



**Asia-Pacific Economic Cooperation**

**Measures affecting trade and  
investment in education services  
in the Asia-Pacific region**

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**A report to the APEC Group on  
Services 2000**



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## Definitions

### Sectors

Education services are divided into four sectors. The sectors are defined here according to the definitions in the United Nations system of classification (CRC Version 1).

#### **A Primary Education Services (Code P)**

**Preschool (pre-primary) education services.** Such education services are usually provided by nursery schools, kindergartens, or special sections attached to primary schools, and aim primarily to introduce very young children to the kind of environment they can expect at school. This category does not include child day-care services.

**Other primary education services.** Such education services are intended to give pupils a basic education in diverse subjects and are characterised by a relatively low specialisation level.

This category does not include services related to the provision of literacy programs for adults.

#### **B Secondary Education Services (Code S)**

**General secondary education services—general school education services at the second level, 1st stage.** Such education services consist of education that continues the basic programs taught at the primary education level, but usually on a more subject-oriented pattern and with some specialisation. The programs aim to qualify pupils for either technical or vocational education. Compulsory schooling normally ends at this level.

**Higher secondary education services—general school education services at the second level, 2nd stage.** Such education services consist of general education programs covering a wide variety of subjects involving more specialisation than at the first stage. The programs aim to qualify pupils for university entrance or higher technical or vocational education without any special subject prerequisite.

**Technical and vocational secondary education services—technical and vocational education services below the university level.** Such education services consist of programs emphasising subject-matter specialisation and instruction in both theoretical and practical skills. They usually focus on application to specific professions.

#### **C Higher Education Services (Code H)**

**Post-secondary technical and vocational education services—post-secondary, sub-degree technical and vocational education services.** In terms of subject matter, such education services consist of a great variety of programs. They emphasise teaching of practical skills, but also involve substantial theoretical background instruction.

**University and other higher education services.** Education services leading to a university degree or equivalent. Such education services are provided by universities

or specialised professional institutes. The programs not only emphasise theoretical instruction, but also aim to prepare students for participation in original research.

**D Other Education and Training Services (Code O)**

- Education services at the first and second levels in specific subject matters not elsewhere classified, and all other education services that are not definable by level.
- Education services for adults who are not in the regular school and university system. Such education services may be provided in day or evening classes by schools or by special institutions for adult education.
- Education services for professional sports instructors.
- Tuition for car, bus, lorry and motorcycle driving licences.
- Tuition for flying certificates and ship licences.
- Services related to literacy programs for adults.
- Computer training services.

This category does not include higher education services provided within the regular system and education services primarily concerned with sport.

**Modes of supply**

Questions within the survey relate to four modes of education services supply.

- **Cross-border supply**—neither the education provider nor the student moves; the education provider remains in one territory and the student in another; the service itself is traded, for example, commercial education and training courses sent via the internet; distance education courses.
- **Consumption abroad**—the student travels from one economy to the economy of the education provider in order to obtain the education or training service.
- **Commercial presence**—education services are provided by establishing a presence in another economy, for example, direct investment in the host economy by establishing an offshore school or campus, or a twinning program.
- **Presence of natural persons**—the educator travels to another economy in order to supply the education service for students in that economy, for example, visiting lecturers.



## **Foreword**

A key objective of APEC's work on services is to reduce measures that affect market access for trade and investment.

Measures can be laws, regulations, rules, procedures, decisions or administrative actions that may limit the movement of services, people, information and capital. They can inhibit the provision of education services and redirect provision amongst the alternative modes of supply.

The APEC Group on Services (GOS) has been undertaking work on identifying measures affecting trade and investment in all service sectors. In 1998, the GOS identified education services as a priority sector for action.

Education services is currently one of the least committed services sectors within the World Trade Organization (WTO) General Agreement on Trade in Services (GATS). Only about a quarter of the member economies have made documented commitments in the GATS on the openness of the education sectors in their economies.

The Australian and the New Zealand Ministries of Education and Foreign Affairs and Trade have coordinated a project within the GOS to identify measures that affect the flow of education services in the Asia-Pacific region. The project will assist economies in preparing for the WTO education services negotiations.

The specific aims of the project were to:

- identify measures affecting trade and investment in education services; and
- study the impact of further liberalising trade and investment in the education services sectors.

This report contains the results of that work.

Professor Christopher Findlay, of the Asia Pacific School of Economics and Management at The Australian National University, was appointed to manage the project and prepare the report. Mr Steven Kemp, of the Department of Economics at Curtin University, assisted him in his work. The project was also supported by Dr Jong-soon Kang and his staff, particularly Ms Kyoung-hee Moon, at the ANU's International Economic Databank. The final report was prepared for distribution by staff of Asia Pacific Press at The Australian National University.

Reference Group members:

Australian Department of Education, Training and Youth Affairs  
Australian Department of Foreign Affairs and Trade  
New Zealand Ministry of Education  
New Zealand Ministry of Foreign Affairs and Trade

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## **Executive Summary**

### **Extent of trade and investment in education services**

The international market for education is large and growing, with estimates of trade in all sectors reaching US\$50 billion. The Asian region has been the largest source of foreign students, around 46 per cent of total foreign enrolments. The United States is the largest exporter of higher education services, accounting for about 30 per cent of world exports.

While there are extensive student flows out of the Asia-Pacific region in absolute terms, these flows are still small (generally) as a share of enrolments in each economy. Foreign participation in the home market is also typically small except in a couple of cases.

The consumption abroad mode of supply is currently the most frequently used mode by which education services are traded. However, commercial presence is fast becoming more important as a mode of supply. Generally member economies that have a high student-sending rate also have a high level of penetration by foreign providers.

An important complement to trade in education services is the trade in educational materials, such as books, software and computers.

### **Policy measures**

Global trade and investment in education services is affected by a variety of policy measures which can be grouped into a number of categories that help analysis.

Some policy measures inhibit trade and investment flows. Others are designed to promote those flows. There are also other matters of interest to governments, education providers and consumers of education services including the arrangements made for quality assurance and the degree of policy transparency.

A survey of APEC economies allowed the types and impact of measures that either promote or inhibit these flows to be identified. This report examines each of these groups of policies.

### **Measures which inhibit trade and investment**

There is a moderate but significant number of measures which inhibit transactions in all modes of supply of education services in any of the four sectors distinguished in this study.

Within each mode of supply, there are some key findings.

Cross-border trade is only slightly affected by policy measures. For example, there are very few references to measures that inhibit the delivery of distance education, including via electronic media. An exception is the presence of measures affecting

the movement of educational materials. Measures applying to either distance or electronic delivery are concentrated in the higher education sector.

The key measures that inhibit consumption abroad include access to employment in the host economy as well as foreign exchange requirements of the host economy. Visa requirements also affect consumption abroad. There is a relatively low frequency of measures applied by home economies on students moving to study overseas.

One of the most frequently reported measures affecting establishment of a commercial presence is a limit on the extent of foreign ownership of education providers. Rules on forms of corporate arrangements are also relatively common. It is also relatively common to see foreign service providers being asked to meet performance requirements. It is not possible from the survey to obtain an indication of the manner in which these provisions were being implemented. In some circumstances, foreign providers could regard the administrative procedures as an inhibition.

Measures affecting commercial presence were more commonly observed in the secondary and higher education sectors and tended to have less impact in either the primary or 'other' education sectors.

Visa requirements applied to staff can inhibit the presence of natural persons. Foreign providers might regard the time taken and complexities involved in processing visa applications as a problem. However, information on which to base an assessment of this issue is not available in this survey.

### **Measures which promote trade and investment**

Measures which promote international transactions in education services include the recognition of intellectual property rights and country participation in treaties or conventions related to the recognition of courses and qualifications. They also include other measures that promote consumption abroad or commercial presence.

A significant number of APEC member economies is participating in various conventions recognising qualifications and courses.

While most member economies have intellectual property rights regimes in place, there was variation in the respondents' assessments of the support that these regimes provided for trade in educational materials.

Many member economies also provide subsidies in the education sector, but subsidies are not usually extended to foreign consumers or foreign suppliers. Foreign students are not always eligible for the subsidies available to domestic students. Also common is the lack of access by foreign providers to subsidies granted to domestic institutions, which affects decisions to establish a commercial presence.

### **Measures which promote quality assurance**

Measures related to quality assurance were frequently observed. These measures included the presence of an authorisation or licensing scheme for foreign service providers, measures affecting the use of names, and the presence of other accreditation programs. Their use is almost universal.

One issue, however, is whether the manner in which these processes are applied is any different for foreign providers of education services compared with domestic providers. A number of survey respondents stressed that foreign and domestic providers are all subject to the same processes and criteria. However, before it can be established whether there are significant differences in their treatment, further work is required on these aspects of domestic regulation from the perspective of the service provider.

In applying quality assurance measures the focus tends to be on the higher education sector. Fewer measures apply to the 'other' education sector.

