



**Asia-Pacific
Economic Cooperation**

2018/GOS/SYM/017

Education Services

Submitted by: ISEAS-Yusof Ishak Institute



**Symposium on Services Trade
Singapore
30 May – 1 June 2018**

APEC Symposium on Services Trade: Education Services

Tham Siew Yean

Senior Fellow

ISEAS-Yusof Ishak Institute



Outline

- ❖ The role of education and human capital development in promoting long-run growth and shared prosperity;
- ❖ Contribution of trade in education services, such as higher education and VET, towards achieving above objective;
- ❖ Cooperation policies to promote a more integrated regional education markets

Role of education and HCM in promoting growth

- Human capital view of economic development:
 - ❑ Education prepares workers with skills needed in an economy.
 - ❑ If you invest in people's education, then incomes will develop.
 - ❑ Previously, the focus was on primary education, since more people can be reached with the same investment.
 - ❑ Since 2000 there has been an increasing understanding that higher education plays a key role in economic development.
 - ❑ Higher education increases skill and knowledge - professionals across all sectors – doctors, teachers and engineers and results in higher income
 - ❑ Includes TVET for preparing people with skills needed for gainful employment

Role of education and HCM in promoting growth: Continued

- Human capital view of economic development:
Some caveats
 - ❑ Empirically, many studies do not support the conclusion that the correlation between education and economic growth is significant.
 - ❑ Due to a lack of **human capital measures: empirical researches are more interested in years of schooling (quantity) than quality.**
 - ❑ **Demand side issues** – HC theory presupposes that people are going to get jobs and that there's something that's actually driving the development.
 - ✓ **How do jobs get created?** How do countries take on new technologies and become effective producers?
 - ✓ Broader issues beyond supply alone

Contribution of trade in education services, towards skills development and growth: Mode 1

- Each mode of trade in education service can contribute in different ways towards the development of human capital and skills development in a country

Mode of Delivery	Main Feature	Contributions
Cross Border Supply (CBE – Mode 1)	Program mobility Examples: <ul style="list-style-type: none">✓ Franchising and twinning arrangements;✓ Online education	<ul style="list-style-type: none">✓ Enhance access at a larger scale;✓ Promote universal access (to the extent it remains affordable)✓ Increases flexibility and availability of study programs – can be used to promote life-long learning

Issues in Mode 1

- Internet infrastructure;
- Local presence requirements;
- Restrictions on cross-border information
- Regulatory challenge of ensuring minimum standards of quality

Contribution of trade in education services, towards skills development and growth: Mode 2

Mode of Delivery	Main Feature	Contributions
Consumption abroad (Mode 2)	✓ Student mobility: Studying in another country	✓ Increase education opportunities abroad; ✓ Access to high/higher quality education; ✓ Gain international experience; ✓ Promote cross-cultural understanding

Issues in Mode 2

- Equity: High Costs and Access is limited to those who can afford through scholarships or financed by parents:
 - Emergence of lower cost education hubs such as Malaysia;
 - Studying at regional hubs can lower cost
- Sending country to capture the benefits or attracting back home skilled HC:
 - Risks of brain drain, especially for developing sending countries
 - Incentives for graduates to return home for sending country
 - Host country may also wish to offer incentives for best foreign students to stay on to work to fill in skills gap

Contribution of trade in education services, towards skills development and growth: Mode 3

Mode of Delivery	Main Feature	Contributions
Commercial presence (Mode 3)	✓ Provider/institution mobility: Establishment of foreign educational institutions including international branch campuses and joint ventures with local institutions	<ul style="list-style-type: none">✓ Attract FDI to education sector;✓ Improve access and types of programs offered locally;✓ Improve quality and capacity domestically;✓ Reduce brain drain

Issues in Mode 3

- Requires regulatory framework to attract FDI
- Capacity to attract FDI depends on many factors including market size
- Restrictions on foreign suppliers, equity participation
- Access issues as cost is usually higher than local providers, though less expensive than Mode 2
- Migratory restrictions
- Reduce risk of brain drain

Contribution of trade in education services, towards skills development and growth: Mode 4

Mode of Delivery	Main Feature	Contributions
Presence of natural persons (Mode 4)	✓ Academic mobility: Teachers, lecturers, researchers who provide educational services abroad	✓ Increase availability of qualified teachers; ✓ Increase research opportunities and building up research capacities; ✓ More opportunities for academic exchange

Issues in Mode 4

- Migratory restrictions – Visa restrictions
- Recognition of qualifications of lecturers

Cross cutting issues

- **Regulatory Framework – Robust, trade-friendly but not burdensome**
 - **Safeguard consumers and quality of content**
 - **Consumer Protection –**
 - Role of Quality Assurance,
 - Accreditation and
 - Recognition, including MRAs
- **Equity issues:**
 - Although trade can expand opportunities for education and human capital development, equity needs to be considered carefully for the disadvantaged in each country and across regions since cross border education (CBE) is not affordable for many.
 - Instead, CBE can worsen equity issues by creating a two-tier system, **within a country and within a region.**
- **Closing the educational gap between countries will be important,**
 - So that regionalisation of higher education does not result in further brain drain. For example, with only Singapore having world-class universities, attractive fellowships and post-study employment opportunities, it is attracting the brightest minds from Vietnam, Myanmar and other neighbouring countries.

