

Report of the International Education Study Team

Survey of U.S. Posts

International Education: Obstacles and Opportunities

Prepared as part of the implementation of the President's International Education Policy

February 2001

**REPORT OF THE INTERNATIONAL EDUCATION STUDY TEAM:
SURVEY OF U.S. POSTS
INTERNATIONAL EDUCATION: OBSTACLES AND OPPORTUNITIES**

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FOREWORD

As part of implementing the President's memorandum to the heads of agencies on international education policy in April 2000, an international education study team was formed, with interagency participation, to obtain and analyze information on education systems in various countries and prospects for U.S. providers to provide education and training to foreign students in their home countries.

In a trade context, the study examines conditions confronted by providers of education and training services, affecting their ability to enter foreign markets and to operate efficiently.

The International Education Study Team consisted of the following agencies and personnel:

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U.S. Department of State:	Amy Forest Patricia Norman Steve Weston
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This study was conducted by existing personnel with no additional cost to the U.S. Government.

February 2001

**REPORT OF THE INTERNATIONAL EDUCATION STUDY TEAM:
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INTERNATIONAL EDUCATION: OBSTACLES AND OPPORTUNITIES**

EXECUTIVE SUMMARY

The International Education Study Team, organized as part of the response to the President's Memorandum on International Education Policy, prepared a survey of U.S. embassies in 140 countries¹ to obtain information on obstacles to and opportunities for U.S. entities seeking to supply education and training services on a commercial basis in foreign markets. Beneficiaries of the information, with recommendations, include the Office of the U.S. Trade Representative (USTR), which used a draft of this report in formulating proposals for service sector trade negotiations in the World Trade Organization. The study was conducted by existing personnel with no additional cost to the U.S. Government. The study team developed the survey instrument, transmitted it to State Department posts around the world, and compiled and analyzed the responses.

Contrary to previous impressions, the study found that nearly all countries permit private education to exist side-by-side with public education, thus supporting a U.S. position that negotiations to remove obstacles to education and training services are intended to supplement, not supplant, public education. Generally, countries consider education to be a government function, but allow private education to supplement public education at the university and adult education levels.

Another key finding is that U.S. and foreign service providers are permitted to establish services without significant restrictions in a great many countries, but with certain ownership and operational limitations in some countries. For example, foreign service providers may be required to form a joint venture with a recognized local partner institution and/or services may be supplied only to non-nationals residing in the country.

Obstacles identified in the study include: complex and time-consuming processes for establishing education and training facilities with requirements that are particularly difficult to satisfy; prohibition on joint ventures between U.S. and local entities; limiting U.S. entities to a minority share of a joint venture on education and training.

Most posts reported that difficulties are encountered in recognition of non-national institutions and foreign degrees, which are based largely on differences in national systems and standards.

Nevertheless, the study also found that a large majority of countries permit U.S. and other

¹ The U.S. Consulate General in Hong Kong and the American Institute in Taiwan also participated.

foreign entities to engage in joint ventures in education and training with local partners; that U.S. entities are currently operating in a large number of countries, especially in MBA programs, executive, management, and leadership training programs; software, computer and information technology programs, and language training. Many posts reported potential opportunities for U.S. education and training.

Based on a draft report to the Office of the U.S. Trade Representative (USTR) in November, pertinent information from the report was taken into account in formulating the U.S. proposal on education and training which was submitted to the WTO for discussion in the negotiations.

One of the goals of the study was to develop information systematically and comprehensively about regulations on education in foreign countries and about activities of U.S. educational enterprises in those countries. A great deal of information was generated by the survey, but much more study and analysis are needed to provide a better basis for judging the commercial significance of international markets, the activities of U.S. entities, and the effect of barriers to entry and to efficient operation in those markets.

The study team also recommends that further work be done to develop information on the programs of other countries (such as Australia, Canada, and the United Kingdom) to promote “exports” of their educational institutions on a commercial basis. This will also shed more light on the value of the international market and provide a basis for comparison with U.S. efforts to seek and maintain open markets in this field.

In addition, the study team recommends that further work be undertaken to provide better measurement of the contribution made by education and training services to the U.S. balance of payments. U.S. balance of payments statistics reflect receipts from incoming students. The data, however, do not include earnings from U.S. activities to educate foreign students in their home countries.

The study team did not address international exchange of students, which is a subject of other projects in response to the President’s memorandum on International Education Policy. Focus of the study was on higher education and adult education.

In sum, in support of services trade negotiations, the survey helped to identify country practices that tend to discourage U.S. entities from pursuing education and training opportunities in foreign markets. At the same time, it gave impetus to development of a data base of foreign regulations in this field and of U.S. entities engaged in commercial education and training enterprises in other countries.

**REPORT OF THE INTERNATIONAL EDUCATION STUDY TEAM:
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INTERNATIONAL EDUCATION: OBSTACLES AND OPPORTUNITIES**

INTRODUCTION

On April 19, 2000, President Clinton issued an Executive Memorandum on International Education Policy (Attachment A). The President said the primary goals of this policy are to help the United States to meet the twin challenges of preparing our citizens for a global environment while continuing to attract and educate future leaders from around the world. This can be done by removing unnecessary obstacles to the international flow of students and scholars. As part of the President's program, an international education study team was formed, with interagency participation², to obtain and analyze information on measures in various countries affecting the ability of students to gain access to and benefit from education and training provided by U.S. suppliers (see Project Proposal in Attachment B).

Although the major emphasis of the President's program concerns education of students outside their home countries, this study focuses on a different aspect of international education: the ability of U.S. educators and trainers to supply their services to U.S. and foreign students in other countries on a cross-border basis (e.g., via electronic means) or through facilities established abroad. In a trade context, the study examines conditions confronted by providers of education and training services, rather than those faced by the users or consumers of the services.

