THE DRAGON AND THE TIGER CUBS

COMPETITIVE AND COOPERATIVE CHINA – ASEAN RELATIONS IN THE HIGHER EDUCATION SECTOR

Anthony R. Welch, The University of Sydney

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Knowledge Economy (1)

- Higher Education is widely seen as a pillar of 21st century 'knowledge economy'
- Yet, tensions exist between spiralling demand for H/Ed. , and decreasing state capacity (willingness) to sustain resource levels.
- In the process, universities are widely pushed to engage in income diversification.

Knowledge Economy (2)

- Pressure to marketise higher education takes different forms (more research links with industry, or other entrepreneurial activities).
- Part of the pressure is to market programmes including to new ‘clients’ (formerly students).
- This is helping fuel marketing of cross-border trade in educational services, in response to rising demand for such programmes.
- OECD estimated that, around 2000, such trade totalled more than US$30 billion annually. Significantly more now.

Knowledge Economy (3)

- Developed economies are increasingly characterised by dominance of service sector trade (incl. education).
- But in the global order, not all H/Ed systems, nor all H/Ed. institutions (HEIs) are equal. *Examples*
- Some countries are nett importers of ed’l. services, others are major exporters.
- Implications in the Asia Pacific area, especially China & ASEAN ?

THE SETTING

- REGIONAL INTEGRATION: A China-ASEAN FTA (CAFTA) would encompass a population of 1.7 billion, and regional GDP of US$2 trillion +. If Japan joined: almost 2 billion population, with GDP of several US$ trillion.
- China-ASEAN trade totalled US$39.5 billion in 2000, growing by 20% p.a. 1991-2000. 2008 trade is estimated to reach US$ 200 billion
- China's accession to WTO has led to *some* trade liberalisation, including in services sector.

Chinese Vice-Premier Zeng Peiyan (center), Prime Minister of the Kingdom of Cambodia Hun Sen (fifth from right) and other senior officials from China and ASEAN countries attend the opening ceremony of the fourth CAEXPO.

Liu Yu

GLOBAL AGREEMENT on TRADE IN SERVICES (GATS)

- Previously, international education was largely promoted for reasons of cultural exchange, and educational improvement. Status and prestige factors?
- Growth of a global market in H/Ed., has helped fuel rise in service sector trade.
- Ed'l. exports comprise around 3% of total service sector trade, worldwide.

Earnings from Cross Border Education

	1989		1997		2000	
	US$ Millions	% of total service expor	US$ Millions	% of total service exports	US$ Millions	% of total service expor
AUSTRALIA	584	6.6	2190	11.8	2,155	11.8
CANADA	530	3.0	595	1.9	796	2.1
UK	2,214	4.5	4,080	4.3	3758	3.2
USA	4,575	4.4	8,346	3.5	10,280	3.5

OECD 2002: 99

Cross Border Services in Education

Mode	Explanation	Examples	Size & Potential
1. Cross Border Supp	The service, rather than the person, crosses the border	3. Distance educatio 4. Education Softwa 5. Virtual education (including corporate training)	Small, but growing Swiftly, with considerable growth potential, esp. via ICT
2. Consumption Abro	The consumer moves the country of the supplier	Students who study i Another country.	Currently, the largest share of international education.
3. Commercial Presen	The provider uses or establishes facilities i second country	3. Local university, c Satellite campus. • Private pro Including language &	Growing phenomenon with strong likelihood of growth
4. Presence of Natura Persons	Persons travelling to Second country to provide a service	Professors, teachers, Educational consultan	Given rising professio mobility, also likely to grow strongly.

Adapted from OECD 2002: 92.

North South Inequalities

- Cross border trade dominated by OECD member states

COUNTRY	No. of STUDENTS	% OF TOTAL OECD
USA	451,934	31%
UK	232,538	15%
GERMANY	178,195	12%
FRANCE	130,952	9%
AUSTRALIA	99,014	7%
JAPAN	56,552	4%

OECD 2002:94 NB.

