China’s demand for international education - social and policy implications for Australia

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Abstract

China is emerging as the world’s largest market for international education services. A combination of rising levels of per capita income and inadequate local education infrastructure are expected to generate an outflow of over 800,000 Chinese international students by early in the twenty first century. Australia is well placed to absorb a large proportion of these students into its education system. This could prove beneficial to both countries and substantially enhance Australia’s already successful international education industry. However, concerns over immigration and visa abuse, plus the collapse of several private colleges have marred the history of Australia-China relations in the field of international education during the late 1980s. This paper examines Australia’s involvement in the China education market and considers the strategies which institutions might need to adopt in order to develop this potentially valuable market.

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Education in the People's Republic of China

Following the Communist victory in 1949, the Chinese education system shifted towards a Soviet Union model until the Sino-Soviet rift in the late 1950's. Despite a lack of resources and trained teachers, the People's Republic of China took steps to expand its education system. Much attention was paid to technical training and the sciences, with limited focus on less practical subjects (NOOSR, 1991). The foundation of education in China during this period was political theory, with Marxist-Leninist doctrines as the central tenet of all instruction. Western textbooks and curriculum were replaced with those imported from the Soviet Union (Li and Maxwell, 1994:15).

The Cultural Revolution, which lasted from 1966 to 1976, created massive disruption to China's education system. Many institutions closed for periods of two or more years, with political and class considerations playing a more prominent role in student selection and advancement than academic ability. Led by some of the most dispossessed elements of China's youth, the Red Guards turned their vengeance on the education system, with catastrophic results (Wakeman, 1973:306-308). Many teachers who had been subjected to Red Guard abuses left the profession never to return (Chen, 1981). Students who managed to continue their studies during this period faced a shortage of books and other materials, plus the constant threat of persecution from Red Guard leaders (Chang, 1991). After 1977, the Chinese authorities attempted to rebuild the education system. They were faced with over 100 million young people who were essentially illiterate due to disrupted schooling, a shortfall of one million university graduates, and some twenty thousand research students (Li and Maxwell, 1994:17).

In 1986, the *Nine Years Compulsory Education Law* was issued; requiring nine-years of compulsory education for children aged 7 to 15. By the early 1990's, around 98 per cent of all children aged 7 to 11 years were enrolled in primary schools in China. The enrolment rate in Junior High Schools (ages 12-15) reached 72 per cent in 1992 (APEC, 1994:9). Despite such efforts, the dropout rate among Chinese primary school students continues at around five per cent per annum, with rural schools the worst affected (NOOSR, 1991:4). Adult literacy remains relatively low, at 68 per cent (MSS, 1993:89). There is also a severe shortage of trained teachers. In 1992 it was estimated that 17 per cent of primary level, and 44 per cent of secondary level teachers were unqualified (APEC, 1994).

In the higher education sector, the focus of attention is largely on training technical specialists. There were over one thousand institutions of higher education operating in China during 1991, catering to some 2 million students (MSS, 1993:89). The State Education Commission (SEDC) administers the system. Some 300 institutions are under the direct control of the central government in Beijing, another 500 are controlled by provincial authorities and a further 100 institutions are managed by various central government ministries or agencies (NOOSR, 1991). These latter institutions tend to be specialist research institutes or Academies, which issue post-graduate degrees. Of particular importance to the Chinese higher education system are "key-point" or Key institutions. Established in the 1950's, this system of elite institutions represents the cream of China's universities, colleges and academies. China's central government recently selected 100 higher education institutions for development to international standards. Substantial investment is being made in these institutions in such areas as laboratories and other facilities (Liu and Williams, 1995).

China's demand for international education

During 1983 the SEDC conducted a study to determine the number of professionally educated people working in China's central and provincial administrations. Out of 134.4 million employees in 72 Departments, only 13.9 million (10%) were classified as trained professionals. Of these, 6 percent had High School education; 1.6 percent had university undergraduate degrees; and only 40,000 (0.0003%) had post-graduate degrees (Li and Maxwell, 1994:19). These qualified people represented the most highly educated group in an even larger population. The average age of these professionals was 37, with a noticeable gap among those born from 1947 to 1954, whose education was severely disrupted by the Cultural Revolution. As noted by Li and Maxwell (1994:20):

> *"In the 1990's, most professionals in the groups over forty will start to retire (retirement ages in China are 55 years old for females and 60 for males). There will exist many vacancies which cannot be filled by properly trained personnel."*

