports and imports within the same sector.

#### Box 1. Export competitiveness index

In order to show the export competitiveness of the ASEAN Member States, the export competitiveness index is calculated. It is defined as  $(\text{export value} - \text{import value}) / (\text{export value} + \text{import value})$  (box table 1). The index values for professional services show that overall, strong competitiveness is observed for the Philippines. Cambodia shows some degree of competitiveness. Myanmar shows signs of significant improvement. The index values for the remaining member states do not show improvements. Judging from the ASEAN-wide export competitiveness index values (all negative, albeit rather close to zero), ASEAN on the whole shows signs of a gradual improvement in the competitiveness of professional services.

Box table 1. Export competitiveness index of professional services in ASEAN, 2005-2015

Country	Annual average, 2005-2010	2011	2012	2013	2014	2015
Brunei Darussalam	-0,26	-0,20	-0,18	-0,20	-0,19	..
Cambodia	0,18	0,31	0,39	0,52	0,30	0,08
Indonesia	-0,32	-0,06	-0,01	-0,07	-0,07	-0,22
Lao People's Democratic Republic	..	..	..	..	..	..
Malaysia	-0,16	-0,07	-0,04	-0,04	-0,09	-0,13
Myanmar	-0,42	-0,70	-0,40	-0,08	0,35	..
Philippines	0,77	0,83	0,75	0,71	0,61	0,53
Singapore	-0,09	-0,10	-0,08	-0,13	-0,12	-0,10
Thailand	-0,19	-0,32	-0,14	-0,14	-0,08	-0,10
Viet Nam	..	..	..	..	..	..
ASEAN total	-0,06	-0,04	0,04	0,07	0,09	0,01

Source: AJC based on data from WGSITS, IMF, UNCTAD and individual countries' balance-of-payments data.

Note: See note in tables 2 and 4.

<sup>3</sup> Singapore's Economic Development Board (EDB) views the country as a "Home for Business" against this background: "As manufacturing and service capacity shifts to Asia, coupled with the influx of engineering talent, companies increasingly turn their focus to Asia" (EDB homepage, <https://www.edb.gov.sg/content/edb/en/why->).

The supply of professional services (e.g., legal services and accounting services) through Mode 1 is growing with the advancement of information technology. In this mode technical feasibility is an important consideration, as trade through the internet is increasingly becoming feasible.

In Mode 1, by definition, commercial presence is not involved. This might pose a problem, as the supply of professional services sometimes requires face-to-face communications. Also, it is usually not feasible to stock such services, as their supply and consumption usually take place at the same time. For these reasons, Mode 1 (cross-border trade) and Mode 3 (supply of services through commercial presence) are complementary in the development of the host country's market in professional services.

Since the supply of professional services is predominantly undertaken in Mode 3 (table 1 and discussion below), cross-border trading alone underestimates the role of professional services in the ASEAN region.

## 2. Mode 2: supply through consumption abroad

In Mode 2 (consumption abroad), consumers move to the country in which the service at issue is supplied. Despite the absence of official statistics for Mode 2, this mode has a large presence: for instance, (outside of professional services, just by way of illustration), a large number of tourists move across ASEAN Member States as well as elsewhere, paying for foreign hotel and restaurant services; this is the "import" of these services in Mode 2. When they purchase electric home appliances at a foreign retailer, that is also trade in Mode 2. However, there are no official statistics available on these.

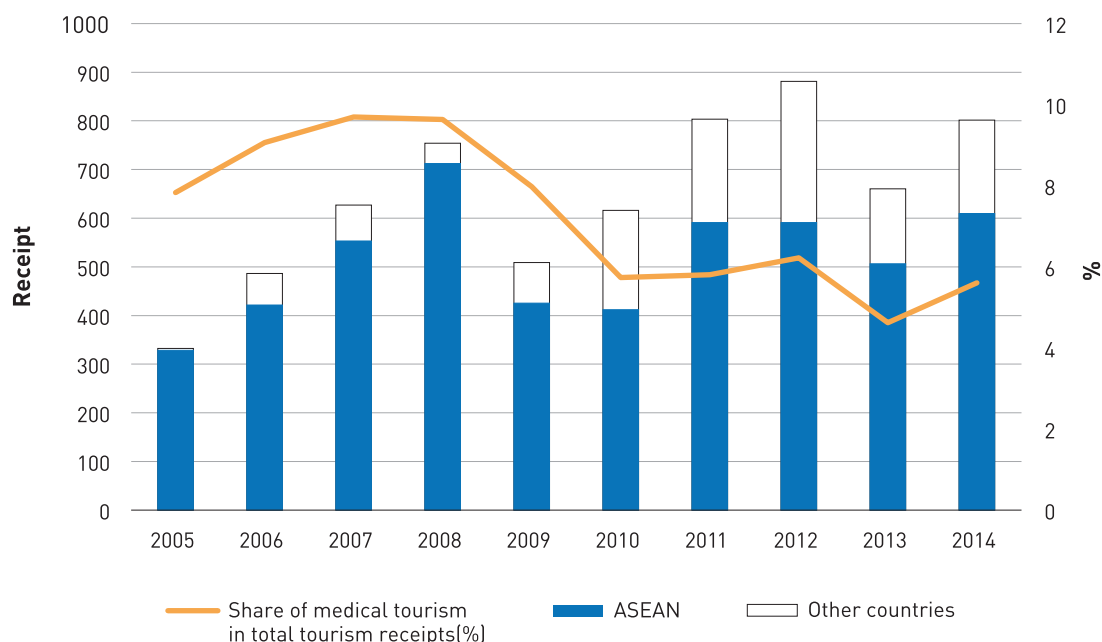
In professional services, patients move to a country in which they can access a supply of medical services (medical tourism). This is also trade in services in Mode 2. Singapore and Thailand illustrate this medical tourism well: in Singapore this sector, with \$800 million in receipts in 2014, accounts for 5–6 per cent of total tourism receipts, and four fifths of such tourism comes from ASEAN Member States (figure 2). In Thailand, the largest recipient of medical tourism among ASEAN Member States, in 2015, 2.81 million foreign medical tourists spent \$4.7 billion, nearly equivalent to 2.5 times all professional services exports. If four fifths of them were from ASEAN (as per figure 2), they would spend \$3.8 billion.

According to the report by Visa and Oxford Economics, 3–4 per cent of the world population crosses borders to get health care and health-related treatment. Applying this share to the ASEAN market suggests that some 20 million ASEAN residents go abroad for medical tourism. In a country's balance of payments, all medical tourism receipts are included in the tourism account (not in the "other services" account from which professional services are estimated).

## 3. Mode 3: supply through commercial presence

When the export competitiveness index (based on Mode 1, i.e., cross-border supply of services) is combined with the concept of a global value chain (GVC), (focused more on Mode 3, i.e., commercial presence) in professional services, a larger presence of Mode 3–based trade is expected to sustain, or promote, Mode 1–based trade. Indeed, the value chains of professional services in Mode 1 and Mode 3 reinforce each other. A concrete example concerns Cambodia: under the AFAS (9<sup>th</sup> package), the country's specific commitment in the Mode 1 section of "Accounting, auditing, bookkeeping" states "no limitation", other than that the supplier must have a commercial presence in Cambodia for auditing services. The supply of professional services (including the auditing services) requires face-to-face communications, thereby sometimes necessitating Mode 3–based service.

Figure 2. Receipts of medical tourism in Singapore 2005–2014  
(Millions of dollars and per cent)



Source: Singapore Tourism Board (STB), market research and statistical report.

Sales of foreign affiliates providing professional services are estimated (box 2 and table 5). Although the sales value directly provided by foreign affiliates is significantly underestimated, the provision of foreign affiliates in ASEAN (receipts from abroad) is much larger than the provision of ASEAN affiliates abroad (supply to the world) (table 5).

### (a) Foreign presence in ASEAN

Singapore, the Philippines, Thailand and Malaysia, in that order, host a large number of foreign affiliates who supply professional services, whereas Brunei Darussalam, Cambodia, the Lao People's Democratic Republic, Myanmar and Indonesia are small ones, with Viet Nam being in the middle. Being domestic market-oriented and aimed at enhancing the productivity of products (figure 1), professional services typically go in tandem with technological advancement. Therefore, as in the cross-border supply (Mode 1), the following can be observed:

- Reflecting the dominance of oil and gas sector in the economy and the lesser diversification of its economy, Brunei Darussalam has received little provision of professional services. Only five foreign affiliates are identified.
- Cambodia's low level of technology activities, which are clustered in textiles and clothing and in agriculture products, limit the number of professional services affiliates to fewer than 10 – despite the completely free movement of foreign investment.
- Indonesia's low level of receipt of professional services reflects the economic structure of the country, which is geared to a more resource-based economy, although the government is making considerable efforts to move to more value added activities.

### Box 2. How to estimate services supply through Mode 3

Almost none of the developing countries compile foreign affiliate statistics (FATS). The ASEAN countries are no exception. Therefore, the supply of professional services through commercial presence is estimated from the sales of foreign affiliates engaged in such services. The AJC estimated this figure as follows:

- (1) Identify the foreign affiliates in each country by examining the lists of foreign companies compiled from various sources, including Toyo Keizai's database for Japanese affiliates in ASEAN, Orbis and Who Owns Who databases for non-Japanese foreign affiliates in ASEAN, and individual foreign investment cases from the Thomson One and Financial Times' fDiMarkets databases.
- (2) Many of those identified foreign affiliates do not provide sales data. Therefore, the ratio of sales to firm size is calculated on the basis of the affiliates that do provide information on both sales and firm size (i.e., capital size, asset size or investment size). This ratio is applied to affiliates for which there are at least firm-size data, but not sales data, to use in estimating sales.
- (3) There are still some affiliates for which estimates of sales were not possible. These affiliates are not included in the calculation, under the assumption that they are small and do not affect the totality.

In the case of sales by ASEAN affiliates abroad, the same estimation procedure is applied. In both estimates (supply of services by foreign affiliates in ASEAN and supply of services by ASEAN affiliates abroad), the AJC's estimates tend to be underestimates because they include only those which are identified and only those whose main business is professional services. Companies whose main business is not professional services can provide such services. However, in the calculation of Mode 3, supply by this type of firm is not covered.

**Table 5. Mode 3: Estimates sales of professional services through foreign presence, 2015** (Millions of dollars)

Country	Receipts from abroad		Supply to the world	
	Number of foreign entities	Estimated sales	Number of ASEAN entities abroad	Estimated sales
Brunei Darussalam	5	44	0	0
Cambodia	9	43	7	71
Indonesia	70	235	11	79
Lao People's Democratic Republic	7	54	0	0
Malaysia	111	2 877	47	273
Myanmar	35	269	0	0
Philippines	124	6 266	11	332
Singapore	357	8 554	152	1 316
Thailand	103	3 283	34	237
Viet Nam	72	731	10	40
<b>ASEAN total</b>	<b>893</b>	<b>22 358</b>	<b>272</b>	<b>2 346</b>

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters, Orbis and fDiMarkets.  
Note: for estimates sales, see the estimation procedure in the main text.



- In the Lao People’s Democratic Republic, the foreign provision of professional services through commercial presence is limited.
- In Malaysia, big companies from around the world such as Technip Geoproduction (France), Salini Malaysia (Italy), Frost & Sullivan (United States) and Pasona HR Malaysia (Japan) operate, in addition to small professional services companies.
- Myanmar is emerging in the professional services sector, though the sales value of its services is still limited.
- The Philippines is home to the second largest professional services sector established by foreign firms in ASEAN. This high performance is partly due to the deliberate government encouragement promoting this sector (as well as the information technology sector).
- Singapore is far ahead of other ASEAN Member States in receiving professional services supply as it has the largest number of foreign firms with a presence in the country. More than 350 foreign affiliates provide such services in Singapore (table 5).
- Although there are a number of value chains already established in Thailand, particularly in the automotive sector, the foreign presence of professional services firms is somewhat smaller than in the Philippines.
- Viet Nam’s relatively high position among ASEAN Member States suggests that the country is rapidly moving to a higher level of economic activities through FDI.

By source country, out of some 900 foreign affiliates identified (856 for which the source country is available), three quarters originated in developed countries, accounting for 85 per cent of total estimated sales in ASEAN (table 6). There are only 117 Japanese affiliates owned by firms such as Forval Corporation, Pasona Group, Kajima Corporation, Takenaka Corporation, Koei, Nishimura & Asahi, Mori Hamada and Matsumoto Law, Hakuhold Consulting and others (For selected companies, see annex C). The presence of Chinese and Korean firms is still small, smaller than that of Indian firms in this particular services subsector (table 6). Less than one fifth of those affiliates originated in ASEAN.

**Table 6. Foreign affiliates in ASEAN and ASEAN affiliates abroad in professional services, by source and destination country (Number and millions of dollars)**

Source and Destination	Number of affiliates Estimated sales	Foreign affiliates in ASEAN		ASEAN affiliates abroad	
		Number of affiliates	Estimated sales		
Developed countries	United States	212	4 317	16	28
	Europe	258	6 908	20	267
	Japan	117	4 510	2	-
	Others	56	309	24	311
	Subtotal	643	16 045	62	606
Developing countries	ASEAN <sup>a</sup>	149	1 299	143	956
	China	15	201	22	227
	Korea, Rep. of	10	81	2	12
	India	26	685	22	111
	Asia	200	2 266	189	1 306
	Others <sup>b</sup>	13	593	6	11
	Subtotal	213	2 859	195	1 317
World		856	18 904	257	1 923

## (b) ASEAN presence abroad

The scale and coverage of professional services provided by ASEAN firms abroad are quite small, with only one tenth of the sales in ASEAN of foreign professional services firms (table 4). The AJC could identify about 270 firms (257 for which a destination country is available) established abroad by ASEAN firms. More than half of these ASEAN firms are Singaporean. For ASEAN firms, ASEAN is the largest host region, accounting for 55 per cent of all of those firms' foreign affiliates. As with manufacturing investment from ASEAN, the intraregional presence in this services sector is large. The presence of such affiliates in developed countries is one quarter the number of affiliates established abroad and 31 per cent of total estimated sales abroad (table 5).

Large companies include TT International Limited (Singapore), Asia Outsourcing Gamma Ltd. (Philippines) and Navis Investment Partners (Asia) Ltd. (Malaysia) (for some large affiliates established by ASEAN firms, see annex D). For instance, Asia Outsourcing Gamma Ltd (formerly SPi Global), with over 18,000 employees, is the business process outsourcing provider, with 30 offices and facilities around the world, including the United States, the Netherlands, India, Viet Nam and Australia, in addition to its home country, the Philippines.

In Japan only two ASEAN firms were identified, both of which were established by the same Singaporean firm, Kingsmen Creatives Ltd: they are Kingsmen Architects and Design Ltd. and Kingsmen Projects Japan Ltd.

## 4. Mode 4: supply through movements of natural persons

Mode 4-based trade in professional services would have complementary as well as substitutionary linkages with Mode 1-based supply of professional services, simultaneously: for instance, ASEAN professional service providers (as natural persons) would most probably contact their clients in Mode 1 (i.e., by email). The ASEAN professionals might also be affiliated with the local subsidiary companies (i.e., their service provision in Mode 4 would be linked with Mode 3). In essence, the GATS-style classification into four modes might in this sense be a bit "outdated", considering the actually observed, multimodal supply of professional services

Whereas in Mode 2 medical tourism is the main activity, there is almost no movement of professional health services as this sector is closed to liberalization under AFAS (table 8). In other professional areas, on an ad hoc basis – for example, at the time of natural disasters – the movement of rescue teams comprising medical experts, other health experts and disaster-coordinating experts is also considered as falling under this mode. Generally speaking, however, the supply of professional services through Mode 4 is limited and estimated at \$2 billion – one tenth the size of Mode 3 (table 1).

