RMIT Institutional Research Consultancy Unit

Environmental Scan

Trade Liberalisation and Tertiary Education
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**References**

**About the Institutional Research Consultancy Unit (IRCU)**

**IRCU Staff**
**About this document**

The purpose of this paper is to:

- Provide an overview on the current status of the General Agreement on Trade in Services (GATS) and bilateral and regional trade agreements in the context of education services;

- Identify emerging issues in international education;

- Suggest some potential impacts of GATS and bilateral and regional trade agreements on Australia’s and RMIT’s international education activities.

This paper forms Volume 3 in a series of research papers produced by IRCU to inform the strategic planning process at RMIT. This paper is structured around the environmental scanning approach developed by the IRCU.

This volume was prepared by Jim Tangas and Angel Calderon, with revisions made by Joanna Buckingham.

**Volume 1** provides an introduction to the history and rationale of GATS, a discussion of how past liberalisation had impacted on the Australian communications industry and a range of questions posed by GATS for Australian higher education and VET providers.

**Volume 2** contains presentations of a forum on GATS and tertiary education, organised by IRCU in April 2003.


The **forthcoming volume 4** will explore in more detail specific arrangements with some Australian partner countries. This volume will also explore the four modes of trades and services from an Australian institutional perspective.

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1 Refer to the *Environmental Scanning Guide*, Version 1, September 2003, available from the IRCU website
1. INTERNATIONAL FRAMEWORKS FOR TRADE IN EDUCATION

The growing importance of trade in educational services is reflected in the following points identified by Saner and Fasel:\(^2\):

- The value of annual trade in 1999 in higher education services has been estimated at US$30 billion, reaching 50% of trade in financial services estimated at US$59.3 billion. The estimates of trade in educational services would be higher if estimates were available for the total trade in all education sectors.

- High quality education can positively influence labour factor conditions of a country’s economic development. Most countries consider investment in education as being of strategic importance to enhance national competitiveness and to increase opportunities to attract foreign direct investment.

Trade in education services has continued to grow hugely and it has been a key focus of the General Agreement on Trade in Services (GATS).

1.1 Brief History of GATS

The General Agreement on Trade in Services (GATS) ‘is the first and only set of multilateral rules covering international trade in services’\(^3\). It dates back to 1994, and is the services counterpart of the General Agreement on Tariffs and Trade (GATT), which has regulated the trade in goods since 1947. Both GATS and GATT are administered by the World Trade Organization (WTO) which came into being as the successor to GATT in 1995. The WTO currently has 148 member countries.

The GATS addresses twelve categories of services, one of which is education. The other sectors are: business services; communication services; construction and related engineering services; distribution services; environmental services; financial services; health and social services; tourism and travel related services; recreational, cultural and sporting services; transport services; other services not included elsewhere (WTO: Services Sectoral Classification List).

Some of the notable outcomes of GATT in its more than 50 year history include:
- The Uruguay Round of negotiations (1986-94) which led to the creation of the WTO;
- 1997 - agreement on telecommunications services with 69 governments agreeing to wide-ranging liberalisation measures, and
- 1997 - 40 governments successfully concluded negotiations for tariff-free trade in information technology products and 70 members concluded a

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\(^3\) WTO, 2003, http://www.wto.org/english/tratop_e/serv_e/gats_factfiction1_e.htm
financial services deal covering more than 95% of trade in banking, insurance, securities and financial information

From an Australian perspective the implementation of GATS is important for a number of reasons:

- As is the case for other developed economies, services account for the majority of economic activity in Australia, and this proportion is growing as manufacturing industries relocate to countries where labour costs are lower.

- Australia is committed to the establishment of a global trade system because its trade balance is likely to suffer in a world carved up into a series of regional free trade agreements. Australia’s small size is also a major disadvantage in the negotiation of bilateral free trade agreements with the major economic powers.

- Australia is a major education exporter and sees its interests being best served in an untrammelled international education market.

1.2 Key Principles of GATS

The GATS has two parts: the framework agreement containing the general rules and disciplines; and the national “schedules” which list individual countries’ specific commitments on access to their domestic markets by foreign suppliers.

The key principles of GATS are threefold:

- the Market Access principle, under which ‘each Member shall accord services and service suppliers of any other Member treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in its Schedule’ (XVI.1);

- the National Treatment principle, which provides for non-discrimination regarding conditions of competition once a service or a provider is in the market;

- the Most Favoured Nation principle, under which there should not be discrimination between the treatment of member countries.

Related to these is the requirement that regulations addressing market entry should be transparent.

The GATS classifies trade in services into four numbered modes:

1. cross-border supply (such as distance education)

2. consumption abroad (such as a student travelling abroad to study)

3. commercial presence (such as foreign branch campuses, or foreigners partnering with local providers)

4. presence of natural persons (such as lecturers travelling temporarily abroad to teach)
Some of the barriers to the four modes of supply identified by DEST include:

<table>
<thead>
<tr>
<th>Mode</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross border supply</td>
<td>Importation of educational materials (textbooks and software to support distance education), blanket non-recognition for this mode of supply</td>
</tr>
<tr>
<td>Consumption abroad</td>
<td>Host economy employment rules, visa requirements, foreign exchange requirements</td>
</tr>
<tr>
<td>Commercial presence</td>
<td>Limits on ownership, rules on twinning arrangements</td>
</tr>
<tr>
<td>Presence of natural persons</td>
<td>Visas and immigration requirements</td>
</tr>
</tbody>
</table>

1.3 Recent Developments: The Doha Round of Negotiations

The process for negotiation in the early stages of the Uruguay Round (early 1990s) entailed each member country submitting a national schedule, which listed each sub-sector and each mode of supply, and set out whether Market Access or National Treatment was to be offered to foreign service suppliers in each case.

World Trade Organization (WTO) member countries agreed in Doha, Qatar, in November 2001 to launch a new round of WTO negotiations. In 2002, participant countries filed requests asking trading partners to open their markets in service areas. Countries that were the subject of requests then presented offers to open their markets in service areas. Progress in this process was reviewed at the Mexico Conference (Cancun) of the WTO in September 2003, but the talks failed to reach agreement on further multilateral liberalisation of trade in goods and services. As a result the Doha negotiating round is unlikely to be completed by early 2005, as was initially expected.

The Doha round of negotiations has aimed at cutting tariffs on farm products and manufactured goods, removing impediments to international trade in services, rewriting contentious anti-dumping rules, introducing new rules on investment and competition policy and improving rules in areas such as intellectual property and the dispute settlement system. Australia led the Cairns Group of farm exporters in advocating large reductions in agricultural protection.

