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Research Article

WTO PROVISION AND HIGHER EDUCATION IN NEPAL

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**Abstract**

The World Trade Organization (WTO) agreements cover a wide range of activities such as agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food and sanitation regulations and intellectual property. Under the WTO agreements, countries cannot normally discriminate between their trading partners. Imported and locally produced goods should be treated equally. The same should apply to foreign and domestic services, and to trademarks, copyrights and patents. Education has been considered as one of the trades in the WTO. It has been argued that the accession of membership to WTO will be very helpful in the development of a country like Nepal so, this paper especially tries to find out the dilemmas and prospective on higher education in Nepal with respect to WTO provision.

**Keywords:** WTO; Higher education; Education service

**Introduction**

World Trade Organization (WTO) is an international organization. The WTO has to be dealt global rules and regulations of trade between and within the nations. To achieve ultimate goals i.e. improve the welfare of the people of the member countries. Through its main functions ensuring that trade flows as smoothly, predictably and freely as possible. The WTO has about 150 member countries and around 30 others are negotiating membership. The WTO's rules — the agreements — are the result of negotiations between the members. The current set were the outcome of the 1986–94 Uruguay Round negotiations which included a major revision of the original General Agreement on Tariffs and Trade (WTO, 2001).

General Agreement on Tariffs and Trade (GATT) is now the WTO's principal rule-book for trade in goods. The complete set runs to some 30,000 pages consisting of about 30 agreements and separate commitments (called schedules) made by individual members in specific areas. These principles appear in the new General Agreement on Trade in Services (GATS). WTO members have also made individual commitments under GATS. The General Agreement on Trade in Services (GATS) is among the World Trade Organization's most important agreements. The accord, which came into force in January 1995, is the first and only set of multilateral rules covering international trade in services. It has been negotiated by

the Governments themselves, and it sets the framework within which firms and individuals can operate. The GATS has two parts: the framework agreement containing the general rules and disciplines; and the national “schedules” which list individual countries “specific commitments on access to their domestic markets by foreign suppliers (WTO, 2001).

Nepal became the 147th member of the WTO on 23 April 2004. Though it had applied for membership in 1989 during the period of GATT, the renewal of interest was shown once the

WTO was established in 1995 as a successor of GATT. The accession protocol reflects our concern and has included minimum commitments. This is why the international community has applauded Nepal's accession protocol as one of the best package ((Bhandari, Shrestha and Ghale, 2005)). Principally; Nepal has not to lose much for being a member of the WTO, as it has already liberalized its economy by emphasizing liberalization, privatization and globalization theoretical point of view.

In fact, GAT has served as an important theoretical view point new wakeup call for all nations. More specifically, it has envisioned education for examining two major issues. The first is the significant growth in cross border education (both commercial and non-profit) that is happening irrespective of trade agreements. The second is the reality of new multilateral trade rules such as GATS and their impact on domestic and cross border higher education.

## **Methodology**

This study is based on documentary research. Here secondary literature from both the print and electronic media were utilized to carry out this study to explore the dilemmas and prospective on higher education in Nepal with respect to WTO provision.

### ***Services Covered by GATS***

The GATS core document enlists a total of 12 services that come under its scrutiny. They are business, communication, construction and related engineering, distribution, educational, environmental, financial, health related social, tourism and travel related (recreational, cultural and sporting), transport services and others services not included elsewhere. The coverage of GATS services is so minute and comprehensive that it leaves no service apart from its undertaking. Education service is one of the most important services recognized by GATS and it is enlisted as service coverage number five. The last point of the service list is so futuristic that it foresees any service that might emerge in the days to come still will not be out of the encompassment of GATS (Czinkota, 2005).

### ***GATS and Education Service***

The importance of educational service sector is well recognized. Due to include both services sectoral classification list (W/120), education services are defined by reference to five categories: primary education services; secondary education services; higher education services; adult education, as well as the residual category of other education services. It is because no doubt, education plays a crucial and critical role in fostering personal and social development, as well as economic growth. Which are called three layers of educational returns, earning and benefit i.e. individual, social and national level layers (Milcher & Zigova, 2005).

Government policies too thus, play a dominant role in this sector to achieve these layers of returns. Furthermore, trade in education services, particularly at the tertiary level, has been growing in importance. Driving factors include a combination of demographic changes, technological developments, national development goals, and governmental reforms to the funding and provision of higher education (WTO, 2012).