# III. TRADE AGREEMENTS AND REGULATIONS AMONG AND WITHIN THE ASEAN MEMBER STATES

## 1. ASEAN Framework Agreement on Services (AFAS)

The main objective of trade in services in ASEAN is to broaden and deepen services integration within ASEAN, and facilitate its integration into global value chains, thereby enhancing the competitiveness of ASEAN Member States in services. The ASEAN Framework Agreement on Services (AFAS) is currently the main ASEAN-wide service liberalization agreement. Under it, ASEAN made deeper

and broader commitments than in other free trade agreements such as that of ASEAN with its six dialogue partners [i.e., Australia, China, India, Japan, Korea and New Zealand]. The AFAS has a modality of progressive liberalization through successive “packages”. This study series focuses on the ninth AFAS package,<sup>4</sup> which was agreed upon and signed in November 2015. The AFAS is in line with the GATS in terms of the sectoral classification and the “positive list” style (i.e., listing those service sectors to which the Agreement applies). In each package, the ASEAN Member States submit several types of restrictions in their AFAS schedules of specific commitments. Analyzing those restrictive measures listed in the ASEAN Member States’ commitments for market openings is helpful for assessing the status of their liberalization of their market in services trade.

GATS Article XVI, Market Access, in subparagraph 2, defines the following six types of limitations which a WTO member shall not maintain or adopt unless otherwise specified in its schedule of commitments (and this categorization is applicable to the AFAS packages):

- A: limitations on the number of service suppliers, whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;
- B: limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement for an economic needs test;
- C: limitations on the total number of service operations or on the total quantity of service output, expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;<sup>5</sup>
- D: limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;
- E: measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and
- F: limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment.

Under the AFAS, the restriction types A, B and C are not used by the ASEAN Member States in the sector “Professional Services”. In addition to these six types of market-access restrictions, the following two restrictions are observed:

- G: Government approval requirement; and
- H: Tax or fee payment requirement.

Counting of each type of restrictions by country produces the following observations.<sup>6</sup> Note that the total number of entries for Professional Services is 66: 11 subsectors each with three modes, and for each mode two options, market access and national treatment. The upper limit of foreign capital participation under “Professional Services” is also counted in the parentheses following the symbol (F) (limitations on the participation of foreign capital).

Overall, the share of N (none, or no limitation) seems to be rather high as compared with the total number of entries (66) (table 7). For the Philippines, the total number of N (70) exceeds that for the total number of entry, and this is because some subsectors are further divided into “sub-subsectors”.

<sup>4</sup> The tenth AFAS package is being negotiated but was not yet ratified as of this writing.

<sup>5</sup> “Subparagraph 2(c) does not cover measures of a Member which limit inputs for the supply of services” (GATS Article XVI).

<sup>6</sup> For further details by sector, refer to annex B.

Table 7. Current status of restrictions in professional services by subsector

Country	N = None/ No limitation	D = limitations on the total number of natural persons	E = measures which restrict or require specific types of legal entity	F = limitations on the participation of foreign capital	G = government approval requirement	H = Tax or fee payment requirement
Brunei Darussalam	27	6	3	4 (51%:2 55%:1 70%:1)	3	0
Cambodia	35	0	1	0	0	0
Indonesia	43	0	14	7 (51%:7)	1	1
Lao People's Democratic Republic	37	1	2	2 (49%:1 2/3:1)	0	0
Malaysia	54	0	6	6 (30%:3 40%:1 51%:1 70%:1)	2	0
Myanmar	23	0	11	2 (70%:2)	0	1
Philippines <sup>a</sup>	70	7	9	2 (70%:2)	2	0
Singapore	52	2	2	0	0	0
Thailand	59	3	14	11 (49%:2 70%:9)	9	0
Viet Nam	33	1	2	0	1	0

Source: AJC based on the AFAS 9<sup>th</sup> package and Appendix B of this study.

Note: Figures do not add to 66 due to duplicate assignment of symbols and/or country-specific division of subsectors in to "sub-subsectors". The rest of the entries are "unbound" (that is, no mention or no promise of liberalization).

<sup>a</sup> Eleven Subsectors are further divided.

As for D (limitations on the total number of natural persons), the number is meagre. For E (measures which restrict or require specific types of legal entity), the number is a bit larger than that of D. For F (limitations on the participation of foreign capital), close observation of the specific commitment tables (attached in annex B) reveals the dominance of joint venture requirement. Also notable is the fact that the upper limit for capital participation varies across ASEAN Member States, with Thailand using this means of market restriction most frequently in the professional services. In terms of G (government approval requirement), Thailand again seems to be a frequent user. As for H (tax or fee payment requirement), Indonesia and Myanmar have such restrictions.

## 2. Status of liberalization and restrictions

Table 8 shows the existence of commitments to either "no limitation" or "limited" commitment by country and by subsector under the AFAS (9<sup>th</sup> package). No country has commitments to all sectors under professional services. However, all the ASEAN Member States have commitments in "d. Architectural services" and "e. Engineering services". These reflect the need for infrastructural development in all the ASEAN Member States. In contrast, no ASEAN Member State is committed to "h. Medical and dental services"; and Brunei Darussalam is the only country committed to "i. Veterinary services". No country is committed to "j. Services provided by midwives, nurses, physiotherapists and paramedical personnel". These reveal the large degree of sensitivity of medical-related services.

Table 8. Existence of commitments under the AFAS (9<sup>th</sup> package)

Country	a. Legal services	b. Accounting, auditing and bookkeeping services	c. Taxation services	d. Architectural services	e. Engineering services	f. Integrated engineering services	g. Urban planning and landscape architectural services	h. Medical and dental services	i. Veterinary services	j. Services provided by midwives, nurses, physiotherapists and paramedical personnel	k. Other
Brunei Darussalam	*	*		*	*	*	*		*		
Cambodia	*			*	*	*	*				
Indonesia	*			*	*	*					
Lao People's Democratic Republic	*	*	*	*	*	*	*				
Malaysia	*		*	*	*	*	*				
Myanmar				*	*	*	*				
Philippines			*	*	*						
Singapore	*	*	*	*	*	*	*	*	*	*	
Thailand	*	*	*	*	*		*				
Viet Nam	*		*	*	*	*	*				

Source: AJC, based on the specific commitment tables (Annex B).

Note: \* shows that the subsector is committed (in the form of either "no limitation" or "limited" commitment).

In terms of mode, Mode 1 (cross-border supply of services) and Mode 2 (consumption abroad) are rather open. In Mode 3 (supply of services through establishing commercial presence), restrictions on ownership, organization and business practices are the focus areas of regulation under the AFAS. Mode 4 (movement of natural persons) is the least open, owing to public concerns for securing domestic workers' employment opportunities.

Although it may be incomplete, the Hoekman Index<sup>7</sup> is a useful tool for measuring the degree of liberalization in a summarized fashion (table 9). The Index of AFAS (9<sup>th</sup> package, for Modes 1, 2 and 3) and AMNP commitments (for Mode 4) under "01 Professional services" reveals the following:

- Regarding Mode 1, the ASEAN average is 0.68, and the value is above 0.50, indicating that there are a large number of subsectors with "no limitations".
- On Mode 2, the ASEAN average is 0.72 (the highest, or the most liberalized, among the four modes). In other words, this mode is most liberalized, ranging from 0.55 for Cambodia to 0.98 for Malaysia.
- Concerning Mode 3, the ASEAN average is 0.55, slightly above the value of 0.50, which implies that the sector is restricted, compared with other modes.

<sup>7</sup> Hoekman (1995) proposes an indexation method for measuring the GATS-style degree of commitment in the services sector. This method assigns values to each of eight cells (four modes and two aspects – market access (MA) or national treatment (NT)), as follows: first, assign the value 1 when the sector at issue is "fully liberalized"; 0.5 when "limited (but bound)"; 0 when "unbound" (i.e., the government has not committed to liberalize) by subsector, by mode and by aspect (market access or national treatment), and take the simple average for aggregation; then calculate the average value by services sector and by country. The higher the figure, the more liberal the country's service trade commitments are to the FTA members. Using the database, we construct, the "Hoekman Index" is derived for each of the 155 subsectors. Then the simple average at the level of the 11 sectors is calculated. The Hoekman Index takes the value between 0 and 1, with 0 referring to the most restricted status and 1 being the most open situation.

**Table 9. Hoekman Index of AFAS (9<sup>th</sup> package, signed in November 2015) and AMNP (signed in November 2012) commitments for professional services**

Country	Mode 1 under AFAS [9 <sup>th</sup> package]	Mode 2 under AFAS [9 <sup>th</sup> package]	Mode 3 under AFAS [9 <sup>th</sup> package]	Mode 4 under AMNP	AMNP Total (as a reference)
Brunei Darussalam	0,59	0,59	0,39	0,49	0,50
Cambodia	0,55	0,55	0,52	0,50	0,49
Indonesia	0,91	0,91	0,48	0,21	0,39
Lao People's Democratic Republic	0,64	0,64	0,50	0,30	0,32
Malaysia	0,89	0,98	0,77	0,45	0,39
Myanmar	0,50	0,55	0,27	0,23	0,18
Philippines	0,64	0,64	0,48	0,35	0,34
Singapore	0,89	0,91	0,89	0,50	0,50
Thailand	0,68	0,91	0,68	0,26	0,30
Viet Nam	0,55	0,55	0,48	0,30	0,40
<b>Average</b>	<b>0,68</b>	<b>0,72</b>	<b>0,55</b>	<b>0,36</b>	<b>0,38</b>

Source: AJC, calculated from the specific commitment tables of the AFAS (9<sup>th</sup> package) and the text of the AMNP.

- As for Mode 4, the ASEAN average is 0.36 (the lowest, or the least liberalized figure among the four modes), yet all the ASEAN Member States' commitments are equal to or less than 0.50, revealing that all the subsectors in Mode 4 are basically under restriction.<sup>8</sup>

### (a) Mode 1

In Mode 1, no limitation (denoted "None" in the specific commitments) is dominant. However, the coverage of sectors is limited; hence the Index scores are somewhat lower than 1.0 overall (with the exception of Indonesia, Malaysia and Singapore), with Myanmar recording the lowest value (0.50). (Table 9 reveals the narrow coverage of subsectors in professional services by Myanmar.)

### (b) Mode 2

No limitation is dominant in Mode 2. This is because the supply of services is made in the jurisdiction of a foreign state, thereby making regulation of foreign suppliers infeasible (and consumers are merely happy to be able to receive the supply of services).

### (c) Mode 3

The AEC Blue Print 2025 aims to "[e]nhance mechanisms to attract foreign direct investment (FDI) in the services sectors, including but not limited to foreign equity participation to support GVC activities" (para. 13, ii). It is therefore imperative to secure smooth inflows and outflows of FDI for the growth of ASEAN.

<sup>8</sup> Another observation is that in more than half of the ASEAN Member States, the Hoekman Index scores in professional services are lower than the total average. The underlying factor is that the market for professional services is linked directly to the domestic labor market and hence rather sensitive for fear of endangering the domestic professional services sector.

A large majority of the restrictions under the AFAS relate to measures affecting market access in Mode 3.<sup>9</sup> One thing to note is that FDI in Mode 3 is facilitated when pro-Mode 3 policy is actually implemented, under the restrictions: i.e., there is a mismatch between actual policy and AFAS-related policy. TNCs undertake FDI at their own initiative, driven primarily by consideration for actual policy. The policy space (the difference between the actual policy and the AFAS policy) that host countries wish to retain can then be an unnecessary barrier for those profit-maximizing TNCs.

In professional services, establishing a commercial presence in the form of a joint venture or in partnership with local service suppliers is the dominant style of allowing for market entry by foreign professionals. The actual AFAS (9<sup>th</sup> package) limitations are described in box 3 and annex B.<sup>10</sup> Which one – actual restrictions or the AFAS – is more regulated is an open question, since the way actual policy is stipulated is not aligned with AFAS-based policy.

#### (d) Mode 4

In terms of Mode 4 (supply of services through movement of natural persons as suppliers), the ASEAN Agreement on the Movement of Natural Persons (AMNP<sup>11</sup>), while being an independent Mode 4 services agreement, is virtually the central agreement concerning ASEAN-wide trade in services through Mode 4.

Article 1 (Objectives) of the AMNP stipulates that the agreement is to facilitate the movement of natural persons “engaged in the conduct of trade: in goods, trade in services and investment”. The “investment” here can potentially include those for manufacturing sectors, yet the agreement does not cover non-services sectors (Fukunaga 2015).<sup>12</sup> The AMNP covers all the services sectors (unlike the AFAS, which has separate packages for financial services and air transport services). Much like the AFAS, the AMNP follows the GATS classifications (MTN.GNS/W/120), and it also adopts the GATS-like positive-list approach.

<sup>9</sup> The ASEAN Comprehensive Investment Agreement (ACIA) also relates to Mode 3 of trade in services, however, it covers “services related to agriculture and/or manufacturing” and does not directly relate to the category of professional services in a narrow sense.

<sup>10</sup> In terms of legal services, UNCTAD (2004: 112) states that legal services are skill-oriented and highly host-country-specific, since “[e]ach country has its own legal code under which firms operate. Superimposed on these written legal codes are a country’s values, culture and benefits. Given the complexities of these features, law firms seldom set up greenfield affiliates, preferring to form partnerships or engage in cross-border M&As. Indeed, M&A activity in this profession has steadily risen in recent years, with most M&As carried out between European and North American firms.” As for accounting services, UNCTAD (2004: 110) states: “[t]he mode of expansion of accounting firms abroad relies largely on non-equity forms of investment. It has been determined to a great extent by the specific nature of the industry, including, in particular, its legal features, and by national regulatory constraints. In many parts of the world, regulatory authorities grant the right to practice government accountancy services only to national firms in which locally recognized professionals have 51 to 100 per cent ownership and management control.” These sector-specific characters should be taken into account in making policy for professional services.

<sup>11</sup> The AMNP was signed on 19 November 2012.

<sup>12</sup> On the other hand, the ASEAN Comprehensive Investment Agreement (ACIA) covers pre- and post-investment for both services and non-services (applicable to executives, managers and members of the board of directors). The ACIA entered into force on March 29, 2012, with the aim of creating a free and open investment environment through the consolidation and expansion of existing agreements between the ASEAN Member States. Some service sectors, most notably, “incidental to manufacturing” are covered in the ACIA. However, the relationship between the AMNP and the ACIA is not clear, despite the existence of Article 12 under the AMNP (Relationship with ACIA) which states: “[Paragraph 1.] This Agreement does not apply to measures adopted or maintained by each Member State to the extent that they are covered by the ASEAN Comprehensive Investment Agreement (ACIA). [Paragraph 2.] Notwithstanding paragraph 1 of this Article, this Agreement shall apply, mutatis mutandis, to measures adopted or maintained under Article 22 of the ACIA [Entry, Temporary Stay and Work of Investors and Key Personnel] affecting the movement of natural persons of a Member State in the territory of any one of the other Member States.”

### Box 3. Examples of actual restrictions in Mode 3

**Brunei Darussalam** (in legal services): In partnership with a Brunei Darussalam advocate and solicitor established in Brunei Darussalam.

**Cambodia** (legal services): In commercial association with Cambodian law firms and may not directly represent clients in courts.

**Indonesia** (accounting, auditing and bookkeeping services): Joint venture with foreign equity participation up to 51 per cent.

**Lao People's Democratic Republic** (legal services, excluding some business areas; see annex B): foreign equity participation limited to 49 per cent.

**Malaysia** (engineering services): For multidisciplinary practices (architecture, engineering and/or quantity surveying), foreign equity up to a maximum of 30 per cent for joint ventures by professionals who are registered in the country of origin. Foreign directorship is not allowed.

**Myanmar** (accounting, auditing and bookkeeping services): Joint venture or partnership with Myanmar locally registered public accountants is encouraged after fulfilling the requirements prescribed by the Foreign Investment Law, provided that the foreign counterpart is qualified and duly registered as a practicing public accountant in his/her country. Up to 70 per cent foreign equity participation is permitted.