The Cancun talks failed primarily because developing countries were unable to convince the US, EU and Japan to lower or eliminate export subsidies and tariffs on agricultural commodities. The failure to reach agreement may lead to a new round of

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5 In 2002, 18% of US total farm revenue came from tariffs, price support mechanisms, subsidies and other government payments while in the European Union, transfers from the taxpayer and the consumer make up 36% of farm revenue.
negotiations. The WTO Council for Trade in Services met in October 2003 to discuss the general process going forward but did not issue any new recommendations.

1.4 GATS and Educational Services

Under GATS, the education sector is divided into five sub-sectors: primary, secondary, higher, adult, and other. The WTO classifies post-secondary technical and vocational education as higher education. Trade in educational services is receiving growing attention and has elicited increasingly heated reactions by various stakeholders ranging from governments, private sector investors, teacher’ unions to student associations and parent organisations in OECD and developing countries.

Trade in education services is inherently cross-sectoral affecting trade, economics, education and culture and different international institutions are mandated to deal with its different aspects. Trade in educational services is the focus of WTO; cross-national recognition of educational products is handled through UNESCO.

USA’s GATS requests on education provide a good indication of the content of negotiations in the Doha round:

- China: Remove ban on education services provided by foreign companies and organizations via satellite networks. Remove requirements for foreign educational institutions to partner with Chinese universities. Remove ban on for-profit operations in education and training services. Relax other operational limits and restrictions on geographic scope of activities.
- South Africa: Remove burdensome requirements, including non-transparent needs tests, applicable to foreign universities operating, or seeking to operate, in South Africa.
- Turkey, Italy: Remove requirement that foreign entities teach only non-national students.
- Greece: Remove restriction that the granting of degrees is limited to Greek institutions only.
- India, Philippines, Thailand: Remove ownership limitations on joint ventures with local partners.
- Japan, Israel: Recognize degrees issued by accredited institutions of higher education (including those issued by branch campuses of accredited institutions); and adopt a policy of transparency in government licensing and accrediting policy with respect to higher education and training.

According to the OECD, in 2002 the number of countries committing to market access and national treatment in the different education sectors was small but relatively constant: 30 on primary education, 35 on secondary education, 32 on tertiary education and 32 on adult education (OECD, 2002). Although these are ‘standstill’6 commitments, which do not represent any new liberalizing of trade policies, they do bind these policies in an international legal framework and make the introduction of new restrictive measures considerably more difficult. Most countries have more open trade environments than their GATS schedules would suggest, but

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6 These are permitted exceptions to the national treatment or market access commitments, but cannot be made more restrictive with respect to service suppliers or investors of other treaty participants (DFAT, AUSFTA Briefing No.3, 2003)
are unwilling to bind these policies into a legally-enforceable international agreement in which retracting commitments to open markets is difficult and potentially costly.

Members have made commitments in line with their perceived interests. Japan has made offers on adult and other education but not higher education, the USA has made limited commitments, Australia and New Zealand have made no further commitments in the Doha Round, and Canada has made no commitments at all related to education.

A clear relationship has been established between the level of commitments made and the level of private funding of education in a particular country. The pattern identified is that the lower the level of private funding, the more significant the commitments. For example, New Zealand and Australia have lower levels of private funds directed to higher education than Malaysia and Singapore, and the former countries have made significant commitments to market openness in higher education while the latter countries have not, retaining the right to restrict the number, size and type of foreign providers operating in these lucrative and fiercely competitive markets.

Ultimately the GATS is expected to benefit large US for profit educational providers, particularly like Sylvan and Apollo, with their grasp on on-line delivery.

1.5 Australia’s Education Related Commitments Under GATS

Australia is one of 32 WTO members, of a total of 147, to make commitments in regard to tertiary education. In the Uruguay Round of negotiations (1993/94), Australia committed to the following:

<table>
<thead>
<tr>
<th></th>
<th>Market access</th>
<th>National treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross border supply</td>
<td>Learning via distance education sourced from abroad can be recognised in Australia</td>
<td>No restrictions to recognition based on source country</td>
</tr>
<tr>
<td>Consumption abroad</td>
<td>Australian students’ overseas learning can be recognised</td>
<td>No restrictions on choice of institution based country to which a student travels</td>
</tr>
<tr>
<td>Commercial presence</td>
<td>Foreign providers can establish a presence in Australia</td>
<td>Australia has not committed in order to preclude government funding going to foreign institutions.</td>
</tr>
</tbody>
</table>

Australia agreed to market access (to allow foreign providers access to the Australian market) and national treatment (not to discriminate between local and foreign providers) of foreign providers in private education only, from the beginning of 1995. Australia has made commitments to allow market access to foreign providers in

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8 Roger King The Rise and Regulation of for-Profit Higher Education Observatory on Borderless Higher Education - December 2003
Australia through three modes of supply: *cross-border* (distance education), *consumption abroad* (Australian students travelling to study overseas) and *commercial presence* (establishing a physical presence in Australia). Australia did not commit to *national treatment* for *commercial presence* in order to maintain a capacity to discriminate between local and foreign providers in relation to government funding.

Australia’s *national treatment* commitments as they apply to higher education are that Australia must extend equivalent treatment to:

- Local private providers (eg. Bond University, Notre Dame University).
- Foreign providers via cross-border delivery (eg. Australian students enrolling in a foreign distance education or online program while in Australia).
- Foreign providers via consumption abroad (eg. Australian students undertaking study overseas).

### 1.5.1 Public Procurement

GATS allows for the exclusion from GATS agreements of ‘a service supplied in the exercise of governmental authority’, which is defined as ‘any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers’. The Australian Minister for Trade referred to this provision in a November 2003 briefing note, where he reiterated that ‘it is proposed that all subsidies and grants will be explicitly excluded from the services chapter, along with services supplied in the exercise of governmental authority’.

Thus education should be excluded although there is some conjecture that Australia’s mix of private and public provision where government monies flow to private institutions may allow for more complex interpretations. There continues to be considerable disagreement both in Australia and overseas, about the extent to which different types of subsidies (such as funding of student places and research funding) constitute government procurement, and should thus be exempted from coverage under the GATS.

Australia has not entered *national treatment* agreements in relation to public education and has committed to the protection of all public research grants in all sectors. USA, Australia and New Zealand have made negotiating proposals to the WTO that explicitly recognize that education is to a large extent a government function and that the private sector should supplement, rather than displace, public provision.