The rapid expansion of China's private sector economy over the past decade and a half has created a massive demand for professionally educated employees. The first job fair held in Beijing during 1993 was reported to be seeking 650,000 scientific and technical specialists with lucrative offers of apartments and generous profit sharing contracts (Hamlin, 1994). Estimates by the Chinese authorities have identified a shortage of approximately 300,000 lawyers and an untold number of accountants. In 1994, the Chinese Institute of Certified Public Accountants registered only 38,000 members, of whom 80 percent were over sixty years old (Liu and Williams, 1995). In 1996 there were an estimated 80,000 foreign joint ventures operating in China needing an estimated 250,000 professionally trained managers. China produces only 300 MBA graduates each year to fill these vacancies (Micklethwait, 1996).

The shortage of qualified people, particularly in the professional and business fields, will place an increasing strain on China's already over stretched education system. The most significant impact this will have is on the demand for university places. From a base of 2 million students in 1990, the number of university level students in China is expected to reach 10 million by 2010 and 27 million by 2025 (Blight, 1995:11). Even with an expansion of the existing higher education system, demand for university and other tertiary level places in China will considerably outstrip domestic supply. It is anticipated that China will become the largest customer for international education over the course of the next thirty years. Whereas there were 115,871 Chinese students studying overseas in 1994/95, by 2010 this number is expected to grow to 318,000, and reach 849,000 by 2025 (Blight, 1995:12).

The size of China as a potential market for international education is widely acknowledged by supplier countries. With the opening up of China's social, cultural and economic links to the world during the 1980s, the number of Chinese student studying overseas increased rapidly. In 1997 the United States attracted 62 per cent of China's international students, making China the second largest source of such students for that country (Davis, 1998). Chinese students studying in the United States are predominantly enrolled in post-graduate or specialist programs. According to the Institute of International Education, 83.5 per cent of Chinese students studying in the United States in 1997 were undertaking post-graduate courses (Davis, 1998). The majority (70%) was specialising in science and technology. A large proportion of Chinese students (approximately 20% in 1997) also study in Japan (Davis, 1997).

Australia is likely to play a significant role in supplying international education to China should it wish to do so. In 1991, Australia hosted about 27 per cent of China's international students. This placed it well in front of Canada (5%), and the United Kingdom (2%) as a supplier of international education to China (MSS, 1993:90). Since the early 1990's the flow of Chinese students to Australia has slowed considerably, but this has been due more to a tightening of visa restrictions by Australian authorities than an unwillingness by the Chinese to come here.

Australia as a supplier of international education

Until 1985 Australia's involvement in international education was tied to the provision of overseas aid. Almost all overseas students studying in Australia were fully or partly sponsored by government aid programs (Industry Commission, 1991: 17). Commonwealth government policy on international education during the 1960's focused primarily upon the objectives of "aid and development". During the 1970's the focus shifted to include cultural and academic exchange and an element of immigration access (Fraser, 1994). In 1970 there were 7,525 overseas students studying in Australia, many of whom came from Malaysia (Unesco, 1992).

A major policy shift occurred in the mid-1980's, with the release of the Morrison (1984), Jackson (1984) and Goldring (1984) reports. Morrison (1984) examined the flow in international students from ASEAN to Australia, particularly ethnic Chinese from Malaysia. The report noted the growing importance of Australia as an outlet for the unmet demand in post-secondary education within the region. Jackson (1984) encouraged the development of an Australian export industry in education services, with full-fee cost recovery and scholarships for special groups. Goldring (1984), while not opposed to the charging of fees for overseas students, cautioned against allowing commercialisation to erode the quality of service to domestic students.

These reports were prompted by Australian government concerns over the increasing number of international students, often from affluent backgrounds, who were studying in Australia and paying only nominal charges (Nesdale et.al, 1995: 5). Most of these students undertook courses at Universities and Colleges of Advanced Education (CAEs), at a time when these institutions were experiencing increased pressures for places from domestic students (Sharpham, 1993). Outbreaks of anti-Asian activity on higher education campuses in 1983 highlighted these tensions (Nesdale et.al, 1995: 5).

In 1985 the Federal Minister for Education announced a range of measures that saw the eventual introduction of full-fees for international students (Dawkins, 1985). From this point on the international education sector in Australia shifted from a predominantly aid oriented system, to one focused on trade, a pattern consistent with trends elsewhere in the world (Marceau, 1993).

