



Council of Ministers of Education, Canada
Conseil des ministres de l'Éducation (Canada)

OECD/US Forum on Trade in Educational Services
Washington, DC
May 23-24, 2002

Canadian Delegation Report

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Introduction

The OECD Forum was organized jointly by the OECD, the US Departments of Education and Commerce, the Centre for Quality Assurance in International Education (CQAIE) and the National Committee for International Trade in Education (NCITE). The Forum Web site is at <http://www.oecd.org/EN/document/0,,EN-document-4-nodirectorate-no-20-25748-4,00.html>. Other sponsors included the World Bank, the U.S. Department of State, and the Office of the U.S. Trade Representative.

The first day took place mostly in plenary, with two hours scheduled for workshops at the end of the day. The second day took place entirely in plenary. Papers were distributed prior to or during the Forum, and are available from the CMEC Secretariat on request. The Forum was open to countries who are not members of OECD and NGOs. The objective was to engage in dialogue and exchange information.

Some weaknesses of the forum were evident in the structure and narrow choice of speakers. The structure of the conference did not lend itself to dialogue, but a change of format on the second day did allow for some questions. All panellists but one, except for the last session, were male, and none represented students or teaching faculty. The OECD recognized these gaps and indicated that any future forums would consider these issues. Although presentations did not differ much from the written submissions, it did allow for an opportunity to get an indication of current thinking, understand various country positions and differences, and meet people involved in the issues.

Canadian Delegation

The Canadian delegation had four members – Mr. Kevin Costante, Deputy Minister, Ministry of Training, Colleges and Universities, Ontario; Mr. Yvan Dussault, Sous-ministre adjoint à la planification, Ministère de l'Éducation; Ms. Sheila Molloy, International Desk Officer, Council of Ministers of Education, Canada; and Ms. Karen Kennedy, Policy Advisor, Department of Foreign Affairs and International Trade. In addition to the official delegates (a term required by the organizers), there were many other Canadians there: Mr. Marcel Ross, responsable de dossier, direction de la recherche, Ministère de l'Éducation, Québec; Madame Valérie Bisson, conseillère à la direction de la politique commerciale, Ministère de l'Industrie et du Commerce du Québec; Mr. Louis Lizotte, National and International Liaison, Policy and Program Branch, Ontario Ministry of Education; Mr. Harvey Weiner, Deputy Secretary General, Canadian Teachers' Federation; Mme Anne Bernard, Conseillère aux affaires nationales, Bureau du Québec à Washington, Ministère des Relations internationales; Mr. Daryl Hanak, International Trade Counsel, Ministry of International and

Intergovernmental Relations, Alberta; Mr. François Dionne, International Investment and Services Policy, Industry Canada; and Mr. Michael Conlon, representative of the Canadian Federation of Students. There was no difference between “official” delegates and other participants, the designation being merely a formality required by the organizers.

The objective of the Canadian delegation was to gather as much information as possible in order to provide ministers of education with the latest analysis of the issues for their meeting in October. Ontario and Quebec are leading a Working Group whose mandate is to monitor the negotiating process and report back to ministers at their next meeting.

Highlights of the Forum

- The U.S. Deputy Assistant Secretary for Commerce, Douglas B. Baker, stated that service industries, tourism, and finance represent 75% of the US economy and that the goal of GATS, from an American perspective, was to create a world trading environment where US companies can act with minimal government interference.
 - Education and training are the fifth among export services and constituted \$10.7 billion in 2000.
- The Secretary-General of the OECD, Donald Johnston, emphasized the increasing demand for access to postsecondary education — an increase of 11% between 1995 and 1999 in OECD countries alone.
 - Higher education represents \$30 billion, or 3% of the total trade in services in OECD countries.
 - The number of students worldwide will increase from 45 million in 1990 to 250 million in 2025.
 - In developing countries, financial constraints impede universities from providing a solution, with the result that students, programs, and providers are moving across borders.
 - Increased exchange brings economic benefits, better understanding of cultures, building of networks, exchanges in knowledge.
 - GATS is a highly flexible framework whereby countries retain full freedom as to the service on which to make commitments.
 - Two policy issues raised by ministers of education at their OECD meeting in April 2001 — quality assurance and e-learning, where the difficulty and costliness of producing high quality materials was recognized, but that a growing supply would raise questions of regulation.
- The Assistant US Trade Representative, Joseph S. Papovitch, pointed out that cross-border services worldwide amount to \$1.5 trillion per year. The US is attempting to get countries to make commitments and its aims are promoting transparency and working toward future commitments.
 - He spoke of The Five Great Fears, although he did not succeed in convincing those who oppose GATS that the fears are unfounded.
- The representative of the OECD Trade Directorate, Pierre Sauvé, emphasized that primary and secondary education are outside the scope of GATS, as are services carried out in the course of governmental authorities. He informed participants that three service areas – entertainment, energy, and education – had the lowest rate of country commitment.