### 1.5.2 Australian Regulations

Countries sometimes protect incursions into their service sectors through other regulations linked to quality or national interest. Australia has been proactive in developing a regulatory framework to ensure the quality, but also the international openness of the sector. Since 1995 Australian governments have taken steps to formalize processes for approvals and recognition of foreign providers operating in Australia, in line with the standards applying to local providers. The Ministerial Council on Employment, Education, Training and Youth Affairs’ *National Protocols for Higher Education Approval Processes* (MCEETYA, 2000) sets out the standards expected of universities, irrespective of whether they are existing providers or new entrants, locally-based or of international origin.
The development of the Australian Universities Quality Agency (AUQA) has had a positive impact on the accountability and transparency of transnational programs with specific reference to the Australian Vice-Chancellors’ Committee’s *Provision of Education to International Students: Code and Guidelines for Australian Universities*. In VET Australia has a nationally consistent approach to quality assurance for products and services which operates under the auspices of the Australian National Training Authority (ANTA) National Training Quality Council. The Australian Quality Training Framework (AQT) commenced full implementation by States and Territories in 2002.

Other initiatives include Australia’s becoming the first non-European country to ratify the Lisbon Recognition Convention, developed by the Council of Europe and UNESCO, which facilitates mutual academic recognition and mobility of qualifications amongst signatory countries. Australia helped frame the *Code of Good Practice in the Provision of Transnational Education*, which is included under the Lisbon Recognition Convention. Australia’s multifaceted approach provides an example of the ways in which institutional standards can be ensured in an open international environment.

1.6 **Outside GATS: Regional and Bilateral Agreements**

An important exception to the rule that reductions in trade barriers should be applied, on a most-favoured nation basis, to all WTO members is allowed for regional trade agreements (RTAs). Under RTAs, reductions in trade barriers only apply to the countries that form the arrangement. The vast majority of WTO members are party to one or more regional trade agreements. Over 170 RTAs are currently in force; an additional 70 are estimated to be operational although not yet notified. By the end of 2005, if RTAs reportedly planned or already under negotiation are concluded, the total number of RTAs in force might well approach 300.9

The failure of the Cancun talks has seen a renewed interest in bilateral and regional trade agreements. The EU is reviewing its approach and the US has indicated that it will accelerate its pursuit of bilateral agreements. On October 8, 2003, the Asia-only economic grouping, ASEAN10+3 (China, Japan, Korea) reached agreement to establish a European Union-style economic integration zone by 2020. In addition to the broader economic grouping with its “dialogue partners”, the October 2003 meeting resulted in a preliminary statement of co-operation between ASEAN and India.

1.7 **Australia’s Free Trade Agreements**

The Australian Government pursues a combined multilateral, regional and bilateral approach to trade policy. The Government is on the record that Free Trade Agreements (FTAs) that are comprehensive in scope and coverage can complement and provide momentum to Australia’s wider multilateral trade objectives. It is expected that progress in regional trade liberalisation will be multilateralised in due course through WTO negotiations. Australia is a party to free trade agreements or

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10 ASEAN comprises Singapore, Malaysia, Indonesia, Thailand, the Philippines, Brunei, Laos, Vietnam, Burma and Cambodia.
frameworks with Singapore, New Zealand, Thailand and China and is negotiating agreements with Indonesia and US. All of these include education.

1.7.1 With New Zealand
Australia is also a party to the ASEAN FTA-CER agreement through the agency of the Closer Economic Relations Agreement (entered into force in 1983) between Australia and New Zealand.

1.7.2 With Singapore
The Singapore-Australia Free Trade Agreement (SAFTA) became operational following an exchange of third person notes in July 2003 and includes market access and national treatment provisions across the four modes of supply. It provides for expanded recognition of professional qualifications gained in Australian Institutions. The education-related outcomes of Australia-Singapore FTA have been:

- Number of Australian law degrees recognised in Singapore doubled from four to eight
- Removal/easing of residency requirements for Australian professionals
- Mutual recognition agreements (MRAs) between architects and engineers under way
- National treatment and market access commitments for Australian education providers
- Singapore government overseas scholarships will be tenable at Australian universities
- Australia firms get national treatment in procurement by 47 Singapore agencies
- Protection of intellectual property supplied in government tender processes

1.7.3 With Thailand
The Australia-Thailand Closer Economic Relations Free Trade Agreement (CER-FTA) was signed in October 2003. It provides for an increase in the limit of Australian ownership of tertiary education institutions from 49.9% to 60%.

1.7.4 With the United States
The first round of negotiations for an Australia-US Free Trade Agreement (AUSFTA) was held in March 2003 and the negotiations are due to conclude by the end of 200311. The negotiations include trade in services including issues of recognition of professional qualifications and experience, market access and national treatment and intellectual property12. The Commonwealth Government’s objective in regard to intellectual property is to reaffirm the WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPS), ensuring the rights of Australian holders of IP and ensuring Australia’s ability to determine the appropriate legal regime for implementing internationally agreed intellectual property standards. The Department of Foreign Affairs and Trade (DFAT) indicates that government policies in relation to

12 Australia’s major objectives in AUSFTA negotiations include: trade in industrial goods and agriculture, rules of origin, trade in services, investment, intellectual property, telecommunications and electronic commerce and government procurement (DFAT, Australia-United States Free Trade Agreement, 2003).
subsidies and grants, including HECS-HELP and FEE-HELP would be excluded from the AUSFTA agreement as they were from the SAFTA.

1.7.5 With China

A “Trade and Economic Framework between Australia and the People’s Republic of China” was signed in October 2003, articulating the following:

“The Parties will take steps to promote strategic cooperation in key sectors with outstanding potential, inter alia, energy and mining; textiles, clothing and footwear; agriculture; mechanical and electronic products; tourism; education; inspection and quarantine; customs cooperation; environmental protection; investment; information and communications technology; biotechnology; public health; food safety; and intellectual property rights.”

On education, Australia and China affirmed:

“The Parties recognise the importance of education and training in removing obstacles to poverty reduction and economic growth. The Parties note the existence of the 2002 Memorandum of Understanding on Cooperation in Education and Training that builds upon the two former education Memoranda of Understanding (1995, 1999) and identifies fields of mutual interest and creates opportunities to develop programs for cooperation in education and training on the basis of reciprocity and mutual benefit. The Parties will meet to discuss the priorities to expand cooperation in education and training. They wish to further expand the relationship by concluding an Arrangement on Higher Education Qualifications Recognition between the Government of Australia and the Government of the People's Republic of China.”

