

Chapter 3

MOVEMENT OF NATURAL PERSONS

1. Overview of the Rules

(1) Background to the Rules (See Section II, Chapter 11 “Trade in Services” for Mode Four movement of natural persons under GATS)

In chapters on the “movement of natural persons” in FTAs/EPAs the question of how, within the scope of trade in services, a contracting party country can oblige only another contracting party with respect to GATS (as well as other items) often becomes an issue. There is another type of such chapter; the EU-Swiss FTA/EPA provides for immigration policy exceeding the scope of trade in services.

Mode Four of GATS covers a wide range of persons, from high-level engineers to unskilled workers, in its commitment to liberalization. However, many member countries, including Japan, have only made “horizontal commitments” to date, and their Schedules of Commitments generally indicates, with regard to market access regarding specific service sectors, “Unbound except for measures concerning the categories of natural persons referred to in the market access column.” In other words, such commitments made by members under GATS are generally of an extremely restricted nature. This is also the case with Japan, which has made horizontal commitments only in three areas: intra-corporate transferees, professional services and temporary stay (see Chapter 2).

Therefore, the extent to which the liberalization of trade in services provided for in an FTA/EPA will go beyond the market access commitments made on the movement of natural persons under GATS will generally become a point of negotiation. Each FTA/EPA can provide for a different level of commitments depending on the relationships of the contracting parties. For example, an FTA/EPA may go beyond the liberalization of GATS by including a broader range of professional services or lowering the required expertise level of covered workers. Reflecting the progress of the request-offer process in the Doha Round service negotiations, in some of the EPAs entered into by Japan, Japan made commitments in the five areas (the three areas mentioned above plus contractual service suppliers and investors). Japan liberalized these areas as required by commitments made under the EPAs, but on an MFN basis rather than only in relation to the relevant EPA partners.

The immigration control system of Japan is operated according to the government policy of proactively accepting professionals and engineers, and accordingly, is vested with the discretion to allow non-Japan nationals to enter and stay in excess of its liberalization commitment under GATS. Therefore, if Japan extends preferential treatment, including at the practice level, to certain countries on a bilateral basis, the issue at negotiation would be the setting of the scope and conditions for entry of acceptable professionals within the extent of the aforesaid discretion (e.g., nurses and care workers), in order to improve the level of commitment and/or to work out more favorable conditions for permitted entry and stay only with certain countries.

Chart 3-1 Main types of horizontal commitment of GATS
(Excerpt from Section II, Chapter 11 “Trade in Services”)

| Main Types of Horizontal Commitments | Consumer Country | Source Country | Examples |
|--------------------------------------|---|----------------|---|
| Intra-Corporate Transferees: ICT | | | CEO, Manager, Professional Engineer |
| Business Visitors: BV | | | Business negotiations (no activity receiving compensation at that time) |
| Independent Professionals: IP | | | Independent lawyer who enters foreign country through contract with foreign consumer |
| Contractual Service Suppliers | <p>Contract between corporations</p> | | Computer engineer employed by corporation dispatched to Japan via contract between corporations |
| | <p>Contract between a corporation and an individual</p> | | Independent computer engineer who enters Japan via contract between corporation and individual |

(2) Overview of Legal Disciplines

The provisions of FTAs/EPAs concerning the movement of natural persons can be put into two categories. The first is a labor market integration model, like the EU, which authorizes or expressly pursues intra-regional labor movement, independently of service trade liberalization rules. The second category, as represented by the Japan-Singapore EPA and Japan-Philippine EPA, pursues deregulation of the movement of natural persons to the extent necessary for the liberalization of services (or liberalization of goods or investment) provided for as a part of a certain liberalization clause.

