

# The Policies, Strategies, and Initiatives Introduced by Indonesia Government to Build the Capacity and Competitiveness of Indonesian Business in Southeast Asia Market

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# Policies

ASEAN Framework Agreement on Services (AFAS) and  
ASEAN Mutual Recognition Arrangement (MRA)

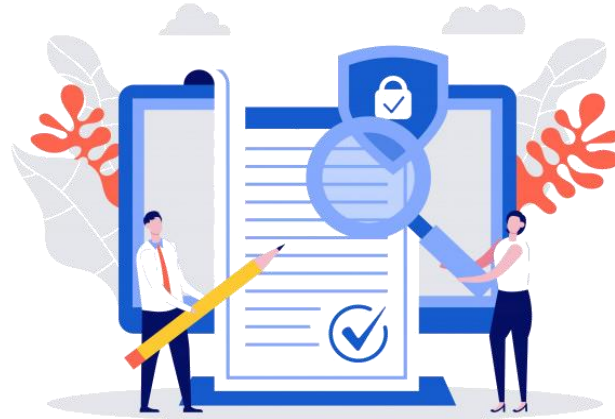
# Strategies

Market access for Accountant Services (CPC 862)

# Initiatives

Enhancing the Utilization of MRA (including MRA on  
Accountancy)

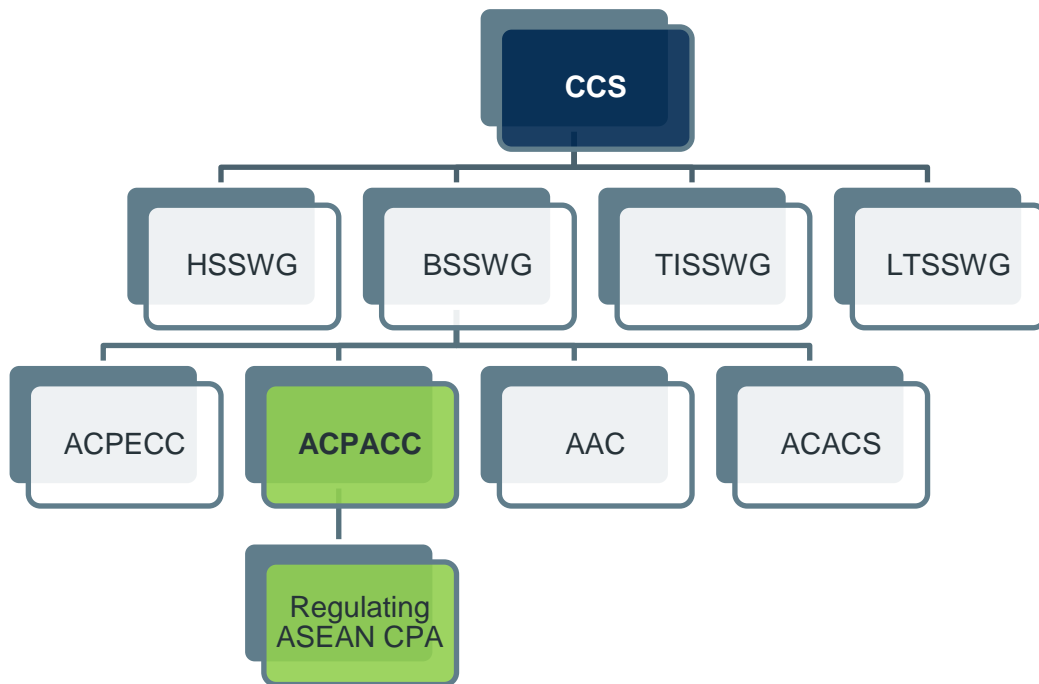
# 1. Policies



ASEAN Framework Agreement on Services (AFAS)  
and ASEAN Mutual Recognition Arrangement (MRA)

# Directorate of TiSN Role?

Lead for Delegation of Indonesia in ASEAN  
Coordinating Committee on Services (CCS)



CCS established to implement the  
ASEAN Framework Agreement on  
Services (AFAS), MNP Agreement  
and ATISA



# Indonesia actively participated in developing AFAS

## ASEAN FRAMEWORK AGREEMENT ON SERVICES (AFAS)

Signed on 15 December 1995 in Bangkok, Thailand

AFAS became **legal basis** for trade in services negotiation in ASEAN

## AFAS PACKAGE

The first Schedules of Commitments (First Package of AFAS) developed in 1996

The packages implemented through **protocol** which ratified by each AMS

Currently, ASEAN finished and implemented **9 Packages of AFAS**

## THE TENTH PACKAGE OF AFAS

Signed on 11 November 2018 in Singapura. Indonesia still in process of ratifying **protocol to implement the tenth AFAS Package**

Future plan:

AFAS 10 commitment is the last package and will be transposed to Non-Conforming Measures for ASEAN Trade in Services Agreement (ATISA)