Dominance of English Language Countries

- English language providers account for 70% of all international H/Ed enrolments from Asia Oceania (1999).
- USA still by far largest provider, but declining in relative importance (49% 1995, 44% 1999, now around 30%).
- Growth of other providers (Australia 12% 1995 13% 1999; UK 7% 1995 11% 1999)
- Mandarin (*Putonghua*) speakers as numerous in the region as English speakers (each c. 1billion)

REGIONALISM

. *Destinations of students from Asia-Oceania, 1995 and 1999, by percent*

	Destination 1995				Destination 1999			
STUDENT ORIGIN	Europe	EU	Americas	Asia-Oceania	Europe	EU	Americas	Asia-Oceania
Asia-Oceania	25	23	54	21	30	28	47	23

OECD 2002:97

THE CHINESE DRAGON

- China's economic and political weight are growing. Exports grew from US$62 billion to US$249 billion 1990-2000. Real GDP growth grew by an annual 10%. FDI into China grew from US$3.5 billion to US$40.8 billion (2000), US$72 billion in 2006, with dual impact on the region. (China's ASEAN FDI US$ 30b in 2006, 60% of which went to Singapore).
- Within China, however, regional inequalities are growing, including in education.
- China recently signed TAC and FTA with ASEAN, and is taking a more active diplomatic role internationally

THE ASEAN THREE

- Malaysia, Singapore, and Viet Nam are very different.

Country	Size of populace (millions)	GDP US$ billions	Per Capita GNI (US$ PPP)	Services as % of GDP	Hi Tech Goods as % of manuf. Exports	Adult Illiteracy (aged 15 +)	Gov't. Ed. Spending As % of GDP (2000)
Malaysia	23.8	90.0	7,910	41.9	56.9	12.6	7.5
Singapore	4.1	92.7	22,850	68.3	59.7	7.7	3.7
Viet Nam	79.5	31.2	2,070	39.1	--	7.5	--

World Bank, *World Development Indicators* 2003, OECD 2003

THE ASEAN THREE (2)

- But there are some interesting similarities

COUNTRY	CHINESE POPULATION	PERCENT OF TOTAL	ROLE IN ECONOMY
Malaysia	5,400,000	29.0	61% of share capital, 60% of private sector managers
Singapore	2,079,000	77.0	81% of listed firms, by capitalisation
Viet Nam	1,000,000	1.5	Before 1975, 80% industry, 100% Wholesale for foreign trade, 50% retail: 1986 Doi Moi 45% of registered private firms 1992.

MALAYSIA

- Of total 25m., 58% are ethnic Malays, 26% Chinese, 7% Indian.
- Long history of ethnic discrimination against Chinese Malays, including in education.
- GDP growth of 8%+ in early 1990s dented by regional economic crisis of late 1990s. The *Ringgit* halved in value. Has weathered the current GFC better than the late 1990s crisis.
- Knowledge economy and IT are seen as national saviours, bases of economic development. The Multimedia Super Corridor plus development of ITC infrastructure has created a potential platform for cross-border delivery of services.
- Vision 2020 is for Malaysia to have attained developed country status, but as yet the vision has not become a reality.
- Only modest investment and exports to China.

SINGAPORE

- Highly developed economy, with GNI in PPP terms similar to Australia, HK & Japan. Attracts 60% of total ASEAN FDI.
- Polyethnic community, 75%+ Chinese ethnicity, many foreign workers.
- Invested heavily in ICT, with impressive results. Has become a regional telecommunications hub, and has strong record of regional service sector trade, including some in China (which is Singapore's first choice for FDI).
- Strong economic growth of 1990s fell from 2000, with rising unemployment, and cuts to public sector wages. Impact of GFC.

VIET NAM

- Population of 85m., but still poor.
- Long a tributary state of China, it now looks to China as a model for development (but also looks to the West).
- Only free of war and colonialism since around 1990, after a century or so of resistance to French, USA, and China.
- Resumption of diplomatic relations with Australia in 1975, USA in 1995 led to more investment.
- Finally joined WTO in 2007, Current GDP growth of 8% p.a. expected to persist.
- North South differences persist, as do regional inequalities, corruption, competition between ministries, and remnants of the planned economy.

