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N.V. Varghese

Globalization of higher education and cross-border student mobility

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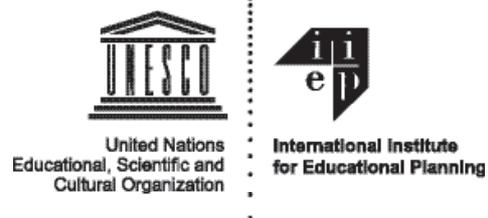
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[nv.varghese@iiep.unesco.org](mailto:nv.varghese@iiep.unesco.org)

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International Institute for Educational Planning

7-9 rue Eugène Delacroix, 75116 Paris

[info@iiep.unesco.org](mailto:info@iiep.unesco.org)

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## Abstract

Cross-border higher education has become an important mode for globalizing higher education. It occurs when a provider, programme, course material, teacher or student goes beyond the national boundaries. Based on the data on student mobility, the paper attempts to discuss the pattern of cross-border student flows and some plausible explanations for the observed patterns. During the colonial period, a good share of the student flow was from colonies to the world capitals. During the Cold War era, the rival powers were competing to influence the direction of the flow. During the period of globalization, it became a market-driven activity and, at times, a commercial activity traded under GATS. The recent changes in the flow of cross-border students indicate that the dominant flow continues to be toward Europe and the USA. However, countries such as Australia and New Zealand are becoming attractive destinations for overseas students. These changes in the direction of flow are influenced more by the cost of education than by political considerations. Many institutions in some of the host countries rely heavily on the income brought by the cross-border education students.

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## List of abbreviations

GATS	General Agreement for Trade in Services
HEC	École des hautes études commerciales
LSE	London School of Economics
MBA	Masters of Business Administration programme
MIT	Massachusetts Institute of Technology
OECD	Organisation for Economic Cooperation and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UIS	Institute for Statistics
USAID	US Agency for International Development
ERASMUS	European Region Action Scheme for the Mobility of University Students
SOCRATES	System for Organizing Content to Review and Teach Educational Subject

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# 1 Introduction

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The major sources of economic growth have changed over a period of time. While growth depends primarily on land in agricultural societies and physical capital in industrial economies, it depends on human capital in the knowledge economies. Today, knowledge is key to development, and a lack of it is a major constraint to economic and social progress. The growth potential of the knowledge economy depends largely on its capacity to produce and absorb knowledge. In many countries, the knowledge-based sectors have become engines of growth. In fact, productivity gains and growth rates of economies are determined by the performance of the knowledge-based sectors (Chen and Dahlman, 2004). While economic sectors produce knowledge-based goods, the higher education sector plays an important role in facilitating the production and distribution of knowledge. Given the importance of knowledge in development, in order to encourage growth, it has become necessary to expand higher education. This is important so as to enable countries who are lagging behind in terms of technology to catch-up with other well advanced countries in order to maximize their economic output (World Bank, 1999).

Knowledge is universal and the institutions producing knowledge have universal appeal. That is why universities remained international entities even when nationalism was on the rise. Today, knowledge has become an international good to be traded, and it transcends national boundaries faster than capital and people. This gives knowledge-based economies a global orientation, scope and operation, making them catalytic agents in the process of globalization. With globalization, the production of knowledge itself has become a process dependent on the market forces. This has implications for the institutions engaged in knowledge production. Universities are increasingly responding to market demands, and they too have become global in their operation. Globalization of higher education has become a market-oriented activity attracting foreign capital, inviting competition, and producing a profit at times higher than that in other sectors.

Cross-border higher education has become an important mode of globalizing higher education as it involves providers, programmes course materials, teachers or students moving beyond national boundaries. The focus of this paper is mostly on students crossing national boundaries. Based on empirical data, an attempt has been made to discuss the pattern of cross-border student flows and some plausible explanations for the observed patterns.

This paper is organized as follows: *Section 2* discusses cross-border education in the context of globalization. *Section 3* analyzes cross-border student mobility within and between regions and countries, followed by a discussion on the changing trends in student flows in the recent past in *Section 4*. *Section 5* highlights some of the plausible explanations for the flow pattern discussed in the previous sections and makes some observations on the issue of cross-border education.

## 2 Globalization and cross-border education

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State support for education in general, and higher education in particular, was more forthcoming prior to the 1980s, when the financial crisis weakened the State and reduced its capacity to fund public investments in many areas. Due to the structural adjustment programmes of the 1980s, policies often curbed public expenditure, resulting in a reduction of public subsidies in all sectors and a decline in investment in 'unproductive' sectors, such as education. This period also saw the introduction of deregulation policies, increased reliance on market forces, and private sectors were encouraged to participate in activities which were hitherto dominated by public intervention. The political changes in East European countries further reinforced the ascendancy of market ideology both in the productive and social sectors. Consequently, the reorientation of public policies shifted their emphasis from investments in social sectors to improve equity to investing in tradables in order to enhance growth. These market-friendly reforms in education implied a diversion of public resources from education to productive sectors and a reduction of subsidies in education.

The globalization process further reinforced and universalized the market orientation in development strategies. Its effect in higher education could be seen in terms of the privatization of public institutions and the emergence of the private sector as a possible alternative to public universities (Varghese, 2004). The cost-recovery measures introduced in public universities and the emergence of private universities testify to these developments. The fact that costs were now having to be met by students themselves rather than the State presented them with other alternatives to choose from. Consequently, private higher education institutions and cross-border higher education providers became important players in the provision of higher education in many countries.