Various reports indicate sharp growth in the number of service providers entering the field of education and training on a commercial basis, domestically and internationally. Reports also indicate a great deal of unmet demand for U.S.-style education in foreign countries, particularly for business, management, and information technology instruction. Statistics on the extent of these activities are unavailable. This study, therefore, focuses on providers of education and training services and attempts to collect information on their efforts to supply services internationally, through operations in foreign countries or through cross-border activities.

Consistent with the intent of the President's Directive to remove unnecessary obstacles to international education, this study was to assist in determining the magnitude of the problems encountered. Among the problems encountered by providers of education and training services are limitations on foreign ownership of educational facilities; lack of recognition of foreign

²Office of the U.S. Trade Representative, in conjunction with the U.S. Departments of Education, State, Commerce and Labor, and the U.S. International Trade Commission.

institutions and degrees conferred by foreign institutions; and discrimination against education provided by foreign-owned schools.

Although, prior to the survey, some information was known about regulations in foreign countries and about activities of U.S. enterprises in various countries, the information was anecdotal. A comprehensive study was needed to determine the full extent of the problems encountered, as well as the size and the nature of the U.S. education and training industry engaged in overseas activities. The study, therefore, was designed to obtain information in a systematic way from a large number of countries to accomplish two main purposes:

- to identify barriers to education and training services provided by U.S. entities; and
- to identify opportunities for the establishment of U.S. schools or other facilities in other countries, as well as the use of the Internet or other means of transmitting educational course material on a cross-border basis (so-called “distance learning”).

The information developed in this study was used to assist the U.S. Trade Representative in developing its proposal to stimulate discussions in the ongoing services negotiations of the World Trade Organization. The objective is to include provisions in trade agreements to reduce obstacles to U.S. entities engaged in providing education and training services, and to assist other agencies (mainly the Departments of Commerce and State) in promoting market opportunities for U.S. providers of education and training.

Primary areas of interest in the study are post-secondary and adult education and training, such as MBA programs or courses, professional education (accounting and other programs leading to an academic degree); language training, executive and management training, driver education, software, computer and information technology training, and testing services. Another main interest is whether private entities, domestic and/or foreign, are permitted to provide such education on a commercial basis.

This work comes during a time of change and adaptation in the field of education, including:

- the adoption of new methods of delivering education (the Internet and distance learning);
- the introduction of new types of organizations used internationally (joint ventures, consortia, franchises);
- the increased involvement of businesses in educating their workforces (continuing education, life-long learning); and
- the entrance of businesses into new ventures to supply education and training (e.g., Knowledge Universe, Virtual Education Corporation, Motorola University).

Considering these recent developments, the study was expected to assist in adding new dimension and new meaning to the federal government’s commitment to support international education in the broadest sense.

Survey of U.S. Embassies

The International Education Study Team was organized as part of the President's International Education Program. In the summer of 2000, with the close cooperation of the Department of State, the team devised a survey questionnaire and sent it to selected U.S. embassies to obtain information on possible barriers to trade in educational and training services that might be known to post personnel. Questionnaires were transmitted via diplomatic cable to embassies in 140 countries³.

The original survey instrument was devised in July 2000. It was cleared and transmitted to posts in August, requesting responses by early September. A follow-up cable was sent in October to obtain additional information from some posts and to provide further time to posts that had not yet reported. The study team began analyzing the responses and prepared a draft report to the Office of the U.S. Trade Representative (USTR) in November. Pertinent information from the report was taken into account by USTR in formulating its proposal for discussion in the WTO negotiations. (See U.S. Proposal on Education and Training in Attachment C).

The questionnaire was designed to determine whether countries permitted private entities to establish and operate schools for higher education, adult education and other education and whether foreign entities could establish and operate such facilities. It was also designed to determine what procedures need to be followed to obtain authorization to conduct such enterprises, and whether or not U.S. companies are participating in those markets. One question was directed at potential opportunities for U.S. entities in the local market for education and training.

The fifteen questions in the survey are listed in Attachment D.

³ The U.S. Consulate in Hong Kong and the American Institute in Taiwan also participated.

REPORT OF THE INTERNATIONAL EDUCATION STUDY TEAM

SURVEY RESULTS

The study team received a total of 116 responses for a response rate of 82 percent. Of the total responses, 98 were from posts in WTO Member countries (see Attachment E). The responses tended to be useful and informative, with many providing detailed observations that went beyond what was requested. There were a few technical problems with cable communications (cut off answers, duplicates, etc.), but these were resolved during the follow-up phase.

The survey produced a good snapshot of the education and training at the college and adult level from the perspective of the diplomats on the ground who deal on a daily basis with economic and educational affairs.

A key finding of the survey is that a large majority of countries permit private education to coexist with public education. This contradicts the previously widely-held view that education is a government function that should not be performed by private entities.

Another key finding is that U.S. and foreign service providers are permitted to establish services without significant restrictions in a great many countries. The most common requirement imposed is that services be provided via a joint venture with a recognized local partner institution or that services be limited to certain kinds of education and training, such as vocational education or short courses.

The study also found that a large majority of countries permit joint ventures in education and training with local partners and a majority of countries reported market opportunities for U.S. education and training, including distance learning in many instances.

Notwithstanding the limited number of outright restrictions on U.S. and foreign entities seeking to establish services, nearly all countries require certain procedures be followed in order for a private foreign entity to legally operate and have its credits and diplomas recognized. Some countries only require procedural authorization if the school is to become a part of the national system of education. This legal requirement usually takes the form of approval or accreditation by a ministry, national academic body, or association.

