The Impact of the General Agreement on Trade in Services on Australian Education Exports

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The Liberalization Agenda

As trade in education services grows, there is more attention to education in:

- Bilateral free trade agreements (NZ, Singapore, Thailand, US, China, Malaysia)
- General Agreement on Trade in Services
  - Transparency
  - Voluntary commitment to allow foreign providers to enter market
  - Voluntary commitment to not discriminate between local and foreign providers
Australia’s opportunities in multilateral negotiations

Little direct negotiating power in trade agreements due to:
• Extensive unilateral liberalisation since 1980s, leaving little to offer in bilateral negotiations
• Not a major economic power

Strengths:
• Technical expertise in trade issues and capacity to engage in rule formation and brokering deals
• Occupies a ‘middle power’ position between the large powers (USA, EU and Japan) and developing countries, aligning with the developed countries on some issues (e.g. services) and with the developing countries on others (e.g. agriculture)
Education in Bilateral Negotiations

• In the past five years, greater focus on bilateral agreements, signed with Singapore, Thailand and USA and proposed with China and Malaysia
• These have mainly focuses on tariff reduction due to difficulty involved with preferential arrangements in relation to services
• Similarly, GATS commitments apply to all members and are unlikely to result from bilateral deals
• Australia’s capacity to engage in cross-sectoral bargaining is limited by the relatively low number of remaining trade barriers and the economic and political sensitivity of those that remain after decades of unilateral liberalisation
Plurilateral negotiations

• GATS negotiations are a plurilateral process, explicitly involving the offering Member, the requesting Member and implicitly involving a range of other Members with an interest in the offer
• The success of Australian education negotiators in eliciting offers will largely depend on their ability to muster a range of incentives from other interested parties who have more bargaining power than does Australia
• This relies on being able to coordinate the efforts of a range of WTO Members that have an interest in particular offers
Agenda-setting

- Historically, Australia’s success in the WTO has resulted from its brokering of deals between a range of Members with similar interests.
- Similarly in the case of education, Australia’s most valuable advantage is its ability to facilitate broad ranging discussions on trade in education issues in a range of international forums.
- There have been few substantial commitments under GATS to date, but there is considerable liberalisation going on outside the WTO framework.
- GATS will not change governments’ policies, only solidify them.
The importance of unilateral initiatives

• Australia has generally made service liberalisation undertakings unilaterally to encourage trade and foreign investment
• Further liberalisation of education services will result from evidence of domestic economic and social benefits of doing so
• There is a need for more comparative research on the consequences of different policy approaches to trade in education services
Benefits for Importing Countries

• Early growth has been in students travelling overseas to study
  – This is a consumer-driven response to local undersupply of places
  – Balance of trade implications
  – Difficult to restrict individual study overseas
  – Does not assist in development of increased local capacity

• Liberalisation of other forms of trade promises:
  – Increased local capacity and greater range of educational options available to students
  – Less need for students to travel abroad, leading to reduced imports
  – Development of export orientation
  – Economic development resulting from more highly educated workforce
Promoting a Quality Assurance Approach to Regulation

- GATS encourages governments to move away from regulation of the number and size of private providers and instead regulate quality of providers.
- Quality assurance regimes promise improvements in standards for students, and can improve standards in both local and foreign providers.
- Students benefit from rigorous and transparent processes for licensing, recognising and accrediting providers.
- Many importing economies are concerned about the difficulty of regulating cross-border provision, especially online.
Conclusion

- Trade liberalisation is changing the way states regulate private and foreign education providers
- Less:
  - Restrictions on the number of providers, the number of student places, the types of courses offered is difficult
  - Discrimination between local and overseas-based private providers
- More:
  - Transparent regulatory frameworks
  - Quality assurance measures
  - Regulation to ensure positive social and educational outcomes from private sector activity