Internationalization is not new in higher education. Universities, although they are national entities, have been recognized as some of the most international institutions, even during periods of aggressive nationalism. Internationalization tends to address the increase in border-crossing activities amidst national systems of education. Globalization, on the other hand, assumes that borders and national systems as such tend to become blurred or disappear (Teichler, 2004). The business of the universities is contributing to the production and dissemination universal knowledge. Universities are institutions with dual characteristics – national and international. The content and knowledge imparted is universal and international, while the ownership, structure and organization have always been national.

The internationalization of education implies the imparting of knowledge, skills and values which have universal appeal and application. It also implies that a curriculum becomes cross-national and intercultural in nature. Internationalization of education can also take place in such a form to help students acquire international skills without having to leave the country. At times, this also involves a shift from producing for national markets to international markets. This implies changing the orientation of courses offered in the domestic universities, which is sometimes referred to as 'internationalization at home' (Knight, 2003). This may take place without the presence of any foreign providers at home.

Globalization of higher education can be seen as part of internationalization. Globalization implies higher education becoming a designed activity to introduce an international and multicultural outlook to suit the requirements of a global labour market centred on knowledge production. Institutions of higher education, in the context of globalization, become yet another group of organizations

producing and selling a good or a service for the global market for profit. In other words, under this frame of analysis, higher education institutions become corporate entities functioning on the basis of the operating principles of the corporate sector.

Cross-border education is the best visible example of globalization of higher education. It implies the mobility of students, teachers and programmes across national boundaries. Cross-border education, in the context of globalization, has become a market-driven activity involving numerous providers and attracting thousands of students who are willing to buy these services at international prices. The providers are more often investors than educators, and the profitability of the sector attracts them to this area of business. The international market for students accounts for billions of dollars, and hence there is fierce competition among higher education institutions to attract foreign students and to generate income and profit.

Universities in OECD countries such as the USA, the UK, Germany, France and Australia attract a large number of foreign students, and income from foreign students constitute a good share of the budgets of many universities in some of these countries. In 2006, there were 2.7 million students studying abroad. Some of the projections (Bohm, Davies and Meares, 2002) indicate that the demand for cross-border higher education will increase to 7.2 million by 2025. This market is expanding, as is the number of exporters and importers of education.

Both the providers (sellers of education services) and the beneficiaries (buyers) are willing to invest in cross-border education. With the increase in demand for labour, especially for professionals in specialized and selected areas and in the context of globalization, a degree from a foreign university has a premium and is well rewarded in the labour market. The possibility of additional earnings on account of a foreign degree helps maintain a high level of returns for individual investments to seek cross-border education. Consequently, cross-border education (OECD, 2003) is becoming a fast-growing phenomenon in higher education.

Cross-border education entails mobility of provision and services in foreign countries. Cross-border education through transnational providers means that higher education provision – both in terms of programmes and teachers – from one country is offered in another, meaning that students need not travel abroad (Garrett and Verbik, 2003). Countries such as Hong Kong, Malaysia and Singapore have high concentrations of transnational providers offering courses in the domestic market.

One of the important components of cross-border education involves the movement of students from domestic to foreign countries, such as traditional overseas study programmes. Countries such as China, India and Korea rank high in terms of the number of students seeking cross-border education. These two forms of education – international providers and students studying abroad – taken together can be called ‘cross-border education’ and contribute to the increasing internationalization of education. Internationalization of education, with a good measure of cross-border education and trans-national education, has gained importance in the last few years (OECD, 2004a) . Cross-border education has become a market-driven activity and has become a tradable commodity as part of the trade negotiations under the General Agreement on Trade in Services (GATS) (Knight, 2002).

The GATS, established in 1995, represents a set of multilateral rules governing international trade in services. GATS covers all internationally-traded services, and includes a total of 12 different service sectors including education. Higher education is one of the most GATS-friendly segments of education. Trade in education under the GATS framework takes place in the following four modes:

- (i) Cross-border supply of the service where consumers remain in the country. E-learning-based distance education programmes are good examples of this type of cross-border education. Technological development has given scope for establishing on-line universities. There are universities, such as St. John's University, which are fully accredited on-line universities. Many universities may be finding this terrain very attractive.
- (ii) Consumption abroad where the consumers (students) cross the border. This includes full-time study for a degree, part of which is followed in the home country and part in a foreign country; exchange programmes; and joint degree programmes. According to the OECD (2006), the number of students studying abroad in 2004 was 2.7 million. Nearly 80 per cent of the students studying abroad are in OECD countries. Countries such as Australia, France, Germany, Japan, the UK and the United States host more than two thirds of the foreign students in OECD countries.
- (iii) The commercial presence of the provider in another country can be in the form of branch campuses or twinning and franchising arrangements between universities from the developed and developing world, but also between universities of the developed world as a whole. Franchising denotes the delivery of whole or parts of a course in an institution other than that in which it is developed and validated. Monash University in Australia is a good example of a foreign-owned private higher education institution in Africa and Asia. Twinning and franchising arrangements go hand in hand with the emergence of the private sector in higher education (Varghese, 2006a). For example, universities from Australia have entered into an arrangement with countries in Asia and Africa to encourage students from these countries to pursue their education in an Australian institution after having completed the first part of their graduate studies in their own country. The collaboration between Cambridge University in the UK and Massachusetts Institute of Technology (MIT) in the USA is a good example of a joint venture of equals. The Columbia Business School in New York and the London Business School have announced a joint MBA programme. Stern, New York, has taken the initiative to align with HEC, Paris and LSE, London, to launch the Trium Executive MBA Programme. The University of Chicago has campuses in Barcelona and Singapore.
- (iv) The presence of representatives in another country to provide the service. The most visible form of this mode is the mobility of professors from one country to another as employees of a foreign university, as part of an academic partnership, or to teach in a branch campus. For example, the Japanese Government has initiated steps to change the faculty composition to attract more foreign students. Between 1983 and 1995, the number of faculty members from foreign countries in Japan increased from 1,168 to 3,558 (Koshi, 1997).