Indeed, a most important general finding of the survey is that, where restrictions exist, they are more procedural or informal, rather than formal. In some countries, U.S. education and training providers are faced with red tape, contradictory regulations, and difficult requirements, more often than they are faced with outright legal barriers. In addition, local national authorities and U.S. providers may encounter socio-political pressures in arriving at decisions on establishment of a foreign entity within some countries.

Most legal and bureaucratic barriers emerge at the point of applying for permission to operate as a recognized entity, and thus to obtain recognition for the credits and awards offered. Most countries will not recognize credits and awards from entities that have not achieved local recognition and/or recognition in the home country. The problem is not, as was once thought, the legitimacy of private sector provision of education and training services, but rather the barriers to foreign entities of any kind achieving recognition for their programs and graduates.

A further problem that could occur after establishment is non-recognition of diplomas and other credentials for further study or employment (including civil service) and, in some cases, for state benefits.

Of the strictly business/financial restrictions on education and training services, the most frequent are limitations on the foreign shareholders in joint venture partnerships and informal pressures (and some requirements) to employ local nationals.

The study revealed a number of problems faced by providers of education and training in some countries.

- Many countries have complex and time-consuming processes for establishing education and training facilities with requirements that are particularly difficult to satisfy (e.g., Brazil, Finland, Iceland, Italy, Paraguay and Spain require Parliamentary action; Georgia requires Presidential Decree; use of the term “university” is protected by legislation in Australia and South Africa; some countries require approval by more than one Ministry (e.g., Israel, Italy, Kuwait)).
- A few countries prohibit joint ventures between U.S. or other foreign participants and local entities (e.g., El Salvador); and
- Nearly all countries allow joint ventures, but roughly half impose shareholding limitations on U.S. and foreign participants, sometimes limiting foreign entities to a minority share of a joint venture on education and training (e.g., Bahrain, Egypt, India, Mexico, Namibia, Philippines, Thailand, Tunisia).

Additional findings include:

- A majority of country posts report no local limits on the number of educational institutions. A few countries do limit the number of institutions (Bulgaria, China, Ireland), while some effectively limit the number via informal restrictions (e.g., Central African Republic, Chad, Italy).
- Most countries do not limit the number of students who can access higher education. Where restrictions exist, these tend to be due to economic constraints (inability to afford enough institutions or places) or legal requirements for faculty/student ratios to not exceed certain levels. Furthermore, private providers tend to be exempted from these limitations.

- Apparently, very few countries limit foreign providers to teaching only non-nationals (e.g., Turkey, Italy).
- Many countries require some degree of host national employment of management, administration and faculty, either formally or informally (e.g., Brazil, China, Costa Rica, Korea, Peru). Often this employment-type restriction is limited to a requirement that the CEO or person responsible for signing contracts or making official reports be a citizen of the host country.
- Some countries permit use of a foreign language in a joint venture on education, but limit the use to not more than 50 percent of its academic program (e.g., Indonesia) and some countries restrict location of education facilities and repatriation of profits (e.g., Korea).
- Degree recognition is generally a problem. Many countries require foreign-educated students to petition academic authorities to confirm that their qualifications are equivalent to those for students educated in national universities. The process is usually lengthy and complex, requiring re-certification of foreign-provided education by a faculty in the same field in a local institution (“nostrification”). While some countries limit recognition of U.S. degrees and credits based on national policies that assume our education system lacks equivalent standards or quality, in many countries U.S. education is highly regarded.

Regional Differences

There were few discernible differences among countries of different regions or different levels of income in their regulation of education and training. However, several observations can be made. For example, small countries may have limited educational institutions in their own countries and may prefer to send their students to foreign facilities (e.g., Brunei). Low-income countries often provide very limited opportunities for their students, either at home or to study abroad via assistance schemes, and may also present investment and infrastructure problems for potential foreign providers. Some countries may have limited access to the Internet. Other regions may have scarcity of land (e.g., Hong Kong). Also, it is especially notable that there is great demand for business education in Central European and in other former Communist countries.

Opportunities for U.S. Exports of Education Services

Nearly all posts provided information about the host country’s market for education services and the great majority reported that there are opportunities for U.S. exports of education and training services.

The top five areas of opportunity for U.S. providers of education and training services were:

- information technology or computer science instructions;
- business and management curricula, including the MBA degree, finance, accounting, economics, and related undergraduate or graduate courses in business;
- language instruction, usually English;
- alliances, affiliations, exchanges of faculty and staff, or other forms of relationships between U.S. and foreign educational entities (but excluding student exchanges); and
- vocational training, including technical, industrial, or practical training.

Technology or computer science instruction was the most frequently cited opportunity for U.S. exporters of education services in nearly all regions.

Business and management curricula, including the MBA degree, finance, accounting, economics, and related undergraduate or graduate courses in business, placed second in frequency, especially in Central and Eastern Europe and the Middle East/North Africa.

Ranked third is language instruction, usually specifying the English language, cited among the top two categories from posts in Central and South America.

Opportunities for alliances, affiliations, exchanges of faculty and staff, or other forms of relationships between U.S. and foreign educational entities (but excluding student exchanges) ranked as the fourth most frequent opportunity. Such linkages were cited second most often by posts in Central and Eastern Europe, including in Albania, where a recent law offers a timely opportunity for alliances with U.S. educational institutions.

Vocational training, including unspecified technical, industrial, or practical training round out the Top Five educational opportunities cited. Additional categories worth noting include distance learning, science and engineering not including computer engineering, and study in the United States or student exchanges. Additional areas for future involvement by U.S. educational interests were identified.

