Edition 02 (December 2018)

ASEAN Federation of Accountants

AFA connect

Official Publication of the ASEAN Federation of Accountants (AFA)
Accredited Civil Society Organisation of the Association of Southeast Asian Nations (ASEAN)

ASEAN Mutual Recognition Arrangement (MRA) on Accountancy Services, a Collaborative Effort of and for Accountants in Southeast Asia

Kon Yin Tong
President
ASEAN Federation of Accountants

The first edition of the AFA Connect published in April 2018[1] focused on micro businesses and Small & Medium Enterprises (SMEs) in Southeast Asia and the role of the accountancy profession in supporting the achievement of their full potential as the backbone of the regional economy. It highlighted the Federation's aspiration to be recognised as a thought leader for SMEs and Small & Medium Practices (SMPs) issues in the region.

AFA, as the accredited Civil Society Organisation (CSO) and annex of the ASEAN, pays attention to the development of the accountancy profession in Southeast Asia and the introduction of the MRA. This is a regional G-to-G initiative of the ten ASEAN Member States (AMSs) which will potentially redefine how accountants work and provide their professional

1 Available for download in the AFA website: www.aseanaccountants.org

services in the region. It provides a platform for harmonisation of standards and facilitation of cross-border movements of accountants and their services, and enhancement of the quality of accountancy services. You can find out how the MRA works and how it is being implemented from two articles penned by a staff of the ASEAN Secretariat and the Chair of the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) in this AFA Connect.

ASEAN CPA Numbers Can Grow Further

Since 2014, when the arrangement was signed by all ASEAN Trade Ministers, ACPACC has been actively facilitating the implementation of the MRA. As at October 2018, 2,027 accountants from five countries (Indonesia, Malaysia, Myanmar, Singapore, and Thailand) have been registered as ASEAN CPA[2]. The potential number of ASEAN CPA can increase so much more considering that the current aggregate membership size of AFA's member bodies stand at more than 200,000[3].

AFA Has Important Role to Play in the MRA

AFA and its member PAOs has a strategic role to play in supporting the achievement of the MRA objectives. In particular, AFA's extensive network of ASEAN PAOs in the region would be a valuable asset for ACPACC to leverage on to promote the MRA. Through greater awareness, more professional accountants would develop a better understanding of how the MRA promotes mobility of professional accountants as well as trade in accountancy services. Furthermore, with clarity on the qualifications required of professional accountants to be registered as an ASEAN CPA and its obligations, this could help drive more professional accountants in ASEAN to consider signing up to become ASEAN CPAs. During my visit to the ASEAN Secretary General office in March this year, I had shared this with ASEAN Secretary General, H.E. Dato Lim Jock Hoi. H.E. Dato Lim recognised the importance of private sector's participation, particularly AFA and its member PAOs, in supporting and contributing to the successful implementation of the MRA.

AFA Helps ASEAN PAOs Level Up and Enhance Mobility

True to our ASEAN trait of friendly cooperation, the AFA PAOs display good fraternity where we help each other when called upon. In 2017 and 2018 alone, AFA and its member PAOs collectively had more than ten capacity building and development activities in the region[4] and below are some examples:

Cambodia - Responding to Cambodia's need for enhancing stakeholders' awareness toward the importance of audit quality, AFA co-hosted with the Kampuchea Institute of CPAs and Auditors (KICPAA) a conference in Phnom Penh in May that included a discussion on audit quality issues relevant to accountants in ASEAN and how they were successfully dealt with. Such sharing of best practices would help jumpstart the development of accountancy around the region.

2 Data correct as of 25 October 2018. Taken from the ACPACC website: *www.acpacc.org*
3 Taken from the AFA Annual Report 2017
4 *Ibid*

Malaysia - AFA supported the World Bank IFRS transition project in Lao PDR, together with the Malaysian Institute of Accountants (MIA) and the Lao Chamber of Professional Accountants and Auditors (LCPAA). This project is aimed at among others, building the capacity of stakeholders in Lao PDR, particularly accountants, in implementing IFRSs as the recognised international standards for financial reporting. Adoption of international standards is a key ingredient in supporting a regional harmonised initiative such as the MRA. MIA signed an MoU with LCPAA to continue their cooperation on implementation of IFRSs in Lao PDR.