## 3 Cross-border education and student mobility

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### 3.1 Data sources

Data on student mobility are not easy to collect and collate. This paper uses data from three sources:

- (i) UNESCO – data on foreign students in tertiary-level education are available from the UNESCO sources and from the UNESCO Institute for Statistics (UIS): *UNESCO Statistical Yearbook* and the UIS publication entitled *Global Education Digest*;
- (ii) OECD sources. Data on student mobility in OECD and partner countries are available from its publication *Education at a glance*;
- (iii) Institute of International Education and their publication: *Atlas of student mobility*.

While UNESCO data cover all countries and are available on countries which send more than 1,000 students abroad, OECD coverage is limited to OECD countries and selected partner countries. Therefore, discussion and data presented on specific countries are not always complete.

### 3.2 Cross-border student mobility: the early stage

During the colonial period, the imperial governments used to provide avenues for selected nationals to pursue higher education in the imperial capital for the purpose of developing supportive administrative cadres in the colonies. Overseas education in the colonial period, especially before the Second World War, was based on the assumption that the graduates would return to the homeland to serve the colonial administration after developing the skills and absorbing the values of the colonial rulers. Overseas education during the colonial period served the dual function of “efficient administration and a means of social control” (Goodwin, 1993).

Since the Second World War, higher education was more aligned with the development needs of the country. The experience of the post-war reconstruction of European countries and post-colonial development of developing countries showed that the lack of qualified and trained manpower is a major constraint to the promotion of development. Therefore, human resource development and investment in higher education became an essential part of the development strategy during this period. The strategies followed for human resource development included: a) expanding the intake capacity of the existing universities; b) establishing universities of their own; and c) sending people abroad for higher studies. In fact, many of the universities in the developing world depended on study-abroad programmes to develop their first generation academic staff in the universities.

The major reasons for overseas study fall into three categories (Cummins, 1993): (a) lack of domestic facilities, especially in certain subject areas, prompted many students/governments to seek education in other countries; (b) the commercial value of a foreign degree encouraged individuals to seek higher education abroad; and c) knowing and gaining experience in another country and culture encouraged many to seek education in foreign countries.

The impact of the Cold War on foreign aid and on the funding of overseas students cannot be underestimated. Foreign aid and technical assistance were useful modes of containing communism and “stem[ing] the influence of the Soviet Union in developing countries” (OECD, 2004a: 44). The policy of disseminating scientific advances and sharing industrial progress with the developing

world sought the help of higher education institutions. Support from USAID linked the foreign policy mission with support to higher education. The Cold War period helped fund higher education and promote overseas study programmes.

Funding for overseas education during the colonial period was mostly provided by the colonial powers. During the post-colonial period, overseas education received funding support from five broad sources:

- (i) Former colonial powers funded students from the former colonies; for example students from colonies went to metropolitan capital cities such as London and Paris.
- (ii) Cold War rivals funded study-abroad programmes. They were in competition to attract students from the developing world. For example, many scholarships were awarded to students from developing countries by the USA under the Point IV Programme initiated by President Harry Truman. The Soviet Union was also in competition with the USA to attract more students to their higher education institutions. Many other countries also had their stake in the Cold War policies, and that is another reason why funding came largely from OECD countries.
- (iii) Overseas education was funded by bilateral and multilateral development assistance agencies. Among the multi-lateral agencies, the World Bank was one of the major sponsors, and very often the funding support came as part of the World Bank projects in different countries (Selvaratnam, 1993). Bilateral agencies, too, had a share in the funding of overseas education.
- (iv) Funding by national governments. Many governments in the period after independence introduced scholarships for study-abroad programmes. Many of these students went abroad to study in the areas of agriculture, business, engineering, and science and technology.
- (v) Private funding. Self-financing was also a source for many students. Self-financing was easier during the 1950s to the 1980s than at present as universities were not levying any tuition fees. However, study-abroad programmes were heavily donor-funded during this period.

As discussed earlier, the overseas student flow was mainly from the developing to the developed (OECD) countries – colonial powers or Cold War allies. Some students from the developed world studied in developing countries essentially for gaining experience in other countries and their cultures. The number of students under this type of flow was rather limited in numbers. Several developing countries were also host to many students from the developing world. Egypt, India, Lebanon, and Saudi Arabia were common destinations. These are also the countries in the developing world which have a more-developed and wider network of higher education institutions than the countries from where students come. Further, higher education is free of tuition fees and the cost of living in these developing countries is very low.

The shift in the demand for different courses of study is worth noting: The demand for overseas studies is mostly in the scientific and technical fields. Engineering was a favorite subject area among overseas students in the 1970s. Then business management became an attractive area from the late 1970s. From the 1980s till now, computer science seems to be an area of immense interest for foreign students. The choice of subject areas reflected the employment opportunities in the emerging and new areas of the developing world.

### **3.3 Cross-border student mobility: recent trends**

The end of the Cold War period also marked a return to reliance on the market for the decision-making process in the productive and social sectors of the economy. The application of market principles in higher education introduced the principle of paying for the services rendered. Public universities

started introducing fees, which was already the case in private universities that depend on fees for their survival and expansion.