- His main message was that the situation was not likely to change and that GATS would not be a driving force of liberalization, at this time.
- He dismissed common questions as nonsense, labelling them The Seven Fallacies. He maintained, on the one hand, that the GATS process was open and transparent, and, on the other hand, stated that one needed to be an insider to understand how the agreement functions.
- Other panellists pointed out the problems of transferring qualifications. Some urged a role for government outside trade negotiations, such as the UNESCO/Council of Europe Lisbon Convention (on recognition of credentials), and reference to the Bologna Declaration of the EU (higher education is and should remain a public good).
- Some urged a clear differentiation between “higher education” and “training,” saying that there was a role for GATS in the latter.
- The Friday morning session was dedicated to challenges for quality assurance and to presenting case studies in new cross-border educational delivery modes.
- The Friday afternoon session highlighted two ministerial presentations (Belgian and Norwegian) that made it clear there was a difference of opinion among EU countries. The Belgian minister eloquently described in French her reasons for not supporting GATS. She also referred to “elements of analysis” (*éléments d’analyse*) rather than fears, that is, the issues to which those who are wary of GATS would like answers. The Norwegian minister was equally eloquent in her support of GATS, saying that Norway had made GATS commitments with respect to education during the Uruguay Round. Norway had therefore experienced free trade in education for six years and had not had any negative experiences.
- The third speaker was from the Center for Quality Assurance in International Education and the International Network of Quality Assurance Agencies in Higher Education. Dr. Marjorie Peace Lenn was one of the organizers of the Conference, whose presence was very much felt during the proceedings. She indicated during her presentation that the US Senate had awarded President Bush Trade Promotion Authority (fast track authority).
- Clearly, some consider that alternative mechanisms to GATS (the Lisbon Convention, for example) might be more appropriate in dealing with barriers to trade in Modes 1 (cross-border supply), 2 (consumption abroad), and 4 (presence of natural persons); but that GATS is a more appropriate mechanism for dealing with barriers to Mode 3 (commercial presence).

In his summation, John Martin, Director General of Employment, Labour, Social Affairs and Education at OECD, noted that there were three elements to the follow-up:

- Data and indicators – the Technical Group of INES is taking on the task of improving data in this area; information is needed on new developments, such as e-learning.
- Monitoring should be maintained – what is new, what is working, and there is a role for the IMHE (Institutional Management of Higher Education) program of OECD.
- Forum in Europe in about 12 months’ time, where these issues will be raised again.

He mentioned that the summary of discussions would be on the OECD Web site in a short while <http://www.oecd.org/EN/document/0,,EN-document-4-nodirectorate-no-20-25748-4,00.html>.

Considerations for Canada

As far as the negotiating process is concerned, June 2002 remains the deadline for countries to file initial requests of other countries for trade in education services under GATS. This will constitute the bilateral phase of negotiations, but it is not clear how transparent this phase will be.

The CMEC working group on GATS is mandated to inform ministers of GATS progress and will be reporting to ministers periodically. Any decisions will be shared with C-trade officials, as well as officials of the Department of Foreign Affairs and International Trade.

Reports on the Workshops

WORKSHOP 1: *What might be the outcomes of the current GATS negotiations on trade in educational services*

With: Bernard Ascher, Director, Office of the U.S. Trade Representative
 Pierre Sauvé, Director, Trade Directorate, OECD

Discussions in this workshop were very animated because of the presence of representatives from organizations with, traditionally, diametrically opposed views.

It was pointed out that a review of the liberalization proposals made so far could give an idea of requests likely to be filed by June 30, 2002. Mr. Sauvé noted that only four of the 120 negotiating proposals filed at that time dealt with education services. Further, a review of the content of these four proposals did not indicate any likelihood that any requests concerning elementary and secondary education would be filed.