Singapore – For Laos, the Institute of Singapore Chartered Accountants' (ISCA) efforts to co-develop accounting talent was expressed in a programme called the "ISCA-Temasek Foundation Public Administration Programme in Accountancy". This programme was generously sponsored by a grant from the Temasek Foundation International (the "Foundation") and developed in partnership with the Ministry of Finance, Lao PDR. The Foundation is a Singapore-based non-profit philanthropic organisation that "funds and supports programmes that aim to build capabilities in communities in Asia". The programme commenced in July 2017 and is scheduled to run for three years starting from 2017. It will train over 50 officers comprising senior and mid-level government officials who will undergo a five-day leadership programme and a 10-day specialist workshop respectively. So far, ISCA has organised three workshops in Laos and Singapore and have received excellent overall feedback from the participants.

Thailand – The Federation of Accounting Professions of Thailand (FAP) had an MoU with LCPAA on building Lao PDR accountants' capacity on IFRSs and International Standards on Auditing (ISAs). The agreement was based on among others, similarities in cultural background and language between Thailand and Lao PDR. FAP sent out instructor to conduct training activities in Lao PDR. Selected representatives of key Lao PDR stakeholders also attended Train-the-Trainers course in Bangkok on the standards.

- **KICPAA – AFA CONFERENCE 2018** on Digitalisation of Accounting: Supporting ASEAN Micro & SMEs (Phnom Penh, 18 May 2018);
- **IAI – ACCA – AFA REGIONAL** Joint Conference 2018 on The Race for Relevance – Technology Opportunities for Accounting and Finance Function (Jakarta, 3 May 2018);
- **20th AFA CONFERENCE** (jointly hosted with LCPAA) on IFRS Adoption and Financial Reporting Quality: Regional and International Experiences for Local PIEs and SMEs (Vientiane, 8 December 2017);
- **BICPA 30th** Anniversary National Accounting Forum on Emerging Issues and Challenges for Accountants and SMEs (Bandar Seri Begawan, 6 May 2017).

Collectively, we believe that this will contribute to the levelling of skills and knowledge of ASEAN accountants, minimising the gaps between them, and hopefully, encourage mobility of the accountants and their services across the AMSs. Only when the capacity of the accountants is at the level accepted under the MRA, they will then be able to take advantage of the MRA and be mobile.

AFA and member PAOs will continue to organise capacity building activities to help level up the technical competence and professional skills of accountants in the region which would help enhance their mobility in the region.

Tripartite Support Important for Success of MRA

Nothing exists in vacuum. The success of the MRA hinges on the support of three groups – AFA and its member bodies; government and the private sector. This calls for support from each of these groups, which is essential for the successful implementation of the MRA. Businesses which are users of accountancy services need to be aware of the qualities and value that ASEAN CPAs can bring. Thus, support from the private sector is important in ensuring the relevance of ASEAN CPA in the region. When the respective governments lend its political weight behind the MRA, it lends greater credibility to the ASEAN CPA title. AFA and its member bodies will play its role in ensuring that the professional accountants are equipped with the technical competence and professional skills that is internationally recognised and meets market expectations.

I wish you a pleasant read of the second edition of AFA Connect and hope you will find this information useful.

Thank you.

ASEAN Mutual Recognition Arrangement on Accountancy Services:

Its Development and Role in Improving the Mobility of Accountants and the Quality of Accountancy Service in ASEAN.

Tan Tai Hiong

Head of Services and Investment Division, Market Integration Directorate, ASEAN Economic Community (AEC) Department, ASEAN Secretariat

Mutual Recognition Arrangement (MRA) in the services sector is an important international instrument that facilitates greater mobility of service suppliers across countries. This instrument is especially beneficial for those supplying professional services which are under highly regulated and/or stringent certification and licensing system, such as medical, engineering, or legal practices, to name a few. An MRA enables the qualifications of services suppliers, recognised by the authorities in their home country, to be mutually recognised by other countries who are signatories to the MRA. Such recognition thus eliminates the barrier for recognised professionals to practice in each other's jurisdiction, again, subject to conditions as to be stipulated in the MRA.

