



ENGINEERS  
AUSTRALIA

## POLICY STATEMENT - TRADE IN ENGINEERING SERVICES

A skilled engineering workforce is essential if Australia is to achieve the quality and standard of living to which we aspire in an increasingly competitive world. Higher levels of mobility and expansion in the international delivery of professional services are leading to increased numbers of professionals undertaking activities in countries other than that in which they gained their initial qualifications and experience.

While Australia is no different to any other country in having to come to terms with the globalisation of the labour market, we must adapt to the standards that exist offshore in order to remain competitive. Technology has produced a globally available array of consumer goods and services, together with a flood of product standards and other consumer protection law. However, not only have developments proceeded much faster in some countries than others, but also the substantive standards and rules adopted have varied widely. These variations can become effective barriers to global trade.

The biggest barriers to trade for engineering services are non-tariff impediments. These vary from country to country, and often operate at a National, State, Territory and local level. In no particular order of importance, these are:

- Non-recognition of Australian qualifications, and requirements relating to education and experience that differ from Australian standards.
- Mandatory requirement for membership of local professional associations.
- Registration requirements of individuals where registration is linked to residency requirements and registration of firms, where directors are required to be registered engineers.
- Restrictive conditions on employment of expatriates, namely: short and onerous visa conditions; restrictive work permit regulations; limitation on the numbers as a percentage of workforce; and regulations for labour that impact on management hire and fire prerogatives.
- Government procurement policies that are vague and generally opaque to firms.
- Restrictions on the opening of branch offices; the formation of local subsidiaries; Australian equity in local firms and joint ventures; local equity and capital raising by Australian firms; the use of foreign capital in the host country; and the repatriation of profits.
- Regulations setting out board and management composition, and limitations on the form of legal entity and use of firm name, professional indemnity insurance requirements, and restrictions on business activities of branches and subsidiaries.
- Marketing/advertising restrictions.
- Competitive conditions biased against foreign firms, such as pre-qualification requirements which are difficult for Australians to meet; imposition of local content rules which favour local firms over foreign firms; government assistance to local firms and dispute resolution mechanisms that favour local firms.

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- Taxes and charges levied against Australian firms and their staff but not on local competitors.
- Design quality specifications that are difficult for Australian firms to comply with, and non-recognition of Australian standards of design.
- Lack of protection or regard for Australian intellectual property.

Engineers Australia believes that at all levels, Australian Governments need to be more pro-active in supporting export opportunities. While it is imperative at a national level for Australia to remain part of the WTO trade in services negotiations, and continue to enter into bilateral treaty arrangements as a means to deal with more complex trading issues, State governments still have a role to play in facilitating trade in engineering services.

In addition to 'Government to Government' discussions to address market access issues, Government should be prepared to use its leverage from other areas to ensure that Australian consortia gain work off-shore. In many situations, it is essential that high level Government representatives, at Ministerial level, be present to provide support to Australian consortia. There must be a commitment from the Government to support Australian export initiatives in this manner and to encourage strategic alliances between Australian companies.

One of the difficulties facing small and medium enterprises is the ability to be properly represented in overseas markets. Often the principal spends too much time travelling, and the business at home suffers in their absence. There are many problems associated with the use of agents, not the least of which is the agent's lack of focus on the Australian product amongst all the other products that the agent has available to sell. Establishing one's own office would maintain proper focus on the Australian product but such operations can be very expensive and difficult to manage from afar (\$1 million per annum is not uncommon).

Joint shared facilities can be the answer for groups of compatible Australian companies. Establishing such groups requires a lot of networking and shared vision. There could be a role for the Government in facilitating the development of joint shared facilities in our top seven trade in services partners: United States, United Kingdom, Japan, New Zealand, Hong Kong China, Singapore and Indonesia.

### RECOMMENDATIONS

- Continue with negotiations for liberalisation in trade in engineering services through the WTO process and through bilateral arrangements.
- Support Australian export initiatives at the highest level.
- Encourage strategic alliances between Australian companies seeking export opportunities.
- Encourage companies to develop joint venture arrangements with overseas firms. This will enable local business to strengthen its global competitiveness.

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