This section will summarize the provisions concerning the movement of natural persons included in the FTAs/EPAs entered into by Japan. The following section will review examples of FTA provisions of other countries, primarily those of developed countries. It will go on to explain the simplification of passport control, which is provided for in some FTAs/EPAs. This section will also discuss the “mutual recognition of qualifications,” an issue which is closely related to the movement of natural persons. The arrangements on a bilateral basis were notified to the WTO as required pursuant to Article 7 of GATS, and such arrangements are also included in multilateral and regional frameworks.

(i) Japan-Singapore Economic Partnership Agreement

The Japan-Singapore EPA came into force in November 2002 after the two governments signed the agreement in January of the same year.

This EPA was the first entered into by Japan that included a chapter on the “movement of natural persons”. As indicated in Diagram 3-2, in addition to “short-term business visitors” and “intra-corporate transferees,” the EPA provides GATS-plus commitments regarding “investors” and “natural persons engaging in work on the basis of personal contract with public or private organization in territory of their home country” in respect of duration of stay and extension.

Chart 3-2 Commitments on movement of natural persons in Japan-Singapore EPA

| Specific commitments of Japan | Specific commitments of Singapore |
|---|--|
| <ul style="list-style-type: none"> - “Short-term business visitors” will be granted entry and stay of up to 90 days. - “Intra-corporate transferees” will be granted entry and stay with no express limit of duration. - “Investors” and “natural persons engaging in work on basis of personal contract with public or private organization in territory of Japan” will be granted, pursuant to Japanese laws, entry and temporary stay with no express limitation of duration, as long as such persons continue to meet the criteria and conditions stipulated at time of entry. | <ul style="list-style-type: none"> - “Short-term business visitors” will be granted an initial stay of up to one month upon arrival. The stay may be extended up to a maximum of three months upon application. - “Intra-corporate transferees” will be granted entry with a limit of up to two years, which may be extended for periods of up to three additional years upon each renewal, for a total term not exceeding eight years. Further extensions may be possible with the decision of the Singapore government. - “Investors” and “natural persons engaging in work on basis of personal contract with public or private organization in territory of Singapore” will be granted entry and stay of up to two years pursuant to Singapore laws, which may be extended for periods of up to three additional years upon each renewal, for a total term not exceeding eight years. Further extensions may be possible with the decision of the Singapore government. |

In addition, by exchanging notes verbale, Japan has made a commitment to accept doctors and dentists (maximum of seven doctors and two dentists) on the condition that they (i) take and pass Japanese national examinations for medical practitioners using the English language, and (ii) treat non-Japanese nationals only. Singapore also has made a commitment to accept doctors and dentists (maximum of 15 doctors and 5 dentists initially, but increased to 30 and 15, respectively, in 2005) on the condition that they treat Japanese patients only.

(ii) Japan-Mexico Economic Partnership Agreement

The Japan-Mexico EPA, which became effective in April 2005, includes a chapter on the movement of natural persons (Chapter 10). This EPA grants temporary entry and stay to short-term business visitors, intra-corporate transferees, investors, and natural persons who engage in work on basis of personal contract with public or private organization, and provides for simplified requirements for documentation at entry, duration of stay in contracting party country, and maximum number of extensions.

(iii) Japan-Malaysia Economic Partnership Agreement

The Japan-Malaysia EPA does not include a chapter on the movement of natural persons, but does include a provision for facilitation of movement of investors (Article 86) in Chapter 7 concerning investment. It provides that: i) subject to immigration laws and regulations relating to entry, stay and authorization to work, each country shall grant entry, temporary stay and authorization to work to investors and executives, managers and members of the board of directors of an enterprise of the other country; ii) each country shall, to the extent possible, make publicly available the requirements and procedures for application for renewal of the period of temporary stay, change of status of temporary stay and issuance of a work permit to a natural person of the other country who has been granted entry and temporary stay with respect to an investment; and iii) each country shall endeavor to facilitate the procedures for issuance of temporary stay or work permit, to the extent possible, in accordance with its laws and regulations. Immigration laws and regulations are exempted from Chapter 7 concerning investment (Article 73).