**Philippines** (engineering services): Licensed professional electrical engineers may, among themselves, form a partnership and/or association and collectively render electrical engineering service, provided that individual members of such partnerships and/or associations are responsible for their own respective acts.

**Singapore** (financial auditing services): Public accountants must be ordinarily resident in Singapore, or at least one of the partners of the firm must be ordinarily resident in Singapore.

**Thailand** (architectural services): Commercial presence is permitted either in the form of a limited liability company or limited partnership or registered ordinary partnership whose head office is registered in Thailand.

**Viet Nam** (legal services, excluding some business areas; see annex B): Foreign lawyers organizations are permitted to establish commercial presence in Viet Nam in the following forms: a) branches of foreign lawyers organizations; b) subsidiaries of foreign lawyers organizations; c) foreign law firms; d) partnerships between foreign lawyers organizations and Viet Nam's law partnerships.

The AMNP does not allow migrant workers. Most ASEAN Member States commit to categories "a" (business visitors) and "b" (intra-corporate transferees), but do not commit to categories "c" (contractual service suppliers) and "d" (others). Brunei Darussalam, Myanmar and Singapore are committed only to "b". Table 10 lists the number of sectors committed to under the AMNP by the ASEAN Member States. As shown, the total numbers of subsectors committed to vary across the countries (out of the maximum of 154).

Table 11 provides the initial length of temporary entry under the AMNP (for business visitors and intra-corporate transferees). As shown, there are also significant cross-country and cross-sectoral variations in terms of the initial length of temporary entry.



**Table 10. Number of committed sectors under the AMNP (signed on 19 November 2012) by ASEAN Member States**

Country	Number of committed sectors in "professional services" category (11 total number of subsectors)	Number of committed sectors in all services sectors (154 total number of subsectors)
Brunei Darussalam	11	153
Cambodia	11	152
Indonesia	9	69
Lao People's Democratic Republic	7	105
Malaysia	10	107
Myanmar	4	59
Philippines	7	91
Singapore	11	153
Thailand	5	83
Viet Nam	10	107

Source: AJC based on the AMNP's text.

Note: There are 154 WTO-defined subsectors; of these, 11 relate to "professional services".

**Table 11. Initial length of temporary entry under the AMNP (signed on 19 November 2012) for business visitors and intracorporate transferees**

	Brunei Darussalam	Cambodia	Indonesia	Lao People's Democratic Republic	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam
Initial length of stay (most frequently observed one) for business visitors	N/A	30 days	60 days	30 days	90 days	N/A	59 days	N/A	90 days	90 days
Initial length of stay (most frequently observed one) for intracorporate transferees	3 years	2 years	2 years	6 months	10 years	1 year	1 year	2 years	1 year	3 years

Source: AJC based on the AMNP's text.

## IV. IMPACTS OF FURTHER LIBERALIZATION OF PROFESSIONAL SERVICES ON ECONOMY

### 1. General impacts

In terms of the availability and affordability of services, competition among foreign and domestic suppliers will, in the long run, lead to a positive outcome: the quality of professional services can be enhanced vis-à-vis their price levels due to competitive pressure. Although the necessity of prudential regulation for consumer protection to mitigate information asymmetries should be well recognized, liberalizing the market for professional services would basically secure the availability and affordability of those services.

The role of professional services in the economy is an important consideration when liberalizing and promoting this service sector. The input-output table and its analysis provide useful information, in particular on the “multiplier effect” in which the direct impact of FDI activities (in terms of demand creation as well as production creation) also brings about indirect positive impacts upon the host country.

In the case of health and social work – one of the professional services areas – the indirect impact should be taken note of (figure 3); and the production multiplier for these industries has been increasing in some ASEAN Member States. And the value-added rate (defined as value added divided by total outputs in the input-output table) in this subsector is in the range of 0.3 to 0.7, indicating that the professional services sector is very profitable once established, given that the average for all the industries is 0.4. As it stands, a relatively small volume of trade is being done among the ASEAN Member States in professional services. Given the importance of GVCs in this sector, an enhanced level of intra-ASEAN linkages will be needed in professional services.

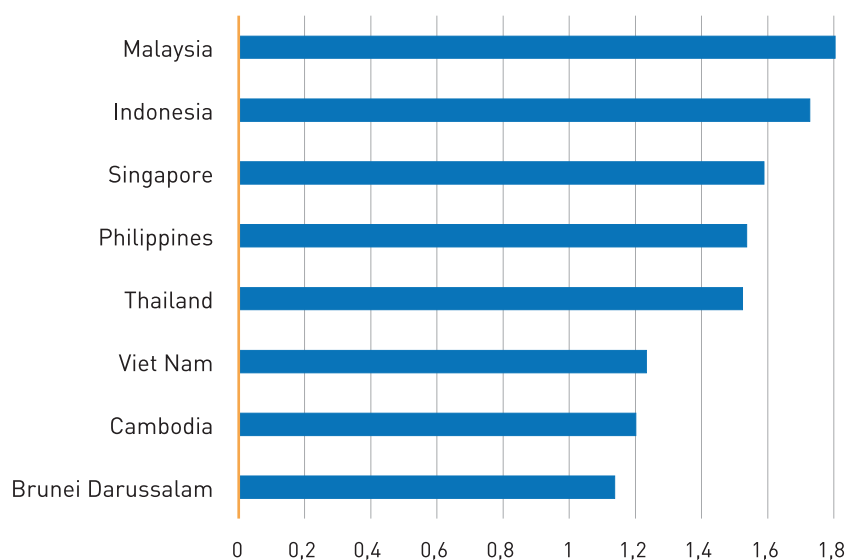
As mentioned in the previous section, the AFAS emphasizes partnership between domestic and foreign suppliers of professional services. This translates into skills and technology transfer to and from foreign service suppliers. Restructuring of acquired firms would also be facilitated by opening up the market for professional services. Then potential crowding out of domestic companies would be mitigated. There would also be indirect impacts, including the introduction of international accounting standards, especially in accounting-related professional services.

As for negative impacts, adverse effects on the environment would not be a concern as the supply of professional services does not require large-scale physical facilities that might lead to environmental degradation.<sup>13</sup>

Considering that Mode 4 is separated from the AFAS packages, there could be less momentum for further liberalization in Mode 4. However, AMNP (Mode 4) commitment is positively correlated with AFAS Mode 3 commitments (the associated correlation coefficient is 0.41, based on table 9). This implies that the benefit from market opening in Mode 3 and Mode 4 is sometimes mutually reinforcing, since the office-based supply of services (Mode 3) often requires Mode 4 inputs from external professionals. Concerted efforts should therefore be made to avoid a market-stagnant situation.

<sup>13</sup> There would, however be social impacts, which touch on local cultural values; although this aspect is beyond the purview of this report, it should also be monitored and addressed under the current ASEAN Socio-Cultural Community (ASCC).

Figure 3. Multiplier effects of “health and social work” (one of professional services) in ASEAN, 2011



Source: OECD Input-Output tables, inverse matrix.

Note: Data for Lao People’s Democratic Republic and Myanmar are not available. Inverse matrix coefficients of input-output tables indicate how much increase in production of the whole economy is generated by one unit increase in production of the industry in question.

The liberalization of the services sector in Mode 4 focuses on promoting the flow of skilled labor through the establishment of Mutual Recognition Agreements (MRAs). As for professional services, they are very relevant. Those regional MRAs could spill over into the multilateral sphere, thus officially ensuring the impact of mutually recognizing professional certifications.

In professional services, however, actual domestic regulations are not aligned with the MRAs in ASEAN: Although ASEAN Member States have agreed on mutual recognition arrangements for several professional activities, as mentioned above<sup>14</sup> (at the regional level, not at the multilateral level), their alignment with actual policy seems to be hampered by the lack of enforcement measures (ASEAN and the World Bank, 2015). In concrete terms, the deregulation of nationality and licensing requirements would be desirable. Also, qualification and certification requirements, together with rules on skilled workers’ entry, need to be simplified to ensure smoother movement of professional service suppliers.<sup>15</sup> ASEAN-wide cooperation is needed to make this happen.

<sup>14</sup> The MRA in engineering services was signed (in 2005), nursing services (in 2006), architectural services (in 2007), surveying qualifications (in 2007), medical practitioners (in 2009), dental practitioners (in 2009), tourism professional (in 2012) and accountancy (originally agreed upon in 2009 and revised in 2014).

<sup>15</sup> Migration Policy Institute (<http://www.migrationpolicy.org/article/rapid-growth-singapores-immigrant-population-brings-policy-challenges>) reports that Singapore’s foreign skilled workers and professionals account for more than 20 per cent of the country’s total non-resident workforce. The other ASEAN Member States should expect an increased presence of foreign professional workers.

## 2. ASEAN-wide interactive efforts between Mode 3 and Mode 4

Policy efforts should be made to enhance trade in professional services, especially in Mode 3 (through the AFAS) and in Mode 4 (through the AMNP and MRAs), in tandem with each other. An important consideration is that FDI is said to be “productivity-biased”, which is expressed otherwise as the “Melitz effect” after Melitz (2003): trade liberalization leads to an enhanced level of competition, thus requiring a higher-quality service in the domestic market (with lower-quality and usually smaller-scale firms being forced to exit from the market), yet at the same time, productivity enhancement is also expected through the spillover as well as through merger and acquisition of smaller firms by larger ones. As professional services directly enhance the productivity of business companies either in Mode 3 or in Mode 4, regulations concerning professional services have to be well devised so that low-productivity professionals could be well trained while not being marginalized by high-productivity professionals.

Myanmar, for instance, had started to make a transition towards a free trade regime; with it, skilled professional workers are expected to move into the country. This, however, might pose a challenge for Myanmar, due to domestic employment concerns: When the skill levels are significantly different (e.g., between Myanmar and more developed countries, including Singapore, Malaysia and Thailand), unbridled inflows of professionals might suffocate local professionals’ skill development opportunities.<sup>16</sup> In the meantime, Myanmar also hopes for more Mode 3-based FDI inflows; and that is promoted by the presence of professional workers.

Depending on the countries’ current endowment of local professional services, therefore, certain regulations should be in place to invite the proper inflow of foreign professional workers. In Malaysia, for example, employers are required to prove that local citizens are not available in order to hire a foreign worker. In Singapore, as another case in point, employers need to advertise the local job vacancy for at least 14 days on a government portal before turning to international recruitment.<sup>17</sup>

Indeed, the issue of “fair trade” as discussed by Stiglitz and Charlton (2005) in the context of commodity trade should be kept in mind in the field of professional services also: countries with a small number of qualified professionals sometimes cannot benefit as much as countries with a fair number of professional workers.<sup>18</sup> The productivity of those firms or natural persons as suppliers is put in a competitive environment when service trade regulations are liberalized. The emphasis of the AFAS on partnership requirement would then be suitable, in that it promotes technological spillovers between domestic and foreign suppliers. At the same time, however, rapid inflow of foreign professionals should be mitigated mainly through the MRAs.

<sup>16</sup> Based on “Overview of the ASEAN skilled labor market” (<http://aseanup.com/overview-of-the-asean-skilled-labor-market/>).

<sup>17</sup> Also based on “Overview of the ASEAN skilled labor market” (<http://aseanup.com/overview-of-the-asean-skilled-labor-market/>). The article also suggests that these kinds of regulations seem to direct the ASEAN professional services market towards a “locals first, ASEAN second” preferential policy, thereby pooling ASEAN professionals outside national markets. The article comments that “such a regulation would already be a good step forward to an integrated ASEAN jobs market”.

<sup>18</sup> This would also apply to business firms, especially in the context of size and skill diversity.

### 3. Maximizing benefits from and minimizing negative effects of services provision

In maximizing the benefits from professional services, there are several issues to be kept in mind. Most promising would be to broaden the scope for MRAs to the extent possible. The cost of obtaining a professional license could be reduced through MRAs, and the government can seek to ensure the quality of foreign service supply through close monitoring.

The ASEAN Mutual Recognition Arrangement on Engineering Services (signed in Kuala Lumpur on 9 December 2005) stipulates certain regulations (box 4 and annex A).

Although there are some regulatory measures in place, with some conditions such as country-specific registration requirements (box 3 and annex A), it seems that the ASEAN Member States already have rather liberal MRAs for foreign professional workers; however, the specific procedure needs to be simplified.<sup>19</sup> Of course, the introduction of ASEAN engineers (and professionals in general) might

#### Box 4. Summary of ASEAN MRA on engineering services

**Brunei Darussalam:** Foreign nationals are required to obtain an employment visa.

**Cambodia:** Firms supplying professional engineering services are required to apply for an approval.

**Indonesia:** Foreign engineering professionals seeking to work in the country also need to comply with domestic laws on employment.

**Lao People's Democratic Republic:** At the end of 2015, there was no specific law regulating the engineering profession in the country; however, the Professional Regulatory Authority (PRA) administers and monitors the implementation of policies, strategies and law enforcement in the fields of public works and transport and undertakes accreditation of architects and engineers.

**Malaysia:** A foreign engineer who takes up employment as an engineer in the country must apply for registration as a temporary engineer.

**Myanmar:** A foreign engineer who takes up employment as an engineer in the country must apply for registration as an engineer.

**The Philippines:** Although the Constitution provides that "the practice of all professions in the Philippines shall be limited to Filipino citizens, save in cases prescribed by law", most laws provide certain provisions which specify how foreign professionals may practice their professions in the country.

**Singapore:** The Professional Engineering Board (PEB) registers professional engineers in the branches of civil, electrical and mechanical engineering.

**Thailand:** The form of establishment for engineering services must be recognized under Thai law; therefore, the most common forms of establishment are partnerships and companies.

**Viet Nam:** To be eligible for independent engineering practice, an engineer must be registered as a professional engineer under the Construction Law and be in possession of a valid practicing certificate issued by a relevant authority.

Source: ASEAN Secretariat (2015).

<sup>19</sup> In this connection, ASEAN and the World Bank (2015, page 66) state, for example, that "the Philippine Constitution [Article 17, Sec. 14] states that the practice of all professional services in the Philippines shall be limited to Filipino citizens, although there is another regulation [The Philippines' Republic Act 8981] that provides exceptions when reciprocity requirements are met. Similarly, in Thailand, the supply of professional services is reserved for Thai nationals. While Singapore has an approved list of recognized universities, it does accept architectural graduates who are not from these recognized universities, provided such graduates satisfy the relevant board that they are otherwise qualified and pass the examinations prescribed by the Board."

lead to concern about shrinking domestic workers' employment opportunities. Avoiding such an adverse effect is an important consideration. The following section addresses this issue.

## V. POLICY RECOMMENDATIONS AND PROMOTION MEASURES FOR PROFESSIONAL SERVICES

### 1. General policy recommendations

Trade in services serves as a supporting industry linking the ASEAN Member States' domestic markets. Professional services can contribute greatly to productivity enhancement in the ASEAN region as a single market and upgrade value chains (figure 1). However, professional services are susceptible to market failures, owing to information asymmetries that affect the overall quality of the professional services at issue. In ASEAN, the trade volume of professional services (captured through Mode 1 only) has been steadily increasing. From an input-output perspective, professional services in health and other social work have positive multiplier effects, meaning that an increase in professional service suppliers would indirectly contribute to the economic expansion of the host ASEAN Member State. As professional services are characterized by "information asymmetry" between suppliers and consumers (owing to the complexity of the contents of the professional services supplied), market failure might be a policy concern: high-priced and low-quality supplies of professional services might prevail in such circumstances. In order to avoid over-pricing and/or under-supply of professional services, governments should monitor and encourage a welfare-increasing level of trade in professional services.

The AFAS (9th package), the services agreement with the highest commitment, lists professional services for market opening. Overall, this package has been aligned with the applied (or actual) policy, which tends to be liberalized in ASEAN Member States: when the development stage is low, national regulation for professional services does not exist, yet the sector could be regulated any time in the future if there is no international commitment. The AFAS is helpful in that it can underpin the degree of openness even for less developed ASEAN Member States. As there has been progress in terms of commitment, further reduction of "transactions costs" associated with the supply of professional services would be needed.

