



## **Mutual Respect:**

### **Sri Lankan and Indian professionals try to strike a working deal**

March 24, 2007 (LBO) – Sri Lanka and India are to sign 'Mutual Recognition Agreements', making it easier for professionals to cross borders when a new services trade agreement takes effect this year.

"Sri Lanka is now making arrangements for professional bodies to sign Mutual Recognition Agreements (MRA's) with their counterparts," Saman Kelegama, Executive Director of think tank, the Institute of Policy Studies, said Thursday.

"It has triggered a wave of re-awakening in professional bodies in regard to their regulatory framework."

Kelegama is also part of Sri Lanka's negotiating team on a Comprehensive Economic Partnership Agreement (CEPA), to free up services between India and Sri Lanka.

The Mutual Recognition Agreements are signed between the equivalent professional bodies in both countries, such as the Institute of Chartered Accountants, medical or legal associations.

The agreements means that both sides recognize professional qualifications and therefore can verify the credentials of people interested in working in either country.

They can then just register with the local qualifying body and practice without sitting for local exams.

"From all our consultations we have found that except for a few professions like accountants – the Institute of Chartered Accountants, doctors – Sri Lanka Medical Association, engineers and lawyers, many others do not have a regulatory framework in place," Kelegama said.

Some services like tourism that both sides' want opened up, now runs into trouble, as there is no qualifying body for travel agents for example, with most in the industry in that position through experience.

### **Crossing Borders – Sri Lanka's Position**

Sri Lanka's accountants however, are not interested in working in India, with its lower salaries compared to Canada or Australia. Neither is there a shortage of qualified accountants in Sri Lanka.

"Liberalization can lead to a one way flow, just Indian traffic coming here. The industry's position is that Indian accountants working in joint ventures is acceptable and that is already allowed now," Kelegama said.

In the health sector however, Sri Lanka has a shortage of specialists in neurology for example and local hospitals can only bring down specialists after a needs based assessment, but is not extended to general practitioners.

The Sri Lanka Medical Council is to sign an MRA with the Indian Medical Council.

India has asked Sri Lanka to free up hotel and lodging services, travel agents and tour operators, though Sri Lanka is not too keen on opening up fully.

There is also no institution in Sri Lanka for recognizing qualifications in the tourism sector, making signing of a mutual recognition agreement difficult.

Sri Lanka is also considering selective liberalization of maritime sector where manpower shortages exist, such as navigating officers, marine engineers, naval architects, skilled welders and fitters for shipbuilding and repair.

Given tough local competition and adequate local supply, Kelegama says, there is no scope for opening up areas like freight forwarding, warehousing and depot services.

The local Information Technology industry is considering freeing up movement of Indian IT trainers. Currently, movement of people is linked to investment in the sector.

For business process outsourcing, being considered are no stipulations on minimum local employees at the start but specified afterwards to aid technology and knowledge transfer, Kelegama said.

"In the construction sector, Indian consultants could be allowed to work in Sri Lankan firms through joint ventures,

under regulations."

Local architects are against liberalization until a regulatory framework is in place, while an MRA has to also be signed by the Institute of Engineers of both countries.

Sri Lanka is against private universities being set up here, an issue that is still a political hot potato.

### **Still Talking**

Both sides are due to meet in Colombo for talks on CEPA starting March 29, with both sides hopeful of firming up a deal by June this year.

To date, liberalization of service sectors has been unilateral and restricted.

"The services sector is the most regulated in the world and both India and Sri Lanka are entangled in a complex web of regulations in services, Kelegama said.

The goal of CEPA is to relax regulations as far as possible. Sri Lanka has asked India to open up tourism, the retail trade, finance and insurance, maritime and aviation.

India is the island's third largest export market, with just under two billion dollars in bilateral trade. India is also the island's fourth largest investor, with investments of over US\$ 450 million in the island.