Many of the private universities were affiliated to foreign universities and levied fees at levels close to international pricing. These changes – the emergence of the private sector, cross-border institutional linkages, and full pricing of educational services – contributed to bringing education under trade laws (GATS). Private universities established and strengthened markets for cross-border higher education both within the country and abroad. The discussions will be focusing on the student mobility aspect of cross-border education.

The number of students seeking higher education in foreign countries has been growing consistently over the years. It increased by nine times between 1963 and 2006 (Table 3.1), this increase being particularly significant in the last decade (0.6 million students between 1995 and 2000 and 0.8 million students between 2000, and 2004). The figures for the net increase between 2000 and 2004 surpassed the total number of foreign students in the 1980s. While the annual increase on average was around 40,000 from 1985 to 1995, it was more than 155,000 from 1995 to 2004. This increase in growth indicates an increasing demand for cross-border education and efforts by many countries to attract more international students to higher education.

**Table 3.1 Increase in number of foreign students**

Year	Total in millions	Additional in millions
1963	0.30	
1968	0.43	0.13
1975	0.60	0.17
1980	0.80	0.20
1985	0.90	0.10
1990	1.20	0.30
1995	1.30	0.10
2000	1.90	0.60
2004	2.70	0.80

Source: 1. Goodwin (1993); OECD (2006).

Needless to add, if foreign students were once a drain on the public higher education resources of the host countries, nowadays they are a reliable source of income. The process of globalization and increasing employment opportunities in multinational corporations and foreign countries should have contributed to the surge in the demand for cross-border education. The growth in the number of students attracted to countries such as Australia has been higher than that of students going to the traditional destinations, the USA and UK.

### 3.4 Intra-regional and inter-regional student flows

Table 3.2 indicates the flow of students in the host region by region of origin for the latest year for which data are available (2004). The pattern clearly indicates that intra-regional flows are stronger than inter-regional flows. For example, 37.55 per cent of students are hosted by the Arab region (58 per cent of the students who specified their country of study), of which 7.6 per cent come from countries of the same region). The flow of students from countries in Central Asia and Central and Eastern Europe continues to be strong – 85 per cent of the students hosted in Central Asia come from the same region and from Central and Eastern Europe. The students hosted in North America and Western Europe come from all of the regions, although two thirds of them are accounted for by North America and Western Europe, East Asia and the Pacific, and sub-Saharan Africa.

The most familiar pattern of cross-border movements of students used to be from developing to developed countries. This trend is changing, although developed countries continue to be the major destination of students studying abroad. A clearer picture emerges when we consider the flow of foreign students by destination (Table 3.4). North America and Western Europe continue to be the favorite destinations for most students from any region, except for students from Central Asia (Table 3.3), who go to the Russian Federation or other Eastern European countries.

Nearly three quarters of the students from all regions, except Central and East Asia and the Pacific, seek higher education in the OECD countries. Nearly 90 per cent of the students from North America and Europe cross the border to study in another country of the same region: 80 per cent of students from Latin America travel to North America and Western Europe for their studies. A large number of students from China travel to Japan, and those from India and Indonesia travel to Australia. However, even in all cases, except in Central Asia, the general movement is from developing to developed countries – OECD countries.

**Table 3.2 Distribution of students in host regions, by regions of origin 2004 (%)**

	2004	%	Arab	C. and E. Europe	C. Asia	E. Asia and Pacific	L. Am. and Carib.	N. Am. and W. Eur.	S. and W. Asia	Sub-S. Africa	Un-specified	Total
Arab States	61,983	2.52	37.55	1.16	0.41	2.72	0.21	2.80	2.38	7.56	45.20	100
C. and E. Europe	168,015	6.84	3.23	37.14	20.89	1.19	0.20	8.50	1.51	0.69	26.66	100
Central Asia	33,958	1.38	2.23	20.76	65.05	3.22	0.01	0.25	8.15	0.01	0.31	100
E. Asia and Pacific	379,919	15.47	1.44	0.91	0.41	73.80	0.90	6.33	8.54	1.99	5.69	100
L. Am. and Caribbean	36,536	1.49	0.40	0.22	0.11	1.62	65.88	10.88	0.18	4.94	15.78	100
N. Am. and W. Europe	1,704,735	69.43	8.26	13.15	0.78	24.25	6.90	25.93	8.90	7.97	3.86	100
S. and W. Asia	10,303	0.42	14.45	1.24	1.92	16.37	0.29	4.53	31.59	17.41	12.18	100
Sub-S. Af.	59,801	2.44	0.09	0.08	0.00	0.17	0.01	0.09	0.03	68.47	31.06	100
		100										
<b>Total</b>	<b>2,455,250</b>		<b>7.22</b>	<b>12.14</b>	<b>2.96</b>	<b>28.55</b>	<b>5.93</b>	<b>19.82</b>	<b>7.91</b>	<b>7.90</b>	<b>7.57</b>	<b>100</b>

Source: UIS (2006).