Negotiating an MRA requires transparency and trust on each participating country's education and licensing/registration system, as countries need to make sure they sufficiently understand each other's situation before they grant recognition. In order to implement the MRA, each participating country would need to ensure the availability of regulations (or even laws) as well as institutional structures and human resources not only to certify their own service suppliers, but also to recognise and administer those from other participating countries, in line with requirements of the MRA. MRA also has a good impact on regulations as it sometimes triggers the regulatory reform to accommodate foreigners in specific professions. Over the time, as participating countries understand each other better, they are likely to adjust their registration/certification system and even their education system in order to implement the MRA more efficiently and in a better way. Therefore, MRA plays a beneficial role in improving the countries' quality of the service and in further integrating each other's economy.

Accountancy practitioners in ASEAN shall be grateful that there is now an MRA for them. It may need to be appreciated that the ASEAN MRA on Accountancy Services is not something that come about easily overnight, and has evolved over many years after much discussions and considerations among the regulators of the accountancy practice from all 10 ASEAN Member States (AMS). Among the MRAs for 8 (eight) professional services that exist under the ASEAN process, the Accountancy MRA is the only one so far which has metamorphosed itself, i.e. it has gone through a significant amendment to its present form.

The ASEAN Accountancy MRA started as a MRA Framework, as signed in February 2009 in Cha-am, Thailand. It only provides the legal framework for AMS to negotiate bilateral MRAs among like-minded AMS, instead of a full-fledge MRA that provides direct recognition mechanism. This decision was made because it was recognised then that ASEAN-wide mutual recognition of accountancy practice, especially for highly regulated practice such as auditing, is too challenging given the different levels of development of the accountancy profession across 10 AMS.

The pressures for change to the MRA Framework did not take long to grow strong. The envisaged negotiations for bilateral or plurilateral MRAs did not progress as much as expected. Ironically, the regulators found that accountancy practice has been quite liberal throughout ASEAN. The only issue in considering ASEAN-wide MRA is independent practice that involves signing off of audit report which needs to be done by a certified local accountant. This is because regulators wish to be able to hold the accountant accountable in case of any issue that

might arise after his/her work. Other accountancy services that requires domestic licensing in AMS were presumed to be of similar case. With desire to have an MRA that facilitates ASEAN-wide mobility of accountancy practice, and thanks to the opportunities provided under the ASEAN process to exchange views and ideas with other ASEAN MRAs during the MRA meetings, a new MRA on Accountancy Services was re-negotiated taking into account the above concerns, and eventually signed in November 2014 in Nay-Pyi Taw, Myanmar.

With a full-fledge MRA now in place, implementation is proceeding in a speedy manner. Within less than a year after the signing, all 10 AMS have set up their respective Monitoring Committees which pave the way for the ASEAN accountancy MRA body, referred to as the ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC), to be established. The ACPACC website (www.acpacc.org) has also been established while the ACPACC Secretariat is in the final stage of establishment. Following completion of the various required administrative procedures, as of the write up of this article, 5 (five) AMS have registered their ASEAN Chartered Professional Accountant (ASEAN CPA), totalling 1,808 person, and this number is expected to increase quickly and will include all other AMS in the near future.

Accountancy practitioners across the region are much welcomed to participate in the ASEAN MRA process. Qualified practitioners may want to make use of the scheme to be registered as an ASEAN CPA and work in another ASEAN country. Qualified practitioners from all 10 AMS are expected to be registered in the system as soon as possible, which would pave ways for them to work in another AMS under the MRA. It is also much desired that in the long term,

the quality of accountancy practice and education in all 10 AMS are much improved and, ideally, more harmonised.