Mr. Sauvé stated his belief that GATS could be helpful in creating conditions conducive to investment (mode 3—commercial presence), but that it was up to countries to decide whether or not to move forward. However, GATS offers no solutions for other issues such as visas, but merely creates a framework of rules to encourage the signing of agreements between countries, institutions, etc. In other words, GATS might play more of a complementary role in education.

Mr. Ascher noted with approval the suggestion that GATS was no panacea. However, he stated that much could be done in respect of mode 3. He addressed the US proposal and asserted that there was no intent to disturb admission policies, tuition, scholarship and bursary programs, nor the regulation of the education system. Throughout these negotiations, the United States intends that countries retain the right to regulate to protect the health and safety of citizens and public morality.

Student representatives present (from the UK and Canada) expressed several concerns, especially with a negotiating process they described as closed. They also asked why some GATS definitions could not be improved, especially that of “services provided in the exercise of government authority.”

Mr. Ascher replied that there is strong worldwide demand for education services and that he felt the time had come to make mode 3 commitments before barriers to investments are erected. In addition, he stated that GATS negotiations are spurring the world of education to self-assessment.

In his reply to the student representatives, Mr. Sauvé stressed that interpretive notes on certain GATS definitions might be adopted following negotiations.

WORKSHOP : *National Policies to Promote Trade in Educational Services*

With: Hermann Mueller-Solger, Directorate for International Affairs, Ministry of Education, Germany (Chair)
Director Josephine Ludolph, U. S. Department of Commerce
Mike Gallagher, First Assistant Secretary, International Group, Department of Education, Science and Training, Australia
Wu Degang, Director-General, Department of Policy Research and Legislative Affairs, Ministry of Education, People's Republic of China
Elie Cohen, professeur des universités, conseiller auprès du Délégué aux relations internationales et à la coopération, France

Five countries participated in this workshop designed to raise awareness of national policies on the issue of exporting educational services. The following is a summary of presentations by representatives from Germany, Australia, China, the United States, and France.

Germany:

While the industry is increasing its expenditures on education, the federal government's are decreasing, and the Lander's (the state's) are remaining even. Germany forecasts that by 2009, 20% of its students will be studying abroad.

The German representative doubted the ability of GATS to resolve current problems of access, financing, and service quality in education. Germany is prepared to accept commercialization of part of some services, but such commercialization must not become a driving force of the education system. Education must remain a public service, accessible and dedicated to the formation of ideas and nations.

United States:

This United States' position was presented in this workshop by a representative of the Commerce Department, whose presentation was limited to a description of the way the U.S. Federal government promotes education. The Education, Commerce and State Departments act as **promoters** for U.S. education, while the office of the U.S. Trade representative leads international negotiations. A number of NGOs are active as well, including the American Council of Education and the Association of American Universities.

The mandate of the Commerce Department is focused first and foremost on promoting the export of services through trade missions and fairs, analyzing industry requests and working closely with the Trade Promotion Council, made up of about twenty federal agencies. The Commerce Department sees its role as promoting the United States' trade capacity, and educational services are part of that mandate. Commercialization of these services is indeed an increasing trend in international trade, with countries such as Australia driving the process.

Australia:

Despite the Australian representative's statement that education is a key function of the state, education services exports are a major element in Australia's position, from which the country derives many economic, political, and cultural benefits.

Australia bills itself as a success story: a welcoming and peaceful country offering very high quality training at affordable prices. During the 1999–2000 year, Australia enjoyed a 300% increase in student exchanges, and education services ranked third in the category of service exports, with a value of \$4 billion.

Australia's success is not the product of chance but rather the outcome of a well-planned strategy. Australia sees itself as highly competitive, which explains its desire to include certain services in the framework of an international trade agreement. However, the current situation presents a number of challenges that the international community must meet: reciprocal recognition of quality standards; service quality assurance; social impacts resulting from the commercialization of certain services; and the ability to develop communication technologies and make these accessible.

China:

The Chinese government representative described the steps taken by China over the past few years: the country is working with UNESCO, UNDP, the World Bank and UNICEF, and became a member of the World Trade Organization in 2001. Over 330 million Chinese enjoy access to education, and China is more and more open to foreign expertise. China has signed some 100 bilateral agreements with 160 countries and regions, and now allows more Chinese students to go abroad.

Despite China's recent efforts to become integrated in the international trade system, it is understood that the country is not yet in a position to contemplate the export of education services.