China’s H/Ed. System Challenges

QUANTITY (responding to demand)

Number of Public HEIs and Enrolments 1990-2006

Year	Number of Institutions	New Students	Graduates	Student Enrolments	Percent Increase
1990	1,075	609,000	614,000	1,206,300	--
1995	1,054	926,000	805,000	2,906,000	140.9%
1998	1,022	1,084,000	930,000	3,409,000	17.3%
1999	1,071	1,597,000	848,000	4,134,000	21.2%
2000	1,041	2,206,072	949,767	5,560,900	34.5%
2001	1,225	2,682, 800	1,036,300	7,190,700	29.3%
2002	1,396	3,205, 800	1,337,300	9,033,600	25.6%
2003	1,552	3,821,700	1,877,500	11,085,600	22.7%
2004	1,731	4,473,400	2,391,200	13,335,000	20.3%
2005	1,792	5,044,600	3,068,000	15,617,800	17.1%
2006	1,867	5,460,500	3,774,700	17,388,400	11.3%

QUALITY

Year	Student Enrolment	FTE Academic Staff	Staff:Student Ratio
1985	1,703,000	344,000	4.95
1990	2,063,000	395,000	5.22
1995	2,906,000	401,000	7.24
1998	3,409,000	407,000	8.38
2000	5,560,900	462,772	12.02
2001	7,190,700	531,900	13.52
2002	9,033,600	618,400	19.1
2003	11,085,600	724,700	17.0
2004	13,335,000	858,400	16.22
2005	15,617,800	965,800	16.85
2006	17,388,400	1,076,000	17.93

EFFICIENCY

- Levels of internal efficiency are not always high:
  - quality assurance issues
  - large, cumbersome administration
  - academic moonlighting
  - HEIs split between different ministries
  - administrators can dominate acad. decisions
  - corruption
  - Zhu Rong Zhi's assessment

FINANCE

- Declining state support has led to devolution of funding to local/provincial levels.
- Increased entrepreneurial activities by HEIs
- Student fees now comprise perhaps 15% of public HEI budgets and 90% of private (*Minban*)
- Tuition fees now about 50% of students' direct educational expenses

INTERNATIONALISATION (1)

- Regionalism can offer local responses to local problems (indigenisation v internationalisation).
- E.g. Hong Kong was a bridge for/to China (less so now, and in different ways)
- But there are limits:

  - orientation to US as source of reforms

  - control by MoE (who invite foreign scholars)

  - brain drain (of c.1,000 000 Chinese students overseas, only around 250,000 have returned)

INTERNATIONALISATION (2)

- Some 200,000 int'nl. students in Chinese HEIs (mostly Asian, esp. Japanese and Korean)

ASEAN Students in Chinese Universities, 2000 and 2001

ASEAN Students	2000	2001
- Indonesia	1947	1697
- Malaysia	<500	632
- Singapore	854	<500
- Thailand	667	860
- Viet Nam	647	1,170
ASEAN Total	4,610	4,854
Total International	52,150	61,869
ASEAN % of total	8.84%	7.85%

INTERNATIONALISATION (3)

- China offers more than 5,000 scholarships a year, 40% of which are to Asian students
- Mandated that 10% of all subjects to be taught in foreign language (usually English). Textbooks.
- Green Card system introduced (2004)
- Incentive schemes for Chinese diaspora to return (Cheung Kong programme, 111 Programme, Chun Hui etc.)

CHINA ASEAN H/Ed.

- TRADE ORG'N.

  -APEC including UMAP (members include ASEAN 3).
- H/Ed. CONSORTIA

  - ASEAN Uni's Network (AUN) has an ASEAN China Coop. & Exchange Programme.

  -APRU has 36 HEIs, from Singapore, Malaysia, China, and other countries.

  -UNIVERSITAS 21 includes 3 Chinese U's. Singapore, and several other countries

SINGAPORE H/Ed.