Following the 1985 policy change, the numbers of international students studying in Australia grew rapidly. From 1970 to 1980 the average annual growth rate in Australia's intake of international students was 2 per cent, rising to 11 per cent in the years 1980 to 1987 (Kemp, 1990: 3). From1988 to 1998 the growth rate increased to 19 per cent (AIEF, 1998).

Australia as a Supplier of International Education to China

In 1997 Australia hosted an estimated 3,748 full-fee paying international students from China out of a total overseas student population of 151,464 (AIEF, 1998). Of these Chinese students, 50 per cent were studying at the higher education level.

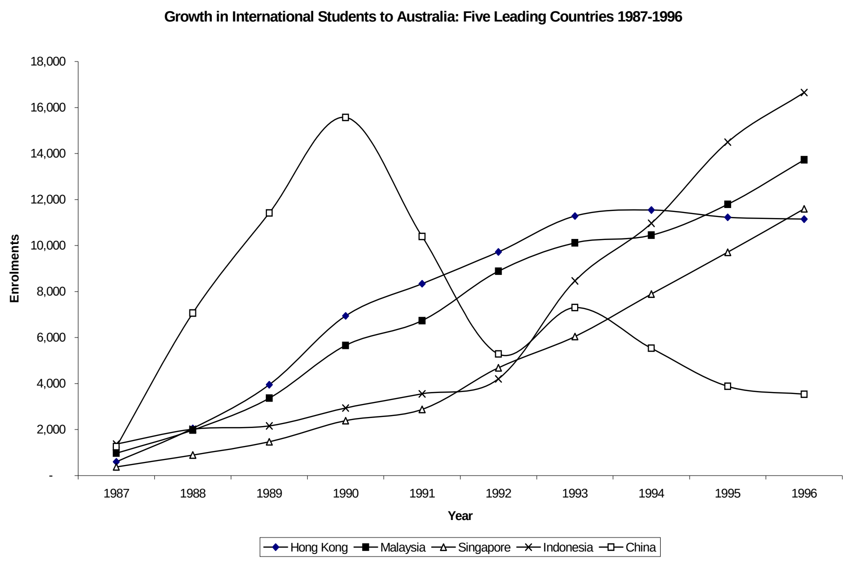
Table 1: Chinese & Hong Kong Student enrolments in Australia 1997

Major Field of Study	Chinese Students	Hong Kong Students	Total "Chinese" Students
Higher Education	1,875	9,674	11,549
Vocational Education	937	1,930	2,867
School Education	443	1,254	1,697
ELICOS Education	493	920	1,413
Total	3,748	13,778	17,526

Table 1 shows the numbers of Chinese full-fee paying international students enrolled in different levels of study in the Australian education system in 1997. It also shows enrolments from Hong Kong, which has been a major market for Australian education for many years. Chinese students in Australia are distributed in similar proportions to that of most other international students across education levels. Fifteen percent of the Chinese students studying at university in Australia during 1996 were sponsored by the Commonwealth Government through AusAid.

While the growth in international student flows to Australia from other Asian countries has grown steadily over the past ten years, the intake of students from China has fluctuated. From 94 students in 1986, the numbers of Chinese students studying in Australia rose to a peak of 15,568 in 1990, before falling to current levels (DEET, 1996:78). At its peak, the Chinese student population made up 33 per cent of all international students studying in Australia. As Figure 1 shows, the intake of students from China has been highly volatile compared the other leading source countries.

Figure 1



The reasons for this dramatic fluctuation in the flow of Chinese students are complex, but they serve as a worthwhile lesson for Australia's international education industry. In 1986 the Japanese government restricted the intake of Chinese students undertaking short courses (Industry Commission, 1991: 24). This policy change in Japan coincided with the opening up of Australia's education sector to fee-paying students. It was accompanied by the establishment of numerous short English Language Intensive Courses for Overseas Students (ELICOS). China's students shifted from Japan to Australia, with many undertaking ELICOS programs. ELICOS enrolments expanded from 4,248 in 1986 to 17,757 in 1990 (AGB, 1992).

The political upheaval that took place in China during 1988 served to reduce the flow of Chinese students. Further, concerns about Chinese students' abuse of visa regulations through overstaying led to a tightening of visa rules by the Australian Immigration Department (Nesdale et.al, 1995: 13), resulting in a decline in Chinese student arrivals from 22,000 in 1989-90 to 1,200 in 1990-91 (Industry Commission, 1991: 24).