The implementation of this ASEAN MRA is still relatively recent, and therefore the various administrative and procedural details for the implementation process could continue to be improved. There is always a balance to be managed between promoting greater mobility of accountants in the region and ensuring quality and accountability of the recognised accountants. And there are always details to be improved or adapted along with the development of the practice. The good thing about the ACPACC meeting process is that it has so far always been held alongside the meetings of other ASEAN MRAs (namely engineering, architecture, surveying, as well as the healthcare MRAs), and therefore such mechanism provides opportunities for the MRA implementing committees to continuously learn and adapt from each other.

The ASEAN Federation of Accountants (AFA), as an umbrella organisation that promotes closer relations and regional cooperation among accountancy bodies in the region, and who has existed even much longer than the MRA itself, may wish to continue its positive relations with ACPACC and play its helpful role to support AMS in implementing the MRA and improve their accountancy practice.

The ASEAN Secretariat has been participating and supporting the meetings on the Accountancy MRA, and is honoured and pleased to continue our role and contribute to these processes within our mandate.

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any agency that the authors are associated with.

ASEAN CPA:
New Challenges of ASEAN Accountants

Teerachai Arunruangsirilert, PhD, CPA
Chairman, ASEAN CPA Coordinating Committee

In the Ninth ASEAN Summit on October 7th, 2003 at Bali, Indonesia; leaders from ten countries mutually agreed in the Declaration of ASEAN Concord II (Bali Concord II) which provides Mutual Recognition Arrangements (MRAs) in main professions in order to facilitate movement of professionals or expertise labors who are qualified following MRAs of ASEAN and overcome any profession practices' obstacle in ASEAN by freedom mobility starting in 2015.

MRAs is the agreement to identify mutual qualifications of service workers, especially in professional groups such as medical practitioners, dental practitioners, engineering services, etc. For accounting professions (see table 1), this agreement has objectives to facilitate mobility of accounting professionals within ASEAN members and to exchange best practice information with local accountants to share knowledge about good practice which can lead to professional development and accounting professions enhancement.

Table 1 Article 1 ASEAN Mutual Recognition Arrangement on Accountancy Services

The objectives of the MRA on accountancy services are:

- **TO FACILITATE** mobility of accountancy services professionals across ASEAN Member States;
- **TO ENHANCE** the current regime for the provision of accountancy services in the ASEAN Member States; and
- **TO EXCHANGE** information in order to promote adoption of best practices on standards and qualifications.

Following the first objective, to facilitate mobility of accountancy services professionals across ASEAN Member States, ASEAN has launched ASEAN Chartered Professional Accountant (ASEAN CPA) by ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC) in order to serve this mobility by enhancing mutual qualification of professional accountants who can practice and be accepted throughout ASEAN members.

Qualifications to apply to be ASEAN CPA basically comprise that a candidate completed an accredited or recognized accountancy degree or program, or assessed and recognized as possessing the equivalent; been assessed with their own jurisdiction as eligible for professional accountancy practice; gained a minimum of three years post qualifying practice experience; complied with the Continuing Professional Development (CPD) policy of the Country of Origin; and has no record of any serious violation of technical, professional or ethical standards (both local and international levels) applicable to the practice of accountancy.

A Professional Accountant applies by submitting application to the Monitoring Committee (MC) of his or her Country of Origin. Then the MC shall submit the application on his or her behalf to ACPACC. Upon acceptance of the application by ACPACC, a Professional Accountant shall be emplaced in the ASEAN Chartered Professional Accountants Register and accord the title of ASEAN CPA.

The process of mobility of ASEAN CPA is that ASEAN CPA can then apply as a Registered Foreign Professional Accountant (RFPA) subject to domestic laws and regulations. RFPA shall be permitted to work in the host country, not in independent practice, but in collaboration with designated Professional Accountant (s) in the host country within such area of his own competency and may be approved by the National Accountancy Body (NAB) and/or Professional Regulatory Authority (PRA) of the Host Country as well. The mobility process for RFPA practicing in Thailand is shown in Figure 1.

ASEAN CPA can benefit professional accountants of ASEAN members that it enhances mobility and enables—as an initial point—professional accountants of all ASEAN members having their equivalent qualification. Mobility of ASEAN CPA would lead to the balance of professional accountancy market labor and it can enhance economic growth through partnering with extending businesses as well as higher compensation. In addition, ASEAN CPA has various opportunities to practice with local professional accountants so that it can enhance his or her knowledge and gear up for advance career path. Consequently, accounting profession will be developed to be international standard throughout ASEAN members.