The two most preeminent areas of instructional opportunity -- information or computer technology and business management -- were highly ranked by posts across a diverse spectrum characterized according to host-country income. Nevertheless, there were some differences according to host-country income. Among high-income countries, posts clearly chose to discuss the two preeminent areas of opportunity mentioned above-- information/computer technology and business management-- about twice as often as any of the others. In upper-middle income countries, posts cited most often the opportunities for linkages at the institutional or faculty levels. In low-income and lower-middle-income countries, a wider variety of instructional opportunities was cited compared with the higher two income groups. Low-income countries' circumstances were especially evident in posts' references to the need for financial assistance to students and institutions, and the importance of offering accredited education programs.

U.S. Providers in Foreign Countries (see Attachment F)

U.S. institutions are involved in the higher education systems of other countries in several key ways. These range from student exchanges and linkages with foreign universities to the operation of full-fledged universities, usually with a local partner. In between these ends of the spectrum are various levels of collaboration and involvement such as offering course work for credit and joint degrees. U.S. businesses providing education and training services are also operating in foreign countries in a variety of ways. In the recent survey, eight respondents mentioned specific examples of joint degrees being offered (in Austria, Belize, Croatia, Ecuador, Italy, Japan, Russia, and Mexico). Of ninety-five responses analyzed⁴, fifty-four reported some active presence of foreign education and training entities. Of these, 38 reported the presence of U.S. education and training entities operating in some form. The strongest U.S. presence is in Europe (19), but is also significant in Western Hemisphere countries (8). Other regions were less likely to report the presence of U.S. entities.

Relationships and courses. In addition, twelve responses referred specifically to relationships between local and U.S. institutions in the form of linkages, staff and faculty exchanges, student exchanges, and study abroad. Six additional responses referred to the presence of secondary schools operated by U.S. concerns. Eight responses specifically named other services provided in-country by U.S. training or other entities. These ranged from English language schools to human resource development to computer training. Although only a few responses specifically mention the presence of U.S. testing services, the State Department's Bureau of Educational and Cultural Affairs reports that standardized tests required for entry into U.S. universities are given in nearly every country at least on an annual basis.

Provision of cross-border education and training services via distance learning (Internet, correspondence). Of the ninety-five responses analyzed, twenty indicated that some form of cross-border education or training was taking place between the local country and the U.S. or another country. Thirty-two indicated that distance learning via the Internet or other means would be possible, although few cited specific examples of where this was occurring on an institutionalized basis. Most of these hypothesized that local citizens could be undertaking Internet course work on an individual basis. Several posts mentioned that although there were no official policies forbidding such learning, other factors served to deter students from pursuing distance learning via the Internet: poor electronic infrastructure; lack of acceptability of course work or credit earned in this way; and in one case, Internet content is sometimes blocked according to government policy.

U.S. Proposal in Services Trade Negotiations

With respect to the U.S. proposal for education and training services in negotiations of the World Trade Organization, the cover note for the proposal includes the following description,

⁴ Only 95 responses were available during this analysis.

which reflects the contribution of the International Education Study Team:

“Education and training services

This proposal addresses barriers to market access and national treatment for suppliers of education and training services, both cross-border and at facilities abroad. The proposal would be limited to higher (tertiary) education, adult education, and training, and would not apply to primary and secondary schools. It would not seek to displace public education systems, but rather would supplement them and provide opportunities for suppliers to make their services available to students in other countries. The intent is to help upgrade knowledge and skills through these educational and training programs, while respecting each country’s role of prescribing and administering public education.

Specialized education and training is needed in many countries, particularly in high-tech fields. Such education is becoming more important in the development and operation of modern economies. Hundreds of thousands of foreigners visit the United States each year to study at our educational institutions. U.S. balance of payments receipts from incoming students amount to some \$9 billion annually. In addition, receipts from training services add another \$400 million a year. This does not include the receipts of a growing number of branches and other ventures established overseas by U.S. educational service providers. The most popular courses of these establishments are business administration, management and leadership training, language training, computer and information technology education, some of which are delivered by a combination of classroom discussion and interactive Internet sessions (“distance learning”).”

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INTERNATIONAL EDUCATION: OBSTACLES AND OPPORTUNITIES**

CONCLUSIONS AND RECOMMENDATIONS

As stated in the original project proposal, this study was conducted by existing personnel with no additional cost to the U.S. Government. The study team developed the survey instrument, arranged to transmit it to State Department posts around the world, and compiled and analyzed the responses.

The study made a number of findings, including:

- *nearly all countries permit private education to exist side-by-side with public education;*
- *in a great many countries, U.S. and other foreign service providers are permitted to establish services without significant restrictions, but with certain ownership and operational limitations;*
- *a large majority of countries permit U.S. and other foreign entities to engage in joint ventures in education and training with local partners;*
- *U.S. entities are currently operating in a large number of countries, especially in MBA programs, executive, management and leadership training programs, software, computer and information technology programs and language training; and*
- *opportunities exist for U.S. education and training in many countries.*

The study identified obstacles existing in a number of countries, including:

- *complex and time-consuming processes for establishing education and training facilities with requirements that are particularly difficult to satisfy;*
- *lack of transparency and predictability in regulations;*
- *prohibition of joint ventures between U.S. and local entities; and*
- *limits on U.S. service providers to minority share ownership in joint ventures on education and training.*

The survey helped identify country practices that could tend to discourage U.S. entities from pursuing education and training opportunities in foreign markets, as shown above. It also helped to begin the establishment of a data base of U.S. entities engaged in profit-making education and training enterprises in other countries. The survey did not provide sufficient information, however, to make judgments on the commercial significance of these enterprises. It was not designed to do so. Also, it did not provide information on the programs of other countries (such as Australia, Canada and the United Kingdom) engaged in promotion of international education on a commercial basis. Further work would be needed to develop such information.

