An overview

GATS and Tertiary Education Seminar

RMIT University

About the Forum

RMIT hosted a seminar on GATS and tertiary education on Tuesday 29 April, 2pm-5pm, Storey Hall.

The seminar was sponsored by:

- The Globalism Institute;
- RMIT International Office; and,
- The Institutional Research Consultancy Unit (IRCU).

This seminar was advertised via: the RMIT weekly update; email to all Executive, Deans and Heads of Department; and, via a number of professional networks.

In total, 64 people attended, including representatives from: the Department of Foreign Affairs and Trade (DFAT); the Department of Education, Science and Training (DEST); the Victorian Department of Education; the National Tertiary Education Union (NTEU); and, a number of other universities (RMIT, Deakin, La Trobe, Melbourne, Monash, UniSA, Swinburne and Sydney).

The five key-note speakers at the conference were:

- Associate Professor Ann Capling (Department of Political Science, University of Melbourne): **Australia and the GATS: Servicing whose interests?**
- Dr Christopher Ziguras (Research Fellow, RMIT Globalism Institute): **The GATS debate so far: major players and major issues**
- Robert Stevens (Director APEC/WTO/Asia, DEST): **The Doha Round education services negotiations – an update**
- Dr Grant McBurnie (Executive Officer for International and Public Affairs, Monash University): **What does GATS mean for Australian education exporters?**
- Dr Carolyn Allport (National President, NTEU): **The roles of Australian providers and the roles of NGOs.**
Summary of Presentations

Ann Capling provided an overview of the history of multilateral trade liberalisation, with particular reference to the role of powerful business lobbies in setting agendas.

Traditionally services tended to be consumed both immediately and proximately (i.e. at the time and place they were produced, so there was limited international trade. However, economic developments from the early 1980’s onwards broke this nexus between immediate and proximate production and consumption.

Reasons for the relevance of GATS included developments in ITC (enabling services to be delivered across borders), deregulation and privatisation of service industries (leading to these services no longer being limited to domestic provision) and the desire by multinational corporations for standardisation in service provision.

Services have become more important in domestic economies.

The above developments led to the need for GATS (originally driven in a selective fashion by USA in areas where it had a competitive advantage). In Australia’s case, there was an early concern that (a) our reliance on service exports may make us vulnerable to bilateral deals and exemptions, particularly in the context of the USA/Australia trade negotiations, and (b) that areas of cultural, social or welfare policy importance, such as health, may replicate the original GATT framework.

Ann further identified that it would be more advantageous for Australia to enter multilateral (GATS-type) agreements on tertiary education rather than pursue bilateral agreements as the former are rules-based whereas the latter are negotiated on the basis of the relative strength of the two parties. A GATS agreement may be of additional value because it applies to investment as well as trade, and because of the policy of non-discrimination (i.e. smaller members of WTO obtain benefits negotiated by larger members) and because it is potentially a forum for future regulation.

Christopher Ziguras looked at the specific implications of trade liberalisation for tertiary education in Australia, which include potentially opening funding schemes such as PELS to overseas students in Australia as well as to Australian students overseas.

There was a discussion of the modes of supply, noting that two thirds of Australia’s current education exports are in the category of consumption abroad (i.e. international onshore students).

Chris outlined Australia’s commitments so far, in terms of market access and national treatment.

Chris also pointed out that some components of GATS have already been present in Australia for some years and the adverse effects foreseen have not eventuated: Chris therefore suggested that GATS in the tertiary education need not necessarily be disadvantageous. Australia and New Zealand have a relatively liberalised trading approach in education. There has been general support from Australian institutions for this approach.
Potential criticisms of a GATS approach were also identified, including the possibility that social needs may not be met, the difficulty of modifying commitments, the ability to develop local expertise and a negative impact on policy options.

**Robert Stevens** provided an overview of the international negotiations on liberalising tertiary education, identifying Australia's two strategies which were firstly, to "concede nothing", and secondly, to target specific legislation in 19 specific countries with a view to having that legislation superseded so that the tertiary education market there is opened up. This analysis was based on a detailed "barrier mapping" exercise carried out by DEST which had identified all the barriers to cross-border education on a country-by-country basis.

Robert also identified the reasons for Federal government strategy development in education (a major exporter and employer) and emphasised that market access arrangements have only been entered for the private sector.

The WTO education alliance of which Australia is a part is a diverse grouping of countries who may be interested in entering into arrangements beyond the WTO arrangements. This group is facilitated by Norway.

**Grant McBurnie** discussed some of the specific requests made by the United States on tertiary education liberalisation and identified that GATS incorporates risks to institutions as well opportunities for offshore expansion (legal, sovereign and financial risks), through effective planning. Grant also identified the entry of China into the WTO and Singapore's stated intention of becoming a regional hub for tertiary education as significant factors in the development of the tertiary education market in the region. Challenges include ensuring high quality of education in this liberalised trading environment and ensuring that students are the beneficiaries.

**Carolyn Allport** identified that we do have options. Most commitments to date have gone to market access, but even these commitments are circumscribed, because of subsidies and the regulatory role of government. She discussed the risks to employment levels and cultural diversity in the education sector that GATS poses as well as identifying that the GATS agenda is being set by providers, not customers (students) or employees (staff), who have particular interests to be protected, particularly in offshore delivery, where the important nexus between teaching and research may be broken.

Trade rules will continue to exist outside GATS and existing regulations may also have to pass trade tests. Commitments made to GATS do not necessarily cover all areas of new education, as commercialisation tends to undermine the public status of public education, when it is pushed to provide private services. Carolyn also contrasted the differing interests which sought short-term economic gains and long-term capacity building respectively and the possibility of developing alternative frameworks, via non-government organizations.
Web links

ES – GATS Volume I
http://www2.rmit.edu.au/departments/planning/ircu/gatsforum.php

Further information on detailed issues relating to GATS:
Department of Foreign Affairs and Trade:
World Trade Organisation – General Agreement on Trade in Services
http://www.wto.org/english/tratop_e/serv_e/serv_e.htm