(iv) Japan-Philippines Economic Partnership Agreement

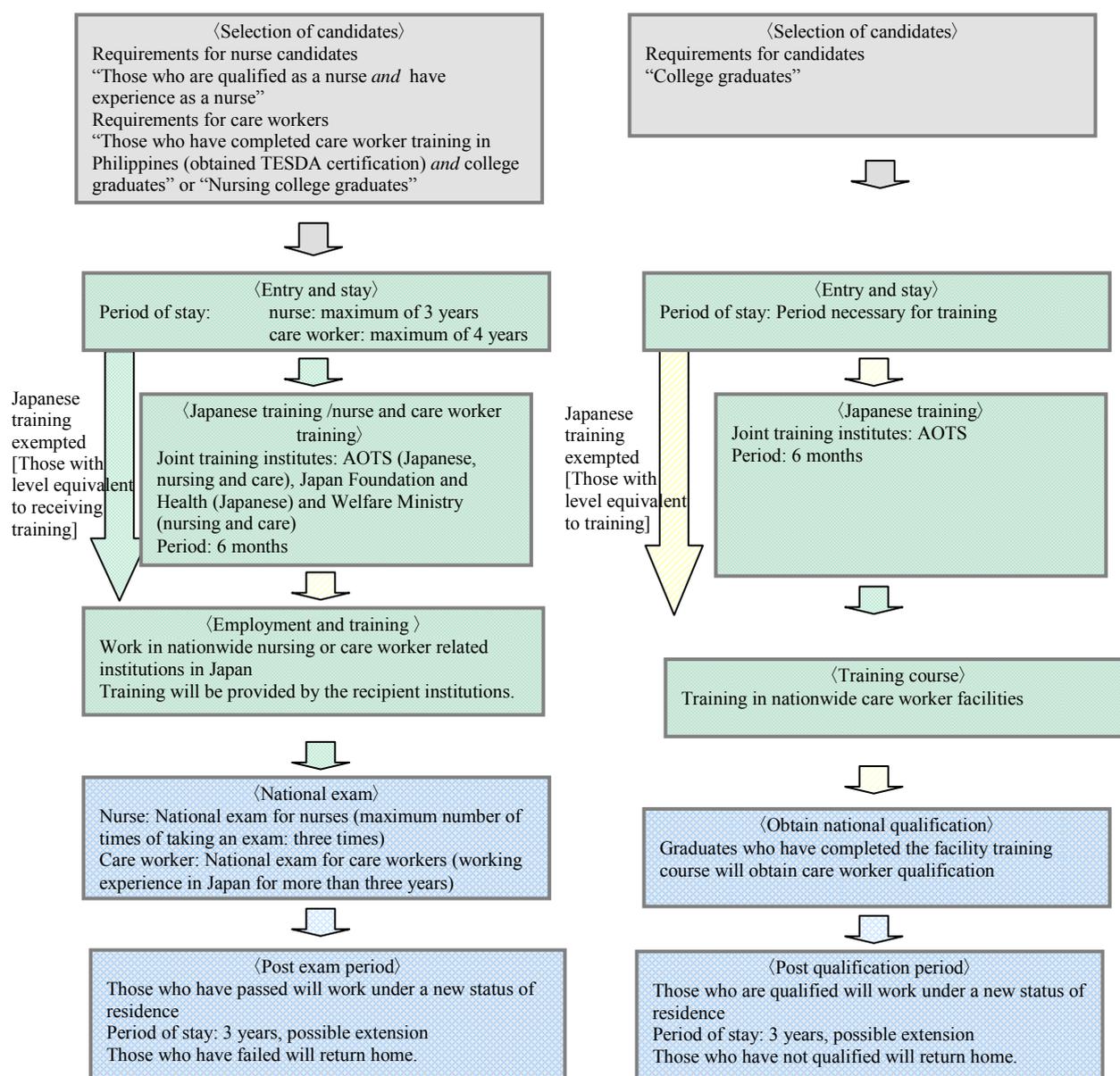
The Japan-Philippines EPA was ratified in the Japanese Diet in December 2006, after being signed by the governments of Japan and Philippines in September 2006. The EPA is now waiting for ratification to be given by the Philippines Congress.