The study team recommends that:

- *further study and analysis be conducted to enable judgments on the commercial significance of foreign markets for education and training;*
- *additional information be developed on the programs of other countries (such as Australia, Canada and the United Kingdom) engaged in promotion of international education on a commercial basis; and*
- *work be undertaken to develop balance-of-payments data that would reflect the receipts from U.S. activities to educate foreign students in their home countries, to complement the data now collected on education of foreign students in the United States.*

Such work would help to improve U.S. understanding of the full extent of the international market for education and training, and programs to assist U.S. enterprises in reaching the market.

February 2001

THE WHITE HOUSE
Office of the Press Secretary
(Oklahoma City, Oklahoma)

For Immediate Release

April 19, 2000

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND
AGENCIES

SUBJECT: International Education Policy

To continue to compete successfully in the global economy and to maintain our role as a world leader, the United States needs to ensure that its citizens develop a broad understanding of the world, proficiency in other languages, and knowledge of other cultures. America's leadership also depends on building ties with those who will guide the political, cultural, and economic development of their countries in the future. A coherent and coordinated international education strategy will help us meet the twin challenges of preparing our citizens for a global environment while continuing to attract and educate future leaders from abroad.

Since World War II, the Federal Government, in partnership with institutions of higher education and other educational organizations, has sponsored programs to help Americans gain the international experience and skills they will need to meet the challenges of an increasingly interdependent world. During this same period, our colleges and universities have developed an educational system whose reputation attracts students from all over the world. But our work is not done. Today, the defense of U.S. interests, the effective management of global issues, and even an understanding of our Nation's diversity require ever-greater contact with, and understanding of, people and cultures beyond our borders.

We are fortunate to count among our staunchest friends abroad those who have experienced our country and our values through in-depth exposure as students and scholars. The nearly 500,000 international students now studying in the United States at the postsecondary level not only contribute some \$9 billion annually to our economy, but also enrich our communities with their cultures, while developing a lifelong appreciation for ours. The goodwill these students bear for our country will in the

future constitute one of our greatest foreign policy assets.

It is the policy of the Federal Government to support international education. We are committed to:

- encouraging students from other countries to study in the United States;
- promoting study abroad by U.S. students;
- supporting the exchange of teachers, scholars, and citizens at all levels of society;
- enhancing programs at U.S. institutions that build international partnerships and expertise;
- expanding high-quality foreign language learning and in-depth knowledge of other cultures by Americans;
- preparing and supporting teachers in their efforts to interpret other countries and cultures for their students; and
- advancing new technologies that aid the spread of knowledge throughout the world.

The Federal Government cannot accomplish these goals alone. Educational institutions, State and local governments, non-governmental organizations, and the business community all must contribute to this effort. Together, we must increase and broaden our commitment. Therefore, I direct the heads of executive departments and agencies, working in partnership with the private sector, to take the following actions:

- 1) The Secretaries of State and Education shall support the efforts of schools and colleges to improve access to high-quality international educational experiences by increasing the number and diversity of students who study and intern abroad, encouraging students and institutions to choose nontraditional study-abroad locations, and helping under-represented U.S. institutions offer and promote study-abroad opportunities for their students.
- 2) The Secretaries of State and Education, in partnership with other governmental and nongovernmental organizations, shall identify steps to attract qualified post-secondary students from overseas to the United States, including improving the availability of accurate information

overseas about U.S. educational opportunities.

3) The heads of agencies, including the Secretaries of State and Education, and others as appropriate, shall review the effect of U.S. Government actions on the international flow of students and scholars as well as on citizen and professional exchanges, and take steps to address unnecessary obstacles, including those involving visa and tax regulations, procedures, and policies.

4) The Secretaries of State and Education shall support the efforts of State and local governments and educational institutions to promote international awareness and skills in the classroom and on campuses. Such efforts include strengthening foreign language learning at all levels, including efforts to achieve bi-literacy, helping teachers acquire the skills needed to understand and interpret other countries and cultures for their students, increasing opportunities for the exchange of faculty, administrators, and students, and assisting educational institutions in other countries to strengthen their teaching of English.

5) The Secretaries of State and Education and the heads of other agencies shall take steps to ensure that international educational exchange programs, including the Fulbright program, are coordinated through the Interagency Working Group on United States Government-Sponsored International Exchange and Training, to maximize existing resources in a nonduplicative way, and to ensure that the exchange programs receive the support they need to fulfill their mission of increased mutual understanding.

6) The Secretary of Education, in cooperation with other agencies, shall continue to support efforts to improve U.S. education by developing comparative information, including benchmarks, on educational performance and practices. The Secretary of Education shall also share U.S. educational expertise with other countries.

7) The Secretaries of State and Education shall strengthen and expand models of international exchange that build lasting cross-national partnerships among educational institutions with common interests and complementary objectives.

8) The Secretary of Education and the heads of other agencies, in partnership with State governments, academic institutions, and the business community, shall strengthen programs that build international expertise in U.S. institutions, with the goal of making international education an

integral component of U.S. undergraduate education and, through graduate and professional training and research, enhancing the Nation's capacity to produce the international and foreign-language expertise necessary for U.S. global leadership and security.

9) The Secretaries of State and Education, in cooperation with other agencies, the academic community, and the private sector, shall promote wise use of technology internationally, examining the implications of borderless education. The heads of agencies shall take steps to ensure that the opportunities for using technology to expand international education do not result in a widening of the digital divide.

10) The Secretaries of State and Education, in conjunction with other agencies, shall ensure that actions taken in response to this memorandum are fully integrated into the Government Performance and Results Act (GPRA) framework by means of specific goals, milestones, and measurable results, which shall be included in all GPRA reporting activities, including strategic plans, performance plans, and program performance reports.

Items 1-10 of this memorandum shall be conducted subject to the availability of appropriations, consistent with the agencies' priorities and my budget, and to the extent permitted by law.

