
Royal Institute of British Architects response to Department for International Trade consultation: Trade negotiations with the US

The Royal Institute of British Architects (RIBA) is a global professional membership body that serves its members and society in order to deliver better buildings and places, stronger communities and a sustainable environment. We provide the standards, training, support and recognition that put our members – in the UK and overseas – at the peak of their profession. With government and our partners, we work to improve the design quality of public buildings, new homes and new communities.

The RIBA welcomes this consultation. British architecture is a global success story – at nearly £500 million last year, UK architects' revenue from international work far exceeds that of architects in any other European country, with the majority of exports going to countries outside the EU.

As the UK negotiates a new relationship with the rest of the world, one in five architects plans to respond to Brexit by exporting more overseas – opening new markets via trade agreements is critical. There are deep cultural and business links between Britain and the United States which make it an attractive prospect for a trade agreement, as well as existing cooperation between British and American architects that a free trade agreement should build upon.

In December 2017, the RIBA published [Global Talent, Global Reach](#), a major new economic analysis of how architecture contributes to the UK economy through exports, and estimate the impact on the sector of Brexit.

In June 2018, the RIBA published [Boosting Britain's architectural exports](#), a policy note with 10 recommendations to Government, drawing on feedback from RIBA members across the country, that would create the right circumstances for small to medium sized practices to seek international opportunities.

Not all parts of the consultation are relevant to the work of the RIBA; our response focuses on those questions of relevance to our work.

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What existing UK government or regional / business group-led initiatives, if any, have your members said support them in doing business with the USA?

The RIBA cooperates with its American counterpart, the American Institute of Architects, bilaterally and through the International Union of Architects (UIA). The UIA promotes international cooperation between member associations for the advancement of architecture and supports the sharing of built environment knowledge in member countries through a network of professionals.

The AIA has a UK chapter and the RIBA has seven chapters in the USA (New England, New York, Philadelphia, Chicago, Phoenix, Los Angeles and the San Francisco Bay Area) which serve to offer support and communication for local members, and provide a range of activities such as networking events, lectures, building tours and CPD.

The RIBA has also worked with the DIT (formerly UKTI) to arrange activities such as trade visits, networking receptions and one-to-one business matchmaking appointments.

Both the USA and the UK are members of the International Organisation for Standardisation, via the American National Standards Institute and the British Standards Institute respectively, which supports international trade in the wider construction sector through promoting high and common standards. Common product standards reduce barriers to overseas competition in the construction sector and facilitate the entry of new participants into the market – a free trade agreement represents an opportunity to strengthen and deepen bilateral cooperation in this area.

What would your organisation want the UK government to achieve through a free trade agreement (or related trade talks) with the USA?

Tariffs

While tariff barriers primarily affect goods trade and are not directly pertinent to architecture as a professional business service, tariffs on construction products have an impact on the wider construction and engineering sector by increasing the cost of development. A free trade agreement offers an opportunity to support the wider sector and reduce costs to business through tariff reduction on construction products.

We also observe that UK architects often specify UK construction products when working in overseas markets – architecture therefore acts as an export multiplier, creating opportunity for British product manufacturers and providers elsewhere in the construction value chain. Removing barriers to British architects specifying these products through tariff reduction in free trade agreements will support this multiplier effect.

Products Standards, Regulation and Certification

A bilateral free trade agreement between the UK and the USA offers an opportunity to expand cooperation on standards and regulation. As outlined above, the UK and the USA cooperate on standards through membership of the International Organisation for Standardisation and the respective architectural professions cooperate bilaterally on professional standards and regulation.

While full regulatory harmonisation is difficult to achieve, a free trade agreement can be used to further promote best practice and bilateral cooperation in construction product standards and regulation, and reduce trade barriers from divergent regulation.

A deal with the USA is especially important in this respect due to the importance of the USA in the global standards system in construction. Many countries around the world, including several key export markets, have adopted US standards in construction products and the built environment; for example, Leadership in Energy & Environmental Design (LEED) standards, developed by the US Green Building Council, are in use in over 160 countries. By comparison, the Building Research Establishment Environmental Assessment Method (BREEAM) standard developed by the UK Building Research Establishment in 1990 is used in around 70 countries. Encouraging greater consistency and cooperation on standards between the UK and USA through a free trade agreement will also help support British architects and the wider UK construction sector to export further afield as British standards align closer with US standards that are widely-adopted in third countries.

