Rising to the Challenge of Regulating Open Education Markets

Christopher Ziguras

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Cross-border education has been integral in marketisation of higher education

1. By leaving their home country, students with the capacity to fund tuition can usually exercise far more choice than they can at home

2. Providers in highly regulated exporting countries such as the UK and Australia, have much more freedom to develop, price and market programs to international student than to local students

3. Collaborative transnational provision allows providers in two countries to respond to unmet demand, bypassing financing restrictions and accreditation restrictions on domestic providers
Unilateral Liberalisation

Many countries are slowly changing the way they regulate private education providers, in an effort to grow capacity and diversify:

Less:

– Restrictions on the number of providers, the number of student places, the types of courses offered
– Discrimination between local and overseas-based private providers

More:

– Transparent regulatory frameworks
– Quality assurance measures
– Recruitment of branch campuses
– Competition over access to public funding

However, these steps have been cautious and uncommitted in most countries.
Bilateral Trade Agreements

- Have had very little visible impact on education
- Most countries’ regulatory frameworks are much more open than their commitments under these agreements
- The consultation and negotiation process provides an opportunity for governments to talk to each other about the regulation on cross-border education in each country
Australia

Education has become a major export industry, and Australia is a prominent advocate of trade liberalisation in education, particularly to grow transnational education.

**Australia’s Top Ten Leading Exports 2006 (US $ billions)**

- Coal: $17.6
- Iron ore: $10.9
- Personal travel (excl. education): $8.3
- Education services: $8.1
- Gold: $8.0
- Crude petroleum: $5.0
- Aluminium ores (incl. alumina): $4.6
- Aluminium: $4.4
- Natural gas: $3.8
- Beef: $3.7
Table 1. Future growth of Australian Transnational Higher Education

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<td>52 601</td>
<td>54 460</td>
<td>91 551</td>
<td>157 993</td>
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** Note: Compound Annual Growth Rate 2000–2025

Sources: (B'hm et al. 2002, 2005 actual from IDP 2005)
• Very few Australian students study in foreign institutions, and Australia could remedy this through a more thorough effort to remove discrimination against foreign providers.

• In practice, extends national treatment for commercial presence - foreign-based providers have same expectations in order to become accredited, very little difference in access to public funding.
  – However, Australia remains unbound on national treatment for Commercial Presence.

• Australia provides income-contingent loans to Australian students in private institutions.
  – However, Australia refuses to make these loans portable for Australian students enrolled with foreign providers, despite commitments on National Treatment for Consumption Abroad and Cross-Border Supply.
Singapore

• Singapore has one of the world’s most internationalised education systems:
  – Population of 4.5 million
  – 70,000 incoming international students (2005)
  – 20,725 outgoing international students (2004)
  – 80,200 students in transnational programs and campuses

• Ambition to recruit foreign branch campuses, and to double incoming international student numbers

• Still no market access or national treatment commitments on education even though persistence of differential treatment of local and foreign providers makes branch campuses very risky
Higher Education in Enrolments in Singapore, 2004

- Local universities (NUS, NTU, SIM): 41,628
- National Institute of Education: 2,282
- Polytechnics: 56,048
- Institute of Technical Education: 26,500
- Private HE programs: 19,207
- Transnational programs: 8,020

[Singapore Department of Statistics, Ministry of Education]
Vietnam

- Vietnam is seeking to rapidly expand capacity in both the public and private sectors.
- Currently has a fully foreign-owned university (RMIT), foreign programs delivered by local partners, domestic private universities (eg FPT) and colleges.
- A 2000 decree allows foreign-owned for-profit education providers, however, upon accession to the WTO in 2006, Vietnam restricted foreign providers to joint ventures until 2009.
- A limitation on national treatment for commercial presence poses difficulty for foreign providers who would recruit expatriate teachers locally, eg English language colleges:
  - ‘Foreign teachers who wish to work in foreign-invested schools shall have at least 5 years of teaching experience, and their qualifications shall be recognized by the competent authority’
- There are no other limitations on national treatment, committing Vietnam to treat foreign providers no worse than domestic providers, which will help attract foreign investment.
Conclusion

• The main impediment to more serious GATS commitments is that few governments appear sufficiently confident in their ability to structure and regulate an open education market.

• Local institutions, both public and private, are also benefiting from liberalisation of education systems, and are becoming increasingly competitive with foreign and transnational providers.