While in Australia in October 2003, the President of China made four key statements in regard to Australian and Chinese trade:

- Cooperation in the traditional sector of Australian commodity sales to China would be deepened to meet increased demand as China quadruples its GDP over the first 20 years of the century
- Business links would be diversified as rising Chinese living standards drove up consumption in areas such as telecommunications, culture, technology, science, education and sports. China has identified these areas as Australian strengths.
- Opportunities are opening up in the rural west and the rust-belt north-east of China for Australian entrepreneurs who would be well rewarded for establishing new businesses.
- China is keen to participate in enhanced dialogue with Australia to improve formal frameworks for developing economic relations – that is move towards a bilateral free trade agreement.

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14 Australian Financial Review, 28 October, 2003
2. **SOCIAL AND ECONOMIC CONTEXT FOR TRADE IN EDUCATION SERVICES**

2.1 **Global Social and Economic Background**

International social and economic indicators all point to a growing demand for education:

- The world’s population is projected to grow by 1.5 billion over the next two decades. Taken together with rising per capita income, population growth will lead to increased participation at all levels of education.

- The stock of foreign direct investment now totals $1.4 trillion. It has risen by a factor of six since 1985 and comes at 150% of US GDP.

- The proportion of the world’s population living in high-income OECD countries is likely to fall from 32% in 1950 to 13% in the year 2050.

- Today 90% of people in developing countries have a life expectancy beyond sixty years compared with 60% in 1960. The proportion of the population of developing countries which is malnourished has fallen from 37% to 18% in the last thirty years.

2.1.1 **Demand for Education**

Most of the demand for education comes from China, Malaysia, and Indonesia, as well as parts of South Asia, Africa, Latin America, and the Middle East that are experiencing a youth bulge. Demand for education places in these areas is growing in line with increasing wealth. Demand for tertiary education worldwide is forecast to grow from just under 100 million student places in 2000 to around 260 million places in 2025. With expanding economic activity and household wealth, it is estimated that up to 7 million students will seek to obtain an international education experience, especially in an English-speaking environment.\(^{16}\)

The developed world is experiencing a switch in demand growth from young learners to adult learners, as life-long learning becomes more important to meeting labour market needs, and professional and personal development.\(^{17}\)

2.2 **Asian Regional Economic Development**

Asian output, although dipping during the Asian crisis in 1997, has outstripped average world output. While much of the rise in the share of Asia is due to China, even when China is excluded, the rest of Asia’s share still rose from 7.8% to 12.2% over the two decades. The Chinese and Indian economies continue to grow at rates faster than the rest of the world.

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\(^{16}\)IDP, 2002, *Global Student Mobility 2025: Forecasts of the Global Demand for International Higher Education*.

\(^{17}\) Ibid.
Thailand's economy is much the same size as Australia's in real terms, after 20 years of very rapid growth (the fifth highest in the world, excluding very small countries). It is now a middle-income country with 62 million people, a thriving manufacturing sector, and its sights set on becoming one of the developed countries.

Table: Asian Output (excluding Japan)

<table>
<thead>
<tr>
<th></th>
<th>Percentage Share of World Output</th>
<th>Change in share</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>3.76</td>
<td>10.27</td>
</tr>
<tr>
<td>India</td>
<td>3.00</td>
<td>4.28</td>
</tr>
<tr>
<td>Korea</td>
<td>0.81</td>
<td>1.67</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.17</td>
<td>1.87</td>
</tr>
<tr>
<td>Taiwan</td>
<td>0.53</td>
<td>0.99</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.58</td>
<td>1.08</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.82</td>
<td>0.69</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.26</td>
<td>0.47</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>0.29</td>
<td>0.42</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0.20</td>
<td>0.34</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.13</td>
<td>0.24</td>
</tr>
<tr>
<td>Total</td>
<td>11.56</td>
<td>22.32</td>
</tr>
<tr>
<td>Total (excluding China)</td>
<td>7.79</td>
<td>12.05</td>
</tr>
</tbody>
</table>

Source: IMF World Economic Outlook Database

2.3 Australia’s Trade with Asia

More than half of Australia’s exports go to Asia, and the proportion has not greatly altered over the past two decades. It rose in the 1980s to peak at 59 per cent in 1996/97, then fell back slightly as the Asian crisis had its effects to a figure of 55 per cent in 2001/02. Within this relatively stable total, there has been a clear fall in the share going to Japan, and a commensurate rise in the share going to non-Japan Asia (NJA). The share going to China, while clearly increasing, is quite low at 6.4% of total Australian exports.

However, Australia’s share of total imports by Asian countries is quite small – less than 5 per cent in most cases, and only 2 per cent for China. Asia took 54.9 per cent of Australia’s merchandise exports including China’s 6.4 per cent share (up from 2.6 per cent a decade ago). But Australia comprised only 1.9 per cent of China’s imports.

Australian direct investment in Asia (owning or having a controlling share in Asian companies) has always been relatively small and Australia’s share of direct investment going to Asia has fallen over the past decade, particularly over the most recent five years. During this most recent period, the share of Australian direct investment going to the United States has risen sharply.
2.4 Asian Trade in Education Services

China’s and India’s above-average rates of economic growth suggests that they will provide major opportunities for growth in education services provision by foreign providers. This is already particularly evident in the case of China.

2.4.1 China

China’s accession to the WTO in 2001 involved it making significant undertakings on education services which have resulted in rapidly growing numbers of Chinese students in Australia.

The China market consists of a population of over one billion and an economy which is growing significantly. China’s share of world output has grown from 3.76% in 1982 to 12.67% in 2002.\(^{18}\) The Chinese Government regards education as a strategic priority. There have been increases in government spending on education by over 300% in the last 10 years with a strong focus on expansion of the higher education sector. China is aiming to rapidly expand its higher education sector; undertake major reform of its VET sector; and emphasise distance education and high technology solutions to education issues.

China’s economic growth has generated great demand for skilled professionals. This demand, combined with the improvement of living standards, the emergence of the new one-child generation coupled with greater expectations by parents for their only child, has resulted in significant demand for education. In 2001 there were 4 million higher education places available to cater for the 150 million people in the 17 to 24 age group. Conservatively, the excess demand for higher education in 2010 is estimated at 17 million, increasing to 27 million by 2020. China, for example, estimates it will have a shortfall of over one million teachers and 100,000 academics by 2005.\(^{19}\)

2.4.2 Malaysia

Education and training are high priorities for the Malaysian Government and Malaysia has been a major importer of education services. Currently just over 20% of the relevant age cohort is undertaking higher education, including Vocational and Educational Training (VET). The Government wants to increase this to 30% by 2005 and over 40% by 2010. Government initiatives to support this ambitious growth include a higher education loan scheme, tax deductions for tertiary education expenses and access to the government superannuation fund for parents of students.