MRA: ASEAN CPA

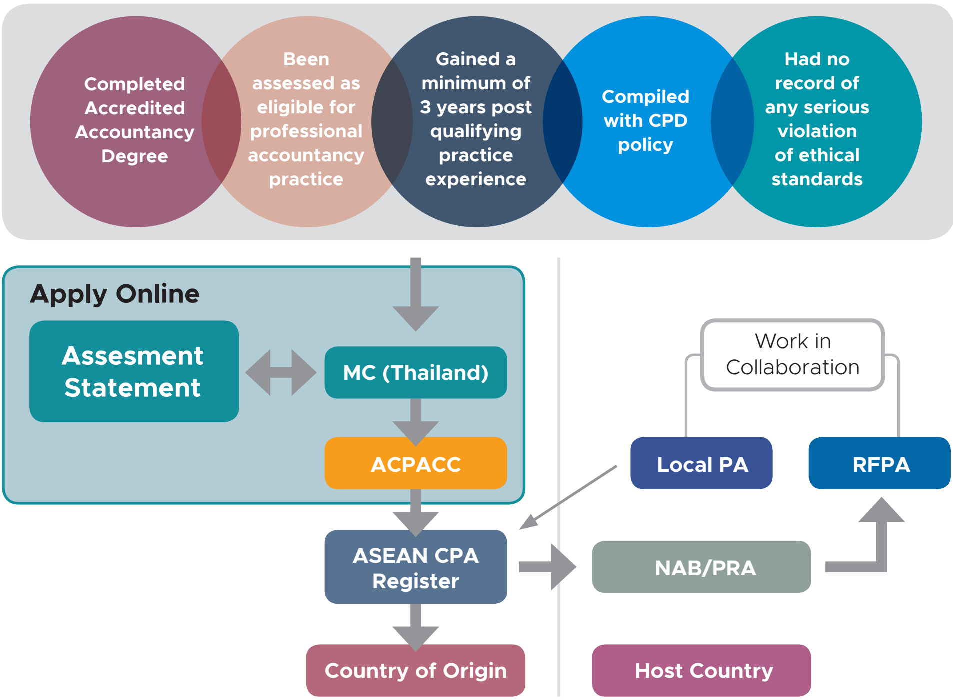


Figure 1 Mobility process of a Registered Foreign Professional Accountant in Thailand

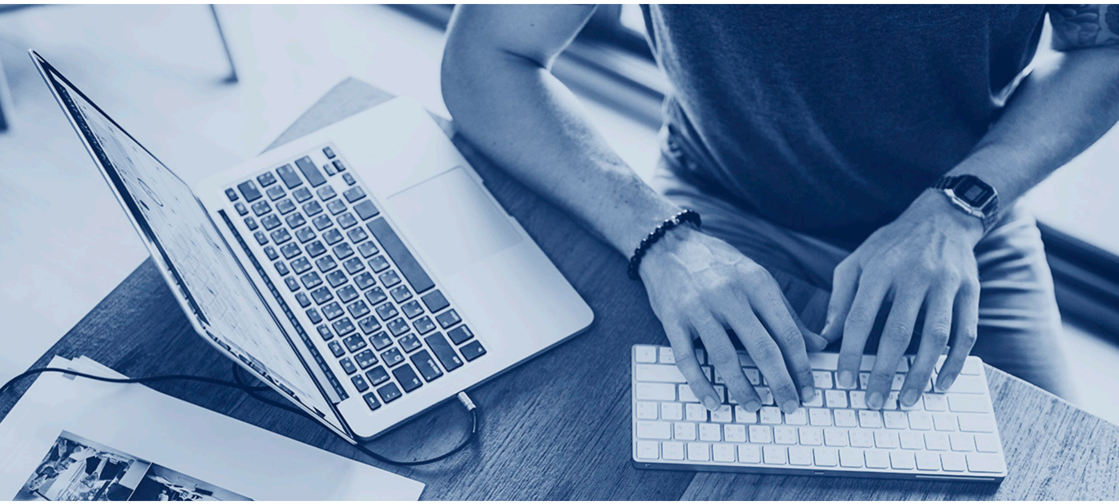
The number of ASEAN CPA designations from ACPACC meeting no.6 on May 16th, 2017 to September 7th, 2018 is 1,808 (see in table 2).