The Vice President shall coordinate the U.S. Government's international education strategy. Further, I direct that the heads of agencies report to the Vice President and to me on their progress in carrying out the terms of this memorandum.

This memorandum is a statement of general policy and does not confer a private right of action on any individual or group.

WILLIAM J. CLINTON

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PROJECT DESCRIPTION: SURVEY OF U.S. EMBASSIES

INTERNATIONAL EDUCATION STUDY TEAM

Purpose: To obtain and analyze comprehensive information on measures in various countries affecting the ability of students to gain access to education and training services provided by foreign suppliers.

Membership: Office of the U.S. Trade Representative, in conjunction with the U.S. Departments of Education, State, and Commerce.

Methodology and Cost:

- **survey information currently available** to USG agencies on the educational systems of other countries and their manner of regulating foreign providers of education;
- **identify country practices** that tend to discourage entities from engaging in international education and training or that discriminate against non-national providers of education;
- **develop a data base** of U.S. public and private entities, currently engaged in education and training activities abroad for profit and assess their experiences;
- **estimate or evaluate** the commercial significance or potential commercial significance of these enterprises worldwide and in key countries;
- **examine the educational programs of other countries** engaged in international education; and
- **recommend possible solutions** that might be achievable through trade agreements and through international cooperation for problems identified in the study.

Information would be sought on limitations on foreign ownership of educational facilities; discrimination against education provided by foreign-owned schools; lack of recognition of degrees earned in foreign institutions; denying students permission to study abroad and similar restrictions.

The project would draw from existing personnel, who would develop a survey instrument, transmit it to State Department posts around the world, compile and analyze the results and prepare written reports of findings, conclusions, and recommendations. **No additional costs need to be funded.** Meetings would take place periodically at various stages of the project, as information becomes available.

Objectives: Consistent with the intent of the President's Directive to remove unnecessary obstacles to international education, this study would assist in determining the magnitude of the problems encountered. Recommendations would be designed to assist the Office of the U.S. Trade Representative, and other U.S. Government agencies, in their efforts to negotiate trade agreements with other countries to reduce obstacles to U.S. entities engaged in providing education and training services to foreign students in the United States and abroad.

U.S. PROPOSAL SUBMITTED TO THE COUNCIL ON TRADE IN SERVICES
OF THE WORLD TRADE ORGANIZATION, DECEMBER 14, 2000

HIGHER (TERTIARY) EDUCATION, ADULT EDUCATION AND TRAINING

I INTRODUCTION

For consideration of all WTO Members, the United States presents this proposal on higher (tertiary) education, adult education and training services. At the outset, it is important to note that the proposal recognizes that education to a large extent is a government function, but that most countries permit private education to coexist with public education. The proposal, therefore, envisions that private education and training will continue to supplement, not displace, public education systems. This paper is intended to stimulate discussion and help liberalize trade in this important sector in the world economy.

II IMPORTANCE OF HIGHER (TERTIARY) EDUCATION, ADULT EDUCATION
AND TRAINING SERVICES

Higher (tertiary) education (hereinafter referred to as “higher education”), adult education and training services are expanding rapidly, particularly through the use of the Internet. These services include academic and training courses on information technology; languages; executive, management and leadership training; driver education; and hotel and tourism education. They also include educational testing services and corporate training services. Many of these are practical courses for use on the job. Some can be used as credits toward degrees; and some are non-degree courses. Increasingly, educational institutions and publishers are teaming up with information technology companies and other experts to design courses of instruction on a variety of subjects. Large companies also are developing education and training courses to improve the skills of their employees and to keep them up to date on their latest products. Such services constitute a growing, international business, supplementing the public education system and contributing to global spread of the modern “knowledge” economy. Availability of these education and training services can help to develop a more efficient workforce, leading countries to an improved competitive position in the world economy.

III PURPOSE

The purpose of this proposal is to help create conditions favorable to suppliers of higher education, adult education and training services by removing and reducing obstacles to the transmission of such services across national borders through electronic or physical means, or to the establishment and operation of facilities (schools, classrooms or offices) to provide services to students in their home country or abroad. This would apply to countries that permit private education, not to countries that maintain exclusively public systems.

IV COVERAGE

The WTO Classification List (W/120) divides educational services into five parts: (a) primary education services; (b) secondary education services; (c) higher education services; (d) adult education; and (e) other education services. The scope of coverage of particular types of education (e.g., liberal arts, business, professional) is not specified. Clarification of the coverage is needed.

In terms of this proposal, “higher education” includes all tertiary education (i.e., education beyond secondary education), adult education and training services. Such education and training encompass degree courses taken for college or university credits or non-degree courses taken for personal edification or pleasure or to upgrade work-related skills. Such education and training services can be provided in traditional institutional settings, such as universities or schools, or outside of traditional settings, including at workplaces, in the home, or elsewhere.

This paper proposes that coverage should clearly indicate that two types of services are included as part of the concept of education: (1) training services; and (2) educational testing services. Training services are particularly related to higher education, adult education and other education services, whereas testing services generally are related to all types of education.

- Training services are very similar to education services, but training courses are generally less theoretical and more job-related than academic courses, often requiring hands-on operation of tools, equipment and certain devices.
- Educational testing services are a fundamental and essential part of the learning process, used to evaluate the student as well as the course material. These services include designing and administering tests, as well as evaluating test results.

V PROPOSAL

This paper proposes discussion of various aspects of an open regime in the education and training sector. This would entail countries considering to apply existing GATS market access and national treatment disciplines, as well as additional GATS disciplines addressing sector-specific regulatory issues, including transparency and fairness of administration. Consistent with these disciplines, governments would retain the right to regulate to meet domestic policy objectives. Moreover, this proposal recognizes that in this sector, governments will continue to play important roles as suppliers of services.