**Table 3.3 Distribution of students of regions by destination region 2004 (%)**

	2004	%	Arab	C. and E. Eur.	C. Asia	E. Asia and Pacific	L. Am. and Carib.	N. Am. and W.E.	S. and W. Asia	Sub-S. Africa	Un-specified
Arab States	61,983	2.52	13.12	0.24	0.35	0.24	0.09	0.36	0.76	2.42	15.07
C. and E. Europe	168,015	6.84	3.06	20.93	48.35	0.28	0.23	2.94	1.30	0.60	24.10
Central Asia	33,958	1.38	0.43	2.37	30.44	0.16	0.00	0.02	1.43	0.00	0.06
E. Asia and Pacific	379,919	15.47	3.08	1.16	2.15	40.00	2.34	4.94	16.71	3.91	11.62
L. Am. and Caribbean	36,536	1.49	0.08	0.03	0.06	0.08	16.53	0.82	0.03	0.93	3.10
N. Am. and W. Europe	1,704,735	69.43	79.35	75.22	18.38	58.98	80.78	90.83	78.08	70.10	35.38
S. and W. Asia	10,303	0.42	0.84	0.04	0.27	0.24	0.02	0.10	1.68	0.93	0.68
Sub-S. Af	59,801	2.44	0.03	0.02	0.00	0.01	0.00	0.01	0.01	21.12	9.99
		100	100	100	100	100	100	100	100	100	100
<b>Total</b>	<b>2,455,250</b>		<b>177,372</b>	<b>298,093</b>	<b>72,570</b>	<b>700,999</b>	<b>145,639</b>	<b>486,601</b>	<b>194,231</b>	<b>193,871</b>	<b>185,874</b>

Source: UIS (2006).

### 3.5 Inter-country flow

The USA attracts the single largest share of foreign students. The number of foreign students in the United States increased from 48,486 in 1960 to 514,723 in 1999/2000 and to 572,509 in 2004/2005, accounting for an increase of 10.6 times. Countries such as the United States (22 per cent), the UK (11 per cent), Germany (10 per cent), France (9 per cent), Australia (6 per cent), and Japan (4 per cent) account for more than three fifths of the foreign students. The fastest expansion in foreign students was experienced by Australia in the 1990s when the number of foreign students tripled, followed by the UK where it doubled during the same period.

**Table 3.4 Foreign students by country of destination (%)**

Host country	2000	2004
USA	25.0	22.0
UK	12.0	11.0
Germany	10.0	10.0
France	7.0	9.0
Australia	6.0	6.0
Canada	6.0	5.0
Japan	4.0	4.0
New Zealand	0.0	3.0
Russian Federation	3.0	3.0
Other OECD	14.0	18.0
Other Non-OECD	13.0	9.0
<b>Total</b>	<b>1.9 m</b>	<b>2.7 m</b>

Source: OECD (2006).

Although the influx of foreign students is highest to the USA, they account for less than 3.4 per cent of the total tertiary education students in the USA. The share of foreign students to total enrolment is 28 per cent in New Zealand, 19.9 per cent in Australia, 16.6 per cent in the UK, 11.2 per cent in Germany, 11 per cent in France, and 10.6 per cent in Canada (Table 3.6). This shows that the smaller countries attract a disproportionately large share of the cross-border students; this is a new trend. Previously, economically stronger countries with large networks of higher education institutions used to attract more foreign students. Now small countries with a limited number of universities attract a large number of foreign students and constitute a good share of the total higher education students in the country.

Some countries, such as the UK, have planned targets for the expansion of cross-border higher education. As a result, the share of foreign students in the global tertiary education enrolment rate is high in the UK compared with France, Germany, etc. The cross-border student movement is substantially higher at the research level (PhD, etc.). In countries such as New Zealand and the UK, more than two thirds of the students engaged in research-level studies are from foreign countries.

**Table 3.5 Share of foreign students in the host countries in 2004 (%)**

Country	Total higher	Research level
New Zealand	28.3	45.6
Australia	19.9	26.4
UK	16.2	40.3
Germany	11.2	..
France	11.0	33.9
Canada	10.6	34.1
US A	3.4	..
Japan	2.7	..

Source: OECD (2006).

**Table 3.6** Fields of study of foreign students

<b>Fields of study</b>	<b>Germany (%)</b>	<b>UK (%)</b>
Social sciences, business and law	26.7	39.3
Humanities and arts	21.9	15.8
Engineering	17.2	15.1
Science	15.7	14.1
Agriculture	1.1	0.1

Source: OECD (2004).

A large majority of the students choose business and technical and scientific fields of study. It seems there is a difference in the choice of studies among the foreign students studying in English-speaking and non-English-speaking countries. The former attracts students who want to pursue their education in science, engineering, business studies and social sciences. In 2003, while nearly 35 per cent of the foreign students in the USA chose business studies, 16 per cent chose engineering. In the non-English-speaking countries, a larger share of international students pursue higher education in arts and humanities. This is more often the case of students seeking education in France and Japan.

The variation in student choices between Germany and the UK (*Table 3.6*) indicates that the UK enrolls nearly two thirds of foreign students in social sciences, business and law, while Germany enrolls more of its foreign students in humanities, arts and science.

## 4 Change in cross-border student mobility patterns

The major players – either as senders or as host countries – in cross-border higher education are the 15 countries listed in *Table 3.6*. These 15 countries together account for nearly 70 per cent of the cross-border student flow. Most of the developed countries are host countries. Most of the developing countries such as Algeria, China, India, Korea, Malaysia and Morocco send a large number of students abroad, notably to Australia, France, Germany, the UK and the USA. India has very recently (in 2003) emerged as the top sending country, overtaking China, who used to be the major exporter of students to foreign countries. This trend is now changing.