### **Measures which promote transparency**

Lack of information about the policy and the regulatory environment can affect trade and investment. Most member economies provide explicit statements of policy and base their decision making on specific legislation. However, issues remain about the accessibility of that information, not only its availability but also its clarity and coverage.

### **Meeting the growth in demand for education services**

In many member economies the demand for education is growing rapidly, but the ability of the domestic sector to respond may be constrained. Opening up the sector to foreign participation removes some of those constraints. The process of competition which foreign entry facilitates is also an important mechanism through which the benefits of reform are transmitted to the rest of the community—consumers in particular.

An important feature of consumption abroad is the student's experience of living in another country. The depth of that experience can be affected by policy measures, for example, rules on working in the host economy.

Education-exporting economies have also gained from the growth in education exports as well as an increase in other complementary industries such as tourism. The export of education services has also had a significant impact on the education sectors within these economies.

While economies divide into groups of net exporters and importers, there is also scope to develop a two-way trade in education services, particularly in the APEC region. Member economies which are now net exporters have strong interests in having their students benefit from the experiences of study abroad.

### **Issues in foreign participation for the home economy**

The presence of foreign suppliers, who obviously are not owned by the government of the host economy, raises a number of issues. These include the pressure that private participants place on home-government owned suppliers, and whether the presence of private participants (who will charge full fees) has implications for equity in the distribution of education services.

Another important concern is the cultural and social impact that the provision of education services by foreign providers could have. To mitigate against unwanted effects, policies may be introduced to encourage foreign providers to act in partnership with local firms, or with governments. The question is whether strict rules on the equity shares are necessary to achieve the results that are desired, or whether they get in the way of reasonable commercial decision making.

A further issue may be whether the private and foreign provision of education will widen the gaps between groups within economies in terms of their familiarity and ease of use of digital technologies.

Foreign participation can have significant foreign exchange effects. These effects apply to all modes of supply. However, the use of different modes of supply affects the character of the income flows associated with foreign participation. The flows include fees paid to foreign providers or income payments to foreign providers.

## **Recommendations for the APEC work program**

The results of the survey reported here have led the consultant to observe a number of opportunities for the development of the APEC work program in relation to trade and investment in education services. Relevant APEC fora may be interested in pursuing these opportunities.

Immediate initiatives could include:

- a commitment to a standstill on measures which apply to the cross-border mode of supply to support the growth of trade in all sectors;
- identifying and participating more widely in the priority conventions on recognition of qualifications, and in the best teacher and student exchange arrangements;
- extension of the APEC work program on business mobility to include professionals from the education sectors;
- a joint review of the impacts of impediments to trade in educational materials, which could lead to further commitments to remove those impediments;
- implementing existing commitments to improve the transparency of subsidy policies in the sector.

Actions which may take a longer period of preparatory work could include the following:

- reviewing the impediments to a deeper educational and living experience by foreign students in their host economies;
- a joint effort to discuss the reasons for the use of foreign equity rules and to assess alternative measures which could achieve the targets sought at a lower cost;

- the adoption of capacity building programs to increase policy transparency and to support intellectual property regimes;
- development of a methodology to test the consistency of various regulatory practices with the GATS principle of national treatment.

Work in this area could be facilitated by the following actions:

- a joint effort to obtain comprehensive and timely education trade and investment data which would support policy analysis;
- expanded participation in this survey to support further cooperative work on education in APEC.

## **Terms of reference**

The results of the study of measures affecting trade and investment in education services in the Asia-Pacific region are presented in this report. The aims of the project were to:

- identify measures affecting trade and investment in education services; and
- study the impact of further liberalising trade and investment in the education services sectors.

The methodology involved the collection of the raw data from all APEC member economies and processing the data before presentation in the report.

The report summarises the results of the study of policy measures, and reviews the impacts of and issues arising from the process of liberalisation applied to this sector.

## **The survey**

Government officials of member economies were asked to respond to a survey on measures affecting trade and investment in education services.

In the education sector, a wide variety of measures affect access to markets in all the possible modes of supply (see Definitions). These measures range from provisions on foreign investment to procedures on access to foreign currency. There are measures which are specific to some sub-sectors and others, such as recognition of qualifications, which apply to all. All of these measures were examined in the survey.

Previous work has been done on identifying measures affecting the education sector, including documented commitments in the GATS. This includes work reported in papers prepared by the WTO Secretariat. There has also been a survey of impediments by The Global Alliance for Transnational Education. However, previous work had not provided a comprehensive assessment of the impediments to trade and investment in this sector.

The survey was a unique opportunity to identify and document the key measures affecting trade and investment in education services. The survey was designed to permit the development of an overall assessment of the structure and extent of policy measures affecting the education sector within member economies. A copy of the survey questionnaire is available from the internet site of the APEC Secretariat in Singapore ([www.apecsec.org.sg](http://www.apecsec.org.sg)). A condensed version of the questionnaire is also attached to this report.

The questionnaire was distributed to all APEC economies in July 2000 through the representatives of the APEC Group on Services. The questionnaire was completed by reporting the actual situation as of August 2000. In some member economies, various aspects of policy are changing and legislation or regulations are being rewritten, making responses difficult.

Fifteen economies submitted responses to the questionnaire, and 14 of those were able to be used in the analysis (Australia, Brunei Darussalam, Chile, People's

Republic of China, Hong Kong China, Indonesia, Japan, Korea, Malaysia, New Zealand, Papua New Guinea, Philippines, Chinese Taipei, Thailand, and the United States). The responses therefore reflect policy in a diverse range of APEC members. While the coverage in APEC terms is excellent, in absolute terms the sample size is small. For this reason, the results are presented in descriptive terms. If the sample could be increased, then more sophisticated analytical tools could be applied.

The questionnaire covers each of the following education sectors: primary, secondary, higher and 'other'. It also refers to all modes of supply: cross-border supply, consumption abroad, commercial presence and presence of natural persons (see Definitions). Questions within the questionnaire were based on the consultant's evaluations of surveys conducted in other services sectors. Questions were developed which related specifically to education. Respondents also had the opportunity to identify and comment on other measures not specifically referred to in the questionnaire.

The government ministries responsible for the legislation and regulation affecting the four education sectors completed the questionnaire. This often required input from several sources including education, trade, and immigration departments. One agency then compiled the responses prior to return of the questionnaire to the consultant. The consultant maintained frequent contact with the agencies involved during the survey period, responding to questions and broadcasting the answers.

One factor which presented difficulties for this project is that in some economies, education policy is determined at various levels of government. The priority in this project was to identify measures which are determined and applied at the national level. However, in some cases it was possible to note complications or extensions which applied at lower levels of government.

Questions asked were divided into a series of groups. Respondent answers were converted from yes or no to zero or one and then average scores were calculated over all the responses to a particular question. The bulk of the questions were answered by all respondents. The responses to some questions were scaled between zero and one, and fractional scores were recorded. Where averages were formed, the weights given to each question were equal.

The implication is that each measure has equal importance from the point of view of the decision maker (for example, the student considering options on whether to engage in cross-border trade to consume abroad, or the foreign provider planning to establish a presence or to relocate staff).

The degree to which trade or investment is affected may be understated in this approach, since there may be one binding and commonly applied policy which influences decision making, but whose significance is hidden in the averaging process. Within each category, details of the most commonly cited measures are also provided.

The system of reporting is based on the frequency with which various measures are observed. Frequency does not necessarily indicate economic significance. (Further comments on this issue are offered in various parts of the report.)

## **Review of policy measures that affect trade and investment in education services**

### **Summary of policy measures**

Table 1 summarises the sorts of policy measures which could impede trade and investment flows in the various modes of supply in the education services sectors.

Average scores were calculated for answers to questions included in each mode of supply (see Figure 1). A higher average (calculated as a simple average over all survey respondents who answered that question) means there is a higher frequency of measures in that mode of supply. If all member economies reported a policy measure in each of the aspects listed above, the value of the bar would be 1. If no measure was reported in any area, the value of the bar would be zero.

These results indicate that overall there is a moderate but significant number of measures in all modes of supply of education services among respondents.

### **Cross-border supply**

Of all the modes, fewer measures are reported affecting cross-border supply.

There are very few references to measures affecting the delivery of distance education, including via electronic media. The exception with respect to cross-border supply is the presence of measures affecting the movement of educational materials.

The distribution of measures affecting educational materials, distance and electronic delivery is observed across sectors. Figure 2 shows the percentage of the total number of respondents who reported the presence of measures in the areas in each sector. For example, the first column indicates that all respondents reported measures affecting cross-border supply in the primary sector.

Other key findings from Figure 2:

- Fewer respondents indicated these measures applied to materials used in other sectors.
- Measures applying to either distance or electronic delivery are concentrated in the higher education sector.
- Of the small number of respondents who indicated such measures existed none said that they applied in the 'other' education sector.