Table 2 The number of ASEAN Chartered Professional Accountants as in September 7th, 2018

Country	ASEAN CPA
Indonesia	401
Malaysia	473
Myanmar	290
Singapore	274
Thailand	370
Total	**1,808**

In coming year, each country is preparing its RFPA which expected to be actual mobility in 2019 and ACPACC has a plan to provide information in www.acpacc.org to be public information which will collect all information relating to accounting professions and their law and regulation in each ASEAN member. Additionally, ASEAN Federation of Accountants (AFA) also supports ACPACC in information and development of professional accountants in ASEAN.

In sum, mobility of accounting professions in ASEAN is in the transition of change which expect to have supports from all stakeholders, especially from professional accounting bodies (PAOs) who will be the main key to conveniently provide an appropriate channel for RFPA in each country so that ASEAN CPA can be truly one of the success factors and benefits for our accountants, ASEAN accountants.



BRAINS ACROSS BORDERS: The Global Business of Skilled Migration

Skilled migration is a global business but, although it is growing, a number of obstacles stand in its path, as Madeleine Sumption explains

(This article has been updated since it was first published in the June 2015 international edition of ACCA's Accounting and Business magazine, published by ACCA accaglobal.com/ab)

Over the past few decades, skilled migration has become a major global industry. Every year, millions of skilled migrants cross international borders for work, either for short-term placements or long-term settlement. Across the world, human capital is recognised as a valuable resource – whether among governments, employers or individuals deciding whether to invest in their own education.

Several forces have driven this trend. The gradual shift away from agriculture and other labour-intensive activities, the much reported growth of knowledge-based industries such as financial and business services, and growing skills requirements within occupations have put a premium on high-quality education and training. At the same time, domestic education and workforce training systems in many countries have struggled to keep up with the demands of employers.

The global pool of educated workers has also grown enormously. Some emerging economies are investing in education on a massive scale, even if quality still lags behind quantity in many cases. Growing middle classes in emerging economies are spending heavily on education abroad. The OECD's report Education at a Glance 2017 provides an interesting glance into current and expected trends. The OECD estimates that international student numbers have doubled since 2005 to almost five million and are projected to reach eight million by 2025. Overall, the workforce has become more highly educated across the OECD and its partner countries; the proportion of 25 to 34-year-olds with a tertiary degree has increased from 26% in 2000 to 43% in 2016.

The increase in foreign enrolment has been driven by a range of domestic and external push and pull factors. As the OECD notes, the 'skills needs of increasingly knowledge-based and innovation-driven economies have spurred demand for tertiary education worldwide', it says, while rising wealth in emerging economies, improvements in technology (and the introduction of online learning) and more affordable travel have all 'contributed to making international mobility substantially more affordable and less irreversible than in the past'.

The report also shows , though, that growth in outbound mobility has flattened noticeably since 2010. Four English-speaking nations – Australia, Canada, the US and UK – are currently the preferred destination of almost 70% of highly-skilled migrants to OECD countries. Some of them, such as the US and the UK, have moved in recent years to restricted skilled migration. The pattern of movement of skilled workers between countries is also beginning to shift, with more skilled workers moving from rapidly-developing economies. According to the OECD, close to one in five highly-educated migrants based in G20 countries now comes from India, China or the Philippines.

Meanwhile, emerging economies have also become destination for international migrants. Countries such as Brazil, Mexico and Saudi Arabia have sought to develop human capital at home by funding the education of their nationals abroad, while China, and India and a number of African nations run initiatives to attract back highly skilled members of their diasporas. Others are seeking out foreign professionals with skills that they hope will jump-start economic growth and seed skill-intensive industries. As the number of countries facilitating skilled mobility grows, so a greater choice of destinations is opening up for the internationally mobile.