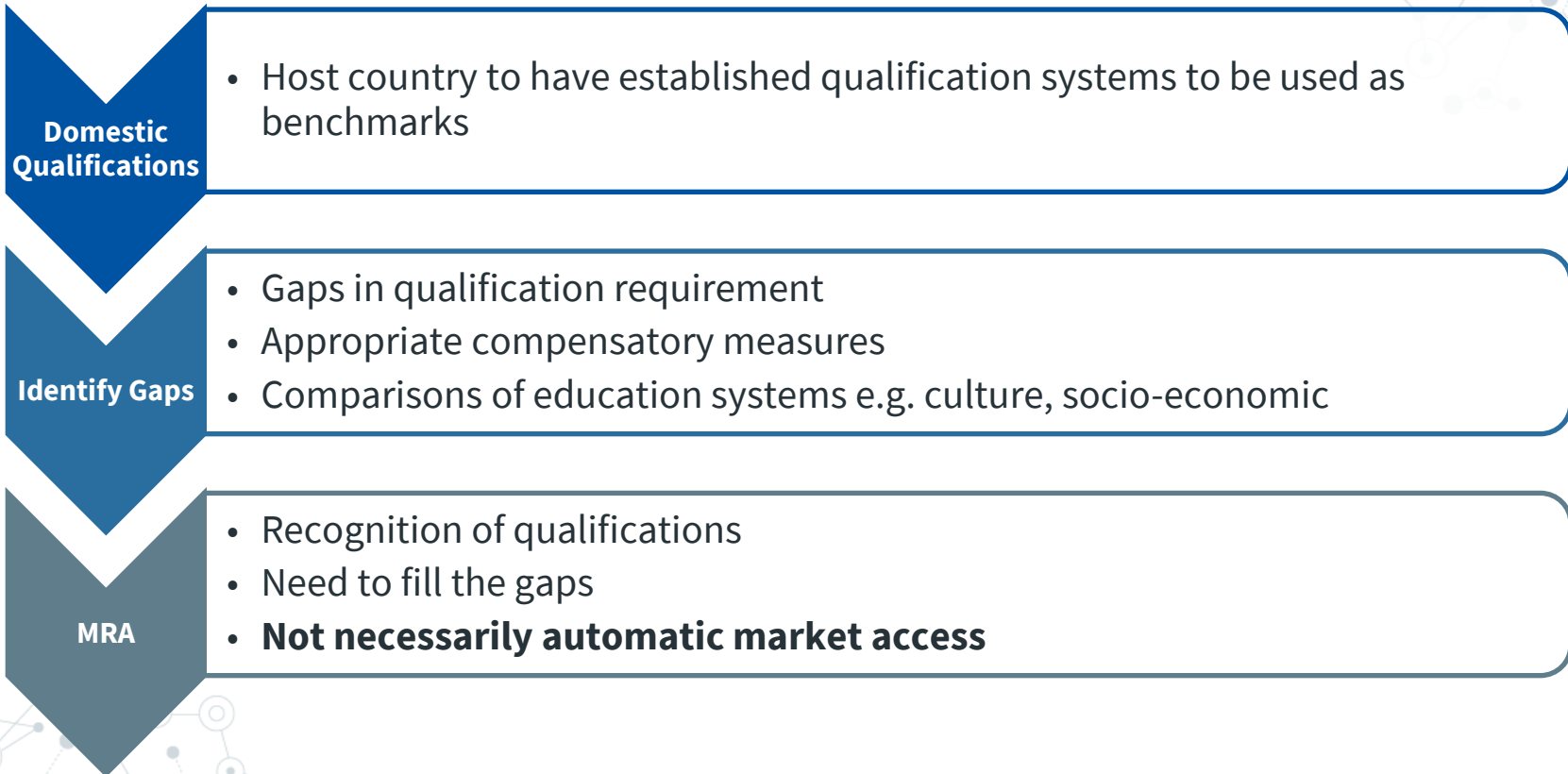
## Article V Mutual Recognition in AFAS 1995

Each Member State **may recognise** the education or experience obtained, requirements met, or licenses or certifications granted in another Member State, for the purpose of licensing or certification of service suppliers. Such recognition may be based upon **an agreement or arrangement** with the Member State concerned or may be accorded autonomously”.

## ASEAN Leaders Mandate

At the 7th ASEAN Summit in 2001, ASEAN leaders provide mandate to start MRA negotiations to facilitate the movement of providers professional services in the ASEAN Region.