Asian countries top the list of sending countries (with 43 per cent of all cross-border students), followed by Europe (35 per cent), Africa (12 per cent), North America (7 per cent), South America (3 per cent), etc. (OECD, 2004b). In 2001, China ranked first in terms of the number of students sent abroad, followed by India and Korea. This trend is changing and India has now taken over as the top-ranking country in terms of the number of students seeking cross-border education.

**Table 4.1 Inter-country student flow 2005 (%)**

Host	USA	UK	Germany	France	Australia	Japan	Korea	China	NZ
<b>Sending</b>									
India	13.5	4.9	..	..	14.2	..	..	2.3	3.6
China	11.1	15.4	10.5	4.8	27.0	63.0	51.3		59.0
Korea	10.4	1.0	2.2	..	2.3	13.5	..	38.3	2.9
Japan	6.9	1.9	..	..	1.9	..	12.0	13.4	2.3
Canada	5.0	1.1	..	1.1	1.8	..	..	..	..
USA		6.2	1.4	..	2.0	1.5	5.2	7.3	5.6
France	2.0	4.6	2.1	..	..	..	..	2.2	..
Ireland		4.8	..	..	..	..	..	..	..
Morocco	0.3		3.4	13.8	..	1.8	..	..	..
Algeria	..	..	..	9.4	..	..	..	..	..
Malaysia	1.1	3.4			8.8	1.5	..	..	2.2
<b>Total (000s)</b>	<b>568.0</b>	<b>344.0</b>	<b>246.0</b>	<b>238.0</b>	<b>168.0</b>	<b>118.0</b>	<b>23.0</b>	<b>141.0</b>	<b>37.0</b>

Source: IIE (2007).

Note: (i) Only those countries who appear in the top 10 sending countries are indicated in the above table

(ii) .. denotes negligible (less than 1 per cent) or the same country.

**Table 4.2 Inter-country student flow by selected countries of origin**

Sending/Host	Countries of origin 1995			Countries of origin 2004			
	China	India	Japan	China	India	Japan	Korea
USA	59.6	78.5	70.8	25.6	64.5	67.6	53.5
UK	4.5	5.5	6.6	13.1	11.8	10.6	3.5
France	1.2	..	1.4	..	..	3.9	2.4
Germany	4.5	1.7	2.5	7.3	3.4	4.2	5.6
Canada	2.7	2.6	1.2	..	..	..	3.4
Australia	2.2	..	1.0	22.4	12.7	5.2	4.0
Japan	20.5	..	..	7.2	..	..	23.7

Source: UIS (2006) and OECD (2004).

Note: .. denotes negligible (less than one per cent) or the same country

The past few years have seen a change in trends in student migrations. The number of foreign students seeking higher education in the USA (one of the main players) fell from 25 per cent in 2000 to 22 per cent in 2004, and fell by 1 per cent in the UK (another main player) and Canada. The decline was not only in terms of the share, but also in terms of absolute numbers, especially in the case of the USA. The country that gained the greatest number of foreign students in the late 1990s was Australia, while now it seems to be New Zealand. France, Italy and South Africa have improved their share in the market.

More than 70 per cent of all Asian students study in three English-speaking countries – Australia, the UK and the USA. This trend is changing as can be seen from *Table 4.1*. In 1995, the USA used to be the top destination of all the top-ranking sending countries. Between 1995 and 2004, the share of Chinese students going to the USA more than halved – from 59.6 per cent to 25.6 per cent (*Table 4.2*). The number of students going to study in the USA from India and Japan also declined by 14 per cent and a less significant 3.2 percentage respectively. The country that gained most in terms of cross-border education from these countries is Australia, who received an increasing number of foreign students from many top-ranking sending countries such as China (an increase of 20 percentage points), and India (12 percentage points). The UK has also received an increased share of students from all of these top-sending countries, as has Germany, though only marginally.

## 5 Factors influencing student flow in cross-border education

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One of the impacts of the changes in the orientation of cross-border education is that political patronage and colonial legacies have given way to market principles to decide on the country of destination for studies. This is mainly due to the fact that a majority of students seeking cross-border higher education pay from their own sources. They choose the country and subject areas of the study based on their calculations regarding the monetary and status reward a foreign degree can bring. Some authors (Altbach, 1997) discuss push and pull factors in the context of cross-border higher education, especially in the case of student mobility. While the push factor indicates the less favorable conditions of pursuing higher education in a given country, very often in pursuing advanced research, the pull factors refer to the fellowship opportunities and other avenues for funding support for studying abroad.

### 5.1 Cost of education

Among the factors influencing the country of choice for cross-border education is cost. Studying abroad is expensive and the expenses used to be borne by bilateral governments or funding agencies. At this point in time, the selection of countries for studying abroad is decided by the governments of the host and sending countries. However, while cross-border education has become an activity increasingly funded by individuals, the cost of and return to education have become important elements in deciding in which foreign country to study. During the colonial period and immediately afterwards, a flow was noted from colonies to the imperial capital mostly funded by governments and agencies.

Higher education in many of the host countries used to be tuition-free. In fact, many countries did not have any provision for levying fees from domestic and international students until the 1980s. However, some of the countries, notably the UK, introduced fees for overseas students, and countries such as Australia followed suit. Consequently, the incidence of the cost of higher education has been shifted from the public to the individual domain.

There are different patterns with regard to the levying of fees in OECD countries (OECD, 2006):

- (a) In some countries, a higher level of tuition fees is levied from international students than from domestic students. Australia, Canada, New Zealand, the UK and the USA are examples of this pattern.
- (b) Some countries do not distinguish between foreign and domestic students when fixing the fees. The fee level remains the same for domestic and foreign students in France, Greece, Hungary, Italy and Japan.
- (c) Some countries such as Denmark, Finland, Norway and Sweden have not yet started levying tuition fees from foreign students.