This EPA includes provisions to grant entry into Japan to nurses and care workers. It is the first EPA entered into by Japan that allows foreign workers in new occupations to qualify for residential status. This attempt at the bilateral level to grant the entry of foreign workers from developing countries would be difficult on a multilateral level. The grant of entry to nurses and care workers is not implemented by lowering entry permission standards, but rather by including nurses and care workers into the category of professionals and engineers eligible for entry. Thus, this does not represent any policy change of the Japanese government concerning foreign workers entry, nor does the EPA extend mutual recognition in order to enable foreign workers to obtain qualifications required under Japanese law.

The details of the framework for entry are shown in Diagram 3-3 below. Entry is permitted for Philippines nurse and care worker candidates who fulfill certain criteria and conditions (such as completion of Japanese language training). Permission to work will be granted as a part of preparation to obtain qualifications required under Japanese law (maximum length of stay is three years for nurses and four years for care workers). After the Japanese national exams, those who pass such exams will be permitted to continue working as nurses and care workers. After Japanese language training, they have an option to enroll in Japanese care facilities nationwide; graduates from such facilities will be granted qualifications as care workers. Those with a certain level of Japanese language skills will be exempted from the training.

Japan notified the Philippines that the number of persons to be granted entry was 1000 (400 nurses and 600 care workers) for the first two years, and the Philippines gave its consent. This EPA goes beyond what is permitted by the Japanese immigration system by: (i) permitting nurses and care workers to work as such (only those who acquire Japanese qualifications); and (ii) permitting such candidates to work in their field for a limited time as preparation period for acquiring Japanese qualifications. It should be noted that foreign nurses who acquired Japanese qualifications were permitted a maximum seven-year stay as a training period before this EPA, but were not officially permitted to work.

Chart 3-3 Framework for acceptance of nurses and care workers in Japan-Philippines EPA
 [National exam course for nurses and care workers] [Facility training course for care workers]



(3) Examples of measures taken on movement of natural persons in other FTAs

(i) U.S.-Singapore Free Trade Agreement

The U.S.-Singapore FTA was signed in May 2003 and became effective in January of the following year. This FTA consists of 21 chapters, including "Chapter 8: Cross-border trade in services," "Chapter 11: Temporary entry of business persons" and "Chapter 17: Labor," all of which provide for "movement of natural persons."

The commitments made by the U.S. in this FTA do not significantly differ from commitments of the U.S. under GATS with respect to movement of natural persons. Movement of natural persons who are seeking jobs in contracting party countries is not liberalized. The FTA states that: (i) each party shall grant temporary entry for up to 90 days to a business person seeking to engage in a

business activity, without requiring that person to obtain an employment authorization, but in order to ensure that such entry is not entry into the labor market of the recipient party, the business person is required to present documentation demonstrating that the primary source of remuneration for the proposed business activity is outside the territory of the party granting temporary entry (Annex 11A); and (ii) the U.S. shall permit up to 5,400 applications annually for Singapore business persons to provide professional services (Annex 11A.3).

The FTA also provides as follows: (i) the parties shall examine whether to develop mutually acceptable standards and criteria for licensing and certification for professional service providers and to provide recommendations on mutual recognition (Annex 8C); (ii) each party shall strive to ensure that its laws provide for labor standards consistent with internationally recognized labor rights; and (iii) each party shall exercise its discretion when executing labor laws (Chapter 17).

(ii) EU-Algeria Free Trade Agreement

In June 1996, the EU and Algeria began negotiation of the “Euro-Mediterranean Association Agreement between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part” and concluded the agreement in April 2002. The association agreement broadly covers the areas not only of an ordinary trade agreement but also such wide areas as politics, national security dialogues, economic cooperation, social and cultural cooperation, and legal cooperation. The provisions concerning movement of natural persons are included in Chapters 33, 83 and 84.