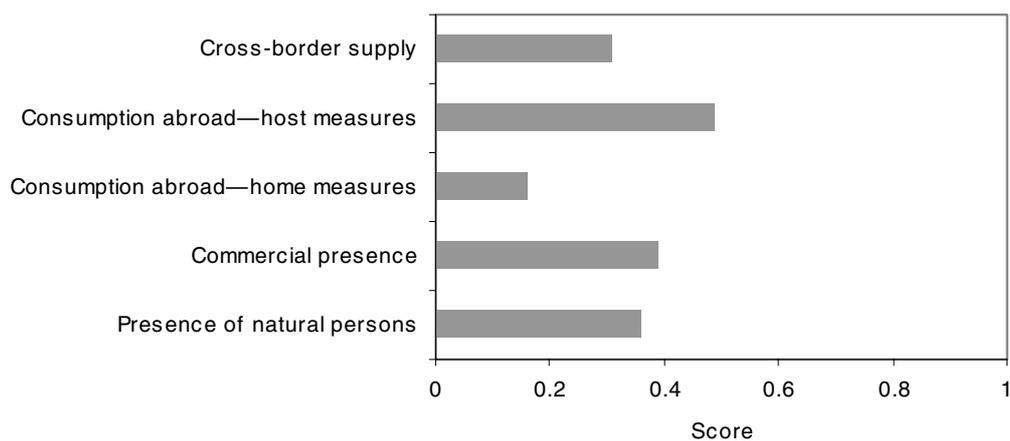
### **Consumption abroad**

Measures affecting the consumption of education services in other than the home economy are divided between those imposed by the home economy of the student and those imposed by the host (see Figure 1). There is a wider range of measures which might be applied in host economies and on average these are also more likely to be observed.

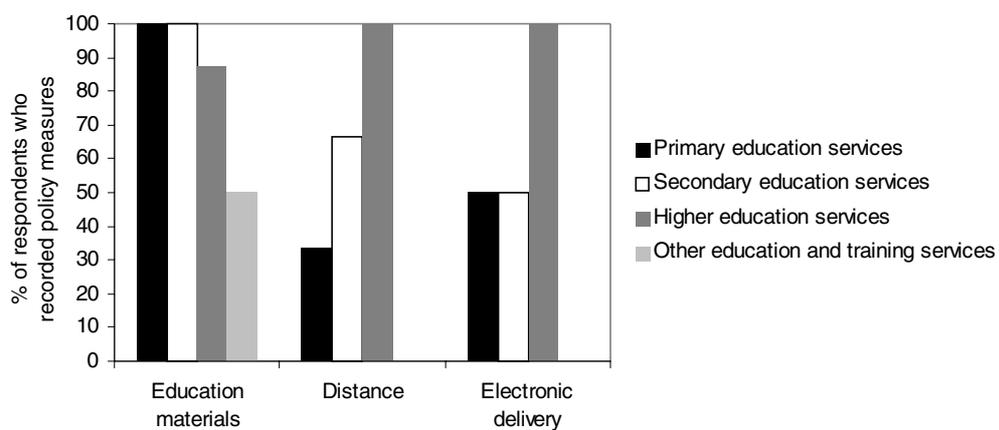
**Table 1 Summary of policy measures**

Cross-border trade	Consumption abroad	Commercial presence	Presence of natural persons
<ul style="list-style-type: none"> <li>• Requirements to authorise payments of fees for education services</li> <li>• Measures affecting:               <ul style="list-style-type: none"> <li>– Import or export of educational material</li> <li>– Import or export of distance education services</li> <li>– Access to the provision of services via electronic media</li> </ul> </li> </ul>	<p><i>From the perspective of the host economy:</i></p> <ul style="list-style-type: none"> <li>• Visa entry requirements and costs</li> <li>• Quotas on international students</li> <li>• Quotas on students at a particular institution</li> <li>• Rules on sectors in which foreign students are not allowed to enrol</li> <li>• Rules on student access to employment in the host economy</li> <li>• Foreign currency requirements for foreign students</li> <li>• Extent of recognition of prior educational qualifications</li> <li>• Recognition of qualifications issued in other economies</li> </ul> <p><i>From the perspective of the home economy:</i></p> <ul style="list-style-type: none"> <li>• Requirements for students to obtain exit visas from home economy</li> <li>• Home economy rules on access to foreign exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Requirements for foreign providers to satisfy an economic needs test</li> <li>• Limits on foreign equity</li> <li>• Requirements on forms of commercial relationships</li> <li>• Measures specifying the legal structure of providers</li> <li>• Nationality or residence requirements for permanent staff</li> <li>• Special tax obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Quotas on the number of temporary staff</li> <li>• Other measures affecting entry or stay of foreign staff</li> <li>• Labour market measures applied to visiting staff</li> <li>• Nationality or residence requirements</li> </ul>

**Figure 1 Extent of policy measures by mode of supply**



**Figure 2 Distribution across sectors of measures affecting cross-border supply**



Apart from the imposition of visa requirements, the key measures are access to employment in the host economy as well as foreign exchange requirements imposed by the host economy.

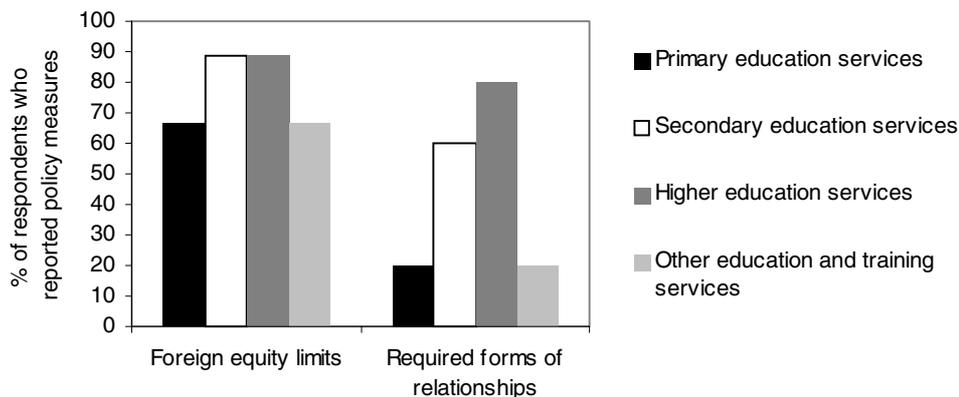
Only three economies out of the sample report measures affecting departing students, such as measures affecting their exit from the home economy.

### **Commercial presence**

The distribution between sectors of the key measures affecting commercial presence are shown in Figure 3.

The presence of limits on the extent of foreign ownership of education providers was most frequently reported as affecting commercial presence. Rules on forms of corporate arrangements were also relatively common.

**Figure 3 Distribution across sectors of measures affecting commercial presence**



These measures tend to have less impact in either the primary or ‘other’ education sectors.

It is also common for foreign providers to be required to meet various corporate and performance obligations (scores for these items are not included in Figure 1). These measures are also more likely to be observed in the higher education sector, and far less likely to be observed in the ‘other’ education sector. However, it is not clear that these measures are any more onerous than those applied to domestic institutions. In some cases, they may be, but the extent to which their application affects investment decisions was not made clear through this survey.

### **Presence of natural persons**

This mode of supply refers to when the educator travels to another economy to provide a service. Visa requirements as applied to staff were commonly reported as affecting this mode.

It was not possible from the survey to also obtain an indication of the manner in which these provisions were being implemented. The processing of visas can also be regarded as a problem by foreign providers.

Apart from these common rules on visa requirements, only a few economies reported instances of the other types of impediments listed in Table 1, and these were mainly concentrated in the higher education sector.

### **Comparison to the GATS**

The assessment of the application of policy measures which can affect trade and investment, based on the results of this survey, is different from the assessment based on the commitments documented in the GATS.<sup>1</sup> A number of member economies have failed to make any GATS commitments in this sector. A comparison of the results here and the outcome of a similar scoring system developed on the basis of information in the GATS did not reveal similar assessments of the situation, because this study is based on actual policy and the assessment of the GATS has to be based on its documented commitments.

### **Measures which promote trade and investment**

There is another set of measures which are designed to promote international transactions in education services. These include the recognition of intellectual property rights and participation in treaties or conventions related to the recognition of courses and qualifications. These measures are summarised in Table 2.

Within the modes of consumption abroad and commercial presence a number of other measures are designed to promote trade and investment.

An assessment of the extent of use of these measures which promote trade and investment flows was made by assigning a high score to show they are less frequently observed, and a low score if they are more frequently observed. Figure 4 reports the results.

Overall the scores in this area are relatively low, indicating extensive use of measures which have the effect of promoting trade and investment flows.