As noted by ASEAN and World Bank (2015), however, the AFAS is a necessary, but not sufficient, policy framework. MRAs are another important policy option as professional services depend on natural persons' licenses, certified by the member states. However, existing MRAs also need to be complemented with additional bilateral agreements to make them more widely applicable so that ASEAN Member States can serve as an important segment of GVCs.

Given that services sectors provide support for other value-creating activities, priority should be placed on the early adoption of a more ambitious ASEAN-wide services agreement. The ASEAN Economic Community (AEC) Blueprint 2025 looks further into launching the tenth package of the AFAS and introducing the ASEAN Trade in Services Agreement (ATISA), which is much more ambitious than AFAS-style progressive liberalization. ATISA would be the most important concept because of its ambitious "negative list" market-opening efforts; hence, facilitation of this process is much needed, although there is no target year of conclusion in view. Also, the drafting of a common service template under the Regional Comprehensive Economic Partnership (RCEP) should be facilitated to the extent possible, based at least partially on the ASEAN-wide commitment under the AFAS.

In Mode 1 (cross-border trade), the advancement of information and communication technology (ICT) is much desired because its development enables the provision of professional services by

suppliers through online methods (including through the internet), fueled by ICT-related goods trade liberalization at the WTO.

In Mode 2 (consumption abroad), the promotion of inbound visitors who are seeking the supply of professional services (possibly in connection to tourism, e.g., medical tourism) might be a viable policy option. Other professional services can also be supplied in Mode 2, because all the ASEAN Member States commit to Mode 2 (as in their specific commitment tables; see annex B).

In Mode 3 (commercial presence), the harmonization of diverse restrictions by utilizing foreign equity participation (“F” in the categorization of this paper) with a higher upper limit, would be a transparent, hence desirable, policy direction. Also, the database on foreign affiliates in services (formerly touted as FATS) could be fully developed and utilized to closely measure the impact of deregulation in professional services at the ASEAN level.

In Mode 4 (movement of natural persons), the AMNP and MRAs are both quite important, along with the AFAS. As the AMNP and MRA are agreements separated from the AFAS, Mode 4 liberalization is not constrained by the delaying liberalization in Mode 3 under the AFAS. There is, however, no liberalization formula for Mode 4 (unlike for Mode 3). The following list of suggestions (Fukunaga, 2015) deserves consideration in connection with the ASEAN MRAs through further ASEAN-wide negotiations in Mode 4:

- (a) Expand the MRA to cover “unregulated professions”;
- (b) Consider a special arrangement for visa facilitation for ASEAN MRAs;
- (c) Link the MNP commitments with ASEAN MRAs;
- (d) Keep additional requirements for Registered Foreign Architect (RFA)/Registered Foreign Professional Engineers (RFPEs) to a minimum;
- (e) Identify best practice regulations;
- (f) Improve the quality of professionals; and
- (g) Involve all stakeholders (government, private sectors, industry associations and professionals) in a policy discussion.

In professional services, the adoption of new laws and/or reform of domestic laws (labor law, immigration law and professional regulation) would be difficult owing to constitutional and other legislative restrictions (ASEAN and World Bank, 2015). Also, legal as well as institutional aspects are both important when implementing deregulation of professional services.

When service provision is made by foreign suppliers, there exists a “skill bias”: less-skilled workers would most probably face an enhanced level of competition, as the nature of their work is easily substitutable. Skills improvement training would lead to differentiation of those skills and hence a need for such training opportunities in connection with the liberalization of professional services.

There is a diversity in terms of the coverage and quality of regulations (especially in Mode 4, as shown in table 10), with some ASEAN Member States still lacking the institutional framework to implement the agreed-upon liberalization commitments (ASEAN and World Bank, 2015). Regulatory cooperation therefore is imperative for further integration of ASEAN’s professional services, especially in terms of MRAs.<sup>20</sup> Given that MRAs are already in place for most professional services, the implementation of MRAs is crucial.

<sup>20</sup> In this connection, Gootiiz, Batshur and Aaditya Mattoo (2015: 7) state that in Mode 4 measures, qualification and (re-)certification requirements, as well as entry and immigration rules, strongly affect the movement of service supplying individuals. MRAs can directly influence this aspect.

## 2. Workable policy measures

Workable or “action-based” policy measures recommended for obtaining tangible outcomes, with the above-mentioned issues in view, would be as follows.

**Policy measure (1):** To measure the level of existing policy and institutional barriers against trade in professional services, the ASEAN Member States in collaboration with an international or regional organization such as the ASEAN-Japan Centre could launch a joint pipeline project to promote trade in professionals services, a virtual company could be established to this end (as described in policy measure 5).

**Policy measure (2):** To improve the quality and increase the quantity of professional services under the project, the ASEAN Member States, in collaboration with an international and/or regional organization, could nominate ASEAN professionals (from each of the 10 WTO-defined job categories (except for “other services”), namely, a. Legal services, b. Accounting, auditing and bookkeeping services, c. Taxation services, d. Architectural services, e. Engineering services, f. Integrated engineering services, g. Urban planning and landscape architectural services, h. Medical and dental services, i. Veterinary services and j. Services provided by midwives, nurses, physiotherapists and paramedical personnel to participate in the project; the main focus of the pipeline project could be how to promote professional services across ASEAN Member States, the very focus of this technical paper;

**Policy measure (3):** The project participants (as ASEAN professionals) could provide their professional services (with proper remuneration) across ASEAN Member States in Mode 1 while utilizing the information communication and technology;

**Policy measure (4):** The project participants (as ASEAN professionals) could provide their professional services in Mode 2 by receiving “consumers” (other project participants) from other ASEAN Member States to discuss the topic of how to promote professional services across ASEAN Member States;

**Policy measure (5):** The ASEAN Member States (in collaboration with an international and/or regional organization such as the ASEAN-Japan Centre) could seek to establish a virtual company, possibly in Jakarta, Indonesia (where the ASEAN Secretariat is located), and recruit professional workers from other ASEAN Member States for the pipeline project;

**Policy measure (6):** The ASEAN Member States (in collaboration with an international and/or regional organization) could invite ASEAN professionals in Mode 4 to solicit their views on the topic of the pipeline project;

**Policy measure (7):** After these steps, barriers and related issues for mobilizing ASEAN professionals (in all four modes) could be itemized systematically;

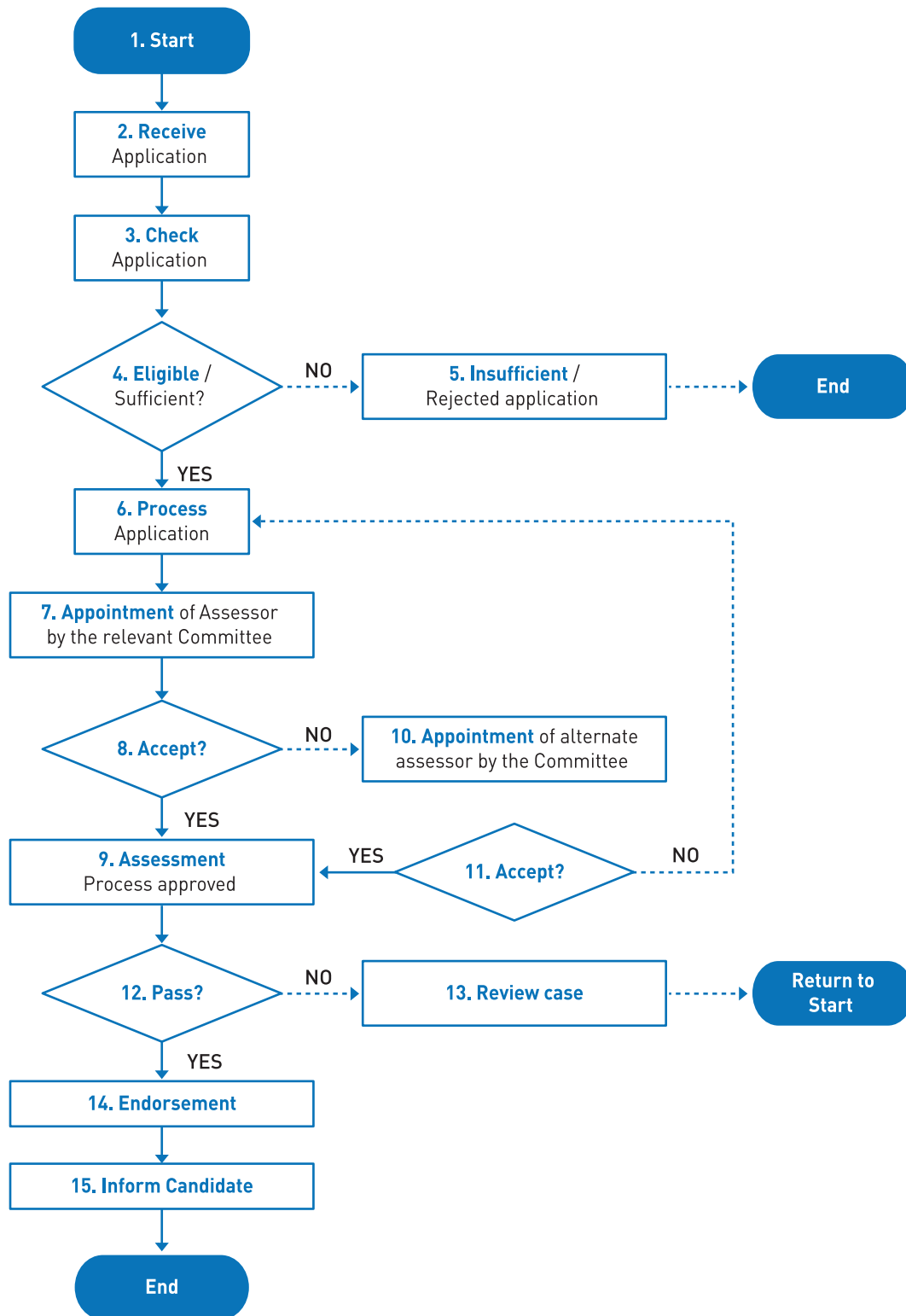
**Policy measure (8):** Then concrete measures for promoting ASEAN-wide trade in professional services (in all four modes) could be proposed by the project participants;

**Policy measure (9):** As for Mode 4, each of the MRAs could also be examined by the project participants, in the procedure described below, for reducing the time and cost of using those existing MRAs;

*Procedure for Mode 4:* To facilitate the implementation process in Mode 4, concrete procedures would be needed at this stage of ASEAN MRAs. Any hidden barriers in connection to implementing MRAs are to be identified and then reduced (in all the fields covered under ASEAN MRAs). Figure 4 illustrates the flow chart of an actual MRA procedure. In each step, there are existing barriers in terms of time and costs: processing time (the shorter, the better) and unnecessary transaction costs (the lower, the better). Table 11 lists those steps, which are illustrated in figure 4. In this table, the full score of 10 points corresponds to the situation where no further improvement is possible under the current policy and/or technological set-up.



Figure 4. A general flow chart for implementing the ASEAN MRAs



Source: Adapted from the flow chart for the application for ASEAN Chartered Professional Engineer (ACPE).

Table 12. Evaluation template for facilitating Mode 4 supply in terms of MRA

Step	Actual ease of application (in terms of "locals first, ASEAN second")	Processing time (current points => achievable points by the end of this project)	Transaction cost (current points => achievable points by the end of this project)
Step 1. Start	/10 => /10	Not applicable	Not applicable
Step 2. Receive Application	Not applicable	/10 => /10	/10 => /10
Step 3. Check Application	Not applicable	/10 => /10	/10 => /10
Step 4. Eligible/Sufficient?	Not applicable	/10 => /10	/10 => /10
Step 5. Insufficient/Rejected Application	Not applicable	/10 => /10	/10 => /10
Step 6. Process Application	Not applicable	/10 => /10	/10 => /10
Step 7. Appointment of Assessor by the Relevant Committee	Not applicable	/10 => /10	/10 => /10
Step 8. Accept?	Not applicable	/10 => /10	/10 => /10
Step 9. Assessment Process Approved	Not applicable	/10 => /10	/10 => /10
Step 10. Appointment of Alternate Assessor by the Committee	Not applicable	/10 => /10	/10 => /10
Step 11. Accept?	Not applicable	/10 => /10	/10 => /10
Step 12. Pass?	Not applicable	/10 => /10	/10 => /10
Step 13. Review Case	Not applicable	/10 => /10	/10 => /10
Step 14. Endorsement	Not applicable	/10 => /10	/10 => /10
Step 15. Inform Candidate	Not applicable	/10 => /10	/10 => /10

Source: Conceived by AJC.

**Policy measure (10):** After step (9), barriers and related issues could be itemized systematically; then concrete measures for promoting ASEAN-wide trade in professional services (in all four modes) could be proposed by the project participants.

### 3. Policy evaluation by the ASEAN Member States

Although the above concrete policy measures are relevant to all ASEAN Member States, their points of emphasis differ across countries. Some ASEAN Member States are in favor of statistical data collection for trade in professional services. Others are more in line with receiving capacity building at a more basic level, and to enable these, an ASEAN-level governing body could be established. Box 5 details a list of policy options provided by each of the ASEAN Member States in a seminar organized by the ASEAN-Japan Centre on November 29–30, 2016. As for linkages with the private sector, it seems that although business activities in professional services are implemented at a domestic level, the degree of business connection with foreign suppliers of those professional services remains rather limited.

An important point is that benefits from promoting professional services trade can be realized through the course of implementing the concrete activities suggested including those in box 5. The shared awareness of policy barriers in trading professional services, hidden from official trade agreements (i.e., the AFAS, most importantly) yet hopefully available through implementing the ten policy measures, is expected to facilitate not just the ASEAN-wide promotion of professional services but also the ongoing negotiation for the Regional Comprehensive Economic Partnership (RCEP) involving ASEAN Member States and their dialogue partners (namely, Australia, China, India, Japan, the Republic of Korea and New Zealand). Promoting trade in professional services in the ASEAN region should move to a new dimension of catalyzing the process of creating demand and supply. It is therefore hoped that the ASEAN governments, in collaboration with the private sector in the field of professional services, continue to actively engage in promoting trade in professional services in the ASEAN region and on a more global scale.

#### Box 5. Policy options by the ASEAN Member States for promoting trade in professional services

Representatives of ASEAN Member States discussed and provided various policy options to promote professional services trade, at the first Seminar on Promoting Services Trade, Professional Services Trade, and R&D Services Trade in ASEAN Member States on November 29–December 1, 2016, organized by the ASEAN-Japan Centre.

These policy options cover a wide range of promotional activities but can be grouped into four areas:

- (1) Raising awareness of governments and the general public about the importance of professional services trade;
- (2) Creating a database on professional services trade and impediments to their trade;
- (3) Building capacity towards implementing regional and national initiatives to further liberalize and reduce the gap between Member States; and
- (4) Policy actions and recommendations covering both the AFAS and MRAs for trade promotion.

The following is the list of options proposed by Member States and discussed at the seminar.

(1) Raising awareness

- We have to build the perception in each country regarding the advantage of liberalization, so that promotion is considered.
- Promoting professional services will not be easy. We have to define what are our specialties and make that our main strength.

#### Box 5. Policy options by the ASEAN Member States for promoting trade in professional services (continued)

- Close cooperation in the region is needed; we can learn from each other in order to reduce the barriers against trade in professional services.
- English should be the standard language communication.
- Raise and/or intensify awareness among the people of the prospects and/or advantages of mobilizing professional services to solicit support for policy and institutional reforms towards such pursuit.
- Define the professions under “Professional Services”, and identify professions to promote.
- Language barriers should be lifted among ASEAN Member States by using English as a common language.