The EU gave permission for entry of intra-corporate transferees under GATS. Such commitment is limited to the scope of the related GATS commitment. The EPA goes beyond the commitments under GATS in regards to cooperation in preventing and controlling illegal immigration and readmission (Article 84), which represents the EU’s view that prevention of illegal entry from non-EU areas and illegal stay is an important issue.

EU-Algeria cooperation in prevention and control of illegal immigration (excerpt)

Article 84 Prevention and control of illegal immigration; readmission

1. The Parties reaffirm the importance which they attach to the development of mutually beneficial cooperation in relation to the exchange of information on illegal immigration flows and agree to cooperate in order to prevent and control illegal immigration. To this end:

- Algeria, on the one hand, and each Member State of the Community, on the other hand agree to readmit any of their nationals illegally present on the territory of the other Party after the necessary identification formalities have been completed;
- Algeria and the Member States of the Community shall provide their nationals with the appropriate identity documents for this purpose.

2. Desirous of facilitating the movement and residence of their nationals whose status is regular, the Parties agree to negotiate, at the request of either Party, the conclusion of agreements on combating illegal immigration and on readmission. If either Party considers it necessary, such agreements shall cover the readmission of nationals of other countries arriving in their territory direct from the territory of the other. The practical arrangements for the implementation of the above mentioned agreements shall be laid down, where appropriate, by the Parties in the agreements themselves or in their implementing protocols.

3. The Association Council shall examine the possibility of other forms of joint action for the prevention and control of illegal immigration, including ways of detecting forged documents.

(iii) EU-Switzerland Free Trade Agreement

Switzerland concluded a free trade agreement with the EU (at that time, the “EC”) in December 1972. However, as Switzerland is not a member of the EU or the EEA (European Economic Area) and in order to limit the disadvantages of being a non-member, it concluded bilateral agreements with the EU on the movement of natural persons, air transportation, land transportation, agriculture goods, government procurement, science and technology cooperation and mutual recognition (these bilateral agreements were signed in June 1999 and entered into force in June 1, 2002).

“The Agreement between the European Community and its Member States, of the one part, and the Swiss Confederation, of the other, on the Free Movement of Persons” is a voluminous agreement consisting of 25 articles, “Annex 1: Free Movement of Persons,” “Annex II: Co-ordination of Social Security Schemes” and the “Protocol” thereto, and “Annex III: Mutual Recognition of Professional Qualifications.”

The agreement provides that: i) nationals of a contracting party shall have the right to visit another contracting party and to reside there for a reasonable amount of time in order to seek employment in the territory of the other contracting party (Paragraphs 1 and 2 of Article 2 of Annex I); ii) an employed person and self-employed person who is a national of a contracting party shall receive a residence permit in the counterparty country, and no residence permit will be required for short-term employed persons and self-employed frontier workers (Articles 6, 12 and 13 of Annex I); and iii) contracting parties shall adopt measures necessary for the mutual recognition of diplomas, certificates and other qualifications in order to make it easier for nationals of contracting parties to gain access to and pursue activities as employed and self-employed persons and to provide services (Article 9).

Switzerland, however, imposed a quota for a period of five years from entry into force of the agreement on the number of persons whose stays as residents are within a period of four months to less than one year, and those whose stays are more than one year. Such quota was lifted after six years (Paragraph 3 of Article 10). The number of permissions to be granted were 115,500 for persons staying for a period of four months to less than one year and 15,000 for persons staying for more than one year (They could be increased slightly depending on circumstances).

Switzerland uses the following two categories in fulfilling its commitments under GATS. The first category of “important persons who enter Switzerland with a specific office or company (intra-corporate transferees)” will be granted a three-year stay (extension possible for maximum of four years). The second category of “other important persons who enter Switzerland (service suppliers and persons in charge of commercial center establishment)” will be granted a three-month stay per year. In addition, it is specifically provided that these two categories of persons shall be guaranteed national treatment except in certain cases.