Services Trade

The USA is one of the most significant single markets for UK architectural exports. RIBA Chartered Practices earned £83 million from work in the USA in 2017, 17% of all international revenue – compared to 21% from the whole of Asia. A free trade agreement offers an opportunity to further boost opportunities for British practices in a key international market – economic analysis of OECD trade data in the RIBA's report *Global Talent, Global Reach* shows that services trade agreements can potentially boost trade between countries by around 36%.

Concluding a services trade agreement removing longstanding non-tariff barriers to market entry should be a high priority in a UK-US trade agreement, in order to make it easier for practices to compete for and win work in the USA. In particular, trade deal with the USA should include an agreement for the mutual recognition of professional qualifications, which will enable easier access to those markets for UK qualified architects, while also ensuring that American architects wishing to work in the UK will be able to do so.

Mutual recognition agreements enable professionals in participating countries to practice outside their own country without taking additional exams or professional training. Mutual recognition of professional qualifications supports UK practices to compete internationally for the best talent and plays an important part in the contribution of the sector to the UK economy, while also removing a barrier for architects seeking to work overseas in another jurisdiction. However, while the recognition of overseas qualifications was previously at the discretion of the Board of Architectural Education (abolished in 1997), at present the UK has no mutual recognition agreement with any state beyond the EU – UK architects wishing to work in the USA must therefore go through a costly and bureaucratic process of registration, and sometimes requalification, locally in order to practice or use the title ‘architect.’ This adds additional regulatory burdens for British architects seeking to work in the USA and for American architects looking to bring their skills to British practices.

The USA has an existing network of bilateral and multilateral mutual recognition agreements (MRA) with Canada, Mexico, Australia and New Zealand, negotiated through the US National Council of Architectural Registration Boards (NCARB). These agreements are negotiated by the NCARB and come into force when a minimum of 28 US state or jurisdictional architectural licensing boards sign the agreement – the US/Canadian MRA has been signed by 41 of the 55 US jurisdictions and the US/Australia/New Zealand MRA has been signed by 30. These agreements have helped facilitate smoother market access for architects in those countries and should serve as a model for a future UK-US mutual recognition agreement to be negotiated with the UK Architects’ Registration Board.

One challenge in negotiating a UK-US services trade agreement is the significant variation between US state-level regulations – for example, architects are licensed at state level in the US and in order to gain a reciprocal license to practice in another US state they typically gain an NCARB Certificate to allow this. This will pose a challenge to removing non-tariff and market access barriers via a free trade agreement as many of these barriers occur at state level and are not the competence of the US federal government.

Competition

Besides barriers to the movement of people, barriers to competition are one of the most significant barriers to trade affecting architectural services. These barriers are not currently significant in the USA, which has an open, liberal economy – according to the RIBA’s research report Global Talent, Global Reach, America is among the least restrictive OECD economies to trade in architectural services, with an STRI weighting of 0.18 (with 0 indicating a totally free economy and 1 indicating a totally closed economy) for the sector. The UK is similarly open, with an STRI weighting of 0.27 for the sector.

A free trade agreement offers an opportunity to build on this relatively high level of openness and further reduce barriers to foreign competition, for instance through securing a mutual recognition agreement for professional qualifications to ensure that UK-trained architects can compete on equal terms in the USA and vice versa.

Public Procurement

Public contracts are a significant potential source of business for RIBA members and for the wider UK construction sector. While RIBA members have had success winning public contracts for delivering infrastructure projects in America – for example RIBA Chartered Practice Grimshaw Architects designed the redeveloped Queens Museum in New York – the USA's relatively defensive public procurement environment means that opening opportunities for US government procurement contracts should be a key priority in a trade agreement.

For example, the Surface Transportation Assistance Act (known as the 'Buy America' Act, not to be confused with the Buy American Act 1933) requires the federal government to give preference to US providers in federal procurements relating to mass transit infrastructure and not to provide federal funding to state projects unless products are produced in the USA. Transport infrastructure is a key market for many RIBA members who have won significant public contracts for delivering infrastructure projects in other markets. Similarly, each US State has its own procurement access conditions – at the sub-federal level several states have 'Buy American' policies, which can limit foreign participation in biddings, offer preferences to in-state suppliers or apply domestic purchase requirements. The current US administration has been supportive of Buy American policies. In contrast the UK's public procurement market is already relatively open to overseas participants, including from the USA.

