

DRAFT

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OECD/US Forum on Trade in Educational Services

**What might be the outcomes of the current GATS negotiations
on trade in educational services?**

Workshop I

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Discussion Paper

International trade and cross-border investment activity in educational services have grown rapidly in recent years, fuelled by technological advances, rising world-wide demand for post-secondary education and specialised training and mounting evidence of the strong economy-wide returns flowing from investments in human capital in a globalising world economy. At the same time, the advent of the General Agreement on Trade in Services has focused attention on the market-oriented aspects of trade and investment in higher education services. Current negotiations under the GATS provide one means of addressing a number of issues likely to affect prospects for continued internationalization of education services, encourage the continued development of new education service offerings and means of delivering such services around the world and tackle some of the obstacles that stand in the way of greater internationalization.

Much of the recent process of internationalization in higher and specialized education services has occurred outside a trade policy framework, and education remains, alongside audio-visual and energy services, one of least committed sectors subject to GATS coverage. This reflects both regulatory precaution in a sector where political sensitivities run high in most countries as well as the continued importance of governmental supply in education services.

Four WTO members – Australia, Japan, New Zealand and the United States – have to date tabled negotiating proposals on the role they believe the GATS could usefully play in promoting the continued internationalization of education services. These proposals share a number of similarities in that they seek the removal of obstacles to higher education, while respecting each country's role in prescribing and administering appropriate public education for its citizens. Thus, issues such as the funding of education and policies regarding admissions, scholarships, grants, tuition, and curriculum content would not be subject to the GATS negotiations, and governments are expected to continue to play a strong role in education. The U.S. proposal is limited to higher education and training services, whereas the Australian and New Zealand proposals would apply to education at all levels. Japan's proposal stresses the importance of maintaining high quality education and the protection of consumers, while considering measures to achieve international equivalence of degrees and diplomas.

The purpose of this Workshop is to encourage greater awareness and mutual understanding among all interested stakeholders on some of the key policy issues that have arisen in the public policy debate over trade and investment in education services and the possible role and impact of GATS negotiations in the sector. The discussion themes listed below are put forward as a means of structuring the debate. The list of themes is by no means exhaustive, and participants are encouraged to raise other relevant issues.

Discussion Themes

- 1) What is the relevance of “public” and “private” provision of education services?
- 2) What benefits can result from the removal of obstacles, such as:
 - prohibition of higher education by foreign entities?
 - local partnership requirements?
 - foreign ownership limitations?
 - local presence requirements?
 - restrictions on electronic transmission of education and training services?
 - lack of procedures for authorisation of foreign entities?
 - non-transparent regulations and unfair administration of regulations?
 - discriminatory treatment?
- 3) How can governments be assured that the WTO will not interfere with:
 - funding and tax policies regarding educational institutions?
 - regulatory autonomy?
 - policies on admissions, scholarships, grants, tuition fees, curriculum?
 - cultural and religious sensitivities?
- 4) What can be done to advance the process of course credit and degree recognition at the international level?
- 5) Will removal of obstacles result in accelerating the operations of “diploma mills”? What can be done to provide quality assurance and consumer protection?
- 6) What is the role of the World Trade Organization in education, compared to other international bodies?

References

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