### ***Models of Consumption Higher Education***

Higher education is increasingly seen as a commercial product to be bought and sold like any other commodity. Higher education commercialization has now reached the global marketplace. The World Trade Organization (WTO) is considering a series of proposals to include higher education as one of its concerns, ensuring that the import and export of higher education be subject to the complex rules and legal arrangements of the WTO protocols and free of most restrictions (Kafle, 2009).

GATS provision has envisioned education service with five different categories as mentioned above and explained it in reference to four different modes of consumption. Though

Nepal's agreement with GATS in reference to education is not active in terms of Primary and

Secondary Education, the rest viz. Higher Education and Adult Education shall be directly affected from the date of activation of GATS provision in the year 2010. The following text shall detail different modes of supply of education as versioned by GATS (Kafle, 2009).

### ***Cross-border Supply or Program Mobility***

Since few decades and in many countries, higher education has gone the distance via corresponding teaching. Such traditional mobility by mail has been substantially enhanced by new capabilities via distance learning. With respect to cross-border supply, many education materials from foreign suppliers of education services will enter every WTO member nation's domestic education market, including various types of teaching books, audio-video teaching and learning materials, teaching equipment and computer teaching software. This will have a strong impact on every WTO member nation's textbook publishing industry, audio-video publishing industry, teaching equipment manufacturing enterprises and the software industry. They will have to face the direct competition from foreign education services (Knight, 2006).

### ***Consumption Abroad or Student's Mobility***

Participating in a period of 'student abroad' is perhaps the most traditional and visible experience of the global higher education. It takes important role in flow of funds for many nations. Foreign suppliers of education services will strengthen their contention for each WTO member nation's education market, trying to attract more students to their countries to receive education services. On one hand, massive domestic students' studying abroad has made each WTO member nation, especially developing nations, suffer from loss of talents and outflow of capital and has had a great impact on its domestic education services. On the other hand, each WTO member nation's suppliers of education services can also enter into international education market to participate in the competition and recruit overseas students (Abrol, 2005).

### ***Commercial Presence or Institution Mobility***

Institutions of higher education also have an international mobility of their own. In the longer term one can well conceive of a substantial growth in international investment activities by universities. Thus, on market access, foreign suppliers of education services can establish joint schools with each WTO member nation's counter-part or wholly-owned schools. They can set up joint schools with one WTO member nation's education service institutions either through introduction of foreign

educational resources or in the form of capital investment (WTO, 2001). With the rapid development of Global economy, the demand for education is increasing steadily. A lot of foreign suppliers of education services have entered WTO member nation's domestic education services market, trying to seize the education market. These institutions are very competitive in terms of software and hardware. And because of their international background, they are very attractive to the students in the age of economic globalization. Each WTO member nation's suppliers of education services will have to face the tough competition and challenge from foreign education service institutions (Deodhar, 2002).

#### ***Presence of Natural Persons or Academic Mobility***

Here, conditions may often resemble those of student mobility, only that the persons involved are faculty members, researchers and program administrators. Foreign individuals can enter into each WTO member nation as a natural person to provide education services. And this will not probably have serious impact on each WTO member's domestic education services. These foreign individuals will help each WTO member train a large number of high-level professionals, and will play a positive and facilitating role in improving the quality of each WTO member's education services (Larsen, Morris and Martin, 2002).

In the future, there will be a substantial increase in the international flow of individuals among the suppliers of education services of around the world. And the exchange between each WTO member nation's education service institutions and foreign education service institutions will also increase, so each WTO member's education service institutions will become more and more internationalized. On one hand, this will help each WTO member nation's education service institutions employ more talented personnel. On the other hand, the present employees of each WTO member nation's education service institutions will have to face a higher demand on their personal qualities (Larsen, Morris and Martin, 2002). This leads to a situation of extreme fluidity where the state as well as the education policymakers is to remain very much cautious in handling this situation in such a way that assures benefits to developing countries Nepal from this provision.