The collapse in the China market led to the failure of a number of small privately owned institutions that had enrolled large numbers of Chinese students in short courses. It also resulted in many international students from a variety of countries being left stranded, without programs or compensation from pre-paid courses (Nesdale et.al, 1995:12).

Against this background of growth and fluctuation, a debate raged throughout the late 1980’s over the most appropriate direction for Australian international education. This debate revolved around the costs and benefits of allowing education to be commercialized and treated as a commodity. The pro-market view argued strongly for Australia to seize its share of the growing international market in education services (Stanford, 1986; Hooke, 1987; Hughes, 1988). Those opposed to the commercialisation of education expressed a desire to treat it as a social good that should be isolated from market forces (Barlow, 1986; Marginson, 1986; Scott, 1986).

Concern was also expressed over the possible erosion of academic standards and the independence of teaching staff faced with fee-paying students (Bessant, 1986; McCullough, 1986; Nicholls, 1987). Three key issues of the time were a possible reduction in overseas scholarship, fears over displacement of domestic students by international students and the retention of international student fees by government funded education institutions for research purposes (Smart, 1986). According to the Industry Commission (1991) these concerns were groundless. They nevertheless served as a background to the development of the international education industry in Australia.

International Education and Immigration

Since the 1970’s a key issue influencing Australian government policy towards international education has been its relationship with immigration. In 1979 the Minister for Immigration and Ethnic Affairs noted that 75 percent of all international students formally completing their studies in Australia had successfully applied for permanent residency status (Fraser, 1994). In announcing the introduction of an overseas student charge MacKellar also stated:

> *“The Government has decided that, in future, overseas students will be required to leave Australia on the conclusion of their studies. Applications to return to Australia for residence will not normally be received or considered within two years. This requirement has received general support from overseas governments consulted”* (MacKellar, 1979:1).

This move to restrict the access of international students in Australia to follow-on permanent residency was aimed at ethnic Chinese students from South East Asia. An earlier move to limit international student migration was undertaken during the mid-1960s, when the Government imposed a three hour English language test to filter out unsuitable candidates. This test, combined with other tightening of immigration entry requirements, saw international student numbers in Australia decline from 11,045 in 1965 to 9,839 in 1968 (Johnston, 1972:123).

Research into the nexus between international education and immigration suggests that an overseas study experience is a prime influence on future immigration plans (Nesdale et.al, 1995:58-59). A study of international students at Queensland University during the late 1980’s found that 30 percent intended to immigrate to Australia (Steadman and Dagwell, 1990). Another study conducted among international students at the University of New South Wales found an almost unanimous agreement that Australia was their first choice as a country to migrate to (Gardiner and Hirst, 1990).

A large scale study conducted for the Bureau of Immigration, Multicultural and Population Research between 1992 and 1994 examined the responses of international students throughout Australia at all levels (Nesdale et.al, 1995). This study drew on a sample of 928 international students enrolled in secondary schools; 2,031 international students enrolled at universities, and 130 former students. The study found a strong link between a student's experience of studying in Australia and a subsequent desire to immigrate. The study identified a significant relationship between "social integration" (acceptance by Australians, contact with Australians), "employment experience" (ease of finding work and job promotion) and a positive attitude towards Australia as a place to live. As noted in the research findings:

> *"The outstanding finding is that virtually regardless of sex, fee status, level and field of study, and home country, the largest proportion of students in all three studies endorsed their experiences as a student in Australia as being a prime influence on their (potential) decision to immigrate to Australia. This was so for ex-students who had already immigrated to Australia, as well as for current university and secondary students"* (Nesdale et.al, 1995:58).

Given the important link between international education and immigration, any development of Australia as a major supplier of education to China's overseas students must take immigration issues into account. Unfortunately, Australia's relationship with China over immigration has a long and chequered history.

Australian-Chinese relations in context

It was not until 1976 that Australia began to take substantial numbers of Chinese immigrants. Under the terms of an Australia-China Friendly Relations Agreement (ACFRA), a small number of family reunion cases were allowed to enter Australia. During the period 1976 to 1986 around 1,000 Chinese migrants per year entered Australia (Simington, 1989).