In addition to clarifying the classification for education, this proposal for higher education, adult education and training services encompasses market access, national treatment and additional commitments. The proposal is limited to education and training beyond the primary and secondary level and does not apply to primary and secondary schools. It recognizes that education to a large extent is a government function and it does not seek to displace public

education systems. It seeks to supplement public education systems, affording opportunities for suppliers to make their services available to students in other countries. The intent is to help upgrade knowledge and skills through these educational and training programs, while respecting each country's role of prescribing and administering appropriate public education for its citizens. Although a small number of WTO members has made commitments in this area, nearly all members allow the provision of higher education, adult education and training services by private sector service providers.

This paper proposes that WTO Members who have not yet made commitments on higher education, adult education and training services formulate their commitments based on the list of obstacles identified below. Members are invited to inscribe in their schedules "no limitations" on market access and national treatment, as some Members already have done. Further, the paper proposes that all Members consider undertaking additional commitments relating to regulation of this sector. The United States has taken commitments for adult and other education, and is willing to consider undertaking additional commitments for higher education and training.

This proposal is not presented as a legal text, but rather as a list of obstacles identified in reviewing this service sector. Some items on the list may be market access restrictions, or national treatment limitations, or both. In addition, some obstacles, although not limitations on market access or national treatment per se, may result from regulatory provisions or other measures which make it difficult for foreign suppliers to market their services.

Obstacles in this sector

- Prohibition of higher education, adult education and training services offered by foreign entities
- Lack of an opportunity for foreign suppliers of higher education, adult education and training services to obtain authorization to establish facilities within the territory of the Member country
- Lack of an opportunity for foreign suppliers of higher education, adult education and training services to qualify as degree granting institutions.
- Inappropriate restrictions on electronic transmission of course materials
- Economic needs test on suppliers of these services
- Measures requiring the use of a local partner.
- Denial of permission for private sector suppliers of higher education, adult education and training to enter into and exit from joint ventures with local or non-local partners on a voluntary basis
- Where government approval is required, exceptionally long delays are encountered and, when approval is denied, no reasons are given for the denial and no information is given on what must be done to obtain approval in the future
- Tax treatment that discriminates against foreign suppliers
- Foreign partners in a joint venture are treated less favorably than the local partners

- Franchises are treated less favorably than other forms of business organization
- Domestic laws and regulations are unclear and administered in an unfair manner
- Subsidies for higher education, adult education and training are not made known in a clear and transparent manner
- Minimum requirements for local hiring are disproportionately high, causing uneconomic operations
- Specialized, skilled personnel (including managers, computer specialists, expert speakers) needed for a temporary period of time, have difficulty obtaining authorization to enter and leave the country
- Repatriation of earnings is subject to excessively costly fees and/or taxes for currency conversion
- Excessive fees/taxes are imposed on licensing or royalty payments

Attachment D

REPORT OF THE INTERNATIONAL EDUCATION STUDY TEAM

SURVEY QUESTIONNAIRE

1. Is post-secondary and adult education and training considered a government function that cannot be performed by private entities?
2. Is the number of colleges and universities limited by law?
3. Does the country limit the number of students that may enter its educational institutions?
4. Are U.S. entities and entities from other countries permitted to establish education and training facilities?
5. If so, what authorization is required from the government?
6. Are U.S. entities and entities from other countries permitted to establish joint ventures with local entities?
7. If yes, are they limited to a minority percentage of ownership?
8. Are preferences given to certain nationalities to establish education and training facilities?
9. Are U.S. entities or entities from other countries currently operating education and training services within the country?
10. If so, are such entities providing education and training services to students on a cross-border basis, using the Internet or other means?
11. When permitted to establish and operate educational and training facilities, are U.S. or other foreign entities permitted to teach only foreign (non-national) students?
12. Are they required to use local nationals in managerial and faculty positions?
13. Does the country recognize degrees earned by their citizens in foreign countries?
14. Does the country recognize degrees earned in foreign-owned or operated facilities operating within the country?
15. Does the post see specific opportunities for the provision of U.S. educational and training services?

Attachment E

REPORT OF THE INTERNATIONAL EDUCATION STUDY TEAM:

PARTICIPATING POSTS

Responses were received from U.S. posts at the following locations:
(see notes at end of list)

1. ALBANIA* (ML)
2. ALGERIA (ML)
3. ARGENTINA* (MU)
4. ARMENIA (L)
5. AUSTRALIA* (H)
6. AUSTRIA* (H)
7. BAHRAIN* (MU)
8. BANGLADESH* (L)
9. BELGIUM* (H)
10. BELIZE* (ML)
11. BOLIVIA* (ML)
12. BOTSWANA* (MU)
13. BRAZIL* (MU)
14. BRUNEI DARUSSALAM* (H)
15. BULGARIA* (ML)
16. BURMA* (L)
17. CAMEROON* (L)
18. CANADA* (H)
19. CENTRAL AFRICAN REPUBLIC* (L)
20. CHAD* (L)
21. CHILE* (MU)
22. CHINA (L)
23. COLOMBIA* (ML)
24. CONGO* (L)
25. COSTA RICA* (ML)
26. COTE D'IVOIRE* (L)
27. CROATIA* (MU)
28. CUBA* (ML)
29. CYPRUS* (H)
30. CZECH REPUBLIC* (MU)
31. DENMARK* (H)
32. DOMINICAN REPUBLIC* (ML)