#### (2) Creating the database

- The creation of a database is an important national trade repository.
- A central body for data collection on services like a trade repository is needed. Policy recommendations for the projects should go through the professional services working group of the COW (Committee of the Whole) Meeting.
- Establishment of a system for collection of more factual data on trade in services (exports and imports) as bases for planning for the professional services sector. Currently, as presented in this paper, data on the sector are just estimates.
- To establish a database of ASEAN professional services provided by ASEAN Member States and to close the qualifications gap between ASEAN professionals and professionals from other regions.
- Each country should collect a database of professional services.

#### (3) Capacity building

- To establish a joint pipeline project at the ASEAN level, with support in providing capacity, technical and other necessary resources by Japan or the ASEAN Secretariat.
- Enhancing institutional capacity and enhancing the participation of the private sector.
- The gap in human resources capacity among ASEAN Member States is so wide that some countries think that the impact of liberalization is a threat. For this reason, we should do something to reduce the gap.
- In order to liberalize, exchange the professional skill in the region and provide capacity building for LDC countries.
- Promote existing MRAs and reduce the human resources gap in the region.
- Before the recruitment of professional members, capacity building is needed for the members.
- Strengthen the capacity and/or establish a central body in each ASEAN Member State that would champion the implementation and monitoring of the use of the MRA platform; this task would also ensure coherence in the strategic requirements of different agencies involved directly or indirectly in MRA-related activities, as well as the creation of databases of foreign professionals who need an MRA platform to work abroad.

#### (4) Policy actions

- To work closely with the related line ministries and related authorities of Cambodia, to minimize the issues that remain unfulfilled in its commitment under the AFAS (9th package).
- The scope of MRAs should be widened to attract professionals and to mobilize them to another country in ASEAN (accountancy case).
- In order to promote trade in professional services, every country has to make more worldwide links so that the trade will be well known.

**Box 5. Policy options by the ASEAN Member States for promoting trade in professional services** (concluded)

- If we want to promote our professional services, we have to decide which specific area will be targeted to meet our purpose, so that our promotional efforts will not be in vain.
- Business matching between ASEAN and Japan on construction and R&D services suppliers, while bringing professional services to the country.
- Simplifying the process of providing visas for ASEAN and Japan in the area of professional services.
- To avoid the stringent requirements, such as experience.
- To avoid double taxation.
- Policy to review domestic laws to ensure alignment of AFAS thrusts; intensify information dissemination to stakeholders on the value added of MRAs.
- Ensure a good and robust regulatory environment, together with promoting trade in professional services.
- Help business explore opportunities through trade in professional services through outward programs.
- To enhance the competitiveness of ASEAN Member States by reducing barriers to professional services by providing a venue for discussion with all parties concerned.
- To assist ASEAN Member States in considering timelines and frameworks to further support liberalization of trade in professional services.
- To establish a database of ASEAN professional services provided by ASEAN Member States and to close the gap of qualification of ASEAN professionals as compared with other regions.
- Each ASEAN Member State should liberalize its professional services sectors by reducing trade barriers in the country to increase competitiveness.
- Relaxing of existing barriers especially domestic regulation (the process asking for work permits and/or visas).
- Clear policy in terms of license requirements, producers, qualification requirements, and/or qualification processes and technical standards. Make sure that there are no discriminatory measures between national and foreigners.
- Review and amend rules and regulations related to professional services (reduce market access and/or national treatment partners).
- Set up an institutional framework to implement the country's commitment in ASEAN agreements as well as in other agreements related to service trade. Within the joint pipeline project, to maintain the quality of the profession and expertise, there should be advanced training sessions or seminars. Organize ASEAN professionals periodically or by topic to exchange experiences, information and further updates on promoting services trade strategies.

Source: Discussion at the Seminar on Promoting Services Trade, Professional Services Trade and R&D Services Trade in ASEAN Member States on November 29–December 1, 2016, at the ASEAN-Japan Centre, Tokyo.



## REFERENCES

- ASEAN Secretariat (2015), *Handbook on Liberalisation of Professional Services through Mutual Recognition in ASEAN: Engineering Services*, Jakarta: ASEAN Secretariat.
- ASEAN and the World Bank (2015), "ASEAN Services Integration Report: A Joint Report by the ASEAN Secretariat and the World Bank", World Bank, Washington, D.C.
- Fukunaga, Yoshifumi (2015), "Assessing the Progress of ASEAN MRAs on Professional Services", ERIA Discussion Paper Series No. 2015-21, Jakarta: ERIA.
- Gootiiz, Batshur, and Aaditya Mattoo (2015), "Regionalism in Services: A Study of ASEAN", Policy Research Working Paper 7498, World Bank, Washington, D.C.
- Hoekman, Bernard (1995), "Assessing the General Agreement on Trade in Services", World Bank Discussion Paper No. 307, World Bank.
- Melitz, Marc J. (2003) "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," *Econometrica*, 71(6):1695–1725.
- Stiglitz, Joseph E., and Andrew Charlton (2005), *Fair Trade for All: How Trade Can Promote Development*, Oxford and New York: Oxford University Press.
- UNCTAD (2004), *World Investment Report: The Shift Towards Services*, New York and Geneva: United Nations.





## ANNEX A.

# THE ASEAN MUTUAL RECOGNITION ARRANGEMENT ON ENGINEERING SERVICES (SIGNED IN KUALA LUMPUR ON 9 DECEMBER 2005)

**Brunei Darussalam:** Foreign nationals are required to obtain an Employment Visa issued by the Department of Immigration and National Registration, Brunei Darussalam to take up employment in Brunei Darussalam. The application for an Employment Visa may be lodged either by the sponsor or employer.

**Cambodia:** Firms supplying professional engineering services are required to apply for an approval from the Ministry of Land Management, Urban Planning and Construction and the Ministry of Public Works and Transport. These firms can be established either as a private corporation, limited corporation or partnership. Firms with 100 per cent foreign owned capital or foreign joint-venture firms can only be established in form of a limited corporation. The leader or executive manager of the firm is required to have professional practicing certificate recognized by the Board of Engineers of Cambodia (BEC). There is no requirement for minimum capital. Foreigners wishing to set up practice in professional engineering must first register with BEC, must have at least 7 years' experience and pass BEC professional examination.

**Indonesia:** Foreign engineering professionals seeking to work in Indonesia will also need to comply with certain other laws such as the Act No. 13 Year 2003 on Employment; the Presidential Regulation No.72 Year 2014 on Employment of Foreign Workers and Implementation of Education and Training of Co-workers; and the Minister of Work and Transmigration Regulation No.12 Year 2013 on Procedure for Employing Foreign Workers. Foreign companies may use their own names for Representative Office and Joint Operation, whereas the name of a Joint Venture Company is regulated by the provisions in the Act on Limited Liability Company. Joint ventures should be in the form of Limited Liability Enterprise (Perseroan Terbatas - PT), where not more than 49 per cent of the capital share of the may be owned by foreign partner(s). Subject to Indonesian Labor and Immigration Laws and Regulations, only directors, managers and technical experts/advisors, unless mentioned otherwise, are allowed to stay for two years and could be extended for a maximum two times subject to two years' extension each time. Manager and technical experts (intra-corporate transferees) are allowed based on an economic needs test. The entry and temporary stay of business visitor(s) is (are) permitted for a period of 60 days and could be extended maximum for 120 days. Any foreign natural persons supplying services are subject to charges levied by Governments Labor Laws and Regulations. Any expatriate employed by a joint-venture enterprise, representatives' office, and/or other types of juridical person and/or an individual services provider must hold a valid working permit issued by the Ministry of Manpower and Transmigration.

**Lao People's Democratic Republic:** At the end of 2015, there is no specific law regulating the engineering profession in the Lao People's Democratic Republic. However, the Professional Regulatory Authority (PRA) in the country is the Council of Sciences and Technology (CST) of the Ministry of Public Works and Transports (MPWT). The CST is a statutory body established by the decision of MPWT to administer and monitor the implementation of policies, strategies and law enforcement in the fields of public works and transport and undertake accreditation of architects and engineers. A person may qualify as an engineer if the person obtains a degree with at least 5 years' instructions from the National University of Laos or other recognized foreign universities. As the country does not have any domestic regulations governing the engineering profession, the

membership requirement in ALACE may provide a model for the core competency in engineering profession in the country. A full member of ALACE must be a Lao citizen or a permanent resident in the country, holding at least a bachelor degree in civil engineering, and be a practicing professional in civil engineering. In making an application for admission as a full member of ALACE, the applicant is also required to provide a summary of previous experience together with a copy of degree certificate. To set up an engineering practice, an engineer may register the business with the Enterprise Registry at the Ministry of Industry and Commerce. There is no additional requirement to set up a consulting firm. The same procedure applies to any foreign professional who wishes to practice in the country. However, all engineering design works must be signed or certified by a local engineering firm. A foreign engineering firm who works on projects funded by international institutions is encouraged to collaborate with local firms or local engineers. Entry and stay of professionals are subject to immigration regulations and to the labor law and regulations of the Ministry of Labor and Social Welfare. Endorsement of the respective departmental authorities is also required.

**Malaysia:** A foreign engineer who takes up employment as an engineer in Malaysia must apply for registration as a Temporary Engineer, which is subject to the following conditions:

- a. The applicant possesses the necessary qualification which is recognized for the practice of engineering as a professional engineer in the country where he/she normally practices;
- b. The applicant possesses the necessary expertise of a minimum of 10 years' experience in the field the applicant intends to practice;
- c. The applicant's physical presence is required in Malaysia for not less than 180 days in a calendar year;
- d. The applicant is employed as an engineer and has been assigned to specific project by a particular company;
- e. The applicant is sponsored by a local Professional Engineer in the company which offers the applicant the assignment; and
- f. The applicant is to train assigned local Graduate/ Professional Engineers who become the applicant's understudy in the applicant's area of expertise. Any application for a Temporary Engineer must be made in Form B2, to be accompanied with the following supporting documents:
  - a. A copy of the basic engineering degree certificate;
  - b. A copy of the certificate of membership of professional bodies;
  - c. Certificate of professional registration from the country where the application normally practices;
  - d. Brief curriculum vitae.

The applicant is required to pay processing fee of RM50.00 which is not refundable and registration fee of RM500.00. The applicant must be sponsored by the local Professional Engineer who offers the appointment. All copies of certificates referred to above must be certified as true copy by a local Professional Engineer. Upon approval, Board of Engineers Malaysia (BEM) may issue a temporary registration for a period not exceeding 1 year which is subject to renewal. The certificate expires on 31st December of each year regardless of whether the project is completed or otherwise. The certificate will specify the conditions of the Temporary Engineer registration, including the branch of engineering he/she is registered and the project he/she is assigned to. Unsuccessful applicant may file an appeal with the Minister within 21 days of receiving the notification of the refusal of registration. A Temporary Engineer is only allowed to submit plans and drawings for the project the engineer is assigned to. A Temporary Engineer is also not allowed to take practice as a director or shareholder of a local company or firm practicing as consulting engineers in Malaysia, nor is the person allowed to set up own consultancy practice in Malaysia. A Temporary Engineer is also not allowed to change jobs

and if there is any job change, the person may submit a new application for registration. The Temporary Engineer registration will lapse upon the completion of the project in which the foreign engineer is assigned to. The Temporary Engineer may be reassigned to another project upon application by the sponsor and upon receiving an approval from BEM. Every registered engineer including Temporary Engineer shall notify the Registrar of any change in his business address.

**Myanmar:** A foreign engineer who takes up employment as an engineer in Myanmar must apply for registration as an Engineer, which is subject to the following conditions:

- a. The applicant possesses the necessary qualification which is recognized for the practice of engineering as a professional engineer in the country where he/she normally practices; and
- b. The applicant possesses the necessary expertise of a minimum of 8 years' experience in the field the applicant intends to practice; and
- c. the applicant's physical presence is required in Myanmar for not less than 180 days in a calendar year;
- d. the applicant is employed as an engineer and has been assigned to specific project by a particular company;
- e. the applicant is recommended by a Myanmar Professional Engineer of the relevant project which the applicant is assignment; and
- f. the applicant is assigned to attach with the Myanmar Professional Engineer. The applicant is required to pay processing fee of USD which is not refundable and registration fee of USD. All copies of necessary certificates as true copy must be certified by a Myanmar Professional Engineer for submission to Myanmar Engineering Council.

Upon approval, the Council may issue a temporary registration for a period not exceeding 1 year which is subject to be renewed every six months. The certificate expires on 31st December of each year regardless of whether the project is completed or otherwise. The certificate will specify the conditions of the Engineer registration, including the branch of engineering he/she is registered and the project he/she is assigned to. Unsuccessful applicant may put up an appeal with the Council within 21 days of receiving the notification of the refusal of registration. The Council will reconsider his/her application. An Engineer is only allowed to submit plans and drawings for the project the engineer is assigned to. An Engineer is also not allowed to take practice as a director or shareholder of a local company or firm practicing as consulting engineers in Myanmar, nor is the person allowed to set up own consultancy practice in Myanmar. An Engineer is also not allowed to change jobs and if there is any job change, the person may submit a new application for registration. The Engineer registration will lapse upon the completion of the project in which the foreign engineer is assigned to. The Engineer may be reassigned to another project upon application according to the Myanmar Engineering Council Rules & Regulations. Every registered engineer shall notify the Registrar of any change in his business address.

As per ASEAN Mutual Recognition Arrangement (MRA) on Engineering Services signed on December 9, 2005 at the 11th ASEAN Summit in Kuala Lumpur and also as per our Myanmar Engineering Council Law and Myanmar Engineering Council Regulations, Myanmar will register the ACPE holder of any ASEAN Member States as a Registered Foreign Professional Engineer (RFPE) after assessing his/her application. A RFPE may be permitted to work, not as an independent practitioner, but in collaboration with a designated Myanmar Professional Engineer subject to appropriate domestic professional regulatory laws.

**The Philippines:** While the Philippine Constitution provides that: "the practice of all professions in the Philippines shall be limited to Filipino citizens, save in cases prescribed by law", most laws

provide certain provisions which specify how foreign professionals may practice their professions in the Philippines. In addition, one of Professional Regulation Commission's functions is to supervise foreign practice in the Philippines. Professional practice of foreigners is subject to the PRC law, Section 7(j) of Republic Act No. 8981, and specific provisions of respective professions. If there is no provision, the respective laws and the Constitutional mandate on professional practice, provides that, "The practice of all professions in the Philippines shall be limited to Filipino citizens, save in cases prescribed by law." In addition, a Registered Foreign Professional Engineer must obtain a Special or Temporary Permit from PRC pursuant to Section 7 paragraph (j) of Republic Act No. 8981 before the Registered Foreign Professional Engineer can practice his profession in the Philippines.

**Singapore:** Professional Engineering Board (PEB) registers professional engineers in the branches of civil, electrical and mechanical engineering. A person may apply for registration as a professional engineer (PE) with PEB Singapore if he/she meets the following requirements:

- a. Obtained approved educational qualifications;
- b. Acquired at least 4 years of practical experience, of which at least 2 years should be whilst under the supervision of a registered PE who has in force a practicing certificate;
- c. Sat and passed 2 examinations conducted by PEB, the Fundamentals of Engineering Examination and Practice of Professional Engineering Examination; and
- d. Attended and passed the professional interview.

**Thailand:** The relevant engineering law in Thailand does not impose any restriction on the form of establishment for engineering practice, whether as a partnership, or a company. However, the form of establishment must be recognized under Thai law, therefore, the most common forms of establishment are partnerships and companies. Other requirements include to have a principal office in the Kingdom of Thailand; and at least half of the partners (in case of a partnership) or directors (in case of a company); or having the managing partner (in case of a partnership) or the managing director (in case of a company) or the only management of that juristic person (in case of other form of juristic person) with license for controlled engineering profession. Companies that wish to set up engineering practice must have its CEO a registered Council of Engineers (COE) engineer or half of its directors or executive committee are COE registered engineers. Foreign engineers must show registration information with the home country; education background; and CV that details professional practice and sizes of project involved. Commercial presence for foreign engineers is permitted either in the form of a limited liability company, limited partnership or registered ordinary partnership whose head office is registered in Thailand and which meets the following conditions:

- a. For a Limited Liability Company, at least half of its director (s), or its managing director must be a person of Thai nationality and obtain a license from COE;
- b. For a Limited Partnership or Registered Ordinary Partnership; the managing partner or manager must be the person of Thai nationality; and
- c. at least half of its partner (s) must be the person of Thai nationality and hold a license from the COE.