The substance of the agreement goes far beyond the commitment made under GATS and embarks on the liberalization of “movement of natural persons” to the maximum extent possible with the EU. However, Article 10 can be viewed as trying to avoid social and economic disruption caused by rapid liberalization of movement of natural persons, as it grants Switzerland the right to impose quotas during the transition period after entry into force of the agreement.

Provisions of the EU-Switzerland FTA whose scope exceeds the commitments made under GATS (excerpt)

Article 6 Right of residence for persons not pursuing an economic activity

The right of residence in the territory of a Contracting Party shall be guaranteed to persons not pursuing an economic activity in accordance with the provisions of Annex I relating to non-active people.

Article 7 Other rights

The Contracting Party shall make provision, in accordance with Annex I, for the following rights in relation to the free movement of persons:

- (a) the right to equal treatment with nationals in respect of access to, and the pursuit of, an economic activity, and living, employment and working conditions;
- (b) the right to occupational and geographical mobility which enables nationals of the Contracting Parties to move freely within the territory of the host state and to pursue the occupation of their choice;
- (c) the right to stay in the territory of a Contracting Party after the end of an economic activity;
- (d) the right of residence for members of the family, irrespective of their nationality;
- (e) the right of family members to pursue an economic activity, irrespective of their nationality;
- (f) the right to acquire immovable property in so far as this is linked to the exercise of rights conferred by this Agreement;
- (g) during the transitional period, the right, after the end of an economic activity or period of residence in the territory of a Contracting Party, to return there for the purpose of pursuing an economic activity and the right to have temporary residence permit converted into a permanent one.

Article 8 Coordination of social security systems

The Contracting Parties shall make provision, in accordance with Annex II, for the coordination of social security systems with the aim in particular of:

- (a) securing equality of treatment;
- (b) determining the legislation applicable;
- (c) aggregation, for the purpose of acquiring and retaining the right to benefits, and of calculating such benefits, all periods taken into consideration by the national legislation of the countries concerned;
- (d) paying benefits to persons residing in the territory of the Contracting Party;
- (e) fostering mutual administrative assistance and cooperation between authorities and institutions.

(iv) Thailand-Australia Free Trade Agreement

The Thailand-Australia Free Trade Agreement was signed in July 2004 and entered into force in January of the following year. This FTA provides general rules on the movement of natural persons in “Chapter 8: Trade in Services” and gives details in “Chapter 10: Movement of Natural Persons.”

Australia’s GATS commitment for the “movement of natural persons” sets out four categories of entry and temporary stay: (a) intra-corporate transfer of executives and senior managers (initial stay of four years); (b) independent business persons (initial stay of two years); (c) business visits of service suppliers (initial stay of six month which can be extended to a maximum of 12 months); and

(d) professionals (initial stay of two years which can be expanded to maximum of four years upon passing labor market tests. An exemption from market testing is possible under certain conditions).

Australia made additional commitments in the agreement by granting temporary entry to Thai professional chefs and agreeing to hold consultations on acceptance of qualified Thai massage therapists.

Thailand-Australia Free trade Agreement: Annex 8 “Schedule of Commitments, Australia” (excerpt)

