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Mr Michael Growder
Korea FTA Task Force
Department of Foreign Affairs and Trade
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Dear Michael

Australia – Korea Free Trade Agreement

Universities Australia is the peak body representing 38 of Australia's universities both nationally and internationally. Universities contribute to Australia's progress, and Universities Australia is committed to developing policies and providing services that enhance those contributions. We are pleased to provide comment on the proposed Free Trade Agreement (FTA) between Australia and the Republic of Korea.

As stated in the joint non-government feasibility study into a possible FTA, while trade in goods dominates the relationship, education services represented over half of the total services exports to Korea. As commodity markets lose their dynamism securing the education services markets as best can be encouraged, including through trade agreements, would seem a high priority for government.

Korea is in fact the third largest source country for international students in Australia and is the largest single market for English Language Intensive Courses for Overseas Students (ELICOS) from Korea. University ELICOS Centres in turn teach about 25% of those ELICOS students in Australia. These are important sources of export revenue and they represent important sources of enhanced global integration. The movement of persons also has long-term trade spin-offs of many kinds and enhances regional understanding.

Universities Australia seeks enhancement of education services exports, but also enhancement of the political, social and cultural benefits that can accompany that in this area. This includes mutually beneficial research activities as well as education and training. And within education and training, we are interested in facilitating two-way movement, so as to enhance Australian interest in Korean education experience.

As regards export activity, the effects of the global financial situation on international education exports themselves are yet to become clear. However, the ELICOS market is said to be the 'canary in the coal mine' for the Australian industry. Should the financial crisis manifest negatively on international education

exports, then it is likely that Korean ELICOS student numbers will be one of the first indicators of this. These therefore are being watched carefully.

As regards research and Korean-based activity, during the Prime Minister of Australia's August 2008 visit to the Republic of Korea when these preliminary discussions into an FTA were announced, Mr Rudd visited Yonsei University at which the Australian National University (ANU) has established the ANU Korea Institute and the Yonsei University Australian Studies Centre. This collaboration is an example of the growing relationship between universities in both countries. Initiatives such as these lead to greater student and staff mobility as well as collaborative research of mutual benefit to both countries. While the partnerships are young, it is anticipated that this is an ever growing relationship, and activity will only increase between both countries.

Attachment A includes a list of the programs offered by Australian universities in Korea and links with Korean institutions as at January 2007. At that time Australian universities had formal agreements with 220 Korean institutions. These agreements cover student and staff exchange and research collaboration among other areas. Updated details on Korean agreements will be available in the coming months.

The overall implication of these matters is that the growing size and importance of the Korean relationship to Australian universities calls for any resulting Free Trade Agreement to definitely include education. In particular, the FTA needs to provide for greater mobility between both countries and to not restrict scientific and research exchange and collaboration.

It is worth noting that the USA – Korea FTA includes Most Favoured Nation (MFN) treatment in the services chapter. Universities Australia would like to add its support to the pursuit of this status for Australia in the proposed FTA with Korea and suggests that the Department of Foreign Affairs and Trade consider negotiating for third party MFN in relation to services delivery.

There have been no reported specific market access difficulties for education services in Korea at present. Should any issues emerge we will provide this information to the Task Force.

Universities Australia would welcome the opportunity to contribute to further discussions. If you have any questions or comments regarding the preceding material, please feel free to contact me on (02) 6285 8104.

Yours sincerely

A handwritten signature in black ink, reading "Glenn Withers". The signature is written in a cursive, flowing style.

Dr Glenn Withers AO
Chief Executive Officer