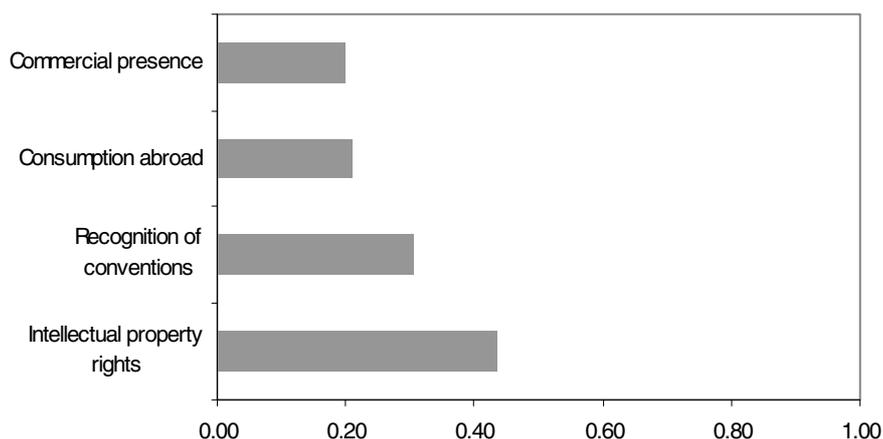
A significant number of economies participate in various conventions which are designed to promote the recognition of qualifications and courses. A list of conventions according to the survey responses is at Table 3. However, the survey responses also indicated that each convention has been signed by only a few APEC member economies.

On the other hand, the score on trade promoting measures related to intellectual property is relatively high (see Figure 4). While most economies have intellectual

**Table 2 Measures promoting trade and investment**

<b>Consumption abroad</b>	<b>Commercial presence</b>
Ability to transfer credit from completed studies in courses in the host economy	Ability to establish in each of the sectors
Access by domestic students to public subsidies from the home government when studying overseas	Ability of foreign providers to grant recognised qualifications
Access by international students to public subsidies to students in the host economy, such as travel concessions and support for health care	Access by foreign providers to public subsidies available to domestic institutions
Participation in student exchange programs	Absence of rules on enrolment by domestic fee paying students in courses supplied by foreign providers
	Participation in teacher exchange programs

**Figure 4 Extent of measures which promote trade and investment flows**



**Table 3 Examples of participation in international agreements or treaties**

- University Mobility in the Asia Pacific Credit Transfer Scheme (UCTS)
  - UNESCO Regional Convention on the Recognition of Studies, Diplomas and Degrees in the Higher Education in Asia and the Pacific (1983)
  - The APEC Engineer
  - BIMP-EAGA agreement on mutual recognition of National Occupational Skills Standards
  - Trans Tasman Mutual Recognition Agreement
  - Council of Europe/UNESCO Convention on the Recognition of Qualifications Concerning Higher Education in the European Region (1997)
- 

property rights regimes in place, the responses varied widely regarding the support these regimes provided for trade in educational materials. The question about intellectual property rights in the survey queried the extent to which the protection of intellectual property rights encourages trade in educational materials.

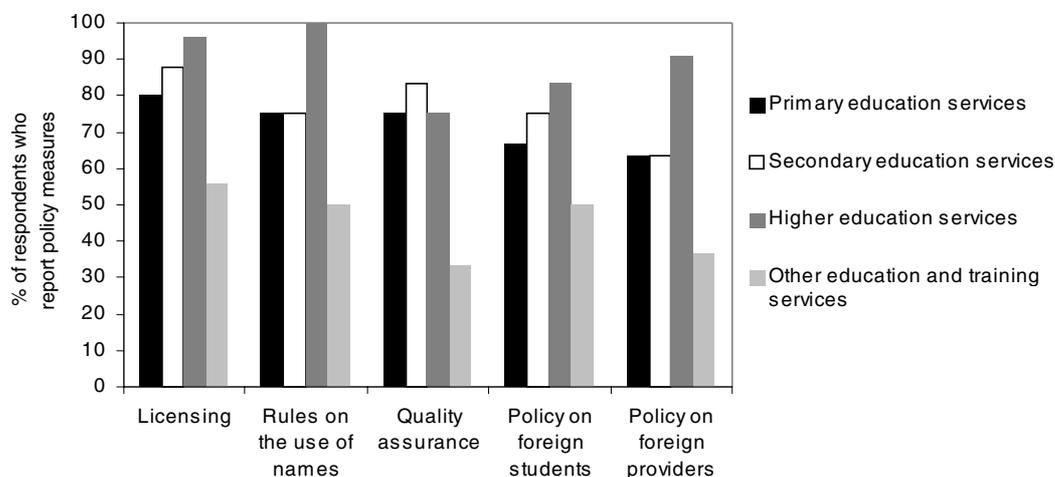
For commercial presence and consumption abroad, the scores on promoting measures are relatively low. This means that the promoting measures listed in Table 2 are commonly observed. The most frequently cited instances of the absence of measures listed in Table 2 refer to access to subsidies. These include, for consumption abroad, the provision of subsidies (which are available directly to home students) to foreign students. Also common is the lack of access by foreign providers to subsidies granted to domestic institutions, which affects decisions to establish a commercial presence.

Almost all respondents reported their participation in exchange schemes either at government, student or institutional level.

**Quality assurance**

An overall perspective on the extent to which member economies undertake measures to support consumer evaluation of the quality of providers is also available from the survey.

There is a risk that consumers will be unaware of provider quality or that it will be difficult to obtain this information, especially with respect to foreign providers. The market may not provide sufficient information and consumers could suffer costs as a consequence. There may be a case for the creation of mechanisms to avoid this problem.

**Figure 5 Sectoral distribution of policy measures on quality assurance**

The quality assurance measures considered in the survey include:

- the presence of an authorisation or licensing schemes for foreign service providers;
- measures affecting the use of names; and
- the presence of other accreditation programs.

Almost all economies implement each type of quality assurance program.

One issue is whether the manner in which these processes are applied is any different for foreign providers compared to domestic providers. A number of survey respondents stressed that foreign providers are subjected to the same processes and criteria as are domestic providers. However, it could not be established whether, from the point of view of providers, there are significant differences in their treatment.

The application of quality assurance measures including licensing, rules on the use of names, policies on foreign students and foreign providers, tends to focus on the higher education sector, with fewer measures applying to the rest of the education sectors.

Figure 5 shows the percentage of respondents who nominated each sector for each policy measure they applied.

## **Transparency**

Lack of information about policy and the regulatory environment can affect trade and investment flows.

Most economies provide explicit statements of policy and base their decision making on specific legislation. The survey responses indicated that all but three economies have specific policies dealing with foreign students, and all but another three have the same material applying to foreign providers.

While most respondents do have specific policy statements, regulations and legislation applying to the modes of supply, questions remain about the ease of access to them, not only in physical terms but also in terms of their clarity and coverage.

## **Impact of liberalisation on global flows of education services**

Issues regarding the adjustment of policy measures applying to education services are now reviewed.

By examining the data available on patterns of trade in education services and how these patterns might be affected by policy changes, further implications of those changes are also outlined.

### **The scale of student movements**

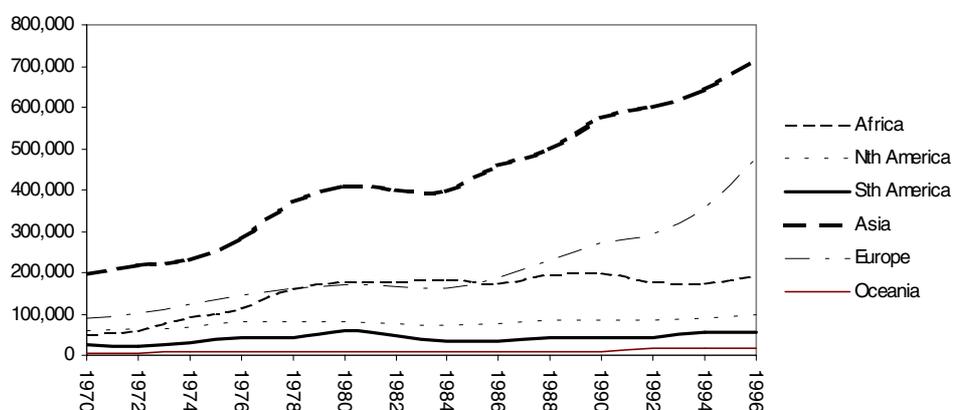
The international market for education is large and growing, as evident in developments in student movements. A conservative estimate of the value of the global market for higher education (consumption abroad only), based on foreign students spending US\$18,000 a year on fees and living expenses, is around US\$30 billion. If secondary and vocational education sectors were included, the global market in this mode of supply for educational services would exceed US\$50 billion. The total number of foreign students enrolled in higher education has increased from 430,000 in 1970 to 1.6 million in 1996. The annual average rate of growth has been about 5 per cent a year over the whole period.