During the nineteenth Century the influx of large numbers of Chinese to the Australian goldfields sparked a deep and long lasting anti-Asian feeling within Australian society (Cotter, 1974). Fears of job losses among Australian workers and a solid degree of racism saw a series of legal restrictions imposed on Chinese immigrants from the mid-nineteenth century onwards. The Victorian government passed the first legislation limiting Chinese immigration in 1855 and imposed a poll tax of £10 on each Chinese immigrant. Despite official protests by the Chinese government to the British Colonial Office, Australian colonial authorities continued to tighten restrictions on Chinese immigration (Scott, 1961:277-279). By the 1890s anti-Chinese sentiment had been translated into a "White Australia" Policy, which dominated the immigration policy of the Commonwealth Government from Federation to the 1970's (DeGaris, 1974).

The Communist ascension to power in China in 1949 deepened suspicion within Canberra towards the Chinese. Australian and Chinese military forces clashed during the Korean War (1950-1953) and faced each other in Vietnam during the 1960's and early 1970's. The establishment of an Australian embassy in Taipei in 1966 only served to reinforce the frosty relations between the two countries. Despite these tensions, China remained an important economic partner for Australia. By the late 1960's a quarter of Australia's annual wheat harvest and a large proportion of its Wool clip was being exported to China (Hudson, 1974).

With the establishment of full-fee paying international education in the mid-1980s, China was targeted as a potentially profitable market. The entry requirements in place at the time involved the payment of a fee, acceptance of a place at an Australian institution, and the payment of living allowance bonds (Simington, 1989). Of critical importance to the attractiveness of the program to many Chinese students was the right to work up to 20 hours per week.

Unlike the majority of international students coming to Australia from Malaysia, Singapore or Hong Kong, most of these students from China did not attend universities. Most enrolled in short English Language Courses for Overseas Students (ELICOS) programs. While ELICOS programs in 1994 accounted for only 9 percent of international student enrolments (DEET, 1995), from1989 to 1990 they comprised around 38 percent (AGB, 1992).

At an estimated cost of A$9,000, Australian ELICOS programs represented 15 to 20 years' income to an average Chinese worker. However, the generous work provisions in the Australian visa regulations enabled students to recover that money quickly once they were established in a suitable job. About 80 per cent of Chinese ELICOS students who entered Australia during this period borrowed the course fees from overseas relatives, travel agents or money lenders, frequently at high interest rates (Simington, 1989). Investigations by Australian immigration authorities found that many of these students had abused their visa requirements by over-staying and failing to attend classes:

> *"As of 4 June (1989), 45% of all students of the nearly 9,000 ELICOS students in Australia at that time were over-stayers. Of the 15,000 odd ELICOS students who had come to Australia since 1986, only 1,600 have returned to China. As at 4 June (1989) the backlog of ELICOS applications in Beijing had reached 25,000 with every prospect of reaching 40,000 in 1989-90"* (Simington, 1989:102).

Faced with these problems, the Australian Government imposed tighter restrictions on international student visas, with a subsequent sharp decline in arrivals from China. As noted previously, this led to the collapse of several small, privately owned colleges in Australia which had expanded rapidly to supply the growing demand for ELICOS and other short courses. Most had taken in large numbers of Chinese students and had accepted advance payments of fees, which they were forced to refund when the visa regulations changed.

Following the collapse of the "China Bubble" in 1989-90 a series of legislative measures were taken to enhance the integrity of Australia's international education system. Australian Government law guaranteed international student fees against the collapse of education institutions. These regulations also ensured that all courses and institutions were registered with the Commonwealth authorities (DEET, 1992). Several State and Territory Governments followed suit with parallel legislation.

Australian Views of China as an Education Market

The experience of the late 1980s and the subsequent legislative response by the Commonwealth Government left a lasting impression on many within the international education sector in Australia. This legacy was noted in a recent IDP sponsored study, which predicted the influx of 125,000 international students to Australia by 2000, and 288,000 by 2010 (Blight, 1995:45):

> *"Australia must rebuild its confidence in China as a source of international students. Canberra must be confident about students from China if Australia is to build a substantial share of this massive market".*

The opportunities offered by China, as the world's largest market for international education, will make it difficult for many Australian education institutions to ignore it. However, the view of China as a potential market for Australian international education differs among institutions. During 1995 staff in fifteen institutions throughout Australia were interviewed (Mazzarol, 1997). This group included the senior members and principals of universities, ELICOS and TAFE colleges. All institutions were actively engaged in international education. China was not a critical market for any of these institutions, but many considered it an important market. Of particular importance was the impact events in China could have on the related markets of Hong Kong and Taiwan. The views of some of these institutions are examined in the following sub-sections.

a) The view from the University sector:

For many Australian universities, China is not a major source of international students. Hong Kong has been a much more important market for the five universities than China. In recent years, the flow of students from Hong Kong has declined and alternative markets were being considered.