One of the reasons for a decline in the flow of students to the UK and the USA may be that the cost of cross-border education in these countries is very high compared to Australia, Ireland, New Zealand, etc. As a result, one finds that the flow is greater to these countries where the cost of higher education – fee levels and living expenses – is comparatively lower. Consequently, it has become a favourite destination for students from China, India, and other Asian countries which traditionally are not used to sending their students to Australia (Varghese, 2006b).

## **5.2 Ideological affinity**

Ideological affinity was an important factor in choosing a country of study during the colonial period and the Cold War period. The availability of fellowships and funding support decided the direction of the flow of students during these periods. When cross-border education was mainly based on fellowships, it was more often regulated through the public channels than by private individuals. Transparency and accountability of the process of electing candidates for fellowships was at times doubted.

It is true that the allocation of fellowships under different categories and according to nationality reflects the host country's affinity to the sending country. Even today, the fellowship allocation process has similar considerations, although the basis for prioritizing nationalities has changed. The influence of ideological orientation in selecting the host country is on the decline now, especially as cross-border education has become totally student-funded. The cost of education and expected returns have priority over any ideological affinity.

## **5.3 Language proficiency**

While political affiliation may be an important and ongoing motive, language proficiency is an equally important factor when selecting a host country for the cross-border study. This may explain why regional flows continue to be high. The increasing share of intra-regional flows within the Arab region may be partly due to the common language of instruction. The same may be the motivation for the continuation of the flow between countries in Eastern Europe, Central Asia and the Russian Federation.

The inter-regional flow clearly indicates that proficiency in foreign languages – notably in English, French, German, Russian, etc. – is important in the decision-making process. The language familiarity may explain the increasing flow of cross-border students to English-speaking countries such as Australia, the UK and the USA. This again may be the reason for the emergence of the cross-border education market in countries such as Australia, Ireland and New Zealand. Countries such as France, Germany, Japan and the UK offer language courses to their cross-border students before they arrive in the host country. Further, to take advantage of the growing international market for cross-border education, many of the traditionally non-English-speaking countries have started offering some of their courses in English. Belgium, France, Germany, Hungary and Japan have introduced programmes and courses in intermediate English notably in the areas of business studies.

If one analyzes these flows closely for the year 2004, it can be seen that nearly 90 per cent of Algerian students and 69 per cent of Moroccan and Tunisian students going abroad for higher education studies went to France. While this was a traditional source, the influx of students from China, India, etc. to attend courses offered in English have contributed to an increase in the share of France in the global cross-border education market.

## **5.4 Perceived academic superiority of the institutions in the host countries**

Students seeking cross-border higher education in general move from countries where the education system is less developed to countries where universities are more developed. This is one of the reasons why cross-border mobility within a region has been increasing. For example, students in the Arab countries migrate to Egypt and Jordan to pursue their higher education studies, and a large number of students from Bangladesh and Nepal travel to India. A recent study by Li and Bray (2006) shows that the main motivation for students from mainland China to seek higher education in Hong Kong was because academic institutions in Hong Kong provided better quality education.

The continuing flow of students from developing countries to developed countries is also due to the belief that the quality and standards of higher education studies offered in universities in the OECD countries are superior to what is offered in the country of origin. One can find a positive association between the global ranking of universities and the preferred destination of students. Universities in the USA occupy top positions in global ranking, which encourages many to apply to North American universities.

The cross-border mobility of students within OECD countries is also partly due to this. Students find that education is better in a particular area of study in another OECD country. The academic prestige/standing of the host country institution is another consideration for the prospective candidates who seek admission to the institutions. This aspect is more visible when choosing an institution than when choosing a country. However, there are also other reasons, such as technological advantage, enjoyed by the host countries. Japan would still like to send their students to the USA, which is technologically more advanced, and education from the USA helps improve the competitiveness of the Japanese economy.

## **5.5 Acquisition of foreign language and culture**

Students from European countries tend to favour OECD countries for cross-border education. The major objectives of programmes such as Erasmus and Socrates are to promote student mobility within the European countries, and these programmes have been very successful in doing so. A survey of former Erasmus students (Maiworm, 2001) on the benefits of the programme indicated that the students valued highest the linguistic competency they acquired and cultural familiarity they experienced during the cross-border education. Another study (Li and Bray, 2006) based on a small sample of students from mainland China studying in Hong Kong and Macau showed that students highly valued the social and cultural experience, along with other factors, that they gained during their study. One of the objectives of the students from developed countries studying in developing countries is to gain experience in working in a multi-cultural context.

## **5.6 Employment opportunities**

Study-abroad programmes enjoy a prestige mainly because they enhance one's academic credentials, offer better-paid employment opportunities and provide entry to influential professional networks. It is more difficult to come across an unemployed foreign degree holder even when the unemployment rate is very high in the country of origin. The advantages (employment and prestige) are higher in developing countries than in the developed countries.

The liberalization policies followed by the developing countries in the 1990s have attracted high levels of direct foreign investment and also the migration of firms and jobs to developing countries. This has increased employment opportunities for high paid jobs in multi-national companies or their affiliates in the home country.

Another related aspect is the possibility of staying in the host country after studies. In this case, cross-border education becomes an avenue for international professional migration. A large number of students who went to the USA to pursue their studies in scientific and technological areas stayed there. Former students who went from China and India to seek education in the USA now constitute a large share of the professionals in some of the IT sectors in the USA.