Figure 6 shows that the Asian region has been the largest source of foreign students.<sup>2</sup> The number of students from Asia has also grown substantially since the mid 1980s. The number of students from Europe studying abroad has increased even more rapidly. In 1996, the Asian region accounted for about 46 per cent of the total foreign enrolments abroad.

### **Directions of movements**

While the Asia region has been the major source of students, North America and Europe have been the important hosts. They received 84 per cent of the world's foreign students in 1996, with three-quarters of the students coming from Asia and Europe (Table 4). While nearly 80 per cent of European foreign students studied in

**Figure 6 Foreign students enrolled in higher education by region of origin, 1970–96**



Source: UNESCO Yearbook, various issues.

**Table 4 Higher education students abroad, 1996**

Host region	Sending region						
	Total	North America	South America	Europe	Oceania	Asia	Africa
North America	493,481	53,604	23,580	73,156	4,561	308,108	29,929
South America	12,678	0	9,505	552	0	0	0
Europe	862,098	36,220	22,387	385,265	3,033	231,398	137,925
Oceania	47,971	1,343	113	1,659	7,625	34,671	924
Asia	165,493	4,858	946	8,290	953	124,961	9,386
Africa	28,379	349	146	3,742	164	6,850	15,200
<b>Total</b>	<b>1,610,100</b>	<b>97,219</b>	<b>56,659</b>	<b>477,463</b>	<b>15,883</b>	<b>714,500</b>	<b>192,624</b>

Note: 55,752 students not specified by sending region.

Source: UNESCO Yearbook, various issues.

**Table 5 Leading exporters of higher education services**

Country	Year	Foreign students	Total enrolment	Per cent foreign
United States	1999–00	514,723	15,135,000	3.4
United Kingdom	1999–00	207,000	1,757,200	11.8
France	1993–94	170,574	2,083,232	8.2
Germany	1995–96	159,894	2,144,169	7.5
Australia	1999	84,304	686,202	8.4
Japan	1999	55,755	4,119,634	1.4
Canada	1998–99	35,556	826,361	4.3

Source: UNESCO Yearbook 1999; DETYA Overseas Student Statistics 1999; DETYA Selected Higher Education Statistics 1999; HESA 2000; IIE opendoors 2000; CBIE 2000.

Europe, nearly half of all Asian foreign students travelled to North America. The United States is the leading exporter of higher education services, accounting for over 30 per cent of world exports (Table 5). In 1997–98 the value of services to overseas students in higher education in the United States was estimated at US\$8 billion. If other education sectors are included, the value rises to approximately US\$10 billion. Education is now the United States' fifth largest services export.

The five leading exporters of higher education services (the United States, the United Kingdom, France, Germany and Australia) receive over two-thirds of the world's foreign students.

### **Significance of student movements in enrolments**

There are extensive student flows out of the Asia-Pacific region in absolute terms, but these flows are still small (generally) as a share of total enrolments in each economy. Only in three economies is there a large share (20 per cent or more). The number of foreign tertiary students as a proportion of the global total has remained fairly constant at around 2 per cent. In some economies, foreign students account for a significant share of domestic enrolments (Table 6). One economy reported a share

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**Table 6 Enrolment rates in 1998 for selected APEC economies**

	Foreign students as a share of domestic enrolment	Domestic students studying overseas as a share of domestic enrolment
Malaysia	-	25.8
Singapore	-	19.6
Australia*	8.4	0.53
Canada*	4.3	2.23
New Zealand	3.67	3.4
USA*	3.4	0.2
Papua New Guinea	2.1	4.7
Hong Kong, China	1.0	37.8
Japan*	1.4	1.5
China	0.4	2.1
Philippines	0.2	0.2
Chile	0.1	0.4
Korea	0.1	2.62
Indonesia	0	1.1
Mexico	0	0.8
Thailand	0	1.4

- not available

\* 1999

**Source:** OECD, Education Indicators at a Glance 2000; UNESCO Yearbook 1999; IIE *opendoors* 2000; HESA 2000; CBIE 2000.

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of 8 per cent, and six others report rates of foreign student enrolment of between about 1 per cent and 4 per cent.

### **Significance of commercial presence**

Generally the economies that have a high student-sending rate also have a high penetration of foreign providers. In analysing the commercial significance, one of the problems is the lack of data concerning trade in education services. Very few economies report disaggregated data concerning trade in education and training services. Several of the larger exporting economies such as the United States, Australia and Canada report data on foreign students in higher education. But few of these (Australia is an exception) report trade in each of the education subsectors.

The consumption abroad mode of supply is certainly the more frequently used mode by which education services are traded. It represents approximately three-quarters of the total trade in education services. However, commercial presence is fast becoming an important alternative to consumption abroad, especially for higher education.

Using Australia as an example, offshore student enrolments in higher education (students enrolled in establishments operating offshore) have been increasing at a very rapid rate (27 per cent per annum) since 1993. In 1993, offshore enrolments accounted for just 16 per cent of total foreign student enrolments in all Australian institutions, but by the year 2000 this proportion had risen to 32 per cent. The consumption abroad mode for higher education provided by Australian institutions has fallen from 84 per cent to 68 per cent of total foreign enrolments over this period.

Anecdotal evidence also indicates that offshore enrolments are becoming more significant for other education exporting economies such as the United States and the United Kingdom.

In the key importing economies of Hong Kong (China), Singapore and Malaysia, there are a large number of foreign education providers offering a range of education programs in 'twinning' arrangements with domestic education institutions. These education programs are mainly in the higher education sector, but they also include ELICOS (English language) programs, as well as secondary and vocational training programs. Cross-border trade is likely to become more important in some other education sectors which are suited to distance delivery and short course programs.

### **Trade in educational materials**

An important complement to all the modes of supply is the trade in educational materials. This trade includes not only books but also computers and software. The data available indicate that spending per student on educational materials varies significantly between economies. Even so, the potential for further expansion of trade is great. Changes in information technology are also providing new modes of delivery for some of these materials.

## **Contribution of trade and investment**

In many economies, demand for education is growing rapidly. Demographic factors, growth in income levels, combined with the assessment by families of the rate of return to education, contribute to this result.<sup>3</sup> The World Bank reports rates of return of about 10 per cent or higher for participation in all sectors of education in low and middle-income economies. The social returns to education also exceed the private returns since, as some analysts argue, human capital is 'twice blessed'.<sup>4</sup> Education increases the productivity and earnings of workers, while interaction between educated people also adds to their efficiency. A well-educated work force and community is more likely to generate technological change. A well-educated work force is also likely to be able to adapt to change more rapidly, such as technological change or greater openness.

The ability of the domestic sector to respond to the growth in demand for education may be constrained. Opening up the sector to foreign participation removes some of those constraints. It increases supply and lowers the cost of the service. The potential significance of this effect is evident in the trade data examined above. Foreign participation provides capital, both physical and human. It also provides new technology, in the form of curricula and teaching methods, as well as educational materials.

Importing economies gain from a more rapid increase in human capital. Many of the emerging and newly industrialised economies do not have a well-developed higher education sector. Allowing domestic students access to the international market, and allowing foreign providers into the domestic market, enables a more rapid growth in the skilled labour force. The participation of foreign suppliers, either in the home country of the student or from their own home base, can add to the quality and diversity of the education experience. This effect comes at one level through interaction with foreign teachers. Further impacts come from the exposure to the teaching methods and analytical approaches of the foreign providers. They embody technologies of teaching and learning that spread through the host economy.

An important feature of consumption abroad is the experience of living in another country. The depth of that experience can be affected by impediments, such as rules on working in the host economy. The importance of this 'experiential learning' is often overlooked. This may be an important factor in explaining the dominance of consumption abroad in terms of the modes of supply for education services. For many foreign students, the time spent in the host economy experiencing a different culture is one important attribute in acquiring the educational qualification.

## **Efficiency effects**

More open markets will also be more competitive. The efficiency of provision of services, at least among private providers, could be expected to improve. There could also be greater incentive and pressure to innovate. The scale of these effects is a topic for further research. Some evidence from the United States indicates that savings in the order of 15–40 per cent can be made by privatising many of the services that are publicly provided in education.<sup>5</sup> At the same time, the domestic suppliers, including

those in the public sector, will be concerned about the effects of competition on their own activities and their capacity to continue to operate. This outcome is undeniable, but it is an important mechanism by which the benefits of openness are distributed to the community as a whole. This impact, however, depends on the degree of substitution between foreign and domestic suppliers. Foreign firms may not be in close competition with local firms, that is, in terms of the students' perception of the services they are receiving.

It is also possible that the domestic suppliers will gain from direct and indirect access to the technology which foreign providers bring with them.