33. ECUADOR* (ML)
34. EGYPT* (ML)
35. EL SALVADOR* (ML)
36. ESTONIA (-)
37. FINLAND* (H)
38. FRANCE* (H)
39. GABON* (MU)
40. GEORGIA (ML)
41. GERMANY* (H)
42. GHANA* (L)
43. GREECE* (H)
44. GUATEMALA* (ML)
45. GUINEA* (L)
46. GUYANA* (ML)
47. HAITI* (L)
48. HONDURAS* (L)
49. HONG KONG* (H)
50. HUNGARY* (MU)
51. ICELAND* (H)
52. INDIA* (L)
53. INDONESIA* (L)
54. IRELAND* (H)
55. ISRAEL* (H)
56. ITALY* (H)
57. JAMAICA* (ML)
58. JAPAN* (H)
59. JORDAN (ML)
60. KAZAKSTAN (ML)
61. KENYA* (L)
62. KOREA* (MU)
63. KUWAIT* (H)
64. LATVIA* (ML)
65. LITHUANIA (ML)
66. LUXEMBOURG* (H)
67. MADAGASCAR* (L)
68. MALAWI* (L)
69. MALAYSIA* (MU)
70. MALTA* (H)
71. MAURITIUS* (MU)
72. MEXICO* (MU)
73. MOLDOVA (L)
74. MONGOLIA (L)
75. MOROCCO* (ML)
76. MOZAMBIQUE* (L)
77. NAMIBIA* (ML)
78. NETHERLANDS* (INCL. NETH. ANTILLES) (H)
79. NEW GUINEA (ML)
80. NEW ZEALAND* (H)

81. NIGER* (L)
82. NICARAGUA* (L)
83. NORWAY* (H)
84. OMAN (MU)
85. PANAMA* (MU)
86. PAKISTAN* (L)
87. PARAGUAY* (ML)
88. PERU* (ML)
89. PHILIPPINES* (ML)
90. POLAND* (MU)
91. PORTUGAL* (H)
92. RUSSIA (ML)
93. SAUDI ARABIA (MU)
94. SENEGAL* (L)
95. SINGAPORE* (H)
96. SLOVAK REPUBLIC* (MU)
97. SLOVENIA* (H)
98. SOUTH AFRICA* (ML)
99. SPAIN* (H)
100. SRI LANKA* (ML)
101. SURINAME* (ML)
102. SWAZILAND* (ML)
103. SWEDEN* (H)
104. SWITZERLAND* (H)
105. TAIWAN (-)
106. THAILAND* (ML)
107. TRINIDAD AND TOBAGO* (MU)
108. TUNISIA* (ML)
109. TURKEY* (MU)
110. UKRAINE (ML)
111. UNITED KINGDOM* (H)
112. URUGUAY* (MU)
113. UZBEKISTAN (ML)
114. VENEZUELA* (MU)
115. VIETNAM (L)
116. ZAMBIA* (L)

* - denotes WTO Member

L = Low Income
 ML = Lower Middle Income
 MU = Upper Middle Income
 H = High Income

REPORT OF THE INTERNATIONAL EDUCATION STUDY TEAM:

U.S. Education and Training Entities at Various Foreign Locations

Specific institutions mentioned in embassy responses, which should serve only as representative sampling, by no means a comprehensive listing:

American University (Argentina)
American University of Armenia (in affiliation with UCLA)(Armenia)
American University of Bulgaria (Bulgaria)
Belize College of Medicine (which is a branch of Central American Health Sciences - University of Juarez and El Paso)
Boston University (Belgium)
Brookdale Community College (Ecuador)
California State University, Hayward (Austria)
City College of New York (Dominican Republic)
City University, Bellevue, WA (Slovak Republic)
College of the Ozarks (Belize)
Duke University (Tunisia- student exchange)
Endicott College (Mexico)
Framingham State College (in process)(Portugal)
Florida International University (Jamaica)
George Washington University (Bahrain, Ecuador)
Georgetown University (Dominican Republic)
Harding University (Belize)
Harvard University (Argentina)
Lakeland College (Japan)
Linn Benton Community College (joint program with ISLT-Tunisia)
Miami-Dade Community College (Mexico)
Miami University (Luxembourg)
Minnesota State University (Japan)
New York University (Argentina)
Northeastern University, Kellogg Graduate School of Management (Hong Kong)
Oregon State University (joint program with ISLT-Tunisia)
Purdue University (Germany)
Rice University (Germany)
Rochester Institute of Technology (Croatia)
Sacred Heart University (Luxembourg)
Southern Illinois University (Japan)

Spaulding College (Belize)
St. Louis University (Belize)
St. Matthew's University School of Medicine/St. Joseph's College of Maine (Belize)
Temple University (Japan)
Texas A&M (Mexico)
Thunderbird (Mexico)
University of Arkansas (Morocco)
University of Maryland (Belgium, Portugal)
University of Minnesota (Austria)
University of New Orleans (Jamaica)
University of North Carolina (Jamaica)
University of North Florida (Jamaica)
University of Southern California (Austria)
University of Wisconsin (Dominican Republic)
US International University-Africa (Kenya)
Valdosta State (Belize)
Webster University (Austria)
Wharton School (Peru)
Whiteboro College (Belize)

Businesses and other organizations mentioned:

American English Language Center (Oman)
AMIDEAST (Tunisia)
Berlitz (Brazil, Denmark)
EMTS, Prometric, ECFMG, CGFNS Testing (Ghana)
English Language Schools (ELS) (Saudi Arabia)
Manpower (Chile)
New Horizons (software/computer training)(Bahrain, Saudi Arabia)
Sylvan/Wall Street Institute (Brazil, Chile)
Unspecified companies train and test students in Microsoft, Oracle, Novell and Comptia (Ghana)

Distance Learning:

Massachusetts Institute of Technology (Fundacion Aragon, Argentina)
City University (Germany)
University of Phoenix (Germany)
At least three U.S. institutions (Belgium)
Thunderbird (Mexico)
CPA course (Oman)