I. Horizontal Commitments

| Sector | Limitations (market access and national treatment) |
|--------------------|---|
| All Thai Nationals | <p>Temporary entry</p> <p>The nationals will be permitted to enter Australia and work without labor market testing under the following conditions:</p> <ul style="list-style-type: none"> - business visitors will be permitted to enter and stay for up to three months; - service sellers will be permitted to enter and to stay initially for six months, with a maximum stay of 12 months; - intra-corporate transferees will be permitted to enter and stay initially for up to four years with a total period of up to 10 years; - contractual service suppliers will be permitted to enter and stay for up to three years. Specialist Thai chefs* entering as contractual service suppliers will be permitted to enter and stay for up to four years; <p>(*A specialist Thai chef means a person who gains National Technical Standard qualification for [omitted])</p> <ul style="list-style-type: none"> - executives and managers of a business with its head of operations in Thailand seeking to establish a subsidiary in Australia will be permitted to enter and stay initially for up to four years; - spouses and dependents of intra-corporate transferees will be permitted to enter, stay and work for the period of the intra-corporate transferee’s visa. <p>To obtain entry into Australia under any of these categories, Thai nationals will have to fulfill the documentary and other requirements as notified by the Parties from time to time.</p> <p>Temporary entry of Thai nationals into Australia is otherwise unrestricted.</p> <p>Australia will support discussions between Thai professions and relevant Australian professional bodies with a view to establishing a standard for recognition of Thai qualifications for traditional Thai massage therapists. The results of these discussions could be incorporated in the next round of negotiations on services and investment, scheduled to take place within three years after entry into force of the Agreement.</p> |

(v) India-Singapore Free Trade Agreement

The Comprehensive Economic Cooperation Agreement (CECA) was signed on June 29, 2005 between India and Singapore, and includes Chapter 9 on the “movement of natural persons.”

The CECA has provisions on temporary short-term entry of business visitors and short-term service suppliers (Article 9.4) and on long-term temporary stay of intra-corporate transferees and professionals (Article 9.5). Such provisions do not greatly exceed the commitments made by India under GATS, but do provide more favorable conditions concerning employment of spouses and

dependants for the period of stay of intra-corporate transferees than the five-year maximum under GATS.

Furthermore, the agreement includes a commitment to issue residence permits to 127 occupations, including system engineers, electricians, auto mechanics, scientists, doctors and accountants. As these occupations require an advanced educational background (more than college degrees) the agreement can be viewed as aiming to promote the movement of highly skilled professionals. Specifically, the agreement provides in a chapter regarding mutual recognitions that the parties shall ensure that mutual recognition is granted in the service sectors subject to the licensing requirements of accounting and auditing, architecture, medicine, dentistry and nursing within 12 months from the date of entry into force of the agreement, thus affecting immigration control policies.

(4) Other examples of facilitation of immigration control systems (APEC)

(i) APEC Business Travel Card

At the APEC summit held in Manila in November 1996, agreement was reached between President Ramos of the Philippines, President Kim Yong Sam of South Korea, and Prime Minister Howard of Australia on the experimental introduction of the APEC Business Travel Card (ABTC) proposed by the APEC Business Advisory Committee (ABAC) in order to promote and facilitate the intra-regional movement of business persons.

ABTC was put into experimental use in May 1997 in the Philippines, South Korea and Australia. The number of member economies and regions adopting ABTC has been increasing since then and recently amounted to 17 countries and regions (Australia, Brunei, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, Papua New Guinea, Peru, Philippines, Singapore, Chinese Taipei, Thailand and Vietnam). ABTC was put into use in Japan from April 1, 2003 after Japan's announcement of participation at the APEC summit held in Mexico in October 2002, reflecting strong demand from the Japanese business sector.

ABTC will be issued to applicants upon the permission of respective governmental or local bodies (in Japan, the Ministry of Foreign Affairs) after preliminary review and approval of such applicants by the other member country or region adopting ABTC. The basic requirements to be fulfilled are as follows:

- (a) The record must indicate that applicant has not committed any crime.
- (b) Applicant must have a valid passport.
- (c) Applicant is a genuine business person with necessity to make short-term and commercial purpose visits frequently within the region of APEC.

Utmost efforts are to be made to complete the preliminary review within two weeks from submission of the request of applicants. However, as it may take several months to put together all responses from participating member economies and regions, there is a website to check the status of such preliminary review.