### **Effects in exporting economies**

Exporting economies have also gained from the growth in education exports as well as an increase in other complementary industries such as tourism. Export of education services has had significant impacts on the education sectors in these economies. The rapid growth in foreign student numbers has also led to other policy changes, including in relation to the pricing of services. For example, government policy in a number of countries (Britain, Canada and Australia) has shifted from providing aid to encouraging trade. Each economy introduced differential fees for foreign students to more fully reflect the cost of supply.<sup>6</sup>

### **Two-way trade**

While economies can be divided into groups of net exporters and importers, there is also scope to develop a two-way trade in education services. The presence of two-way trade is evident in the region, showing that some economies have both a significant enrolment of foreign students in the domestic system, and a significant share of domestic students enrolled offshore (see Table 6).

Economies which are now net exporters have strong interests in having their students benefit from the experiences of study abroad.

An illustration of this interest is the recent policy announcement in the United States (see Box 1).

The scale and growth of demand from the developed economies in Europe and North America offers new opportunities for APEC members to engage in a growing two-way trade in education services.

### **Issues in foreign participation**

Foreign participation raises two sets of issues, the first related to the private character of the providers and the second to their foreign ownership.<sup>7</sup>

In relation to the private character of providers, one issue is the extent of pressure that private participants place on government owned suppliers. Another is whether the presence of private participants, who will charge full fees, has implications for equity in the distribution of education services, with the prospect of richer families buying higher quality services from private providers.

### **Box 1**

## **Recent developments in the United States education policy**

In April 2000, President Clinton announced a commitment to encourage students from other countries to study in the United States, and to promote study abroad by US students.<sup>a</sup>

The measures announced by the President included an effort to remove 'unnecessary obstacles to the flow of students (and scholars), including those involving tax and visa regulations, procedures, and policies'. The President stressed the value of international exchange programs. He also sought 'to ensure that the opportunities for using technology to expand international education do not result in a widening of the digital divide'.

Education Secretary Riley in a speech on the day of the announcement said that at present '9 per cent of our undergraduate students [spend at least some time in] study abroad' and that less than one third of those spent a semester or more. He indicated that he would be happy if 'every college in the United States set the goal of making sure that 20 per cent of their students participated in some type of exchange program in the next 10 years'.

Recently overseas enrolments have jumped in the United States. According to the magazine *opendoors*, in the 13 years to 1998/99, the number of US students receiving academic credit for study abroad has more than doubled from 48,483 to 129,770. This number rose by 45 per cent in the last 4 years.<sup>b</sup>

The magazine reports that during the early years of this decade, enrolments increased only 2 per cent a year on an annualised basis until 1994/95, when such enrolments increased by 10 per cent over the previous year.

The magazine notes that the leading destinations for US study-abroad students have been in Western Europe, especially the United Kingdom, Spain, Italy and France.

Recently, it notes, enrolments have increased in a more diverse group of destinations, including fellow APEC members Australia, Japan, Mexico and China.

*opendoors* stresses that the most noteworthy change since 1985/86 is that the share of Americans studying in Europe has fallen by 15 per cent while the proportion going to Latin America has more than doubled, from 7 per cent to 15.3 per cent.

#### **Notes**

<sup>a</sup> See 'The growing importance of international education', remarks as prepared for delivery by US Secretary of Education Richard W. Riley, La Maison Francaise, Washington DC, April 19, 2000 (from [www.ed.gov/Speeches/04-2000/000419.html](http://www.ed.gov/Speeches/04-2000/000419.html))

<sup>b</sup> These data are at <http://www.opendoorsweb.org/Lead%20Stories/stab1.htm>

A number of responses is possible when the equity implications become an important policy issue. One response to the equity impacts has been to look at ways of separating the funding of equity programs from the provision of education services. A complement to that response is to look at partnerships between private providers and governments. These arrangements can be managed in a manner consistent with the pursuit of equity goals. There is also evidence of the ability of private providers to respond in innovative ways to the demands of disadvantaged consumers.<sup>8</sup>

Private participation has other implications. It challenges the management of subsidy programs for education, in particular whether privately provided programs are eligible for subsidies and if so, how and by what formula they will be made available.<sup>9</sup>

The second set of issues relates to the fact that foreign providers are not local or domestic firms. An important concern is the cultural and other impacts of the provision of education services by foreign providers. There might also be a concern about whether foreign providers generate the same social effects as domestic providers. The assurance of quality in open markets is a further issue.<sup>10</sup>

A common approach by economies is a policy to encourage foreign providers to act in partnership with local firms, or with governments. This approach is reflected in the rules on the extent of foreign equity, or rules on the forms of arrangements in which providers operate. These policies may have less predictable impacts on the social goals than a more carefully targeted instrument. In some circumstances, the rules can act as an impediment to commercial presence, which, as noted above, is an increasingly important mode of supply of education services.

At the same time, some foreign providers for commercial reasons may prefer to enter the market in a partnership with local providers. This is because of the economies available in terms of the costs of entry into the market and the advantages of having access to a partner who is familiar with the characteristics of the services likely to be preferred by local students. A partnership also serves to provide information to consumers about the standing of the foreign providers. Some, like Harvard or Oxford, might have a global reputation. Others will establish that reputation by being sanctioned by a local partner.

As noted in the study of policy measures, all providers are generally subject to various forms of quality assessment by government, but a commercial relationship with a local partner can add to the credibility of the foreign provider. Partnerships may be observed frequently, and the issue is whether strict rules on the equity shares are necessary to achieve the desired results, or whether they get in the way of reasonable commercial decision making.

A further issue may be whether the private and foreign provision of education will widen the gaps between groups within economies in terms of their familiarity with and ease of use of digital technologies. The perception may be that the teaching methods of foreign private providers from developed economies will be based on these technologies and that these teaching methods will only be available to people who can afford a private education. Further, foreign providers operating from their

home base will actually be using the digital technology to deliver services. But stopping private provision of services will not avoid this problem. It will be important to look at positive initiatives to make digital technologies more widely available.

### **Income flows**

Foreign participation can have significant foreign exchange effects which arise in all modes of supply. However, the incomes flow in different ways in the various modes of supply. For example, fees are paid to foreign providers, or income payments are made to foreign providers, and policy affects the form in which these transactions are observed. A bias against commercial presence will increase demand for consumption abroad or cross-border trade. More fees will be paid to foreign suppliers. (The outcome also depends on the extent to which domestic students switch to domestic providers.) On the other hand, if these types of measures restricting establishment are not implemented, an increase in commercial presence can occur. In this case, the balance of payments will record both capital flows in to the host economy, including income which is reinvested. It will also show greater amounts of income repatriations as the foreign providers return their earnings to their home economies.

## **Opportunities for development of the APEC work program**

The results of the survey reported here have led the consultant to observe a number of opportunities for the development of the APEC work program in relation to trade and investment in education services. Relevant APEC fora may be interested in pursuing these opportunities.

Developments in information technology will drive a lot of change in the education services sectors. New opportunities for the delivery of services will be created and the relative importance of the different modes of supply will be affected. In that context, it is valuable to consider a number of policy issues. For example, it is important to remove biases in the forms in which educational materials are provided. A commitment now to a standstill on measures applying to the cross-border mode of supply would help sustain the growth of trade and widen its sectoral distribution. The survey results indicate that impediments in this mode are relatively low. This mode of supply is also likely to grow rapidly, particularly outside higher education. It is also an important mode of supply for a large number of capacity building programs in APEC, so an initiative of this type will support the wider work program in APEC.

The APEC Leaders, in their Declaration at Brunei Darussalam (November 2000) on 'Delivering to the Community', made the commitment to

develop and implement a policy framework which will enable the people of urban, provincial and rural communities in every economy to have individual or community-based access to information and services offered via the internet by 2010. As a first step toward this goal we aim to triple the number of people within the region with individual and community-based access by 2005 (paragraph 15).

The work towards this commitment will facilitate the delivery of education services throughout the region. At the same time, access to education services will also be important to make the commitment effective. The Leaders themselves recognised this. They also said

Governments alone cannot achieve this vision. We recognise that it will require massive infrastructure development and human capacity building, and technologies which are only now in their formative stages. It will require a regime of outward-looking and market-oriented policies which can attract business investment and the cooperation and skills of our universities, training and research institutions, colleges and schools. We also recognise that the pace of development and implementation of the appropriate policy framework will vary in each economy because of the diversity among members and the widely different levels at which information and communication technology is now integrated. We commit to working in partnership with the widest spectrum of the business community and those in education and training throughout the region to develop the policies which can make it happen. As a first step toward

building this partnership and setting the agenda ahead, Brunei Darussalam and the People's Republic of China will jointly host a high-level APEC meeting of business, government, trainers and educators in China in 2001 (from paragraphs 16 and 17).

Some of the opportunities for future work identified by the consultant could contribute to the agenda of the meeting proposed for 2001.

Some attention could be given to identifying the priority conventions on recognition of qualifications and the best teacher and student exchange arrangements. This effort could be followed by a campaign to encourage a wider group of members to participate. Many APEC members report their participation in various conventions designed to promote the recognition of qualifications and also in exchange programs. However, the extent to which members participate in these conventions and programs appears to be low. Conventions on recognition will be especially important as the mode of cross-border supply becomes more significant.