- Colonial origins now replaced by regional ambitions to be an Eduhub.
- Highly educated populace, international workforce, and strong presence in regional service sector trade.
- Strong investment in (H)Ed'n., ITC and R&D
- Provides scholarships, including some to China/ASEAN
- Many Singaporeans still choose to study abroad, mainly in English language countries. Some do not return.

SINGAPORE CHINA H/Ed.

- 5 planks for more Ed. Trade and collaboration:
  - Linguistic and cultural affinity (75% + Chinese)
  - Strong existing China-Singapore trade connections
  - Singapore's strong regional presence in service sector
  - Singapore offers scholarships to ASEAN and China
  - Singapore China Ministries of Ed. signed MoU (2002), including an exchange programme etc.

Some institutional examples: NUS Shanghai College; NUS/Peking IMBA; NTU/Shanghai Jiaotong MBA

MALAYSIA H/Ed.

- Like Singapore, colonial origins now replaced by aspirations to become a regional Eduhub.
- History of ethnic discrimination against its own Chinese minority (pushed into private HEIs, or overseas).
- Many Malaysians study abroad; not all return.
- Private universities became legal from 1996 (now 11 private U's., 4 branch campuses, 16 private University Colleges (and more than 650 colleges).
- By early this century, about 19,000 international enrolments, 5000 at universities. Currently 50,000+ international enrolments (significant Chinese proportion), with goal of 100,000 within years.

MALAYSIA CHINA H/Ed

- Despite ¼ population Chinese origin, Chinese enrolments in public sector HEIs. easily outweighed by private enrolments.
- Growing evidence of staff or student exchanges
- Some evidence of private sector linkages - of the 50,000+ intn'l. students enrolled in Malaysian HEIs, the greater majority are in the private sector, and 1/3 are from China.

VIET NAM H/Ed.

- H/Ed development affected by legacy of war, struggles for re-unification.
- Significant economic constraints persist
- Low levels of quality, pay (→ moonlighting) and low efficiency. Also corruption, competition between ministries.
- Introduction of people's universities (cf. China), with plans for major growth of private sector by 2010, but problems of quality, and corruption persist.

VIET NAM CHINA H/Ed.

- The most difficult to trace fully.
- Many more Vietnamese students at Chinese universities than the reverse.
- Main Vietnamese example is of language training for Chinese students and staff.
- Some bi-lateral MoUs, including by specialist HEIs., but hard to determine how active.

China-ASEAN H/Ed. Relations - Summary

Table 27. *China-ASEAN CrossBorder Educational Services – a Summary*

	Mode I	Mode II	Mode III	Mode IV
Singapore	NTU Management Training (by distance)	Chinese students at Singapore universities. *Singapore students at Chinese universities* *Tsing Hua Exec. Programme.*	NUS FUDA (Shanghai College) *FUDA NUS* NUS PEKING (IMBA) *SJTU NTU (MBA)*	NTU Management Programme (in Shanghai)
Malaysia		Chinese students at Malaysian universities. *Malaysian students at Chinese universities*	INTI college (Beijing Campus)	
Viet Nam		VNU language courses for Chinese students *Vietnamese students at Chinese universities*		*Chinese consultants training Vietnamese?*

Notes: *Italics indicate Chinese exports*; non italics indicate Chinese imports

CONCLUSION

- More research is needed on Asia Pacific service sector trade (in education), as existing data inadequate.
- Singapore's wealth, better infrastructure, including ICT, leaves it best positioned of ASEAN 3. Malaysia less so (+ ethnic discrimination), Viet Nam in part adapting 'Chinese model'.
- China's growth in ed'l. services growing, and with potential for more, as its int'nl. role grows. Confucius Institutes expanding, but wider demand, too.
- All four countries are nett importers, and will remain so?
- Considerable scope for more regional trade and collaboration in Ed., offering local solutions to local problems. South-South collaboration.
- Significant problems of regulation of private sector, including cross border programmes and institutions, remain. Transparency?
- Equity issues – dominance of North, and English language systems.
- Relations between the Dragon and the Tiger cubs are of collaboration and competition; regional partnerships have capacity to develop and deliver local solutions to local problems.