France:

The French representative stated that a trade policy must be defined based on market conditions. In the education sector, there is a considerable asymmetry of information between service providers and consumers and no specific measures are being taken to fill that gap. Despite the need to meet training requirements, future decisions must be made carefully.

In France, 16,000 private training organizations have been created and continuing education is now worth \$20 billion per year. This situation has led the French government to establish rules on service provision and quality assessment.

WORKSHOP 3: Promoting Access to Postsecondary Education: Meeting the Global Demand

With: Harry Patrinos, Senior Education Economist, The World Bank (Chair)
Cyndy Fitzgerald, Director, Microsoft Certification
Stamenka Uvalic-Trumbic, Chief of Section for Access, Mobility and Quality,
Division of Higher Education, UNESCO

Harry Patrinos:

Economies and labour forces need to become more flexible and responsive in order to benefit from the new economy. Technology drives much of the changes evident in today's knowledge economy. The resulting growing demand for new labour market skills in developing countries may not be met. This puts new pressure on the education systems of those countries and raises a number of challenges, such as:

- (1) *Low enrolments and decreasing public resources*: generally, tertiary education enrolment rates are low and the enrolment gap between developed and developing economies is growing. Public resources for tertiary education have decreased in real terms.
- (2) *Inequality in access*: wealthier families largely capture education benefits. This is especially the case in higher education, where upper income families are over-represented. Typically, in developing countries, the richest 20 per cent of the population captures more than 80 per cent of total education subsidies.
- (3) *Lack of quality and relevance*: the quality of tertiary education in many countries is low and the relevance of many programs is lacking.
- (4) *Globalization – knowledge economy*: equally important, most tertiary education systems do not offer students the scientific and technological literacy needed to respond to the challenges posed by the knowledge economy.

Stamenka Uvalic-Trumbic:

The universal declaration of human rights stipulates that higher education should be accessible to all on the basis of merit. Moreover, higher education is a public service and not a product. Trade liberalization in higher education may involve risks of inequity, discrimination, and a deepening of the digital divide. Internationalization of higher education is positive, however, and it is important to reduce the obstacles faced by institutions outside a trade policy regime.

However, trade is happening already and developing countries are more and more involved in the knowledge economy. This change must be faced through a change of framework, especially a new quality assurance agency for offshore provision of higher education and the meeting of local quality assessment for foreign providers.

UNESCO conventions and the GATS both promote transborder higher education and the reduction of obstacles to mobility, but there is a big difference in their approach. The GATS promotes the trade liberalization of higher education for purposes of economic profit, whereas UNESCO promotes a non-profit internationalization concerned with full respect for cultural diversity and with the right to education for all.

The issue is thus to promote “fair trade,” a globalization that is made to work for all. Dialogue between all stakeholders is essential in this regard and will be promoted by UNESCO through a global forum on international quality assurance on 21-22 October 2002 in Paris.

Cyndy Fitzgerald:

IT training has developed dramatically over the past twenty years. In the mid-'90s, there was a shift to CD-ROM training and early e-learning attempts. Since the late '90s, IT training is not only paper-based but also delivered through CD-ROM and e-learning. Computer-based assessment, which represents a big part of the area, can be done anytime and anywhere.

The vision underlying this development was that there should be no barriers, that people should have the tools to acquire and assess skills anytime and anywhere. In fact, few commercial barriers have been encountered and Microsoft certification has been developed in more than one hundred countries and in multiple languages.

The pricing model is based on the capacity of regional economies and often offers training at a break-even price and sometimes even at a loss. The main issue in the area lies in the protection of intellectual property, in the fight against piracy of training and exams.

IT needs to provide training just-in-time, with each new product launched necessitating related training. It thus corresponds to a new model of training, contrasted in the following table with traditional higher education:

<i>Higher Education</i>	<i>Corporate Training</i>
College/university	Technical education centre
Degree focused	Multiple credentials
Terminal	Ongoing
Expanding offerings	Offerings already global

Discussion:

Harry Patrinos and Stamenka Uvalic-Trumbic clarified the positions of the World Bank and of UNESCO on aid and trade in higher education and on the way they connect trade and the reforms of higher education systems:

- The World Bank supports trade as beneficial to its client countries and stresses the importance of higher education, but it is still in "learning mode" as far as trade in higher education is concerned.
- The World Bank works with member countries to strengthen their position in the knowledge economy and hopefully benefit from the global knowledge exchange.
- UNESCO is in "learning mode" too. There is still an opacity of the implications of the GATS negotiations. UNESCO should shortly clarify its position in a coming paper.
- There is no intention on the part of UNESCO to develop a "super-accrediting" body, as it was wrongly stated in the press.