Transferring Skills

The potential benefits of skilled migration for destination countries and migrants themselves are generally not disputed. Despite legitimate concerns about the negative impacts of brain drain from developing countries, the research debate on migration in recent years has shifted to emphasise the potential benefits that emigration can bring to a country. For example, it may help open up new markets for trade and investment, while the circulation of skilled workers among origin and destination countries offers opportunities to transfer knowledge, technology and business practice back home.

But many of the benefits of skilled migration depend on the ability of mobile professionals to use their skills productively in destination countries. In practice, skilled workers often face barriers to transferring their skills and experience across borders.

One reason for this is that, inevitably, only a minority of long-term migrants in OECD countries are admitted – the ones who have skills that are in demand at their destination. Foreign workers selected directly by employers for specific vacancies tend to fare well in the labour market, because immigration policies generally channel them into professional occupations and exclude those who cannot find skilled work.

But most international migrants qualify for entry to the destination country as family members, refugees or – within the European Union – through their entitlement to the free movement of labour. Many bring high levels of education. But across destination countries, these immigrants are generally much more likely to work in less skilled jobs than workers with domestic qualifications.

Barriers to practising the profession in which immigrants are trained can arise for several reasons. For example, local employers may wish to avoid the risks of hiring a candidate with unfamiliar qualifications and no local work experience. And while immigrants may possess relevant occupational skills, they may lack the language proficiency that a job requires. International differences in education, training and skills learned on the job also mean that immigrants may require additional training or work experience but have few options for filling skills deficits without starting their training again from scratch. And some occupations require licensing or registration, creating barriers to entry in the form of examinations, application fees or supervised training requirements.

Undervalued

Immigrant-receiving countries have introduced a range of policies to improve the recognition of foreign qualifications. Several of them focus on providing information to help employers understand the nature and content of foreign qualifications.

However, the tendency of employers and regulators to discount the value of foreign qualifications does not result only from a lack of information. Foreign professionals are often simply not completely interchangeable with their locally trained counterparts. As a result, effectively demonstrating that their training meets local standards may not be enough; they may also require opportunities to fill knowledge deficits without prohibitive time and cost requirements.

In some countries, such as the US, Canada and Australia, a host of public and non-profit programmes have emerged to meet this need. Some provide training or language instruction, local work experience placements or mentoring to guide immigrants through the process of applying for professional jobs. These programmes often receive plaudits from participants and evaluators, although they may serve relatively small numbers of people. Good options to gain local qualifications are frequently oversubscribed or not widely available, although they have grown in recent years and governments' awareness of the problem appears to be increasing.

A rather different approach to improving the recognition of foreign qualifications – particularly in regulated occupations, such as accounting, architecture, engineering and medicine – is known as mutual recognition. This strategy involves agreements between governments or professional regulators to speed up the process of getting a professional licence after moving abroad.

Domestic regulations to restrict entry into professional occupations and protect the public from poorly qualified practitioners were, in most cases, designed decades or even centuries ago, when policymakers could not have contemplated current levels of global mobility and economic interdependence. These systems are naturally designed with domestic candidates in mind. They are much less equipped to deal with foreign-trained practitioners, who must often undergo time-consuming and expensive assessment or training to demonstrate their competence.

Mutual Recognition

To address this problem, governments and professional associations in several countries have negotiated mutual recognition agreements that set out clear rules for licensing practitioners who move between signatory countries. These agreements are based on the idea that countries may have equally high standards even if their certification processes are not exactly the same. Their goal is to reduce, or in some cases

even eliminate, the need for case-by-case assessments when applicants have been trained in systems conferring essentially comparable skills and knowledge.

Reaching agreement on mutual recognition is no easy feat. National governments do not control all the policy levers, often relying on the willingness of professional associations and local governments to participate in negotiations. In many cases, no single organisation or government department has the power to negotiate an agreement, creating a formidable coordination challenge. In the US, for example, 54 states and jurisdictions make up a complicated patchwork of licensing rules, and in some occupations it can be difficult to transfer a licence from another US state, let alone from abroad.