Those universities that enrolled substantial numbers of Chinese students focused on postgraduates and did not anticipate a major increase in the number of Chinese enrolled. Among some of the larger institutions, consideration was being given to establishing offshore education programs in China through joint venture agreements. Particular interest was being shown in southern China, particularly in the Pearl River triangle, bounded by Hong Kong and Taiwan. However, establishing such links into China was viewed as challenge. Quality control and the repatriation of earnings were also viewed as significant problems.

A further problem facing the Australian universities was the difficulty they had in obtaining visas for Chinese students. Australian immigration officials in China were quite strict on approval of student visas. The outlook for recruitment from Hong Kong after 1997 was also viewed with some pessimism.

b) The view from TAFE:

The TAFE College questioned in the study had been actively recruiting from both Hong Kong and Taiwan since 1989. Its ability to attract students from Hong Kong was considered the result of the acceptance of TAFE qualifications within that market. Recruitment agents based in Hong Kong found it easier to place students in TAFE courses than in universities, resulting in a steady growth in student numbers. It was also noted that the shorter, more practical courses offered by TAFE appeared to be more attractive to many Hong Kong students.

As with the universities, there was uncertainty over the post-1997 outlook for Hong Kong. Recruitment from China has generally been difficult, due to the attitude of Australian immigration authorities towards Chinese students. The TAFE college staff noted that China had not been a significant market for them due to the barriers imposed by Australian authorities. Chinese mainland students needed to possess an English score suitable for post-graduate level programs and Students with this level of proficiency were unlikely to be attracted to TAFE courses.

c) The view from the ELICOS sector:

Of the four private business colleges interviewed, three were ELICOS centres. Based in Sydney, they represented some of the largest private colleges in Australia. All had survived the traumas of the late 1980s China crisis.

One of the colleges had made it a policy not to actively recruit from China even during the ‘boom’ of the late 1980s. They were concerned over the ‘quality’ of students from China and felt justified in their decision following the collapse of colleges that had not done so. By comparison a second college had recruited heavily in China during the 1980s and found it owed over $100,000. However, it considered it had escaped relatively unscathed compared to some colleges that owed around $14 million.

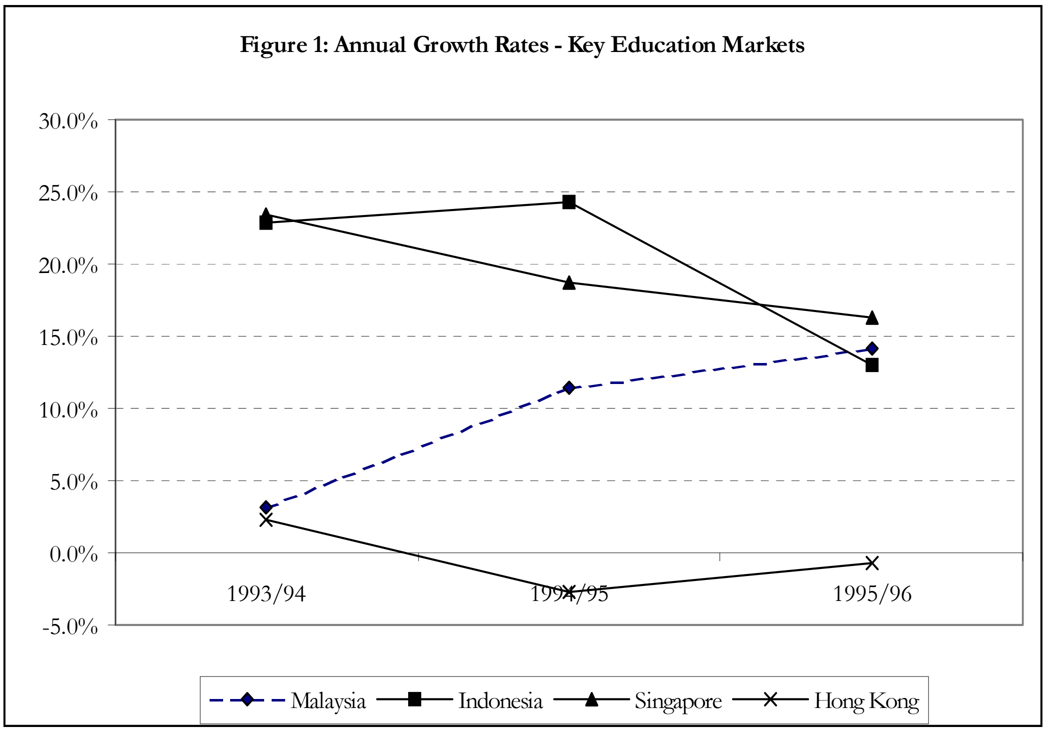
China was generally of interest only because of its link to the more attractive market of Hong Kong. As with the universities, the long-term outlook for Hong Kong after its return to China was viewed with pessimism. The focus of most colleges was towards other Asian markets, such as Japan, Korea, Taiwan and Indonesia.