Discussions of participants on meeting the demand:

- The problem differs from one country to another. The problem may come from a lack of supply, but for many World Bank clients the difficulty in meeting the demand comes from a lack of finance.

- Developing countries will have difficulties in meeting the demand for higher education because neither the private nor the public sector is capitalized enough. One possibility would be to develop a third sector, neither public nor private, which could be called the “social sector” and would rely on young scholars, new technologies, and possibly internationalization. This sector could be more cost-effective than the public one, overburdened by unions protecting the interests of the administrative staff in a country like Mexico.
- Some alternatives to higher education could be investigated.
- Whereas IT represented an opportunity to deliver education at a highly reduced cost compared to traditional learning a decade ago, it has become more and more expensive and no longer appears as a means of significantly reducing the cost of education delivery. Moreover, it still raises strong quality issues.
- However, e-learning can offer new and great opportunities for the learning process that cannot be provided by traditional delivery of education.

Discussions on quality assurance:

- Quality assurance appears as one of the main issues for the trade in educational services. Quality standards are not always met in transnational education, in OECD as well as in developing countries.
- As it increases, mode 2 delivery of education requires quality control and sanctions against people and institutions abusing the situation.
- In some countries, people are exploited either through the sale of fraudulent degrees or through the replication of what looks like a legitimate educational institution but is not. There is a need for valid and accurate information on degrees and institutions, and for an interface between work and education that would prevent people from being gouged. Getting a degree does not indeed necessarily lead to a job.

Discussions on brain drain:

- Eastern Europe as well as most World Bank clients in Latin America face brain drain related to the mobility of students. The financial aid of the World Bank to client countries is largely outweighed by the loss of human capital to the benefit of OECD countries.

Discussions on GATS:

- Many of the issues raised by the growing demand (like access and equity issues) cannot be tackled by the WTO but must be answered by the countries themselves.
- The GATS could help identify whether the global demand is unmet because of barriers or not. If there are no barriers, internationalization could be done outside of the GATS framework.
- Progress will be achieved through dialogue between and among all stakeholders, including unions, teachers, and all students (i.e., students in developed as well as in developing countries, traditional students as well as lifelong learners or adult students).

WORKSHOP 4: *International Competition: Implications for Educational Providers and Students*

With Dr. Peter West, Secretary, University of Strathclyde (Chair)
Immediate past Chair of the OECD Programme on Institutional Management in Higher Education (IMHE)
Jacob Henricson, Former President, National Union of Students in Europe
Dr. Per Nyborg, Chair of the Committee for Higher Education and Research, Council of Europe

Peter West:

Inaccurate perceptions about WTO initiatives (“5 fears/7 fallacies”) lead many to consider globalization/internationalization as a threat.

The risks for education are real and can be listed under several headings: homogenization of education systems; loss by institutions of their best faculty and students; quality assurance; link with State mission; etc.

Therefore, we must take time to see how GATS practices evolve, to identify promptly what needs to be protected in education, to reach consensus and develop new regulations, without pressure from GATS/WTO.

Per Nyborg:

There is agreement on the need for European cooperation in higher education.

In parallel, there is a *need for each State* to review and reevaluate its own situation in the context of international cooperation.

The main issues to address are quality improvement; protection of education consumers (students and national systems); recognition and equivalency for credentials; and information on education systems throughout the world.

Most issues can be addressed in reference to international conventions (such as UNESCO’s) as well as to codes of good practice relating to quality standards and control. This priority task is incumbent on each State. Multinational regulations must respect national rules and cultures that have grown up over the years in each country.

Jacob Henricson:

Students’ concerns focus on certain key themes:

- Education is not a “product” and students are not “consumers of education.”
- The market approach to education excludes most of students’ potential.
- There is a lack of understanding of student organizations.

Conflict arises in part from the exclusion of students from decision-making and the lack of transparency in the existing system.

What is the perception of GATS? GATS increases and amplifies the “market” focus by making profit the driver of international trade in education. GATS is unable to clarify the future consequences of its initiatives. GATS ignores the fact that education has a greater need for help and support than for international regulation. The advocates of GATS continue to minimize and ignore criticism and consistent protests both from students and universities themselves. They seem unable to budge from the language of commercialization.