In all instances, the salary expectations of the graduates of cross-border education are high and most of them do end up with jobs that offer large salary differentials when compared with their domestic counterparts. In other words, the rate of return to cross-border higher education continues

to be higher than investments in other sectors. This is one of the most important factors responsible for the continued demand for and expansion of cross-border education.

### **5.7 Increasing income levels in the countries of origin**

One of the important reasons well-recognized by the market but not by the public authorities is the improving economic conditions of individuals in some of the developing countries that send a large number of students to study abroad. In other words, one of the reasons for the continued demand for cross-border higher education is the paying capacity of the individual students and their families. The faster economic growth and the improvement in income levels and standards of living have certainly enhanced the paying capacity of those who seek cross-border education. This is clear from the countries which are sending a large number of students to study abroad. For example, countries such as China, Korea, India and Malaysia have experienced a high rate of economic growth and an increase in income which enables them to seek education abroad. Further, many of these countries have followed trade liberalization policies inviting direct foreign investment. The salary levels of the jobs they may be getting upon their return encourage parents to invest in cross-border education.

### **5.8 Easy visa formalities**

Travel facility is another consideration, especially after the 9/11 incident. There have been heavy Visa restrictions to travel to Europe and the USA ever since. Many students find it very difficult to get a visa to study in the USA. This is reflected in terms of a decline in the number of students seeking admission in the USA, leading to a decline in the absolute number of students entering the USA for higher education studies. Therefore, there is a decline in the number of cross-border students seeking admission who succeed in reaching and studying in the USA. This phenomenon is very recent, and it may not become a long-term problem.

## 6 Concluding observations

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Cross-border education has seen a considerable transformation in its objectives and organization. During the colonial period, it served the purpose of developing reliable and competent administrative support for the administration and a means of social control. During the Cold War era, it became one of the elements in the strategy to contain the influence of the rival powers. During the period of globalization, it became a commercial activity traded under GATS, attracting capital investment and producing good profit. The profitability of the sector attracts a large number of providers and consumers.

The flow of cross-border students indicates that the dominant flow continues to be from the developing to the developed countries. The USA used to be the favorite destination for many countries. Now the trend is changing, making countries such as Australia and New Zealand attractive destinations. These changes in the direction of flow are influenced by the cost of education rather than by any political considerations. Although countries such as Australia follow a full-pricing policy, the cost of cross-border education in Australia continues to be low when compared with that of the UK or the USA.

Many institutions in the host countries rely heavily on the income generated by the foreign students. In fact, fees paid by foreign students in many universities in Australia account for between one quarter and one third of their budget. In the UK, the fee rates of foreign students, especially from developing countries, have increased by several times within the past two decades. The foreign students not only mobilize funds but also help subsidize the domestic students. Since the flow of students is mostly from the developing to the developed countries, this implies that developing countries are contributing to subsidizing higher education in the developed countries.

Cross-border higher education under GATS has brought the market forces into full operation in the higher education market. Trading education services under GATS is supposed to play a significant role in national development. The curriculum and national concerns may not always be in line with what is provided by the cross-border providers. Leaving the sector to international markets could lead to a decline in the national influence on deciding and designing content and curriculum. This could have a long-standing adverse effect on national concerns and national development.

Cross-border education might have contributed to brain drain. Many students from developing countries do not return to their home countries after their studies in the host countries. Some of the surveys indicated that students from China and India have higher potential to stay in countries such as USA. Some of the host countries are also happy to employ the cross-border graduates in the host countries.

It is interesting to note an emerging duality in the operation of public universities in many developed countries. A university is public in its orientation and operation in the host country, but the same university may be opening a branch campus in a developing country to be operated on a commercial basis. In other words, universities are public institutions that maximize social welfare in the host countries, but the same universities are commercial ventures in developing countries.

Cross-border education has experienced many fraudulent practices in many countries. At times, providers are dubious, some institutions are bogus, and some degrees are fake. Further, in some instances it is found that admission rules are relaxed, the evaluation process is distorted, and

examinations are faked in different ways (Hallak and Poisson, 2007). There is a need to develop regulatory mechanisms to protect the interests of the country and students. UNESCO and OECD, among other agencies, have taken initiatives to develop guidelines to ensure quality and protect students from fraudulent practices in cross-border education. It is important to put these regulatory mechanisms in place before cross-border education is encouraged to expand.

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## The book

Cross-border education implies the mobility of students, teachers and programmes crossing national boundaries. In the context of globalization it has become a market-driven activity involving numerous providers and attracting thousands of students who are willing to buy these services at an international price. Universities in some of the OECD countries attract a large number of foreign students, and income from foreign students constitutes a good share of their annual budgets. In 2006, there were 2.7 million students studying abroad, and this figure is expected to increase to 7.2 million by 2025.

The pattern of student flow indicates that 15 countries account for more than 70 per cent of the cross-border student movement. Countries such as China, Korea and India send a large number of students abroad, while Canada, France, Germany, the UK and USA, etc. host a large number of foreign students. The trend is changing and countries such as Australia and New Zealand are becoming important players. It seems that the cost factors are becoming increasingly important and influential in the present trends in student movements.

## The author

**N.V. Varghese**, Professor and former Head of the Educational Planning Unit at NIEPA (New Delhi), is currently Head of Governance and Management in Education at IIEP. He has published widely in the areas of educational planning, financing and quality. His most recent publications concern the areas of institutional restructuring of higher education and private higher education.