In a related area, APEC has an active work program on business mobility and that program could be extended to include professionals from this sector. A vital element within most modes of supply will be the presence of natural persons. Rules on and procedures applying to visas are potentially an impediment to international cooperation in this sector.

One further step could be to initiate a joint review of the impacts of impediments to trade in educational materials, and to establish further commitments to remove those impediments. It was observed that impediments to trade in educational materials are relatively common.

Also, while most economies responded that they have policy and regulations affecting foreign providers and foreign students, it is not clear just how transparent the policies are. The survey structure could also be used as the basis for the design of mechanisms to add to transparency, such as a guidebook to education policy, similar to the APEC investment guidebook,<sup>11</sup> which could be updated regularly.

There are specific questions requiring further attention in relation to the use of subsidies. For example, are foreign students eligible for subsidies available to domestic students? Are foreign providers able to claim the subsidies available to domestic institutions? A first step, therefore, in dealing with subsidies issues is to focus on transparency.

The activities discussed so far can all be designed to produce some outcomes in the short term, although they have longer term implications. As well as these activities, there are other work programs which may take longer to complete and yield outcomes.

Supply of education services via commercial presence is increasing. Rapid growth in the number of students enrolled in offshore campuses is evident in some exporting economies. Growth may be constrained by rules on foreign equity in education providers. Alternative forms of partnership between foreign and local providers are also likely to be observed and further case study work would reveal relevant examples. A joint effort could also be made to discuss the reasons for the use of

foreign equity rules and to assess alternative measures which could achieve the targets sought at a lower cost.

Capacity building programs to promote transparency and implement intellectual property protection regimes would encourage the growth of trade and investment. Some economies considered that their treatment of intellectual property rights could be made more effective.

Further work could develop a methodology to test the consistency of various regulatory practices with the GATS principle of national treatment.<sup>12</sup> A number of policies apply to domestic and foreign providers. They appear to apply equally to both. It is not yet apparent whether the implementation of these policies has the effect of discriminating against foreign suppliers. Economies might wish to apply any principles developed by work on this issue in their own regulatory review procedures.

Impediments to a deeper educational and living experience by foreign students in their host economies could be reviewed. Host economies frequently apply a range of measures affecting visits by foreign students. From the point of view of building a regional community, the experience of studying abroad can make a significant contribution. Efforts to make access to these experiences easier should be applauded.

A joint effort to develop and implement a data collection system would facilitate policy analysis. While there is some data on trade and investment in education services, the coverage could be improved, in terms of all modes of supply and sectors in all member economies. The extent of participation in this survey could also be increased.

Finally, the analysis in this report is based on a limited sample. Cooperation in this area would be supported by a richer data set. As was pointed out in the outline of the methodology, a larger sample, including from outside APEC, would permit a richer statistical analysis of the results.

## Notes

- <sup>1</sup> The more detailed assessment of the GATS commitments is available in Steven Kemp, 'Trade in education services and the impacts of barriers to trade', in Christopher Findlay and Tony Warren (eds), *Impediments to Trade in Services: measurement and policy implications*, Routledge, 2000.
- <sup>2</sup> Data matching the Asia-Pacific is not available from these sources.
- <sup>3</sup> A number of reports of forecasts are available. One example is that provided by IDP Education Australia at [http://www.idp.edu.au/research/international\\_student\\_data/demand.htm](http://www.idp.edu.au/research/international_student_data/demand.htm)
- <sup>4</sup> See Harry Patrinos, 'Notes on education and growth: theory and evidence', Human Resources Development and Operations Policy Working Paper 39, World Bank, Washington, 1994, available at <http://www.worldbank.org/html/extdr/hnp/hddflash/hcwp/hrwp036.html>
- <sup>5</sup> Quoted by Harry Anthony Patrinos in *Market Forces in Education*, mimeo, World Bank, July 1999 (available from [www.worldbank.org/edinvest](http://www.worldbank.org/edinvest)).
- <sup>6</sup> Effects on exporting economies are examined in more detail in David Throsby, 'Financing and Effects of Internationalisation in Higher Education—The Economic Costs and Benefits of International Student Flows', Centre for Educational Research (CERI), OECD, Paris, 1998, and Shinn C., Welch A. & Bagnall N., 'Culture of Competition? Comparing international student policy in the United States and Australia', *Journal of Further and Higher Education*, Vol. 23, No. 1, pp. 81-99, 1999.
- <sup>7</sup> An example of the debate on the impact of liberalisation on the public education providers is in a report distributed by Education International, 'The WTO and the Millennium Round: What is at Stake for Public Education', available at <http://www.ei-ie.org/main/english/index.html>.
- <sup>8</sup> Examples of private-public partnerships, and of privately provided social responsibility programs, in a number of developing economies are available in reports on the edinvest website of the World Bank at [www.worldbank.org/edinvest](http://www.worldbank.org/edinvest). The Asian Development Bank Institute also held a symposium on Public-Private Partnerships in Education from 29 May to 7 June, 2000. A report on the meeting is available at [www.adbi.org/PDF/ess/ess27.pdf](http://www.adbi.org/PDF/ess/ess27.pdf)
- <sup>9</sup> For discussion of the experience in Malaysia, see Vijay Kanapathy, 'Marketisation of Higher Education in Malaysia: Some Key Issues and Implications', in Pacific Economic Cooperation Council, Human Resource Development Task Force, HRD Outlook 1999-2000 (available at [www.ndhu.edu.tw/HRD/new\\_page\\_2.htm](http://www.ndhu.edu.tw/HRD/new_page_2.htm)).
- <sup>10</sup> The OECD program on Institutional Management of Higher Education has been working on quality assurance issues. See, for example, the papers in OECD, *Quality and Internationalisation in Higher Education*, Paris: OECD, 1999 (more details of this publication are available at [www.oecd.org//els/education/imhe/pubs.htm](http://www.oecd.org//els/education/imhe/pubs.htm)).
- <sup>11</sup> APEC, *Guide to the Investment Regimes of the APEC Member Economies*, 1999 (4<sup>th</sup> Edition), APEC #99-CT-03.1
- <sup>12</sup> This GATS principle requires equal treatment for foreign and domestic service providers. Exceptions to this principle are allowed.

## **Annex QUESTIONNAIRE**

### **Measures Affecting Trade and Investment in Education Services**

**1. Measures affecting education services across all modes of supply, including specific government legislation and horizontal measures affecting education**

1.1 Are there any specific Acts/regulations/policies dealing with international students studying in your economy? Yes      No

If Yes, to which sector/s do these apply? P    S    H    O

Please provide the names of these Acts/regulations/policies and a description of their content (or provide a website address and/or a copy of these policies with this questionnaire):

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1.2 Are there specific Acts/regulations/policies dealing with foreign education service providers in your economy? Yes      No

If Yes, to which sector/s do these apply? P    S    H    O

Please provide the names of these Acts/regulations/policies and a description of their content (or provide a website address and/or a copy of these policies with this questionnaire):

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1.3 Is a foreign education service provider required to be registered or obtain an authorization, a licence or a permit to supply education services in your economy? Yes      No

If Yes, to which sector/s do these apply? P    S    H    O

Please provide details concerning these requirements:

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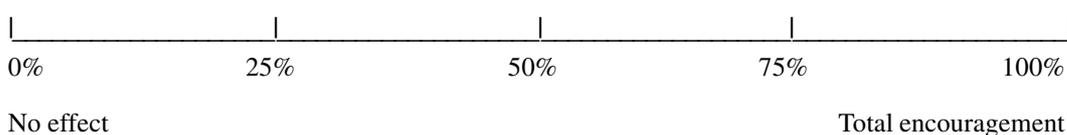
1.4 Is the cross-border transfer of fees and/or payments for education services subject to authorisation? Yes      No

If Yes, please explain the details of this authorisation:

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1.5 Does your economy implement intellectual property rights? Yes      No

If Yes, use the following scale to indicate your perception of the extent to which this encourages the importation of educational material:



What measures are used to enhance the implementation of intellectual property rights?

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- 1.6 Is your economy a signatory to any international agreements or treaties dealing with the recognition of educational courses and qualifications, e.g. the Regional Convention on the Recognition of Studies, Diplomas and Degrees in Higher Education in Asia and the Pacific? Yes No

If Yes, please provide the names of these treaties:

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- 1.7 If there are any horizontal measures affecting trade and investment in education services not covered elsewhere in the questionnaire, could you please provide further details:
- 

**2. Measures affecting the cross border supply of education services**

Cross border supply—neither the education provider nor the student moves; the education provider remains in one economy and the student in another; the service itself is traded e.g. commercial education and training plans sent via the internet; distance education courses.