# How MRA Works



# ASEAN MRA on Accountancy (Signed on 2014)

## ACCOUNTANCY SERVICES

refer to the activities covered under **Central Product Classification (CPC) 862** of the Provisional CPC of the United Nations as well as other accountancy-related services or services incidental to an accountancy services provider;

provides for the exchange of information to **promote best practices** on standards and qualifications in the accountancy profession in AMS;

Where licenses are required from governmental or regulatory bodies other than the NAB and/or PRA, each AMS - by their domestic regulations, shall use their best endeavors to **facilitate the PPA** of the other AMS to obtain the necessary approval;

## **The objectives of the MRA Accountancy are as follows:**

- Facilitate mobility of accountancy services professionals across ASEAN;
- Enhance the current regime for the provision of accountancy services in the AMS;
- Exchange information in order to promote adoption of best practices on standards and qualifications.

## **In granting mutual recognition, the AMS will:**

- recognize** that education, licenses, demonstration of competencies and experience may be the principal elements for consideration;
- take into account **the standards and guidelines** set out by IFAC;
- take into account **the professional competencies and qualifications threshold** for the practice of accountancy in AMS.

**For more information on ASEAN CPA can be access through**  
<https://www.aseancpa.org/index.php>



# 2. Strategies

Market access for Accountant Services  
(CPC 862)



# Accountant Services (CPC 862)

## Indonesia's Status of Commitment in ASEAN?

### The Tenth Package of AFAS (AFAS 10)

Sector or Subsector	Limitation on Market Access	Limitation on National Treatment
Accounting, Auditing and Bookkeeping Services  (Bookkeeping Services except Tax Return, CPC 86220)	(1) None	(1) None
	(2) None	(2) None
	(3) Joint venture with foreign equity participation up to 70%	(3) None

**Mode 4 under ASEAN MNP Agreement :** only applied for Intra-Corporate Transferee (ICT) limited to Executive, Manager and Specialist with conditions as follows:

- Stays are permitted for up to 2 (two) years and may be extended for a maximum of 2 (two) times, with each extension being up to 2 (two) years.
- Any foreign natural persons supplying services are subject to charges levied by the Government.
- Economic needs test applies to temporary stay of manager and specialist.

### Status of Commitment in other AMS?

Other AMS are open, except Myanmar and Thailand which still "Unbound"

# Accountant Services (CPC 862)

## Indonesia's Status of Commitment in ASEAN+?

### ASEAN – India Trade in Services Agreement (AITISA)

Sector or Subsector	Limitation on Market Access	Limitation on National Treatment
Bookkeeping Services except Tax Return (CPC 86220)	(1) Unbound	(1) Unbound
	(2) None	(2) None
	(3) Only through a locally incorporated joint venture corporation in the form of Limited Liability Enterprise (Perseroan Terbatas/PT) with Indonesian Individuals or Indonesia-controlled corporations or both and the aggregate foreign shareholding in the joint-venture corporation shall not exceed 30 percent	(3) Unbound
	(4) Unbound	(4) Unbound

### Status of Commitment outside ASEAN?

Indonesia does not provide commitments to sectors related to accounting services

# 3.

## Initiatives

Enhancing the Utilization of MRA  
(including MRA on Accountancy)



## Development on ASEAN MRAs

Total Registered ASEAN CPA is 5.447 (June 2021)

No data on the actual utilisation of ASEAN MRA on Accountancy

CCS acknowledged the issues encounter in the utilisation of MRAs.

### SEVERAL THINGS HAVE BEEN DONE TO ADDRESS THE ISSUES ARE:

- Indonesia has submitted a non paper of utilization on ASEAN MRAs : Indonesia's View
- ERIA's Report on Enhancing the Utilisation of ASEAN MRAs in Facilitating Mobility of Professionals
- ASEC has made Draft Paper on Mobility of Professionals under the BSSWG

## Recommendation on Utilisation of ASEAN MRAs

### Draft Paper BSSWG

- 1) *Existing initiatives and mechanisms*
- 2) Procedures for registration of foreign professionals
- 3) Eligibility of foreign professionals to take exams for practicing professional license

### Similar points

- 1) Work and stay permit.
- 2) Lack of exposure and understanding of MRAs.
- 3) Subject to Domreg and MNP Agreement, immigration rules, etc.
- 4) Harmonisation in education.
- 5) Collaboration through projects, exchange programs, etc.

### ERIA Final Report

- 1) Look into potential automatic recognition, unbundle from the Mode 4 requirement under MNP Agreement
- 2) Further liberalise Mode 3 and Mode 4
- 3) Technical assistance to newer ASEAN Member to develop professional courses and professional development

## Way Forward on ASEAN MRAs

CCS requested ERIA to undertake further review of the domestic regulations and map the issues affecting the mobility of ASEAN professionals, to facilitate a more focused discussions on the issues.

CCS will share BSSWG's paper on Mobility of Professionals as additional reference of the ERIA.

Indonesia has conducted a webinar on sharing of information on accountancy practice in ASEAN by inviting speakers from Malaysia, Thailand, and Vietnam to increase the competency and standard of ASEAN accountants.



# Thank You!

## Any questions?

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