#### ***Opportunities and Challenges***

The accession to the WTO is still a matter of discussion as a threat or opportunity for developing countries like Nepal. The WTO has both challenges and opportunities for Nepal. The challenges are serious and the opportunities are fascinating. The most wonderful thing that the WTO offers to Nepal is a forum for rule-based trades. The challenge is that Nepal's trade capacity is too weak to utilize the forum (Bhandari, Shrestha and Ghale, 2005). In Nepal, the issue of WTO membership never became a public agenda because of lack of inclusiveness of wider stakeholders in

the government consultative process as well as very little interest shown by associations, intellectuals and INGOs who claim themselves to be public interest advocates. Now an Education service is a billion dollar industries in one hand and in another, we are still implementing programs as education for all, free education, positive discrimination and so on.

Thus, it seems the dualistic focus of the government in education sector as a whole. It also allows little autonomy to the government regarding the administration of educational institutes. The first challenges for the domestic educational institutes are to be potentially competitive in the globalized world in terms of both quality and access. The second challenge is it dilutes contribution of academic institutions to strengthening civil society, national development because they become the international academic market place regulated by WTO. Similarly, it permits private and foreign providers to monopolize the best students and lucrative programs. The liberalization may compromise the quality assurance as the jurisdiction is in hands of national authorities of foreign providers. At the same time it also threatens the role of government in education sector (Bhandari, Shrestha and Ghale, 2005).

Finally the commercialization of knowledge as a private good contributes universities to be a business places less like the educational institutes. At the same time, Nepal has lots of opportunities form the accession of WTO. As it has already liberalized its economy, it has not to lose much from being a member of WTO. Firstly, increased market access is one of the important opportunities for Nepal which accelerates the influx of private and foreign providers as well as access of domestic institutes to international market in education. The foreign influx has also directly complimented the domestic inadequacy in education. Secondly, transfer of technology and foreign investment in education is important opportunity. But both these opportunities depend on the state of domestic laws, policies, administrations, judiciary efficiency, human resources, market size and export possibilities. The third is human resource development and employment as Nepal has opened 11 service sectors and 76 sub sectors with the assumption that it would result foreign investment, generation of employment, human resource development and revenue generation (Ministry of Finance, 2012).

The potential benefit of the WTO is that it provides transit rights to Nepal. In other words, member countries can exercises transit rights in order to use the most convenient route through the territory of other member. Though there are still several doubts and skepticism about the possible harms and benefits that might be caused due to the implication of GATS provisions in reference to education. These hues and cries are partly because we have not really experienced the influence of WTO impacts as it is to be executed from the year 2010. Nevertheless, on the ground of GATS provision many writers and scholars have



anticipated numerous would be threats and opportunities. Bhandari, Shrestha and Ghale, (2005) has prescribed a list of possible disadvantages and advantages of it in his work paper. Some of the striking problems and prospects are infrastructural weakness, risk to present institutions due to open foreign investment up to 80 percent possible more import causing threat to national economy and trade imbalance, possible displacement of national experts due to intra-corporate transferees, threat to education as state liability. Whereas on other hand there is open market for diverse educational options, emergence of joint venture educational enterprises, quality enhancement with intense competition, wide market for competitive products, enhanced bilateral and multilateral relationships. In the actual performance situation these problems and prospects will appear with different facets and the readiness and preparedness of the member states determine how far these possible problems and prospects display the influence (Kafle, 2009).

## Conclusion

The WTO enactment has both challenges and opportunities for Nepal. The challenges are serious and opportunities are fascinating or horizon seems wide and open. The WTO system is very important as it regulates the international trade on the basis of rules. If the rules of the WTO are faithfully implemented, the basic assumptions that the WTO expands the market access especially for the countries like Nepal. In this context the role of Nepal has increased after becoming a member of the WTO. On one hand, Nepal is expected to play a very responsive role regarding the implementation of WTO provisions and different agendas and expansion of markets for goods and services. On other hand, it has to forge for the capacity building and efficiency of the key stakeholders inside the country.

Nepalese higher education fraternity has no choice but to prepare cautiously to accommodate with the possible problems and prospects. The national policy makers should be ready to recast the higher education policies and give it a shape of global standard. A special attention is to be paid to enhance the technical capabilities of our higher educational institutions and the stakeholders and prepare them to use and apply ICT based pedagogy. Likewise the traditional orientation of supply based education system should be replaced by the demand based education practices. Similarly, enhancing the institutional capacities

in line with the global standard only will give us the strength to compete in the open market scenario.

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