2.5 New Educational Technologies

2.5.1 Borderless Education

New technologies are transforming market boundaries, facilitating greater market access for new competitors, reducing the time to market and increasing demand for

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Institutional Research Consultancy Unit
GATS and Tertiary Education, Vol 3, Dec 2003 (v1.1)
A ‘borderless higher education’ industry based on the utilisation of new ICT channels is beginning to emerge and is reflected in the formation of a number of global collaborative ventures including Universitas 21, Cardean, the US company E-Higher Education and the Global University alliance (GUA). However, global collaborative ventures in cross-border supply of higher education have not been as successful as had been anticipated. Possible reasons for this may include: over-estimation of the current state of the market for e-learning worldwide; problems in organising quality local support for e-learning programs; under-estimation of technical problems; channel conflicts with existing international arrangements and intellectual property issues. Historical research indicates that it takes at least ten years or more for organisations to exploit the capacities of new technologies. An attested example is the time taken for organisations to integrate their tracking, planning and accounting systems to take advantage of the dynamic communications that spreadsheet programs make possible. The high development costs of next generation information and communication technology delivery platforms necessary for the expansion of distance education and the development of high-capability national and global research networks require substantial capital investment.

The widespread accessibility of broadband to local, national and global consumers is a crucial factor in the commercial feasibility of on-line delivery. It has become apparent that the slow growth of broadband access was the major contributing factor to the bursting of the “dot-com bubble” in 2000 as the anticipated audiences for new media and e-businesses failed to materialise. It was also the major factor in the widespread losses and failures of companies who laid down fibre-optic cable to carry the on-line content to consumers.

2.5.2 Competition
The market in on-line delivery is likely to involve greater competition between public and private providers than traditional forms as entry barriers are relatively low and public institutions do not have a regulatory advantage. The Thompson Corporation, for example, provides on-line education services to higher education, corporate, professional and government markets worldwide. In 2002, Thompson’s Learning arm achieved revenues of US$2.3bn, operated in 42 countries and employed 12,300 people. Of its US $7.8 bn total revenue, 53% of total revenues derived from electronic products and services.

In 2003, Massachusetts Institute of Technology piloted its MIT OpenCourseWare (MIT OCW) program which makes the course materials that are used in the teaching of almost all MIT’s undergraduate and graduate subjects available on the Web, free of charge. MIT OCW is not a distance-learning initiative and is not a replacement for

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21 Ibid.
degree granting higher education or for-credit courses. Recent developments in web-based publication, such as MIT OCW, suggests that the future competitive ground for on-line delivery will be the quality of the interaction between staff and students and the status of the credential gained more so than the form and quality of content.

A more open global economy exposes the international education and training sector to shocks, such as those caused by geo-political uncertainties, terrorism or outbreaks of disease. Such shocks can bring about market downturns associated with economic instability and travel constraints linked to public health measures. These occurrences focus attention on ways of continuing services through periods of shock, such as using online arrangements and in-country supply alliances, to effectively lower commercial risk.

2.5.3 United States Dominance
Trade liberalisation as envisaged by the US will increase markedly competition in the provision of content for on-line and cross-border delivery of university courses. The competition is likely to be more intense than in traditional forms of education delivery as the competitive advantage of public institutions is less pronounced.

One of Australia’s objectives in the AUSFTA negotiations is to rationalise international telecommunications arrangements in order to promote electronic commerce in goods and services. In the negotiations between Australia and the US on the "digital agenda", the US is insisting that products delivered through digital technology be treated as distinct: untaxed, unregulated, yet with strict copyright protection. The ultimate impact, according to some industry critics in Australia, would be to ensure US ownership of the global means of disseminating information through digital technology.

\[http://ocw.mit.edu/, 2003\]
3. AUSTRALIA’S INTERNATIONAL TRADE IN EDUCATION

3.1 Growth in Australia’s International Higher Education

In 2002, approximately 385,000 overseas students from more than 200 countries were enrolled with Australian education providers (289,420 onshore and 95,666 offshore). The number of onshore international students has grown from 10,000 in 1980 when access was moderately increased and partial fees were introduced. In 1986, the Commonwealth Government took a decision to allow public institutions to enrol overseas students and charge fees. The total number of offshore programs provided by Australian institutions increased from 25 in 1993 to 1,009 in 2001. Most of the growth was in Asia-Pacific countries including Singapore (total in 2001 = 285), Malaysia (192), Hong Kong (160) and China (88). This ranks Australia as the third largest international student destination in the English-speaking world behind the United States and United Kingdom.

Australia has approximately 3% market share of European students studying in overseas universities. However, enrolments from Europe in Australian institutions are increasing steadily with Australia recording almost 25% annual growth against the traditional destinations of the USA, UK and Canada. In 2002-2003 numbers were almost 11,000. Factors influencing this trend are exchange rates and increased recruitment activity by Australian institutions.

The following graph illustrates the growth in international student enrolments in Australia in the various education sectors:

The number and proportion of overseas students in Australian universities according to each mode of supply in 2003 are:

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24 Dr Brendan Nelson, *Engaging the World through Education: Ministerial statement on the internationalisation of Australian education and training* October 2003
26 Ibid.

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<table>
<thead>
<tr>
<th>Mode of Supply</th>
<th>No. of students</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption Abroad (international students in Australia)</td>
<td>111,330</td>
<td>66</td>
</tr>
<tr>
<td>Commercial Presence (offshore face-to-face)</td>
<td>46,825</td>
<td>27</td>
</tr>
<tr>
<td>Cross Border (offshore distance education)</td>
<td>12,486</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>174,641</td>
<td>100</td>
</tr>
</tbody>
</table>


In June 2003 the number of overseas students studying in vocational education and training courses was 32,084 or 17% of the total market. Of these, 10,329 or nearly one-third were studying in government owned institutions most of which are TAFE institutes. There are also significant numbers undertaking English language courses in TAFE institutes. The international effort by TAFE institutions has been the subject of some criticism on the grounds that numbers of students are small compared with private VET providers and the Higher Education sector. Victoria accounts for almost half of the international TAFE market in Australia.

The Commonwealth Government has reported that while the exact nature and extent of overseas delivery in sectors other than higher education is not yet recorded, initial estimates indicate that at least 20,000 students studied vocational and foundation courses with Australian providers overseas in 2002. DEST estimates that in 2000, export earnings from onshore students in the VET sector were $713 million.

