



## BUSINESS TIMES

### CEPA: Proper regulatory framework needed to permit foreign professionals to work here

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Liberalising professional services in the context of the proposed India-Sri Lanka Comprehensive Economic Partnership Agreement (CEPA) which has been resurrected after Indian Prime Minister Narendra Modi's recent visit to Sri Lanka, was a hot topic this week at a Colombo discussion but opinion was divided.

However most – proponents and opponents – agreed that if a proper regulatory framework is in place then permitting professionals to work in Sri Lanka under such guidelines is unlikely to be an issue.

While sections of the local industry have fiercely opposed the CEPA on the grounds that the entry of cheap Indian goods will endanger more, costly local products and local employment, the debate has taken a new turn in the past few months with once-shy professionals engaging the authorities and raising concerns.

While the Colombo discussion organised on Monday by CA Sri Lanka (representing chartered accountants) was said by the organisers to be the first such forum bringing professionals together to raise these issues, it is not so as the Organisation of Professional Associations (OPA) organised a similar discussion two months ago where doctors, architects and builders also raised concerns. (See Business Times, May 17, 2015 headlined "New challenges for CEPA as Sri Lankan professionals turn on the heat").

CA Sri Lanka President Arjuna Herath welcoming professionals of various disciplines said it was very relevant and appropriate to discuss the subject at a time when Sri Lanka was making partnership agreement with other parties involved alongside with WTO rules and regulations. Referring to the service sector, he said 60 per cent of the economy was based on the service sector which was making rapid progress.

He said as far as Sri Lankan exports was concerned the country didn't fare well in the past. There was a dearth of accountant professionals in the country and more were needed to provide financial services. Many Sri Lanka chartered accountants today work in many foreign countries. "We hope to increase the number of chartered accountants in future and are not going to restrict the number of accountant professionals. We need them here and to be sent to other parts of the world," he said.

Dr. Saman Kelegama, Executive Director of the Institute of Policy Studies in Colombo, who made the key note address, said the topic involved was a sensitive one to be discussed in Sri Lanka or in any other developing country as it involves movement of foreign workers. It has become politically a sensitive issue for foreign workers in other developed countries. The international community today is pursuing the rights of foreign workers under the WTO agreement. He said there was a skills shortage in Sri Lanka over the years. Skills mismatch had been prevalent in the Sri Lanka economy since 1960 and the ILO mission that visited Sri Lanka in the early 1970s produced a comprehensive report on the mismatch of the Sri Lanka economy. The team was headed by Prof. Dudley Seers from the University of Sussex and the report was known as the Seers report. It was during the British colonial period that the country had a supply oriented education system which did not adjust over the years to match the growing demand of the Sri Lanka economy. "We needed reforms in both the secondary and tertiary education system way back in the 1970. But reforms took place in the secondary education system but not in the tertiary education system. Whatever reforms that Sri Lanka implemented were also criticised."

He said the skills shortage in the country was attributed to professionals migrating to developed countries to seek better wages and other issues.

"They migrated in the 1970-80s and continue to do so. A skills shortage has been reported in various

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industries and in the service sectors. There was a shortage of 7000 -10,000 doctors, according to reports." However following the conclusion of the war the tourism industry grew at a rapid pace.

Although 30,000 tourism sector personnel were needed annually, only 4,500 personnel could be trained locally.

According to official figures, the construction sector was in need of 50,000 skilled persons annually. Skilled labour was also going to countries such as Australia, Canada, New Zealand and other countries. He said Sri Lanka was also an importer of unskilled labour to work in the plantation sector during the British colonial rule.

He said today skilled labour could be imported into the country under immigration rules whenever the need arises such as teachers to teach in foreign schools and specialist doctors to work at hospitals. There were also foreign cooks working at star class hotels and Chinese engineers who work at the Norochcholai power plant.

When skilled labour was needed it was the employer who issues a letter to the respective professional councils seeking approval. With globalisation business procedures too have changed. To circumvent a cumbersome procedure of importing labour on a temporary basis the international body such as the WTO has suggested ways to liberalise the procedure. However as the WTO system is not functioning other avenues are pursued for importing skilled labour. As far as Sri Lanka was concerned foreign skilled labour come into the country along with the level of investment into the country.

"They cannot practise in Sri Lanka without an investment component. This is how professional labour come into the country. Of all countries the European Union offers passage for migration of skilled labour," he said.

Moderator of the panel was the past CA Sri Lanka President Ranil Wijesinha while the panellists comprised Saliya Peiris, Deputy President of the Bar Association, Dr Ruvaiz Haniffa, Past Secretary of the Sri Lanka Medical Association and Riyaz Mihular, Managing Partner KPMG.

While Mr. Peiris, responding to a question, said the legal fraternity may resist attempts by foreigners to engage in legal practice in the country, most professionals were of the view that they could learn more from other (foreign) professionals engaged in the same trade.

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