Can Australia afford to ignore China?

It can be seen that, while China remains the subject of attention from Australia’s international education providers, the level of attention is less than that given to other markets. The experience of the late-1980s has left a legacy of suspicion and pessimism among Australian educators and government officials.

Despite these concerns, the importance of China as a market for Australian education cannot be ignored. As noted earlier, the estimated demand for education services in China over the longer term is substantial. Further, the outlook for many of Australia's key overseas markets is for subdued growth. This can be seen in Figure 2, which shows the slowing in enrolments from Australia's four largest markets. As shown, the trend in overseas student enrolments to Australia over the past three years has been negative for Hong Kong, declining annual growth rates for Singapore and Indonesia, and an apparent flattening in annual growth from Malaysia.

Figure 2



The decline in Hong Kong enrolments can be attributed to the expansion of the Special Administrative Region's educational infrastructure. Since 1990 Hong Kong has embarked on a major expansion program at the tertiary level to provide First Year First Degree (FYFD) places for at least 18 per cent of the 17 to 20 age group. Late 1995 achieved the target of seven government-financed institutions of higher education. Hong Kong has also been active in the growth of on-shore delivery by overseas institutions via 'twinning' agreements (Prystay, 1996).

Singapore has also embarked on a plan to establish a third university and has actively grown its 'twinning' arrangements. While these figures do not necessarily represent a long-term trend, they deserve consideration for what they might indicate. Malaysia, for example, has indicated for some years a desire to stem the flow of students from its shores. Malaysia's government has encouraged the growth of private tertiary education institutions, usually via twinning arrangements, to absorb some of the demand within the country. The Malaysian Government has also indicated a desire to turn their country into a regional supplier of education services over time (Ng and Ho, 1995). This has resulted in a reduction in the number of Malaysian students going abroad.

The economic crisis, which hit much of East Asia during 1997, has only served to exacerbate these concerns. From a financial perspective, Australia has much to lose from a serious decline in its intake of full-fee paying overseas students. Since the late 1980s the value of international education to Australia has grown significantly. In 1996 the total expenditure by overseas students in Australia was estimated at over $3 billion. This included $1.3 billion in fees and $1.7 billion in expenditure on goods and services (DEETYA, 1997:17). As an export industry this places education close to key industries, such as agriculture, forestry and mining (Rowe, 1995: 415). Australian universities and colleges have now become heavily dependent on overseas student fees for their funding. Any loss of such revenues would result in significant reductions in staff and activities.

Over the longer-term, Australia will need to find alternative markets. The sheer size of China's demand for international education may make it a difficult market to ignore. However, the development of the Chinese market may require different strategies to those adopted with other countries.

Strategies for the China market

Education institutions seeking to develop opportunities in China are likely to find it difficult to recruit large numbers of students directly to their campuses, as has been the traditional approach. As previously noted, the problems associated with immigration and visa restrictions remain a major impediment to enhanced student flows from China to Australia. This situation is also unlikely to change in the near future.

The nexus between international education and immigration suggests that any political turmoil in China will have a significant impact on Chinese overseas students desire to remain abroad on completion of their studies. Australia's decision to permit some 11,000 Chinese international students to remain here following the Tiananmen Square massacre of June 1989 has established a precedent which even the most insensitive Canberra administration might find difficult to ignore should such an event occur again.