There has been a boom in education tourism in recent years. In 2002, an estimated 37,000 students undertook short English language courses in Australia while travelling on a tourist visa, working holiday maker visa or other non student visa.28

In 2002, 12.7% or $1.4bn of all university revenue was derived from fee-paying overseas students. In the ATN, the proportion of revenue from fee-paying overseas students was 19.3%; for RMIT it was 23.4%. Central Queensland University is the only university in Australia which derives a higher proportion of its revenue from fee-paying overseas students than RMIT.

While Australia is recognised by the OECD as the world’s leading per capita exporter of full fee-paying international education, it has one of the world’s lowest rates of its own citizens studying abroad. Of the thirty OECD countries for which data are provided for the year 2000, Australia had the second lowest percentage: 0.6 per cent, compared to the country mean average of 4.1 per cent. Only the USA with 0.3 per cent was lower.

3.2 Recent Australian Government Initiatives Related to International Trade in Education

Australia is one of the most active proponents of trade liberalisation (along with the US and New Zealand) and is a member of the WTO Education Alliance, a group of 21 WTO members which aims to further the discussion of the impact of GATS on education services. Australia is hosting a forum of the Alliance in 2004.

Australia’s negotiating position statement to the WTO argues that there is a causal link between liberalising trade in education services, and promoting the broader social, cultural and academic benefits of international education. Australia argues that the liberalisation of trade in education services is the most effective way of encouraging the internationalisation of education and enhancing flows of students between countries. The long-term benefits accruing from internationalising education include:

- fostering a knowledge and appreciation of other languages, cultures and societies. The skills and knowledge that are acquired will benefit students both professionally and culturally;
- facilitating an exchange of people, ideas and experiences. These exchanges add a richness of diversity at the national and international levels, as well as contributing to the international cross-fertilisation of academic knowledge;
- networking relationships among individuals, groups and institutions which can facilitate future economic, political and socio-cultural alliances.29

Australia, the US and New Zealand are encouraging “autonomous liberalisation”, that is outside the WTO, by WTO and non-WTO (eg Vietnam) countries. Autonomous liberalisation is not binding on governments, enabling them to modify their policy positions in the future as circumstances change. DEST is considering the lowering/elimination of barriers multilaterally through the WTO and APEC and through a number of bilateral agreements (eg with US and Thailand).

3.2.1 ‘Backing Australia’s Future’

As a component of its Nelson Higher Education reforms, the Federal government has legislated for the following:

- A total of 2,500 OS-HELP loans for Australian students studying overseas for one or two semesters of their degree, increasing to a total of 10,000 loans per year by 2008. Loans will be distributed between eligible institutions for allocation to students.
- Some private institutions will receive Commonwealth supported places, through HECS-HELP and FEE-HELP, for students in national priority areas such as nursing and teacher education. For example, Avondale College and the University of Notre Dame Australia will both receive Commonwealth places in teacher education. The government has indicated that it plans to increase the

29WTO, 2001 Communication from Australia: Negotiating Proposal for Education Services (S/CSS/W/110), World Trade Organization, Geneva
number of places available to students studying in National Priority areas at eligible private higher education institutions (DEST 2003a).

- An intention to develop a framework for quality assurance in overseas education and training services which will involve an internationally recognisable quality badge. The Government will provide seed funding for accredited Australian providers to develop a self-sustaining model which will provide the same level of quality assurance and marketing advantage that the ESOS Act (Education Services for Overseas Students Act 2000) provides for services in Australia.

The Commonwealth Government has committed $113m to support the growth of international education in the 2003/4 Budget. The funding is aimed at: ensuring the quality of international education in Australia; increasing government-to-government promotion in emerging overseas markets; establishing 5 new Centres of Excellence in education, science and innovation at Australian universities; scholarships to attract high-performing overseas students; development of a self-regulatory framework for offshore provision; streamlining access to Australia’s education and training system through improved visa and migration arrangements.

3.2.2 ‘Engaging the world Through Education’
In October 2003, the Government released a Ministerial Statement, on the policy framework for Australia’s engagement in international education over the next decade and beyond. The policy framework is underpinned by four initiatives:
- growing and diversifying Australia’s engagement;
- ensuring quality and integrity;
- raising Australia’s profile and Australian governments;
- ensuring government departments working together.

The statement envisions advancing Australia’s international education engagement to a broader stage through a strategy for diversification that has four main elements:
- widening the mix of overseas students in Australia by recruiting more intensely from Europe and the Americas while continuing growth in Asia;
- extending the participation of international students in fields other than business and information technology;
- attracting more students to schooling and to postgraduate coursework and research degree programs;
- increasing Australia’s delivery of education and training services in overseas settings and through online arrangements, including through partnerships.

3.2.3 VET provision
The TAFE Directors Association has identified a number of barriers and remedies to the internationalisation of Australian VET provision: harmonising standards with international standards, improving recognition of Australian qualifications, facilitating development of offshore programs and implementing improvements to visa regimes in Australia. GATS and bilateral agreements have the potential to address these issues and improve the international environment for Australian VET providers.
3.3 Possible Impacts of the International Regulatory Framework on Australia’s Education

Australian institutions are generally well-equipped to compete in a more liberalised global education market as a result of reforms to the higher education sector in the last two decades. Reforms have encouraged greater autonomy, entrepreneurialism, flexibility and commercial acumen which institutions in highly regulated environments will find difficult to match.

For Australian institutions liberalisation across all modes of supply points to opportunities and possible threats both domestically and offshore. The opportunities for expansion in offshore markets should outweigh the threat of increased domestic competition. A significant potential benefit of GATS is the lowering of risk for exporting institutions and an enhanced ability for institutions to plan effectively. A transparent, non-discriminatory regulatory regime, with recourse to legal redress in case of dispute, can minimize the financial, legal and sovereign risks associated with trans-national operations.

Although government procurement is outside the GATS, it is still not clear whether research funding of institutions and funding of student places would come under this banner. If they do not, there may be pressure on the government to include them in negotiations. As a result of Australia’s commitments in relation to private education provision, future governments will have difficulty placing restrictions on the number of providers, the number of students they may enrol, the legal form of new providers (cooperative organisation, for-profit company, statutory organisation, etc.), or levels of foreign ownership.

3.3.1 Government student loan schemes
The extension of government funding to local private institutions through Fee-HELP raises questions about whether overseas providers may also apply for such funds. The implications of the national treatment commitment may be that the Australian Government is seen to be discriminatory in their treatment of foreign providers compared to local providers.