It may be challenging for the UK to negotiate reciprocal access to US procurement markets, especially as much regulation occurs at state level, however a free trade agreement offers an opportunity to open up a significant US procurement market in construction and infrastructure projects to British architecture and the wider UK construction sector; the USA is already a significant market for British architecture and practices are competing successfully for work – boosting practices' ability to bid for and win public contracts will support the further growth of a key export market.

Social, Labour and Environment

One of the key barriers affecting RIBA members looking to work in the USA is the visa system. RIBA analysis of OECD Services Trade Restrictiveness Index (STRI) data has shown that most restrictions in trade affecting architectural services with the USA relate to the movement of people.

The UK should look for opportunities to include work visa quotas in a trade agreement with the USA to ensure that restrictions on the movement of

people are addressed and to support UK architects and other service sector professionals to work there. The USA has included work visa quotas in several of its trade agreements with third parties – notably including Australia and Chile as well as with Mexico and Canada under the NAFTA agreement. These have helped to boost services trade by removing barriers.

Similarly, easier intracompany transfer procedures between the USA and the UK will remove barriers for practices seeking to assign staff between their US and UK offices – many RIBA Chartered Practices who do significant work in the USA have at least one office there, and removing bureaucratic barriers to them assigning their staff where they need to, when they need to will support them.

In addition to restrictions on entry, there are also challenges in recognition of architectural qualifications between the UK and the USA, despite the level of similarity in architectural education systems. RIBA members and UK-registered architects working in the USA are not allowed to trade under the title 'architect' unless they go through complex process of validation – and in many cases requalification – with the state architectural licensing board of each state they wish to work in. This has added further complications for RIBA Chartered Practices looking to work in the USA. For that reason, we believe that any trade agreement with the USA must include an agreement on mutual recognition of professional qualifications for architects and other professionals; either as part of a trade deal or as a separate regulator-to-regulator agreement between the National Council of Architectural Registration Boards and the UK Architects Registration Board.

Trade Remedies and Dispute Settlement

Architects working internationally often face additional barriers from contract requirements such as performance bonds or onerous insurance requirements, and late or non-payment of invoices. These challenges can act as a significant disincentive for architects to practice in overseas markets and lead to added costs when they do.

We do not believe these issues are particularly acute in the USA relative to many other markets where our members do significant work, however in general we believe the DIT must do more to support architectural exporters with dispute resolution, support over non-payment and practical support in navigating local regulatory systems. The Department for International Trade has a strong global presence in 108 countries around the world through British embassies and consulates and is well-placed to provide this further in-country support. The DIT should ensure it has the right understanding and skills in-country to support creative services professionals like architects.

Small and Medium Size Enterprises (SME) Policy

At present, propensity to export in the architecture sector varies greatly by size. For the largest practices with the greatest revenue, over 70% of their revenue comes from international projects; for smaller and medium-sized practices it is less than 10%. There is a clear appetite among the sector to expand internationally – 1 in 5 architects we surveyed told us that they plan to respond to Brexit in part by exporting more of their services overseas. Supporting more small and medium-sized practices to take the first steps to international expansion is therefore a vital objective for the sector from any trade negotiation.

Feedback from our members indicates that the costs associated with working internationally can be a significant barrier for small practices – while larger and better-resourced practices can absorb the costs associated with visa applications, obtaining local recognition of their qualifications and other fixed costs, for smaller practices these are often insurmountable.

Smaller and medium-sized practices could benefit significantly from easier access to a large and important export market for British architectural services. As outlined above, many larger RIBA Chartered Practices who do significant work in the USA have offices there and are able to circumvent many of the issues associated with working internationally by basing themselves locally and through employing local architects. Smaller practices that are less able to base themselves locally will benefit significantly through the removal of market access barriers in a free trade agreement, enabling them to provide their services on, for example, a fly-in/fly-out basis.

Is there anything else that your organisation would want to say about the UK's future trade relationship with the USA?

The USA is an important market for UK architectural services and growing this market is a priority for the RIBA and our members. In 2017, revenue earned by RIBA Chartered Practices from work in North America came to £83 million, which is 17% of the sector's total international revenue. While British practices are already successful at winning work in the USA, the potential exists for significant growth if market access barriers are further removed in a free trade agreement.

There are significant market opportunities for UK architecture in the USA if a mutual recognition agreement can be struck, enabling easier access to the market for UK architects and allowing American architects to work in the UK. These agreements can be concluded quickly ahead of a more comprehensive trade agreement – the USA has mutual recognition agreements with Canada, Australia and New Zealand for architects' professional qualifications, underlining the opportunity for the UK to negotiate bilateral agreements with each of these countries.