In 1997 China contributed approximately 8 per cent of the world's international students at the higher education level (Unesco, 1997). Based upon the growth projections of China will require an estimated 318,000 international university places by 2010 and 849,000 places by 2025 (Blight, 1995:39). Assuming that Australia was to again host 27 per cent of China’s international students, as it did in 1991, there would be around 85,860 Chinese students studying here by 2010 and as many as 229,230 by 2025 if large scale onshore enrolments were to occur.

Australia's total international student enrolments have been growing at an annual average rate of 19 per cent since 1988. If such a trend continued there would be 1.4 million international students studying in Australia by 2010. Given the size of the China market it will be important for Australian policy makers to determine the proportion of students they wish to draw from that country. Too high a proportion of Chinese students might make Australia’s education sector overly dependent on China as a market. Under these circumstances Chinese students in large numbers would have the ability to influence Australia’s education institutions in a variety of areas, from curriculum design and content, to campus social structure. Such a reliance on students from one country would be undesirable. For these reasons, the successful development of the Chinese market will require institutions to establish offshore teaching programs in China with joint venture partners.

Many Australian education institutions have already established successful offshore teaching programs in Hong Kong through ‘twinning’ agreements, along with institutions from such countries as the United States and Britain. Opportunities exist for the development of such programs in the Special Administrative Region. While initially these offshore programs were targeted at Hong Kong residents, they provide a mechanism for entering the broader Chinese market. Students from the mainland can theoretically complete a foreign qualification in Hong Kong through a ‘twinning’ arrangement. Macao also offers potential as a similar base after 1999. Offshore delivery may also have to extend into the mainland of China, with partnership agreements being established between Australian and Chinese education institutions.

Establishing offshore teaching programs in China may provide a partial solution to the immigration issues. Delivery offshore overcomes the problem of securing visas for students. It also enables a larger proportion of Chinese to have access to a foreign education. According to an AIEF assessment there are opportunities for joint ventures between Australian and Chinese education institutions (AIEF, 1996). Australian universities have established several foundations and ELICOS programs in China over recent years

Few Chinese speak English and there are substantial differences between Australian and Chinese education standards, particularly in technical training fields. Social Science and Humanities programs are also not studied in the same manner as in Australia, with less emphasis on critical thinking and a strong political orientation (NOOSR, 1991).

The differences between the Chinese and Australian education systems highlight the need for entry level courses to teach English and the basic western academic skills necessary for higher education. Several Australian universities have established academic foundations and ELICOS study programs in China over recent years. Such programs assist Chinese students to cope with the demands placed upon them by a foreign education institution. They also provide a conduit for recruitment into more advanced level programs.

Any development in the Chinese market will require the careful selection of local partners or agents. In the mid-1990s the Chinese central government selected 100 higher education institutions for development to world-class standards (Liu and Williams, 1995). These institutions have attracted substantial investment in new laboratories and facilities. Such institutions would be suitable partners for any University seeking to enhance its profile in China.

In seeking to develop the Chinese market it will be important for Australian education institutions to consider the competition offered by the United States and Japan. These countries took over 80 per cent of the world flow of university level students from China in the late 1990s (Unesco, 1997). Both Japan and the United States are likely to be perceived by international students as possessing excellent research universities. Further, these two countries are viewed by many in Asia as home to the world's leading edge technology, science and business centres. Australian institutions will need to develop their profile and credibility carefully, probably through alliances and the delivery of 'loss leader' programs, such as scholarships, to give the Chinese a 'taste' of the Australian education system.

Conclusions

Based on available information, China will become the world’s largest market for international education. Australia is well placed to take a substantial share of this market and may need to do so if it is to continue to enjoy the financial benefits that have come from international student revenues in recent years. China will remain a highly competitive economy well into the next century. However, as the smaller economies of East Asia recover from their 1997 slump, they will place added pressure on China. The debt burden of the Chinese State enterprises will continue to grow and could undermine the financial health of the country in the future.

Faced with such pressures, China will be forced to open up its trade and liberalize its economy. At the fifteenth Party Congress, President Jiang Zemin announced the partial privatization of large number of State firms. This will allow foreign firms to gain an immediate access to the local Chinese market. Education and training, particularly that offered by foreign institutions, are likely to be important in determining China’s ability to fully complete its economic reforms. Australia stands well placed to participate in China’s economic development as a major supplier of education and training services. To do so, however, it will have to overcome its fears of competing in China and seek innovative ways to enter and consolidate this potential market for its education services.

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