Also Australia’s WTO commitments to cross border access may require the government to extend loans to students who are undertaking distance education at foreign universities thus increasing domestic competition for on-line services.

The extension of the government loans scheme to Australian students studying overseas (OS-HELP) is consistent with its commitments to market access and national treatment for consumption abroad. However the commitments may require the government to offer loans to all Australian students studying overseas.

3.3.2 Future Prospects for Australia’s Trade in Education
A growing number of national governments are encouraging and providing active assistance for their institutions to expand their international operations across all modes of supply. Future competition for international students will be intense as some current suppliers of students (eg Singapore and Malaysia) attempt to become net exporters of higher education and other countries (eg Germany and Denmark) seek to increase their offshore activities.
The constraints on the capacity of Australian higher education institutions to enrol increasing numbers of foreign students means that much of any future expansion in enrolments will probably be offshore. It also means that enrolling at near or beyond the capacity of an institution is likely to impact on the quality of the education experience and therefore on the reputation of the institution.
4. **IMPACT ON RMIT**

A quarter of RMIT’s teaching, research and consultancy revenue directly involves international education services.

4.1 **RMIT’s Internationalisation**

RMIT has in place and is part of a complex network of international partnerships, alliances and relationships. Market niches for RMIT programs and services have been established in priority countries in the Asia Pacific Region with an emerging focus on the Indian Ocean region. Scandinavia, Europe and the USA are growth markets for onshore international students.

4.1.1 **Programs and Services**

- International students studying at RMIT in Melbourne are recruited worldwide but the majority still come from the traditional top 10 markets of Indonesia, Malaysia, Singapore, India, Hong Kong (SAR), China, Thailand, Vietnam, Taiwan and South Korea. Markets which are mature and experiencing some decline include Malaysia, Singapore, Hong Kong (SAR) and Indonesia. Growth markets include China, India, Mauritius and Scandinavia.

- Offshore award programs are concentrated in East and South East Asia – in particular in China/Hong Kong, Indonesia, Japan, Korea, Malaysia, Singapore and Vietnam. Business models include twinning arrangements, articulation agreements, franchise agreements, a partnership as per GUA and a campus in Vietnam.

- Exchange agreements: RMIT has agreements with 94 institutions in Europe and other institutions across the globe. These are mainly student mobility agreements, concentrated in the United Kingdom (UK), Germany, France, Sweden and The Netherlands. The University has relationships with recruitment agents in most European countries, and a shared representative office in Sweden. The University also has a presence in Europe through the Australia and New Zealand University Network (ANZUN).

Study Abroad opportunities for RMIT students have been enhanced through the Commonwealth Government’s University Mobility in Asia Pacific Program (UMAP) and further opportunities are anticipated through the new university mobility program - University Mobility in the Indian Ocean Region (UMIOR). Fee-paying inbound Study Abroad students have mainly come from North America and Scandinavia with increasing numbers being anticipated from Latin America (Mexico) and Europe (France and Germany).

- Consultancy and training services are being delivered as part of Australia’s aid program, through linkages with the OECD and UNESCO and other multi-lateral organisations such as the Asian Development Bank and the World

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30RMIT University web page, *Internationalisation at RMIT*, 2001
Bank. Growth in the delivery of training services to individual, international, corporate and government clients is mainly being experienced in South and East Asia.

4.1.2 RMIT Country Strategies
A country strategy is in place in parallel with the developing global strategy. Countries have been targeted as a result of:

- offshore demand for RMIT programs;
- client demand for consultancy and training services in particular industry sectors;
- high levels of demand to study at RMIT by international students; and/or
- because they are recipients of Australian aid in conjunction with other United Nations or multi-lateral donor agencies in areas which match the interests and capabilities of RMIT.

Through adopting a targeted country strategy RMIT has built a very significant profile and strong brand recognition in several countries in our region and this also provides a solid base to leverage for growth. Targeted or priority countries and regions:

- **China**
  China is a major market for RMIT with high demand for vocational education and training, degree programs and professional training by partner universities, state owned enterprises and individual students wishing to study both in Australia and in China through flexible delivery. RMIT has been established in China for over 10 years with partnerships with educational institutions and government instrumentalities in Wuhan, Shanghai, Nanjing, Tianjin and Beijing. Membership in the Global University Alliance (GUA) with NextEd has positioned RMIT to deliver higher education programs in IT and Business mixed mode in learning resource centres globally with a priority focus on Asia. RMIT has also been involved in a number of poverty alleviation and capacity building projects in China in the health and vocational education sectors and in assisting the Chinese government prepare for entry to the WTO. Between 2001 and 2003, the biggest growth in international higher education enrolments at RMIT has been in students from China (excluding SAR and Taiwan) and India.

- **South East Asia**
  RMIT has a well-established presence in South East Asia and in particular in Malaysia and Singapore through the delivery of offshore programs with partner institutions. The Singapore Institute of Management is a long standing and very significant partner with the majority of RMIT’s offshore students. Partnerships also exist in other countries such as Indonesia, Thailand and the Philippines and this region remains one of the major sources for onshore international students. More recently RMIT has become increasingly active in aid programs in Indonesia and the Philippines in the governance (management and finance), environment and health sectors.

- **The Pacific Region and Papua New Guinea**
  This region is a major recipient of Australian aid and RMIT has increased its involvement in these regions. RMIT for instance is building on its partnership with

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31 Ibid.

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the University of PNG to deliver a significant capacity building program in the aviation sector and also provides a diverse range of training services to Pacific Island countries through AusAID in-country training programs.

- **South Asia**
  India, Bangladesh and Sri Lanka are growth markets for RMIT particularly for onshore international student recruitment. RMIT has also participated in aid projects in the VET sector in India in recent years.

- **Southern Africa**
  RMIT is also engaged through aid projects in Southern Africa - in particular in the VET sector South Africa and Mozambique- and there is increasing student demand from countries in East Africa (Botswana, Kenya and Zimbabwe) to study at RMIT in Melbourne.

- **Vietnam**
  RMIT International University Vietnam has been established in Ho Chi Minh City with Vietnamese Government support. RMIT’s in-country presence will also enable increased participation in development assistance projects and community-based research projects and places RMIT as a particularly favoured institution for further engagement with other countries in the region.

- **Europe**
  Europe is one of the key developing markets being targeted by RMIT for student recruitment. RMIT’s activities in Europe have traditionally been in interaction through academic and research networks and exchange agreements. Over the recent past there has been increasing focus on recruitment of onshore students, including study abroad. Numbers of students coming from European countries to study at RMIT increased from 198 students in 2001 to 248 students in 2002 (a rise of more than 20%). There are also increasing numbers of RMIT students choosing to study in Europe. The most popular destination is the UK, followed by Sweden. There appears to be considerable movement of staff to and from Europe.