Yet some significant agreements have been struck. The most extensive mutual recognition agreement is in the EU, which has created an extensive network of rules reducing national regulators' discretion to reject EU citizens' applications for professional licences and certifications. These rules cover all regulated occupations across 28 countries with a population of more than 500 million. Mutual recognition has also been on the table in trade negotiations between the EU and its counterparts abroad; the Comprehensive Economic and Trade Agreement (CETA) signed between the EU and Canada in 2017 covers mutual recognition of regulated professions.

As trade in services and skilled migration increases, the pressure to use human capital more efficiently ought to grow. Labour markets in highly skilled occupations have become more international, and modern economies have come to rely on highly integrated global supply chains. At the micro level, there is an increasingly robust trade in virtual services – delivered entirely online between individuals who will never meet. These developments make it difficult for national regulators to maintain traditional territorial systems of professional regulation as if mobility did not exist.

Breaking Down Barriers

In the future, globalisation may start to break down the barriers to the recognition of qualifications. Local differences in the skills that individuals learn in different countries are inevitable, but curricula and standards in some fields may nonetheless be converging in some fields – particularly in the most globalised professions, such as IT, accounting and architecture. A host of international qualifications have also emerged, driven by independent actors such as universities, professional associations and private companies. Examples include qualifications issued by organisations such as ACCA or Siemens, or the foreign campuses of universities that have sprung up in Asia and the Middle East. These initiatives have been successful in part because they exploit market demand from employers and students.

These trends will not eliminate the barriers to transferring skills across borders. For one thing, formal credentials are often not the only qualification for a job – professional experience can be equally or more important. But with enough will among governments and regulators, and with the help of educators and the private sector, there is plenty of scope for them to be reduced.

Madeleine Sumption, former Director of Research for the International Program at the Migration Policy Institute

Box-out: Spotlight on ASEAN

In a 2014 study undertaken by International Labour Organization and Asian Development Bank, it was projected that the ASEAN Economic Community (AEC) could potentially generate 14 million additional jobs across South-east Asia by 2025, contributing to accelerated regional growth. Free flow of skilled labour is an integral part of that vision. Mutual recognition of qualifications is vital in driving the international mobility of skilled professionals. The ASEAN nations have been actively putting in place mutual recognition agreements (MRAs) for key professions – in the past 10 years, MRAs have been signed covering the accountancy, architecture, dental, medical and surveying professions.

The ASEAN MRA for Accountancy Services was signed by all 10 ASEAN member states in November 2014. On the foundation of the MRA, an ASEAN CPA title was created, acting as a regional benchmark for the respective national qualifications. Upon being conferred the ASEAN CPA title, an individual will be able to conduct non-regulated work in the various markets across the region.

As a global qualification, ACCA has been a key contributor to international mobility for finance professionals. In the region, ACCA has established agreements with ASEAN countries, for example, the MRA with the Malaysian Institute of Certified Public Accountants (MICPA), which was negotiated in 2007, was renewed in October 2017 for a further five years. The MRA provides a route for members of both bodies to gain reciprocal membership.

Leong Soo Yee, ACCA Regional Director for ASEAN ANZ, said: ‘ACCA is focused on opportunity and mobility for the accounting profession. We work closely with key partners across the ASEAN region, including with the ASEAN Federation of Accountants. Global trade and investment flows, as well as international campaigns such as the Belt and Road Initiative, require professional accountants, more than ever, to have globally relevant skills and careers. A globally recognised qualification like ACCA and negotiations of multilateral MRAs like what is done in ASEAN make that possible.’

Liz Fisher, Journalist

ASEAN Federation of Accountants
Accredited Civil Society Organisation of the ASEAN

AFA Secretariat
Grha Akuntan, Jl. Sindanglaya No. 1
Menteng, Jakarta 10310, Indonesia

T. (+6221) 31904232 ext. 700
F. (+6221) 3900016
www.**aseanaccountants**.org

@AFA_Accountants
ASEAN Federation of Accountants