

COMMUNICATION FROM NEW ZEALAND

Negotiating Proposal for Education Services

The attached communication has been received from the delegation of New Zealand with the request that it be circulated to Members of the Council for Trade in Services.

A. INTRODUCTION

1. The education sector is vitally important to all Members, given the critical role of education in economic and social development. Trade in education services is of increasing international significance, but the sector remains one of the least committed under the GATS.¹ This in part may be attributed to the need Members see to strike a balance between pursuing domestic education priorities and exploring ways in which trade in education services can be further liberalised. New Zealand considers that there is scope for Members to find such a balance, in order to permit further benefit from international trade in education.²

B. BACKGROUND

2. In addition to generating revenue for private and state sector education institutions, and Members' economies, trade in education services provides benefits to participating economies at the individual, institutional and societal level, through academic exchange, increased cross-cultural linkages and technology transfer. Increased access for Members to education where it has previously been limited is a vital component in the development of human capital.

3. The reduction of barriers to trade in education does not equate to an erosion of core public education systems and standards. An international trade in education services can provide a means of supplementing and supporting national education policy objectives. For example, in New Zealand's experience it can help reduce the infrastructural commitments required of governments, and so free resources to be concentrated in other aspects of education policy.

¹ Report to the APEC Group on Services 2000, *Measures Affecting Trade and Investment in Education Services in the Asia-Pacific Region*, published by the APEC Secretariat, page 24. (A copy of which could be obtained through the New Zealand Permanent Mission).

² New Zealand reserves the right to submit further and more detailed proposals on the sector at any time and would note that this proposal should be read together with New Zealand's initial objectives for the resumed services negotiations, as contained in S/CSS/W/90 of 26 June 2001.

4. Education is at present one of the least committed of services sectors, due to recognition of its “public good” element and the high degree of government involvement in its provision. New Zealand’s own commitments are confined to the private provision of education services in the primary, secondary and tertiary sectors. Such sensitivities notwithstanding, international trade in education services continues to expand. In New Zealand’s case, education exports are the fourth largest services sector export earner, and fifteenth largest foreign exchange earner overall.³ Both state and private sector education providers, in New Zealand and other Members, see opportunities for further growth through the resumed services negotiations.

C. PROPOSAL

5. New Zealand believes that certain education services subsectors may be less subject to the sensitivities relating to the divide between public policy and commercial activity than others. The possibility of making commitments on these subsectors should be given due consideration by Members. This process may be facilitated by discussion of how the current education classifications might more accurately reflect the realities of education delivery, to give Members greater certainty about the precise nature of commitments sought and offered, and assist them in determining where domestic sensitivities lie. Currently, the W120 and CPC define education services by level, from primary to higher education. Two further definitions cover education services provided largely outside the formal education system; “Adult education services not elsewhere classified” (CPC 92400) and “Other education services” (CPC 92900). There would seem to be scope for clarifying the delineation of services between the “higher”, “adult” and “other” categories.

6. For New Zealand, an area of particular interest is “Other education services” (CPC 92900), which is currently the least committed of any education subsector. While CPC 92400 includes examples of adult education services which illustrate the range of services the definition is intended to cover, CPC 92900 refers only to “Education services at the first and second levels in specific subject-matters not elsewhere classified, and all other education services that are not definable by level.” The present definition offers little guidance as to the range of services it is intended to encompass, and does not acknowledge recent changes in the delivery of some education services, specifically that many “other education services” are increasingly being offered by organisations or institutions from outside traditional education systems.

7. These shortcomings might be addressed through the addition of an illustrative list to CPC 92900, in order to more accurately reflect the scope of the sub-sector. Such a list would be best kept brief to avoid it assuming an exhaustive nature, along the following lines:

“All other education services not defined by level. These include short term training courses, language training and practical/vocational courses in a range of subjects, for example computing, hospitality, resource management and primary production, together with education services offered by non-traditional providers, such as driver education programmes and corporate training services.”

8. There may also be scope to add to the current definition of CPC 92400 the term “community education” to better capture the type of general interest study the classification seems designed to address.

³ Research report compiled by the Trade and Economic Analysis Division of the New Zealand Ministry of Foreign Affairs and Trade, *New Zealand Exports of Education Services*, dated 20 May 2000, page 7, para 6. (A copy of which could be obtained through the New Zealand Permanent Mission).

9. Another consideration for New Zealand is whether trade in education services would be facilitated by commitments on education agency services, e.g. student recruitment and placement services. There is currently some ambiguity in the coverage of this area. While New Zealand would argue agency services are integral to the provision of education services, one Member has scheduled separate commitments on student placement services under "Other business services". New Zealand considers that in respect of education institutions doing their own marketing and processing of students, this falls within the scope of the provision of education services. The situation is less clear in respect of agencies (usually located in the student's home country) performing these functions on a fee or contract basis on the behalf of overseas institutions. On balance New Zealand considers that there might be some benefit to the addition to the education services classifications of a definition of education agency services of this type. (The CPC tourism and travel-related services classifications include a similar definition for travel agency services). The definition might read:

"Education agency services including the advertising and marketing of education services, the processing and payment of applications, etc, provided by agencies on behalf of education institutions or directly to students, on a fee or contract basis"

10. A further issue for New Zealand is the exclusion in the current CPC definition of education services of "education services primarily concerned with recreational matters", which are classified in subclass 9641 (sporting services). New Zealand considers that education services concerning the academic study and teaching of sport and recreational activities, as distinct from the instruction of groups or individuals in the practice of a sport, would be more appropriately classified as education rather than sporting services.