- 2.1 Are there any measures affecting the import or export of educational material in your economy, such as teaching aids, educational software, or textbooks? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these measures:

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- 2.2 Are there any measures affecting the import or export of distance education services in your economy, e.g. correspondence courses or courses conducted through external enrolment? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these measures:

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- 2.3 Are there any measures affecting the access of education or training services offered by foreign suppliers via electronic media, for example the internet, or video links? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these measures:

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- 2.4 If there are any other types of measures that you consider affect the cross-border supply of education services, could you please provide further details:
-

**3. Measures affecting the consumption abroad of education services**

Consumption abroad—the student travels from their home economy to the economy of the service provider to obtain the education or training service.

3.1 Please provide details concerning the visa/entry requirements for international students entering your economy. These could include visa/entry requirements for different education sectors, or different types of enrolment, e.g. private or public (government owned) education institutions?

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3.2 What visa/entry costs (\$US) are international students required to pay to gain entry into your economy?

P: \_\_\_\_\_ H: \_\_\_\_\_ S: \_\_\_\_\_ O: \_\_\_\_\_

3.3 Are quotas applied to the number of international students entering your economy from particular economies? Yes      No

If Yes, to which sector/s do these quotas apply? P    S    H    O

Please provide details concerning these quotas:

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3.4 Are quotas applied to the number of international students allowed to enrol at a particular institution in your economy? Yes      No

If Yes, to which sector/s do these quotas apply? P    S    H    O

Please provide details concerning these quotas:

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3.5 In which sectors are international students NOT entitled to enrol at public (government owned) education institutions? P    S    H    O

3.6 Are there any measures affecting international students access to employment in your economy? Yes      No

If Yes, please provide details of these measures:

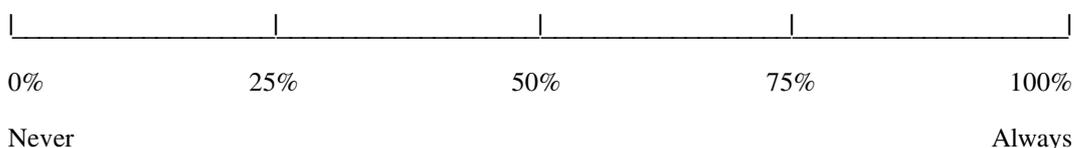
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3.7 Do international students have to meet any foreign currency requirements when applying to study in your economy? Yes      No

If Yes, please provide details of these requirements:

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3.8 Using the following scale, indicate your perception of the extent to which the prior educational qualifications of international students seeking enrolment in your economy are recognised:



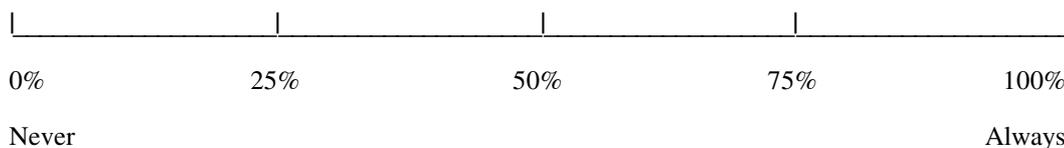
What measures are used to facilitate the recognition of foreign educational qualifications?

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- 3.9 Can international students transfer prior credit from completed studies to education courses in your economy? Yes No

If Yes, to which sector/s does this apply? P S H O

- 3.10 Using the following scale, indicate your perception of the extent to which the educational qualifications awarded by educational institutions in your economy are recognised in other economies:



What measures are used to facilitate the international recognition of educational qualifications awarded in your economy?

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- 3.11 Do domestic students require exit visas to access educational services in a foreign economy? Yes No

If Yes, please provide details of these exit visas:

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- 3.12 Are there any measures affecting domestic students access to foreign exchange when travelling overseas for education purposes? Yes No

If Yes, to which sector/s do these measures apply? P S H O

Please provide details of these measures:

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- 3.13 Can domestic students gain access to public subsidies from the home government when studying overseas? Yes No

If Yes, please provide details of these subsidies:

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- 3.14 Can international students gain access to public subsidies in your economy, e.g. student travel concessions, public (government) health care? Yes No

If Yes, to which sector/s do these subsidies apply? P S H O

Please provide details concerning the nature and extent of these subsidies:

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- 3.15 Do educational institutions in your economy participate in student exchange programmes? Yes No

If Yes, to which sector/s do these programmes apply? P S H O

Please provide details concerning these exchange programmes:

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- 3.16 If there are any other types of measures in your economy that you consider affect the consumption abroad of education services—measures that affect either the movement of students into or out of your economy, could you please provide further details:
- 

**4. Measures affecting the commercial presence of education services**

Commercial presence—education services are provided by establishing a presence in another economy, e.g. direct investment in the host economy by establishing an offshore school or campus, or a twinning program.

- 4.1 Can foreign education providers establish private education institutions in each of the education sectors in your economy? Yes No

If No, which sector/s are affected? P S H O

Please provide details:

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- 4.2 Can all foreign education providers grant recognised educational qualifications (degrees/certificates) within your economy? Yes No

If No, which sector/s are affected? P S H O

Please provide details concerning the approval for granting recognised qualifications:

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- 4.3 Is government approval/licensing/registration required by a foreign education provider to establish a private education institution in your economy? Yes No

If Yes, to which sector/s does this apply? P S H O

Please provide details concerning this approval/licensing/registration:

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- 4.4 Are foreign education providers required to satisfy any economic needs test to establish an education institution in your economy? Yes No

If Yes, to which sector/s does this needs test apply? P S H O

Please provide details concerning these ‘needs tests’:

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- 4.5 Are there any measures affecting foreign ownership (equity) limits for foreign education providers? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details concerning these measures:

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- 4.6 Are there required forms of commercial relationships for foreign education providers e.g. twinning arrangements, joint venture requirements? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these relationships:

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- 4.7 Are there any measures specifying the legal structure of foreign education providers? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details concerning these measures:

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- 4.8 Do foreign education providers have access to public (government funded) subsidies granted to domestic institutions? e.g. public subsidies may include grants for land, buildings and/or capital equipment; accommodation on public land and/or in public buildings; per student public subsidies; research grants.

Yes No

If Yes, in which sector/s do these public (government funded) subsidies apply?

P S H O

Please provide details concerning the extent of these public subsidies for foreign education providers:

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- 4.9 Are there measures affecting the legal use of names for educational institutions in your economy e.g. university, institute, polytechnic? Yes No

If Yes, to which sector/s do these measures apply? P S H O

Please provide details concerning these measures:

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- 4.10 Can domestic fee paying students enrol in courses provided by foreign education providers? Yes No

If Yes, to which sector/s does this apply? P S H O

- 4.11 Are there any nationality/residency requirements for the permanent staff of foreign education providers? Yes No

If Yes, to which sector/s do these requirements apply? P S H O

Please provide details of these requirements:

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4.12 Are there any special tax obligations for foreign education providers?

Yes No

If Yes, to which sector/s do these apply? P S H O

Please outline the nature of these tax obligations:

4.13 Are there any other corporate compliance obligations for foreign education providers?

Yes No

If Yes, to which sector/s do these apply? P S H O

Please outline the nature of these obligations:

4.14 Are there any performance requirements or standards for foreign education providers?

Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these standards:

4.15 Does your economy have any measures or policies concerning the quality assurance of education providers (both domestic and foreign) e.g. any measures that have established standards for matters including quality of courses; required standards; educational facilities; assessment; student support services; financial assurance; marketing?

Yes No

If Yes, to which sector/s do these measures apply? P S H O

Please provide details of these quality assurance measures:

4.16 If there are any other types of measures that you consider affect the commercial presence of education services, including measures that affect the entry, establishment and operations of foreign education providers, could you please provide further details:

## 5. Measures affecting the presence of natural persons

Presence of natural persons—the educator travels to another economy in order to supply the education service for the student in that economy, e.g. visiting lecturers.

5.1 Are there any quotas on the number of visiting (temporary) foreign staff, such as teachers, academics and/or administrative staff? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these quotas or limits:

5.2 Are there any other measures affecting the temporary entry or stay of foreign staff to supply education services? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these measures:

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5.3 Are there any labour market measures for visiting foreign staff e.g. maximum no. of hours/week permitted for teaching? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details concerning these measures:

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5.4 Are there any nationality/residency requirements for the visiting (temporary) staff (academic/administrative) of foreign education providers? Yes No

If Yes, to which sector/s do these apply? P S H O

Please provide details of these conditions:

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5.5 Do educational institutions in your economy participate in teacher exchange programmes? Yes No

If Yes, to which sector/s do these programmes apply? P S H O

Please provide details concerning these exchange programmes:

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5.6 If there are any other types of measures that you consider affect the presence of natural persons providing education services in your economy, could you please provide further details:

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If you have any other comments concerning measures affecting trade and investment in education and training services which have not been addressed by the preceding questions please provide details below:

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**Thank you for taking the time to complete this survey.**