Application by an ASEAN Chartered Professional Engineers (ACPE) from another participating ASEAN Country to work as a RFPE in Thailand must be submitted to the COE. Upon acceptance and payment of a prescribed fee, the RFPE will be permitted by the COE to work in collaboration with designated local licensed Professional Engineers.

The RFPE will not be eligible to work in independent practice where there is a need to certify engineering works as required by Thai laws and regulations. This includes for the purposes of submission to regulatory authorities unless the person is registered as a professional engineer in

accordance with the Thai Engineer Act B.E. 2542<sup>21</sup>. Foreign engineers providing engineering services in Thailand are also required to observe other laws such as the law on foreign currency control, immigration law and Foreign Business Act, B.E. 2542 (1999).

**Viet Nam:** To be eligible for independent engineering practice, an engineer must be registered as a professional engineer under the Construction Law and in possession of a valid practicing certificate issued by a relevant authority. Foreign companies and engineers are allowed to practice in Viet Nam. Foreign consulting engineers have no limitations to practice in Viet Nam. Foreign engineering services suppliers can bring into Viet Nam only management and technical personnel that are not available in the country. Unless otherwise specified, foreign enterprises are allowed to establish commercial presence in Viet Nam in the form of business co-operation contract. Foreigners wishing to work in Viet Nam must be at least 18 years old and be of good health to satisfy the job requirements. Only those with high technical skills or high professional qualifications in the relevant field and with considerable experience may be employed. A foreign worker with a valid work permit may also apply for a Temporary Residence Card for a period of up to three years. The application must be submitted to the provincial Immigration Department, and may include supporting documents such as a housing lease contract and an employer's certificate of incorporation. A work permit is normally required for a foreign employee working for more than three months in Viet Nam. A work permit is issued by the Department of Labor, War Invalids, and Social Affairs (DOLISA). A work permit is not required for the following foreign employees:

- a. A member or owner of a limited liability company or a member of the board of management of a shareholding company;
- b. A Chief Representative Officer, Chief Project Officer, or representative of a foreign nongovernmental organization for its operation in Viet Nam.
- c. An internal transferee of a company that engages in one of 11 service sectors as stated in Viet Nam's WTO service commitments; and
- d. A person providing professional and technical consultancy service or conducting other missions serving for the implementation, evaluation, and supervision of Official Development Aid programs or projects according to the agreements signed between foreign parties and the Vietnamese Government.

---

<sup>21</sup> "BE" means Buddhist year used in Thailand; BE 2542 corresponds to the year 1999.

## ANNEX B.

# SPECIFIC SCHEDULE OF COMMITMENTS FOR PROFESSIONAL SERVICES BY ASEAN MEMBER STATES

Legend for this annex:

(1) means Mode 1 (cross-border supply of services); (2) means Mode 2 (consumption abroad); (3) means Mode 3 (commercial presence); (4) means Mode 4 (movement of natural persons).

The meaning of the alphabetical classification in the right hand column of each specific commitment table is as follows.

N: none (no restriction)

U: unbound (no mention or no promise of liberalization)

A: limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;

B: limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

C: limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test;<sup>22</sup>

D: limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;

E: measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and

F: limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment” (Part III: Specific Commitments, Article XVI: Market Access, subparagraph 2).

Under AFAS, the restriction types A, B and C are actually not used by the ASEAN Member States in the sector “Professional Services”. In addition to these six types of market-access restrictions, the following two restrictions are observed.

G: Government approval requirement; and

H: Tax or fee payment requirement.

---

<sup>22</sup> Subparagraph 2(c) does not cover measures of a Member which limit inputs for the supply of services.

## Brunei Darussalam

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
Legal Services CPC861 Provision of legal services in international law and home country law (foreign law) only	(1) None (2) None (3) In partnership with a Brunei Darussalam advocate and solicitor established in Brunei Darussalam	(1) N (2) N (3) E	(1) None (2) None (3) None	(1) N (2) N (3) N
Auditing services (CPC 862)	(1) Foreign-based auditors are allowed to audit local accounts provided they are authorized by the Ministry of Finance. (2) Foreign-based auditors are allowed to audit local accounts provided they are authorized by the Ministry of Finance. (3) of Finance. (4) Audit firm may be set up only as a sole proprietorship or partnership but has to be registered with the Registrar of Business Names. Maximum number of partners in an audit firms is twenty. - A partnership may consist of only individuals, local companies and/or branches of foreign companies. - Principal or only place of residence within Brunei Darussalam.	(1) G (2) G (3) EG	(1) In order to apply to be an authorized auditor, a person must have as minimum qualifications: A. For accounts kept in English Associate membership of one of the following bodies: (a) The institute of Chartered Accountants (of Australia, Canada, England and Wales, Ireland, New Zealand and Scotland). (b) The Association of Certified Accountants. (c) The Australian Society of Accountants (d) The New Zealand Society of Accountants B. For accounts kept in language other than English (a) Associate membership of one of the Bodies set out in A(a) above; and (b) Evidence of competency in the language concerned. In order to practice as an authorized auditor, he must have at least 5 years auditing experiences. (2) In order to apply to be an auditor, a person must have as minimum qualifications. A. For accounts kept in English Associate membership of one of the following bodies: (a) The institute of Chartered Accountants (of Australia, Canada, England and Wales, Ireland, New Zealand and Scotland). (b) The Association of Certified Accountants. (c) The Australian Society of Accountants (d) The New Zealand Society of Accountants B. For accounts kept in languages other than English. (a) Associate membership of one of the bodies set out in A(a) above; and (b) Evidence of competency in the language concerned. In order to practice as an authorized auditor, he must have at least 5 years auditing experiences. (3) Must prove commitment to recruit and develop more local human resources.	(1) D (2) D (3) E
Architectural Services (CPC 8671)	(1) None, other than plans should be submitted through licensed practicing Architects in Brunei Darussalam. * (2) None (3) Foreign Equity Participation should not exceed 51%.	(1) N (2) N (3) F51	(1) None (2) None (3) - Must be a resident in Brunei Darussalam for at least ninety (90) days - One of the 2 directors or where there are more than 2 directors at least 2 of them shall be nationals of Brunei Darussalam	(1) N (2) N (3) D

Engineering Services (CPC 8672)	(1) None, other than plans should be submitted by licensed practicing Engineers and registered company/ partnership in Brunei Darussalam. * (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) - Must be a resident in Brunei Darussalam for at least ninety (90) days - One of the 2 directors or where there are more than 2 directors at least 2 of them shall be nationals of Brunei Darussalam	(1) N (2) N (3) D
Integrated Engineering Services (CPC 8673) - for Transportation Infrastructure Turnkey Projects (CPC 86731) - for Water Supply and Sanitation Works Turnkey Projects (CPC 86732) - for the Construction of Manufacturing Turnkey Projects (CPC 86733) - for Other Turnkey Projects (CPC 86739)	(1) None, other than plans should be submitted by licensed practicing Engineers and registered company/ partnership in Brunei Darussalam. (2) None (3) Foreign equity participation is opened up to 55% max.	(1) N (2) N (3) F55	(1) None (2) None (3) - Must be a resident in Brunei Darussalam for at least ninety (90) days - One of the 2 directors or where there are more than 2 directors at least 2 of them shall be nationals of Brunei Darussalam	(1) N (2) N (3) D
Urban planning and landscape architectural services (CPC 8674)	(1) None, other than plans should be submitted through licensed practicing Urban Planners in Brunei Darussalam (2) None (3) Foreign equity participation is opened up to 51%.	(1) N (2) N (3) F51	(1) None (2) None (3) - Must be a resident in Brunei Darussalam for at least ninety (90) days - One of the 2 directors or where there are more than 2 directors at least 2 of them shall be nationals of Brunei Darussalam	(1) N (2) N (3) D
Veterinary Services CPC 932	(1) None (2) None (3) Foreign Equity Participation should not exceed 70%	(1) N (2) N (3) F70	(1) None (2) None (3) None	(1) N (2) N (3) N

## Cambodia

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
Legal services (CPC 861)	(1) None (2) None (3) In commercial association with Cambodian law firms <sup>1</sup> , and may not directly represent clients in courts.	(1) N (2) N (3) E	(1) None (2) None (3) None	(1) N (2) N (3) N
Foreign legal consultancy on law of jurisdiction where service supplier is qualified as a lawyer (including home country law, third country law, and international law)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Accounting, auditing, bookkeeping (CPC 86211, 86212, 86220)	(1) None, except must have commercial presence in Cambodia for auditing services. (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Taxation services (CPC 8630)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Architectural services (CPC 8671)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N



Engineering services (CPC 8672)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Integrated engineering services (CPC 8673)				
Urban planning and landscape architectural services (CPC 8674)				

## Indonesia

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
Legal Services (Advisory services in home country law, and international law). (CPC 861)	(1) None (2) None (3) Unbound	(1) N (2) N (3) U	(1) None (2) None (3) Unbound	(1) N (2) N (3) U
Accounting, Auditing and Bookkeeping Services (CPC 86220, Bookkeeping Services except Tax Return)	(1) None (2) None (3) Joint venture with foreign equity participation up to 51%	(1) N (2) N (3) EF51	(1) None (2) None (3) None	(1) N (2) N (3) N
Architectural Services (CPC 8671)	(1) None (2) None (3) a) Joint operation: By establishing a representative office in Indonesia. b) Joint venture company: Not more than 51% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/ PT) may be owned by foreign partner (s)	(1) N (2) N (3) EF51	(1) None (2) None (3) License fee requirement: Registered foreign company shall form a joint operation with local partner(s) which is (are) registered by Construction Services Development Board and having qualification A/Big. Local partner(s) in joint venture shall be registered by Construction Services Development Board and having qualification A/Big.	(1) N (2) N (3) EG
Engineering Services (CPC-8672 except CPC 86721 and 86725)	(1) None (2) None (3) a) Joint operation by establishing a representative office in Indonesia. b) Joint venture company. Not more than 51% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/ PT) may be owned by foreign partner (s)	(1) N (2) N (3) EF51	(1) None (2) None (3) a) License fee requirement. Registered foreign company shall form a joint operation with local partner(s) which is (are) registered by Construction Services Development Board and having qualification A/Big. b) Local partner(s) in joint venture shall be registered by Construction Services Development Board and having qualification A/Big.	(1) N (2) N (3) EF51
Advisory and Consultative Services Related to Engineering (CPC 86721)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) The company must be a member of Indonesian Consultant Association	(1) N (2) N (3) E
Engineering Design Services for Industrial Processes and Production (CPC 86725)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) The company must be a member of Indonesian Consultant Association	(1) N (2) N (3) E
Engineering Services (CPC 86725**) Mould and dies (die-Casting, forging, Stamping, etc) Powder metallurgy	(1) None (2) None (3) Joint operation by establishing a representative office in Indonesia. License for representative office shall be valid for 3 years and can be extended	(1) N (2) N (3) E	(4) None (5) None (3) License fee requirement Registered foreign company shall form a joint operation with local partner(s) which is (are) registered by Construction Services Development Board and having qualification A/Big.	(1) N (2) N (3) H

Integrated Engineering Services (CPC 8673)	(1) None (2) None (3) a) Joint operation: By establishing a representative office. b) Joint venture company: Not more than 51% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT) may be owned by foreign partner (s)	(1) N (2) N (3) EF51	(1) None (2) None (3) License fee requirement Registered foreign company shall form a joint operation with local partner(s) which is (are) registered by Construction Services Development Board and having qualification A/Big. Local partner(s) in joint venture shall be registered by Construction Services Development Board and having qualification A/Big.	(1) N (2) N (3) E
Urban Planning Services (CPC 86741)	(1) None (2) None (3) a) Joint operation: By establishing a representative office. b) Joint venture company: Not more than 51% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT) may be owned by foreign partner (s)	(1) N (2) N (3) EF51	(1) None (2) None (3) License fee requirement Registered foreign company shall form a joint operation with local partner(s) which is (are) registered by Construction Services Development Board and having qualification A/Big. Local partner(s) in joint venture shall be registered by Construction Services Development Board and having qualification A/Big.	(1) N (2) N (3) E
Landscape Architectural Services (CPC 86742)	(1) None (2) None (3) a) Joint operation by establishing a representative office in Indonesia. b) Joint venture company: Not more than 51% of the capital share of the Limited Liability Enterprise (Perseroan Terbatas/PT) may be owned by foreign partner(s)	(1) N (2) N (3) EF51	(1) None (2) None (3) a) License fee requirement. Registered foreign company shall form a joint operation with local partner(s) which is (are) registered by Construction Services Development Board and having qualification A/Big. b) Local partner(s) in joint venture shall be registered by Construction Services Development Board and having qualification A/Big.	(1) N (2) N (3) E

## Lao People's Democratic Republic

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
Legal services, excluding: - Participation in legal proceedings in the capacity of defenders or representatives of their clients before the courts; - Legal documentation and certification services of the laws (part of CPC 861)	(1) None (2) None (3) Foreign equity participation limited to 49%.	(1) N (2) N (3) F49	(1) None (2) None (3) Unbound	(1) N (2) N (3) U
(b) Accounting, auditing and bookkeeping services (CPC 862)	(1) None (2) None (3) Foreign professional accountants aiming to practise in the country should submit an application to Ministry of Finance and meet the following conditions: 1. Be a member of any professional organization that is a member of IFAC or of a professional organization of which the Lao People's Democratic Republic is a partner; and 2. Certify equivalence of qualifications. Such certificates shall be issued with the approval of the Equivalence Qualification Commission. 3. Complete a training program and aptitude test on related national regulations, code of ethics and national financial reporting standards co-organized by the Ministry of Finance and the Lao Institute of Certified Public Accountants (LICPA). After 2 February 2020: None except a joint venture with a national accountant who is a full member of the Lao Institute of Certified Public Accountants (LICPA) is required.	(1) N (2) N (3) D	(1) None (2) None (3) The majority of directors must be certified accountants who are Lao nationals.	(1) N (2) N (3) E
(c) Taxation consulting services (CPC 863)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
(d) Architectural services (CPC 8671)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
(e) Engineering services (CPC 8672)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
(f) Integrated engineering services (CPC 8673) -	(1) None (2) None (3) Joint venture with Lao services suppliers is required and foreign equity participation limited to 2/3. After 2 February 2018: None.	(1) N (2) N (3) EF2/3	(1) None (2) None (3) None	(1) N (2) N (3) N
(g) Urban planning and landscape architectural services - (CPC 8674)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

## Malaysia

Subsector	Limitation on Market Access		Limitation on National Treatment		Remark
Legal Services (CPC86190*) covering advisory and consultancy services relating only to home country laws, international law and offshore corporation laws of Malaysia	(1) None (2) None (3) None for corporations incorporated in the Federal Territory of Labuan. Legal services shall only be supplied to offshore corporations established in the Federal Territory of Labuan.	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N	
Accounting, auditing and bookkeeping services (CPC 862)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N	The qualifying examination to determine the competence and ability to supply the service for the purposes of registration with the MIA will be conducted in the English language.
Taxation Services (CPC 863 / 8630)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N	The qualifying examination to determine the competence and ability to supply the services for the purposes of registration with the professional bodies will be conducted in the English language.
Architectural services (CPC 8671)	(1) None (2) None (3) a) Architectural services may be supplied only by natural person; b) For multidisciplinary practices (Architecture, Engineering and/or Quantity Surveying), foreign equity up to a maximum of 30 per cent for joint ventures by professionals who are registered in the country of origin. Foreign Directorship is not allowed	(1) N (2) N (3) EF30	(1) None (2) None (3) None	(1) N (2) N (3) N	The qualifying examination to determine the competence and ability to supply the services for the purposes of registration with the professional bodies will be conducted in the English language.
Other Architectural Services (CPC 86719**) Covering preparation of promotional materials and presentation; and preparation of as-built drawing only.	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N	
Engineering services (CPC 8672) covering: (CPC 86721-86729)	(1) None (2) None (3) For multi-disciplinary practices (Architecture, Engineering and/or Quantity Surveying), foreign equity up to a maximum of 30 per cent for joint ventures by professionals who are registered in the country of origin. Foreign Directorship is not allowed.	(1) N (2) N (3) EF30	(1) None (2) None (3) None	(1) N (2) N (3) N	The qualifying examination to determine the competence and ability to supply the service for the purpose of registration with the professional bodies will be conducted in English language.  Other requirements as per in ASEAN Chartered Professional Engineer (ACPE) Registry.