When an ABTC holder enters or stays in ABTC participating member economies listed on the back of the card issued to the holder for short-term commercial purposes, he/she is only required to submit a passport and ABTC (i.e. without visa) at passport control. Once his/her entry is permitted, a stay of approximately two to three months will be granted in accordance with the laws and regulations of respective participating member economies. ABTC will be valid for three years after issuance (if a passport is valid for less than three years, the validity period of passport will prevail). An ABTC holder is eligible for the lanes for ABTC holders only (in Japan, found in Narita International Airport,

Kansai International Airport, and Chubu International Airport) and for expedited check at passport control.

(5) Other examples of mutual recognition of qualifications

(i) The Washington Accord

The Washington Accord was concluded among Australia, Canada, Hong Kong, Ireland, New Zealand, South Africa, England and the United States in November 1989, and provides for the mutual recognition that bodies responsible for registering or licensing professional engineers in the member countries are equivalent in substance in respect of their qualification standards and examination procedures. Later, the following countries joined the accord: Hong Kong (1995), South Africa (1999), Japan (2001), Germany, Singapore and Malaysia (2003), and Korea and Taiwan (2005). Russia and China are also preparing to join the accord. This accord has been notified to WTO under GATS.

The Washington Accord is an international agreement concerning the substantial equivalence of qualifications, which is the precondition for one country granting the same licenses or registration benefits to persons who completed the engineering education programs in another country. This represents an attempt to secure the equivalence of qualifications and admissions, and thus does not automatically lead to the grant of a residence permit.

(ii) APEC Engineer

This method of mutual recognition of engineer qualifications was created in response to the resolution made in the APEC Summit held in Osaka in November 1995, to the effect that “in order to promote regional development in APEC, technology transfer is necessary, and to such end cross border movement of engineers is indispensable” On November 1, 2000, the requirements for APEC Engineers were established, and currently there are 13 official member economies: Japan, Australia, Canada, Hong Kong, Korea, Malaysia, New Zealand, Indonesia, Philippines, United States, Thailand, Singapore and Chinese Taipei.

Once registered as an APEC engineer, a person will be granted the status equivalent to that in his/her home economy as engineer in fields such as mechanics, electronics, and computing, in the other participating economies. An APEC Engineer, in the same way as under the Washington Accord, secures equivalence of qualifications and admissions only, and thus is not automatically granted a residence permit.

Column ♦ Mutual recognition informed to GATS

Article 7 of GATS states that for the purposes of the fulfillment, in whole or in part, of its standards or criteria for the authorization, licensing or certification of services suppliers, a member may recognize the education or experience obtained, requirements met, or licenses or certifications granted in a particular country.

Paragraph 4 of said article further states that members should promptly inform the WTO when they adopt new recognition measures or significantly modify existing measures.

In practice, these mutual recognitions are implemented in economically developed English-speaking countries (United States, England, Australia, New Zealand, Hong Kong, South Africa, etc.) and The Latin language (Spanish and Portuguese) speaking countries, where educational levels or professional qualifications are given mutual recognition.

(6) Economic aspects and significance

Today, the biggest issue concerning the liberalization of movement of natural persons is the opening up of labor markets of developed countries to developing countries. In developed countries, including Japan, opening up of labor markets (including unskilled workers markets) often receives the criticism that an increase of foreign workers will pressure the supply side of the domestic labor market causing wages to decline.

However, the liberalization of the movement of natural persons can bring positive economic effects to developing countries, as developing countries can receive significant amounts of money as their workers in developed countries transfer earnings back home. In fact, many Asian countries are now receiving a considerable amount of foreign money transfers.

In addition, the opening up of labor markets can achieve optimum distribution of the labor force between developed countries and developing countries, which may contribute to increasing GDP. Moreover, opening up labor markets for certain industries and occupations in which it is difficult to ensure domestic labor supply to meet with local demand for employment may enable businesses in these areas to continue business activities (For details, refer to White Paper on International Trade 2003 published by the Japanese government).