4.1.3 **RMIT’s International Operations**
In 2002, RMIT enrolled 7114 onshore and 6,257 off-shore, a total of 13,371, international higher education students and 1,691 onshore and 1646 offshore, a total of 3,337, international VET students.

In 2002, RMIT earned $102.7m (2001: $102.2m), or 19% of total revenue (2001: 21.1%), from fee-paying overseas students compared with $115m by UNSW and $110m by both Melbourne and Monash, the other Australian universities with very very large international student recruitment. Fee-paying overseas students enrolled in TAFE accounted for 3% of total RMIT revenue while those enrolled in higher education accounted for16%, compared with 3.5% and 17.6% respectively in 2001.

The dominant sources of international students at RMIT are South East and North East Asia. In 2002, South East Asia accounted for 74% of higher education students and 46% of VET students while North East Asia accounted for 9% and 33%
respectively. The largest growth in enrolments nationally between 2000 and 2001 (not shown in Table 1) was from China, India, US and Norway\textsuperscript{32}.

Overseas Higher Education Student Enrolments by Country of Permanent Residence, Australia and RMIT:

<table>
<thead>
<tr>
<th>Country (a)</th>
<th>Australia</th>
<th>RMIT</th>
<th>RMIT as % of Aust 2001 enrolments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>3,542</td>
<td>18,277</td>
<td>3923</td>
</tr>
<tr>
<td>Malaysia</td>
<td>7,294</td>
<td>16,344</td>
<td>966</td>
</tr>
<tr>
<td>Hong Kong (SAR of China)</td>
<td>5,137</td>
<td>15,719</td>
<td>1259</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2,270</td>
<td>9,619</td>
<td>1046</td>
</tr>
<tr>
<td>China (excludes SAR and Taiwan Province)</td>
<td>1,558</td>
<td>8,018</td>
<td>487</td>
</tr>
<tr>
<td>India</td>
<td>334</td>
<td>5,485</td>
<td>499</td>
</tr>
<tr>
<td>USA</td>
<td>626</td>
<td>3,548</td>
<td>92</td>
</tr>
<tr>
<td>Thailand</td>
<td>695</td>
<td>3,259</td>
<td>185</td>
</tr>
<tr>
<td>Taiwan</td>
<td>0</td>
<td>2,687</td>
<td>136</td>
</tr>
<tr>
<td>Norway</td>
<td>8</td>
<td>2,527</td>
<td>40</td>
</tr>
<tr>
<td>Subtotal</td>
<td>21,464</td>
<td>85,483</td>
<td>8643</td>
</tr>
<tr>
<td>Other countries</td>
<td>12,944</td>
<td>26,859</td>
<td>1491</td>
</tr>
<tr>
<td>Total</td>
<td>34,408</td>
<td>112,342</td>
<td>10,134</td>
</tr>
</tbody>
</table>

Source: DEST Selected Higher Education Student Statistics.
Note: The order of the top 10 Countries was determined by their number of overseas student enrolments nationally in 2001

\textbf{4.1.4 RMIT Development and Support Activities}

RMIT is making an important contribution to development and aid programs in a number of countries. Examples include poverty alleviation and capacity building projects in China in the health and vocational education sectors and in assisting the Chinese government prepare for entry to the WTO. More recently RMIT has become increasingly active in aid programs in Indonesia and the Philippines in the governance (management and finance), environment and health sectors and in development projects in Southern Africa, Papua New Guinea and the Pacific Island countries.

RMIT also makes contributions to social and environmental development through activities such as the Centre for Global Sustainability; research concentrations in environmental sustainability, globalisation and cultural diversity, and social; development; academic programs such as Master in Social Science [International Development] and Bachelor of Arts (International Studies); the university’s wide ranging international networks and through capacity building projects in developing countries.

\textbf{4.2 Further prospects for RMIT}

The external environment for RMIT’s international activities is changing as it is influenced by the continually growing global demand for education, the commitments that Australia and other countries have made within GATS, Australia’s recent entry into trade agreements with Singapore and Thailand and its intention to negotiate

\textsuperscript{32}The large growth in Norwegian students can be attributed to the introduction of a government policy which significantly subsidises overseas study through a voucher system.
bilateral agreements with other APEC and ASEAN countries and the passing of the legislation linked to the Nelson agenda. It is likely that the social, cultural and economic exchange between Australia and Asia-Pacific countries in which RMIT has a presence will grow.

There will be greater mutual recognition of professional qualification, making overseas study/work or study/work at a foreign institution within another country more attractive. The liberalization of laws pertaining to alliances, joint ventures and partnerships will make it easier for Australian institutions to establish a commercial presence in other countries. However, internal regulations linked to the national interest of the host country and Australia’s own quality regulatory frameworks will make offshore provision of educational services more resource intensive.

The impact of trade liberalisation will not impact only on RMIT’s provision of services to international students. It will also open up new alliance possibilities within the Australian market and new competition for domestic students. Increased student mobility resulting from the implementation of OS-HELP for Australian students provides an opportunity for RMIT to leverage its established network of relationships, partnerships and alliances with overseas institutions.

The following trends and possibilities will be relevant to RMIT in the short to medium term:

- Increased Study Abroad activity, both inbound and outbound.
- Greater regulation of offshore provision through alliances with foreign private providers, with continuing new opportunities for further alliances and partnerships.
- Greater competition internationally and domestically in wholly on-line distance education programs from US private providers.
- Potential for alliances with offshore institutions for provision of programs in Australia to domestic and onshore international students.
- Little easing of Australia’s student visa regime for onshore students, as Australia has made no commitments relating to the presence of natural persons.
- As Australia has made no GATS commitments related to the national treatment on commercial presence, the Australian government can choose whether any government funding, including FEE-HELP, maybe directed to foreign institutions. But the Nelson legislation will encourage further domestic private provision in VET and ultimately in higher education.
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RMIT University web page (2003) Europe Framework


About the Institutional Research Consultancy Unit (IRCU)

The main function of the IRCU is to coordinate the collection, organisation and analysis of institutional data and other quantitative and qualitative information to support institutional management, operations, decision-making and planning functions of RMIT University.

IRCU is also engaged in applied educational research, performance measurement, evaluation and assessment; and is proactive in the study and advancement of higher education. For more information see:

http://www2.rmit.edu.au/departments/planning/ircu

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