Integrated engineering services [CPC 8673] covering: [CPC 867231, 86732, 86733, 86739]	(1) None (2) None (3) Only through a representative office, regional office or locally incorporated joint-venture corporation with Malaysian individuals or Malaysian controlled corporations or both for the purpose of services contract awarded in Malaysia. The aggregate foreign shareholding in the joint-venture corporation shall not exceed 30 per cent Establishment of such joint-venture corporation is only for a duration necessary to complete the services contract	(1) N (2) N (3) EF30	(1) Integrated engineering services must be authenticated by the relevant registered professionals in Malaysia  (2) Integrated engineering services must be authenticated by the relevant registered professionals in Malaysia  (3) None	(1) G (2) G (3) N	The qualifying examination to determine the competence and ability to supply the service for the purpose of registration with the professional bodies will be conducted in English language.
Urban Planning Services Covering development services programs regarding land use, site selection, control and utilization, road systems and servicing of land with a view to creating and maintaining systematic, coordinated urban planning. [CPC 86741]	(1) None (2) None (3) Unbound	(1) N (2) N (3) U	(1) None (2) None (3) Unbound	(1) N (2) N (3) U	Qualifying examination to determine the competency and ability to supply the service for the purposes of registration with the professional bodies will be conducted in the English language.
Landscape architectural services [CPC 86742]	(1) None (2) None (3) Only through a locally registered partnership with Malaysian Registered Landscape Architects or Malaysian controlled corporations or both and aggregate foreign shareholding in the JV corporation shall not exceed 40 per cent.	(1) N (2) N (3) EF40	(1) None (2) None (3) None	(1) N (2) N (3) N	Qualifying examination to determine the competency and ability to supply the service for the purposes of registration with the professional bodies will be conducted in the English language.
Landscaping services, covering the provision of advisory, planning and designing services for the aesthetic landscaping of golf courses and theme parks [CPC 86742*]	(1) None (2) None (3) Only through a locally incorporated joint-venture corporation with Malaysian Registered Landscape Architects or Malaysian-controlled corporations or both and the aggregate foreign shareholding in the joint-venture corporation shall not exceed 51 per cent	(1) N (2) N (3) EF51	(1) None (2) None (3) None	(1) N (2) N (3) N	
Other Professional Services Geographical Indication (GI) Agent (covering filing, prosecution and renewal of patent only)	(1) Unbound (2) None (3) Foreign equity participation should not exceed 70%.	(1) U (2) N (3) EF70	(1) Unbound (2) None (3) None	(1) U (2) N (3) N	

## Myanmar

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
Accounting, auditing and bookkeeping services (CPC 862)	(1) None (2) None (3) Joint venture or partnership with Myanmar Locally registered public accountants is encouraged after fulfilling the requirements prescribed by Foreign Investment Law, provided that the foreign counterpart must be qualified and duly registered as a practicing Public Accountant in his/her country. Up to 70% foreign equity participation is permitted.	(1) N (2) N (3) EF70	(1) None (2) None (3) As indicated in market access	(1) N (2) N (3) EF70
Architectural services (CPC 8671)	(1) None (2) None (3) a. Commercial presence of foreign service suppliers and/or providers are permitted in accordance with the Myanmar Companies Act 1914 and the Republic of the Union of Myanmar Foreign Investment Law (2012) As stipulated in the Foreign Investment Law (2012), the Investment may be carried out in any of the following forms: (i) carrying out and investment by a foreigner with one hundred per cent foreign capital on the business permitted by the Commission; (ii) carrying out a joint venture between a foreigner and a citizen or the relevant Government department and organization; (iii) carrying out by any system contained in the contract which approved by both parties. b. Foreign organizations and persons are not allowed to own a land in Myanmar. However, land may be acquired on long term lease, depending on the individual circumstances.	(1) N (2) N (3) E	(1) None (2) None (3) As indicated in market access column	(1) N (2) N (3) E
Engineering services (CPC 8672)	(1) None (2) None (3) a. Commercial presence of foreign service suppliers and/or providers are permitted in accordance with the Myanmar Companies Act 1914 and the Republic of the Union of Myanmar Foreign Investment Law (2012) As stipulated in the Foreign Investment Law (2012), the Investment may be carried out in any of the following forms: (i) carrying out and investment by a foreigner with one hundred per cent foreign capital on the business permitted by the Commission; (ii) carrying out a joint venture between a foreigner and a citizen or the relevant Government department and organization; (iii) carrying out by any system contained in the contract which approved by both parties. b. Foreign organizations and persons are not allowed to own a land in Myanmar. However, land may be acquired on long term lease, depending on the individual circumstances.	(1) N (2) N (3) E	(1) None (2) None (3) As indicated in market access column	(1) N (2) N (3) E

Integrated engineering services (CPC 8673)	<p>(1) None</p> <p>(2) None</p> <p>(3) a. Commercial presence of foreign service suppliers and/or providers are permitted in accordance with the Myanmar Companies Act 1914 and the Republic of the Union of Myanmar Foreign Investment Law (2012) As stipulated in the Foreign Investment Law (2012), the Investment may be carried out in any of the following forms: (i) carrying out and investment by a foreigner with one hundred per cent foreign capital on the business permitted by the Commission; (ii) carrying out a joint venture between a foreigner and a citizen or the relevant Government department and organization; (iii) carrying out by any system contained in the contract which approved by both parties.</p> <p>b. Foreign organizations and persons are not allowed to own a land in Myanmar. However, land may be acquired on long term lease, depending on the individual circumstances</p>	<p>(1) N</p> <p>(2) N</p> <p>(3) E</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) As indicated in market access column</p>	<p>(1) N</p> <p>(2) N</p> <p>(3) E</p>
Urban Planning Services (CPC 86741)	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) As indicated in the Horizontal Commitments</p>	<p>(1) U</p> <p>(2) N</p> <p>(3) E</p>	<p>(1) None Subject to horizontal commitments</p> <p>(2) None</p> <p>(3) As indicated in the Horizontal Commitments</p>	<p>(1) N</p> <p>(2) N</p> <p>(3) H</p>
Landscape architectural services (CPC 86742)	<p>(1) None</p> <p>(2) None</p> <p>(3) a. Commercial presence of foreign service suppliers and/or providers are permitted in accordance with the Myanmar Companies Act 1914 and the Republic of the Union of Myanmar Foreign Investment Law (2012) As stipulated in the Foreign Investment Law (2012), the Investment may be carried out in any of the following forms: (i) carrying out and investment by a foreigner with one hundred per cent foreign capital on the business permitted by the Commission; (ii) carrying out a joint venture between a foreigner and a citizen or the relevant Government department and organization; (iii) carrying out by any system contained in the contract which approved by both parties. b. Foreign organizations and persons are not allowed to own a land in Myanmar. However, land may be acquired on long term lease, depending on the individual circumstances</p>	<p>(1) N</p> <p>(2) N</p> <p>(3) E</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) As indicated in market access column</p>	<p>(1) N</p> <p>(2) N</p> <p>(3) E</p>

## The Philippines

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
All subsectors [Except for Non-regulated/Non-licensed Services]			(1) Service Outputs: For professions with specific service outputs (e.g., plans, specifications, audit reports), such outputs shall be recognized by the Philippine Government only if the foreign professional is registered with the Professional Regulation Commission (PRC).	
b. Bookkeeping services, except tax returns (CPC 86220)  (Note: Non-Regulated/Non-Licensed Services)	(1) None (2) None (3) None, except that only up to 70% foreign equity participation is allowed	(1) N (2) N (3) F70	(1) None (2) None (3) None	(1) N (2) N (3) N
Auditing Services - covers financial auditing and accounting review (CPC 86211) (CPC 86212)	(1) None (2) None (3) Single practitioners and partnerships for public accountancy practice shall be registered Certified Public Accountants in the Philippines; CPAs in public practice are required minimum of three-year experience in any area of public practice, including taxation, prior to issuance of Certificate of Accreditation	(1) N (2) N (3) DG	(1) None (2) None (3) None	(1) N (2) N (3) N
Taxation Services (CPC 863)	(1) None (2) None (3) Single practitioners and partnerships for the practice of public accountancy shall be registered Certified Public Accountants in the Philippines; CPAs in public practice are required minimum of 3 years' experience in any area of public practice including taxation, prior to issuance of Certificate of Accreditation.	(1) N (2) N (3) DG	(1) None (2) None (3) None	(1) N (2) N (3) N
Architectural Services (CPC 8671)	(1) None (2) None (3) A firm/company/partnership/corporation/association may be registered for architectural practice provided: a) Only Filipino citizens who are properly registered/licensed Architects may, among themselves, or with allied technical professionals, form/obtain registration as firm/company/partnership/association/corporation for architectural practice. b) At least 75% of owners/shareholders/incorporators/directors/ executive officers are registered/ licensed architects. c) Such firm/partnership/association/corporation shall be registered with Securities and Exchange Commission and Board of Architecture.	(1) N (2) N (3) E	(1) None (2) None (3) None.	(1) N (2) N (3) N
Engineering Services (CPC 8672) The disciplines/ activities covered by Engineering Services are limited to:				



Civil Engineering	(1) None (2) None (3) A firm/partnership/corporation/ association may be registered for civil engineering practice provided: a) Only persons who are properly registered/ licensed civil engineers may, among themselves, or with a person or persons properly registered and licensed as architects may form/ obtain registration as firm/ partnership/association for civil engineering practice b) Members who are civil engineers shall only render work and services proper for a civil engineer and members who are architects shall only render work and services proper for an architect c) Individual members of such firms/partnership/association shall be responsible for their own respective acts.	(1) N (2) N (3) E	(1)None (2)None (3) None	(1) N (2) N (3) N
Electrical Engineering	(1) None (2) None (3) Licensed professional electrical engineers may, among themselves, form a partnership/ association and collectively render electrical engineering service, provided individual members of such partnerships/associations shall be responsible for their own respective acts.	(1) N (2) N (3) E	(1)None (2)None (3) None	(1) N (2) N (3) N
Geodetic Engineering	(1) None (2) None (3) Duly registered geodetic engineers may organize/establish/form firms/ partnerships/ associations for practice of geodetic engineering pursuant to SEC rules.	(1) N (2) N (3) D	(1)None (2)None (3) None	(1) N (2) N (3) N
Mechanical Engineering	(1) None (2) None (3) Corporate practice is not allowed, however, Registered/licensed mechanical engineers may form/obtain SEC registration of firm/ partnership/ association.	(1) N (2) N (3)E	(1)None (2)None (3) None	(1) N (2) N (3) N
Metallurgical Engineering	(1) None (2) None (3) A firm/co-partnership/company/ corporation/association can practice metallurgical engineering in the Philippines, provided such practice is carried out by metallurgical engineers holding valid Certificates of Registration issued by the Board of Metallurgical Engineering and in the regular employ of said firm/co-partnership/ company/ corporation or association.	(1) N (2) N (3) DE	(1) None (2) None (3) None	(1) N (2) N (3) N
Mining Engineering	(1) None (2) None (3) Corporate practice is not provided in the mining engineering law.	(1) N (2) N (3) E	(1) None (2) None (3) None	(1) N (2) N (3) N

Sanitary Engineering	(1) None (2) None (3) A firm/partnership/corporation/ association may engage in sanitary engineering practice, provided such practice is carried out under supervision of sanitary engineer/s holding valid Certificate issued by Board of Sanitary Engineering.	(1) N (2) N (3) DE	(1) None (2) None (3) None	(1) N (2) N (3) N
Industrial Engineering (CPC 8672) (Note: Non-Regulated/Non-Licensed Services)	(1) None (2) None (3) None, except that up to 70 % foreign equity participation is allowed	(1) N (2) N (3) F70	(1) None (2) None (3) None	(1) N (2) N (3) N
Environmental (Urban Planning) Planning Services (CPC 86741, 91123)	(1) None (2) None (3) A consulting firm/partnership/ company/corporation may engage in environmental planning practice in the Philippines provided: a) Entity is registered as such with Board of Environmental Planning. b) At least 75% of Board members of corporation/ partnership/firm/ association are registered environmental planners and at least 75% of total capitalization is owned by them. c) The practice of consulting entity is carried out by duly registered environmental planner.	(1) N (2) N (3) DE	(1) None (2) None (3) None	(1) N (2) N (3) N

## Singapore

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
International Commercial Arbitration Services in relation to international law, foreign law and Singapore law (CPC 86190)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Accounting and auditing services except for financial auditing services and accounting review services (CPC 8621 **)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Financial auditing services (CPC 86211) Accounting review services (CPC 86212)	(1) Public accountants must be ordinarily resident in Singapore or at least one of the partners of the firm must be ordinarily resident in Singapore (2) None (3) As in Mode 1	(1) DE (2) N (3) DE	(1) None (2) None (3) None	(1) N (2) N (3) N
Book-Keeping Services (CPC 8622)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Taxation Services (CPC 863)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Architectural Services (CPC 8671)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Engineering Services (CPC 8672)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Integrated engineering services (CPC 8673)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Landscape Architecture services (CPC 86742)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

### Thailand

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
(a) Legal services (CPC 861)	(1) Unbound (2) None (3) As indicated in 3.3 of the horizontal section	(1) U (2) N (3) EF70	(1) Unbound (2) None (3) None	(1) U (2) N (3) N
(b) Accounting, auditing and bookkeeping services (CPC 862)	(1) None (2) None (3) As indicated in 3.3 of the horizontal section	(1) N (2) N (3) EF49	(1) Auditing must be authenticated by licensed auditor in Thailand (2) None (3) None	(1) G (2) N (3) N
Bookkeeping services, only for tax returns for its own affiliated company (CPC Version 1.1: part of 82220)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
(c) Taxation Services (CPC 863 / 8630)	(1) None (2) None (3) As indicated in 3.3 of the horizontal section	(1) N (2) N (3) EF49	(1) Tax filing must be authenticated by licensed tax auditor and/or licensed auditor in Thailand. (2) None (3) None	(1) G (2) N (3) N
Individual tax preparation and planning services for employees of its own affiliated company (CPC Version 1.1: 82320)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N
(d) Architectural services (CPC 8671)	(1) None (2) None (3) Commercial presence is permitted either in the form of a limited liability company or limited partnership or registered ordinary partnership whose head office is registered in Thailand and which meets the following conditions: a) As indicated in 3.3 of the horizontal section; Limited Liability Company b) At least half of its director(s), or its managing director must be a person of Thai Nationality and obtain a license from the Architects Council; Limited Partnership or Registered Ordinary Partnership c) The managing partner or manager must be the person of Thai nationality; and d) At least half of its partner(s) or its managing partner must be the person of Thai nationality and obtain a license from the Architects Council.	(1) N (2) N (3) DE	(1) Services must be authenticated by licensed architect in Thailand (2) None (3) None	(1) G(2) N (3) N