Cooperation among countries

- Regulatory frameworks:
 - Aim for transparency, non-discriminatory, with quality assurance and accreditation practices in place; information sharing and trade friendly
- In 2009, there was a mapping done on qualification frameworks was undertaken for APEC;
- Advantage:
 - An Asia-Pacific Education Framework can help support recognition of qualifications and mobility of labour and students.
- Support from members?
 - A regional framework seems to be supported as a model to relate to, not one to which the member economies should commit to or have a legal obligation.
 - The costs of aligning with a new structure especially while at an early stage of implementation of their own NQF is reported as an issue in implementation.

Cooperation on Quality Assurance

- Two networks existing currently:
 - Asia Pacific Quality Network since 2004; network of institutions (see <https://www.apqn.org/>)
 - ASEAN Quality Assurance Network, which is a network of QA in ASEAN (see <http://www.aqan.org/>)
- Possibility of an APEC Qualifications Framework as a reference point but which is non-binding since there are APEC member countries without a NQF.
- Continue sharing information on best practices and improving transparency

Cooperation among countries: Regulatory Frameworks

- Information sharing to promote transparency
 - APEC STAR Database, launched in 2010, to provide business-friendly, on-line tool to help service providers take advantage of new export opportunities in APEC economies, included education services.
 - But no longer being updated and information is archived since 2017. Latest data is 2016.
 - Alternative is to maintain a database of regulatory bodies in each APEC economy as suggested by APEC University Associations CBE Cooperation in 2014

Mutual Recognition Agreements: Promote M4

- APEC in 2017 produced a report on “Enhancing Mutual Recognition and Regional Cooperation for Skills and Job Qualifications in the APEC Region”
- Initiatives undertaken:
 1. APEC Engineer [Japan]
 2. ASEAN Mutual Recognition Arrangement (MRA) on Architectural Services [The Philippines]
 3. IT Common Examination [Japan]
 4. Washington Accord [Japan & the United States]
 5. ASEAN Qualifications Reference Framework [Malaysia]
 6. APEC Occupational Standards Framework [Australia]
 7. Pacific Alliance [Mexico]
 8. 8. Thailand Automotive Human Resource Development Project [Japan & Thailand]
- Expand scope of MRAs for further cooperation

Enhancing Access: Promoting alternative, flexible and lower cost access

- Trade to include promoting inclusiveness –
 - Promoting Massive Open Online Courses (MOOCs), which are online courses provided free by universities, which are designed by university staff with structured curricula
- Advantage of distance learning with no or limited student mobility is that it is cost effective
- Problems: Quality assurance and telecommunication infrastructure must be in place
 - APEC - Quality Assurance toolkit of online education 2017
 - [ps://aimp2.apec.org/sites/PDB/Lists/Proposals/DispForm.aspx?ID=1885](https://aimp2.apec.org/sites/PDB/Lists/Proposals/DispForm.aspx?ID=1885)
 - Enhance information sharing on QA for online education

Enhancing access: Alternative access

- Promoting TVET to meet skills of a country. Numerous issues involved here:
 - Quality issues
 - Competency standards
 - Industry involvement
 - Inter-agency coordination in implementing TVET systems
 - Relevance of TVET curricula and infrastructure
 - Financing issues
 - Quality of trainers and
 - Skills recognition

Enhancing access: TVET

- Promoting TVET:
 - APEC HR Development 2008 has already discussed the role of TVET providers in training for employees
 - Development of green skills in TVET in APEC, 2016;
- Sharing experiences of APEC member economies on how to improve implementation of TVET systems including quality assurance system that are better aligned to the needs of the labour market toward inclusive society;
- Cooperation on the development of new TVET skills for the digital age

Continue to promote academic exchanges

- There are several existing initiatives:
 - APEC University Associations CBE Cooperation;
 - Association of Pacific-Rim Universities;
 - University Mobility in the Asia Pacific;
 - ASEAN University Network
- Other initiatives to complement the above
 - Expand network to include more universities
 - Establish databank on grants, fellowships available to APEC research community

Conclusion

- Trade in education services can help to improve access and enhance quality of provision
- Cooperation is needed to address cross cutting issues such as quality, recognition, equity, and academic exchanges.
- Cooperation in turn can help promote further trade in education services