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EU-CANADA ROUNDTABLE: MOBILITY OF THE SKILLED WORKFORCE

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For those of you unfamiliar with us BUSINESSEUROPE is the main voice of European companies on EU policy matters at EU level. Our members are national business and employers federations in 34 European countries and we also have a close working relationship with the European level sectoral organisations. International economic issues are vital for our members given their increasing international economic integration.

I'm going to look at the issue of mobility of the regulated professions from the perspective of the negotiations for a Comprehensive Economic Partnership Agreement between the EU and Canada as that's where our organisation's focus is and where we hope that some progress can now be made.

First, let me say that the economic relationship with Canada is very significant for European firms. Trade flows were worth just over €70 billion in goods and services in 2008, even during the collapse in trade with the economic and financial crisis. On top of that, EU firms hold €160 billion in foreign direct investment in Canada and Canadians €110 billion in Europe. So this is a relationship that is both significant and that has potential to develop.

We are very pleased to see the launch of the negotiations for a Comprehensive Economic Partnership Agreement or a CEPA between the EU and Canada. We understand this as meaning a very broad and deep free trade agreement that will bring new business opportunities on both sides. To do this it must tackle the lingering barriers EU and Canadian companies face in each other's markets.

Of course traditional obstacles to trade and investment will remain important – tariffs, discriminatory legislation and customs issues for example as well as barriers to trade in services, but the agreement will also need to move decisively into new areas also if it is to be effective.



As it often the case with developed countries, the most significant problems in the Canadian market for European firms are much more likely to be complex regulatory matters that, while they may not be intended to have a protectionist impact, do nonetheless complicate matters for European firms.

One area here is public procurement policy, where Canada has a very closed market, particularly at the level of provinces. Another is intellectual property rights, where Canada's system doesn't conform to international norms on copyright, trademarks, designs, patents, data protection or enforcement and doesn't honour EU geographical indications. In both of these areas Canada will need to make commitments under the Comprehensive Economic Partnership Agreement that go beyond what has to date been agreed in EU or other free trade agreements.

The area of mobility of skilled workers and, in particular, the regulated professions will require similar efforts. BUSINESSEUROPE and its members are convinced that progress here will be very important.

Flexibility is vital for companies reacting to international competitive pressures and the ability to transfer and recruit skilled professionals – both from and into the European Union or the home Member State - is vital.

In sectors such as infrastructure and mechanical engineering this is of particular concern and companies have highlighted to us some concerns in this regard:

First, much business in these sectors is project driven. This requires firms to assemble teams of highly qualified professionals, most from Europe when operating in Canada, to develop and manage them. Delays, in such cases, can result in the loss of strategically important business opportunities and also in the failure to properly execute or implement these projects.

Second, equipment that is sold and installed in Canada very often requires the assistance of highly specialized personnel to repair and maintain equipment. Most of the time these services are required on an urgent basis. If a prospective client doubts European companies' ability to promptly service their installations, then they simply don't get the business. Conversely, if they do win the business and then fail to provide proper service and product support, their reputation is severely damaged and future business prospects much diminished.

These views can also be applied to other regulated professions such as in-house legal and accounting staff for example. Furthermore, given the interconnected supply chains that come with the proliferation of foreign direct investment, access to professional services is increasingly required on a global scale.

This is, of course, not the first time that international agreements on mobility of workers have been incorporated into a trade agreement.



Under the WTO and in previous free trade agreements the EU and Canada have looked at the temporary movement of service providers for instance. This so-called Mode 4 liberalisation does provide some elements of access to the market. In the context of the current Doha Round of WTO negotiations for instance Canada has made a positive offer, particularly in the areas intra-corporate transferees and independent professionals. Furthermore, Canada has since 1994 legally binding commitments in relation to a number of regulated professions including engineers, architects, and even some legal consultants. The EU has also made offers and commitments for some regulated professions, though these will include numerical limits on the numbers of professional allowed to enter the EU market. Certainly the CEPA agreement should go beyond commitments and offers made in the WTO context under Mode 4 service provision – to include new sectors for instance.

However, that will likely be insufficient to solve many of the practical problems at issue as none of these commitments address the vital issue of professional accreditation and qualifications. Ultimately, unless we can provide real mutual recognition for qualifications, then delays and blockages in the fulfilment of contracts will remain a reality for our firms.

This will be a challenge of course. All relatively new areas of such regulatory harmonisation, are complicated one. There are some positive trends in the EU and Canada that do show that there is a broad recognition on behalf of the professions and authorities of the importance of the recognition of professional qualifications. There are also positive trends on both sides towards mutual recognition on an international level, including the recent agreement between France and Québec agreement, so the precedent is there for more to be done. However, we must be aware that there will be difficulties in a number of sectors as a result of the disparities in and between EU Member States and Canadian provinces.

To address these challenges both the private and the public sector need to work hand in hand, especially where professional bodies play a role in accreditation.

In some areas we are already seeing this:

The architectural profession at European level for instance, did previously attempt to prepare a mutual recognition agreement with its Canadian counterpart which unfortunately failed but both sides have now, with the impetus of the CEPA negotiations, established a new roadmap. If a positive example can be demonstrated here then other sectors will no doubt follow. If national or local authorities are the competent bodies to negotiate mutual recognition agreements then companies urge them also to take this opportunity to make progress.

What will be key, however, is that the European Commission and the Canadian authorities put in place a framework in the CEPA to allow these agreements to work in practice. One problem that has been seen in the past is legal difficulties in implementing mutual recognition agreements. To return to the example of the architects, an agreement was painstakingly negotiated between European and American professional bodies – including all 50 US states – only to face the problem



that the US Congress did not believe it had the legal authority to provide mechanisms to allow the deal to work in practice.

The private sector will not be incentivised to get moving on this issue unless there is a guarantee that their major efforts will deliver results so the establishment of a clear legal framework for the implementation of MRAs is the core demand of industry in the area.

To conclude let me say that European companies have high hopes for the EU Canada negotiations and hope that they will deliver on the great promise that they offer.

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