(d) Architectural advisory and pre-design services (CPC Version 1.1: 83211)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) Services must be authenticated by licensed architect in Thailand (2) None (3) None	(1) G (2) N (3) N
(e) Engineering advisory and pre-design services for traffic control systems (CPC Version 1.1: 83339)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) Services must be authenticated by licensed engineer in Thailand (2) None (3) None	(1) G (2) N (3) N
(f) Integrated engineering services Integrated engineering services for traffic control systems (CPC Version 1.1: 83319)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) Services must be authenticated by licensed engineer in Thailand (2) None (3) None	(1) G (2) N (3) N
(g) Urban planning services Development services for programs concerning land use, site selection, control and utilization, road systems and servicing of land with a view to creating and maintaining systematic, coordinated urban development (CPC Version 1.1: part of 83221)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) Services must be authenticated by licensed architect in Thailand (2) None (3) None	(1) G (2) N (3) N
(k) Other professional services Weather forecasting and meteorological services (CPC Version 1.1: 83550)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

## Viet Nam

Subsector	Limitation on Market Access (MA)	A-H classification of MA	Limitation on National Treatment (NT)	A-H classification of NT
Legal service, excluding: - participation in legal proceedings in the capacity of defenders or representatives of their clients before the courts of Viet Nam; - legal documentation and certification services of the laws of Viet Nam (CPC 861)	(1) None (2) None (3) Foreign lawyers organization <sup>1</sup> are permitted to establish commercial presence in Viet Nam in the following forms: a) Branches of foreign lawyers' organizations; b) Subsidiaries of foreign lawyers' organizations; c) Foreign law firms <sup>2</sup> ; d) Partnership between foreign lawyer organizations and Viet Nam's law partnerships. Commercial presences of foreign lawyer's organizations are permitted to make consultations on Viet Name laws if the consulting lawyers have graduated from a Viet Name law college and satisfy requirements applied to Viet Name law practitioners.	(1) N (2) N (3) DE	(1) None (2) None (3) None	(1) N (2) N (3) N
Accounting and auditing and bookkeeping services (CPC 862)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Taxation Services [CPC 863]	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Architectural Services. (CPC 8671)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N
Engineering Services. (CPC 8672) Integrated engineering services [CPC 8673]	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None, except: The supply of services related to topographical, geotechnical, hydro geological and environmental surveys and technical surveys for urban-rural development planning, sectoral development planning are subject to the authorization of the Government of Viet Nam	(1) N (2) N (3) G
Urban planning and urban landscape architectural services [CPC 8674]	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None, except the responsible foreign architects working in foreign invested enterprises must have the professional practicing certificate granted or recognized by the Government of Viet Nam.  (4) In some areas, subject to the regulations of the Government of Viet Nam for national security and social stability purposes, foreign service suppliers may not be permitted to provide this service	(1) N (2) N (3) E

Source: [http://myservices.miti.gov.my/widget/web/guest/protocol/-/56\\_INSTANCE\\_cxTW8VKZiDDD](http://myservices.miti.gov.my/widget/web/guest/protocol/-/56_INSTANCE_cxTW8VKZiDDD)  
For Brunei Darussalam, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_BD\\_SOC\\_\[CCS\\_78\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_BD_SOC_[CCS_78].pdf)  
For Cambodia, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_CA\\_HC\\_\[AFAS\\_5\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_CA_HC_[AFAS_5].pdf)  
For Indonesia, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_ID\\_SOC\\_\[CCS\\_78\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_ID_SOC_[CCS_78].pdf)  
For the Lao People's Democratic Republic, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_LA\\_SOC\\_\[CCS\\_78\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_LA_SOC_[CCS_78].pdf)  
For Malaysia, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_MY\\_SOC\\_\[CCS\\_78\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_MY_SOC_[CCS_78].pdf)  
For Myanmar, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_MM\\_SOC\\_\[20140312\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_MM_SOC_[20140312].pdf)  
For the Philippines, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_PH\\_SOC\\_\[21Aug2015\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_PH_SOC_[21Aug2015].pdf)  
For Thailand <http://myservices.miti.gov.my/documents/10180/f0c1be7c-124f-47bf-b4f9-2fd6300ab7d1>  
For Singapore, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_SG\\_SOC\\_\[20130509\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_SG_SOC_[20130509].pdf)  
For Viet Nam, [http://www.miti.gov.my/miti/resources/AFAS\\_9\\_Consolidated\\_Schedule\\_-\\_VN\\_SOC\\_\[20150911\].pdf](http://www.miti.gov.my/miti/resources/AFAS_9_Consolidated_Schedule_-_VN_SOC_[20150911].pdf)

## Annex C. 50 Large foreign affiliates engaged in professional services in ASEAN, 2015 (continued)

	Name of foreign affiliates	Host country	Estimated sales (\$ million)	Name of parent firms	Home country
1	Thaikoei International Co., Ltd.	Thailand	2 636	NIPPON KOEI CO LTD	Japan
2	Schneider Electric Logistics Asia PTE Ltd	Singapore	1 412	SCHNEIDER ELECTRIC SE	France
3	Modec And Toyo Offshore Production Systems Pte. Ltd.	Singapore	828	MODEC, INC.	Japan
4	Technip Geoproduction (M) SDN BHD	Malaysia	650	TECHNIP	France
5	Convergys Philippines	Philippines	486	Convergys	United States
6	Technip Singapore Pte. Ltd.	Singapore	465	TECHNIP	France
7	StarTek	Philippines	391	StarTek	United States
8	Civmec Limited	Singapore	370	CIMB GROUP HOLDINGS BERHAD	Malaysia
9	Boustead Singapore Limited	Singapore	360	HSBC HOLDINGS PLC	United Kingdom
10	Sykes Enterprises	Philippines	360	Sykes Enterprises	United States
11	Deep Drilling Invest Pte. Ltd.	Singapore	344	ABAN OFFSHORE LIMITED	India
12	Prosafte Rigs Pte. Ltd.	Singapore	332	PROSAFE SE	Cyprus
13	eTelecare Global Solutions Inc	Philippines	295	EGS Acquisition Co LLC	United States
14	Modec Management Services Pte. Ltd.	Singapore	273	MITSUI ENGINEERING & SHIPBUILDING CO LTD	Japan
15	Siemens Malaysia SDN BHD	Malaysia	261	SIEMENS AG	Germany
16	Mcdermott Asia Pacific Pte. Ltd.	Singapore	258	MCDERMOTT INTERNATIONAL, INC.	Panama
17	Prosafte Offshore Pte. Limited	Singapore	238	PROSAFE SE	Cyprus
18	SPi Global Solutions	Philippines	237	Asia Outsourcing Gamma Ltd	Philippines
19	Johnson Controls (S) Pte. Ltd.	Singapore	214	JOHNSON CONTROLS HONG KONG LIMITED	Hong Kong
20	ABB Malaysia SDN BHD	Malaysia	208	ABB LTD	Switzerland
21	Salini Malaysia Sdn. Bhd.	Malaysia	197	SALINI IMPREGILO S.P.A.	Italy
22	Accenture	Philippines	190	Accenture	Ireland
23	Frost & Sullivan	Malaysia	180	Frost & Sullivan	United States
24	IBM	Philippines	169	IBM	United States
25	Daksh e-Services	Philippines	166	Daksh e-Services	India
26	Sutherland Global Services	Philippines	166	Sutherland Global Services	United States
27	Ampolex (Cepu) PTE Ltd	Singapore	161	EXXON MOBIL CORP	United States
28	Convergys Malaysia	Malaysia	156	Convergys	United States
29	Frost & Sullivan	Malaysia	156	Frost & Sullivan	United States
30	IBEX Global Philippines	Philippines	152	IBEX Global Philippines	United States

## Annex C. 50 Large foreign affiliates engaged in professional services in ASEAN, 2015 (concluded)

	Name of foreign affiliates	Host country	Estimated sales (\$ million)	Name of parent firms	Home country
31	McConnell Dowell South East Asia Private Limited	Singapore	147	AVENG LIMITED	South Africa
32	Leighton Contractors (Malaysia) SDN BHD	Malaysia	138	ACS ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.	Spain
33	Amec Foster Wheeler Asia Pacific Pte. Ltd.	Singapore	129	AMEC FOSTER WHEELER PLC	United Kingdom
34	Agoda Co Ltd	Thailand	124	priceline.com Inc	United States
35	World Sport Group Holdings Ltd	Singapore	119	Lagardere Sports	France
36	Affiliated Computer Services (ACS)	Philippines	109	Affiliated Computer Services (ACS)	United States
37	Genpact (GECIS)	Philippines	109	Genpact (GECIS)	Bermuda
38	Bidford Dolphin Pte. Ltd.	Singapore	103	BONHEUR ASA	Norway
39	P.Dussmann	Vietnam	103	P.Dussmann	Germany
40	ExxonMobil	Thailand	100	ExxonMobil	United States
41	Kajima (M) SDN BHD	Malaysia	94	KAJIMA CORPORATION	Japan
42	Xerox	Philippines	87	Xerox	United States
43	Techspan	Philippines	85	Techspan	United States
44	HSBC	Philippines	85	HSBC	United Kingdom
45	Sutherland Global Services	Philippines	85	Sutherland Global Services	United States
46	Hewlett-Packard (HP)	Philippines	85	Hewlett-Packard (HP)	United States
47	Air Liquide Global E&C Solutions Singapore Pte. Ltd.	Singapore	76	L'AIR LIQUIDE, SOCIÉTÉ ANONYME POUR L'ÉTUDE ET L'EXPLOITATION DES PROCÉDÉS GEORGES CLAUDE	France
48	Motif	Philippines	75	Motif	United States
49	Samsung C&T (KL) Sdn. Bhd.	Malaysia	74	SAMSUNG C & T (THAILAND) CO LTD	Thailand
50	Convergys Singapore	Singapore	74	Convergys	United States

Source: AJC based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters, Orbis and fDiMarkets, available from the sources given; and third, some adjustment was made to eliminate unreasonable estimates by searching information of the affiliates in question. Nevertheless there are likely to have some, sometimes large, errors, and readers should use these data with utmost caution.

Annex D. 50 Large ASEAN affiliates abroad engaged in professional services, 2015 (continued)					
	Name of ASEAN affiliates abroad	Host country	Estimated sales (\$ million)	Name of ASEAN investing company	ASEAN home country
1	SACYR, S.A.	Spain	333	TT International Limited	Singapore
2	SPI Global Solutions	Phillipnes <sup>a</sup>	303	Asia Outsourcing Gamma Ltd	Phillipnes <sup>a</sup>
3	FUGRO NV	Netherland	179	TT International Limited	Singapore
4	Photon Group Ltd-Field Marketing & Retail Agencies Division	Australia	154	Navis Investment Partners (Asia)Ltd	Malaysia
5	Linktone Ltd	China	52	Media Nusantara Citra Tbk PT	Indonesia
6	Raffles Education	China	51	Raffles Education	Singapore
7	Jobfit Health Group	Australia	29	Fullerton Healthcare Group	Singapore
8	Kannal Solutions(Thailand)Co Ltd	Thailand	28	Kannaltec Bhd	Malaysia
9	Cityneon Holdings Ltd	Singapore <sup>a</sup>	23	Laviani Pte Ltd	Singapore <sup>a</sup>
10	iCognitive	France	22	iCognitive	Singapore
11	Getit Infoservices Pvt Ltd	India	22	Astro All Asia Networks PLC	Malaysia
12	CIVMEC CONSTRUCTION & ENGINEERING PTY LTD	Australia	18	Civmec Limited	Singapore
13	Wong Partnership	China	17	Wong Partnership	Singapore
14	Rajah & Tann	China	17	Rajah & Tann	Singapore
15	International SOS	China	17	International SOS	Singapore
16	ABN Impact (ABN Research)	China	17	ABN Impact (ABN Research)	Thailand
17	Khattar Wong & Partners	China	17	Khattar Wong & Partners	Singapore
18	The Media Shop	China	16	The Media Shop	Singapore
19	Sharp Fine Worldwide Ltd	Hong Kong, China	16	Times Publishing Ltd	Singapore
20	One2Car Co Ltd	Thailand	15	One2Car Co Ltd	Malaysia
21	Communication Services (Commserv)	Vietnam	14	Communication Services (Commserv)	Singapore
22	VDB Loi	Vietnam	14	VDB Loi	Cambodia
23	KhattarWong	Vietnam	14	KhattarWong	Singapore
24	Allen & Gledhill	Vietnam	14	Allen & Gledhill	Singapore
25	Cityneon Holdings	Vietnam	14	Cityneon Holdings	Singapore
26	Verztec	Vietnam	14	Verztec	Singapore
27	Export-Import Bank of Thailand (EXIM Thailand)	Vietnam	14	Export-Import Bank of Thailand (EXIM Thailand)	Thailand
28	Absolute Hotel Services (AHS)	Vietnam	14	Absolute Hotel Services (AHS)	Thailand
29	Singapore Warehouse Company (Private) Ltd.	Bermuda	12	Singapore Warehouse Company (Private) Ltd.	Singapore
30	International SOS	India	12	International SOS	Singapore



## Annex D. 50 Large ASEAN affiliates abroad engaged in professional services, 2015 (concluded)

	Name of ASEAN affiliates abroad	Host country	Estimated sales (\$ million)	Name of ASEAN investing company	ASEAN home country
31	Singapore International Arbitration Centre (SIAC)	India	12	Singapore International Arbitration Centre (SIAC)	Singapore
32	Export-Import Bank of Thailand (EXIM Thailand)	India	12	Export-Import Bank of Thailand (EXIM Thailand)	Thailand
33	Absolute Hotel Services (AHS)	India	12	Absolute Hotel Services (AHS)	Thailand
34	Contact Centres Australia Pty	Australia	11	Contact Centres Australia Pty Ltd	Indonesia
35	AntWorks	India	11	AntWorks	Singapore
36	STX Offshore & Shipbuilding Co	Canada	11	STX Canada Marine Inc	Singapore
37	Pan Assets Pte Ltd	Singapore	11	Bayan Resources PT	Indonesia
38	KinderWorld Education Group	VietNam	10	KinderWorld Education Group	Singapore
39	VDB Loi	Lao People's Democratic Republic	10	VDB Loi	Cambodia
40	VDB Loi	Singapore	10	VDB Loi	Cambodia
41	VDB Loi	Indonesia	10	VDB Loi	Cambodia
42	Sciaroni & Associates	Lao People's Democratic Republic	10	Sciaroni & Associates	Cambodia
43	VDB Loi	Myanmar (Burma)	10	VDB Loi	Cambodia
44	PT Kingsmen Trisekawan	Indonesia	10	PT Kingsmen Trisekawan	Singapore
45	Raffles Design Institute (HK)	Hong Kong	10	Raffles Design Institute (HK)	Singapore
46	Hong Kong Raffles School of Continuing Education	Hong Kong	10	Hong Kong Raffles School of Continuing Education	Singapore
47	Timur Ship Management	Indonesia	10	Timur Ship Management	Singapore
48	Rajah & Tann	Cambodia	10	Rajah & Tann	Singapore
49	Rajah & Tann	Indonesia	10	Rajah & Tann	Singapore
50	Rajah & Tann	Lao People's Democratic Republic	10	Rajah & Tann	Singapore

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters, Orbis and fDiMarkets.

Note: Sales are estimated in the following manner: first the ratio of sales to size of ASEAN affiliates abroad (investment value, capital size, employment size etc.) is calculated for available ASEAN affiliates in each host economy; second, this ratio is applied to the affiliates whose size is available from the sources given; and third, some adjustment was made to eliminate unreasonable estimates by searching information of the affiliates in question.

Nevertheless there are likely to have some, sometimes large, errors, and readers should use these data with utmost caution.

a Immediate investing country is different.





# ASEAN- Japan Centre

ASEAN Promotion Centre on Trade, Investment and Tourism  
[www.asean.or.jp/en](http://www.asean.or.jp/en)

