



Higher Education in China, Part 1: *context & regulation of foreign activity*

KEY MESSAGE: China is of considerable interest as an emerging economy developing a mass higher education system, and as a site for transnational delivery. This briefing note describes the main features of Chinese higher education, including online learning capacity, plus regulation of foreign activity. In general terms, foreign higher education involvement is encouraged, but a recent decree adds to the compliance burden in important respects. In a country moving from autocracy to rule of law, consistent interpretation and application of the law is not always forthcoming. Part 2 will consider 20 examples of Sino-foreign partnership.

1 **Introduction.** China is perhaps the world's most over-hyped, under-analysed and complex market for transnational higher education. A combination of size, transition from a command to a pseudo-market economy and potential as a superpower has prompted many higher education institutions in the developed world to explore the possibilities for market entry. The recent accession of China to the World Trade Organisation and the increasingly favourable official view taken of in-country activity by foreign education institutions (new regulations come into force in September 2003), suggest a genuine opening up of the market. Foreign providers are becoming increasingly knowledgeable- numerous universities and colleges already operate in China, and many institutional leaders have visited the country. At this time of change, the Observatory sees value in bringing together information on the Chinese higher education system itself, with an overview of the relevant regulations, and data on a sample of foreign higher education institutions operating in the country. This paper is not a detailed 'marketing guide', but rather pools a range of contextual intelligence that may prove helpful to institutional strategy development.

This briefing note is in two parts. The first part focuses on the Chinese higher education context and regulation of foreign activity. The second part, to be published on the Observatory website in September 2003, considers examples of foreign involvement in Chinese higher education.

Data on Chinese higher education and transnational activity is scattered across books, academic journals, newspapers, institutional publicity and websites, with few attempts at synthesis¹. This paper is an attempt to pull together a range of sources and offer some analysis. Additional information and other comments are welcome.

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2 Higher education in China. This section outlines the size and shape of higher education in China, private provision and use of information of technology/ e-learning. The section concludes with an assessment of the potential for foreign involvement.

(i) **Size & shape of provision.** Chinese higher education has experienced dramatic change over the past decade. In 1990, the system was characterised by a large number of relatively small, youth-oriented, specialist universities and colleges enrolling a tiny proportion of the 18-22 age group (about 2%¹). There were also numerous adult education institutions and large distance learning institutions such as the China Central Radio & TV University. Different institutions were controlled by national/ municipal government departments and had limited autonomy. As the country began to embrace aspects of capitalism, evidence of inefficiency and over-specialisation became a cause for concern. In recent years, the government has promoted education as critical to national economic success² and has pursued a policy of institutional mergers and massive expansion of student numbers.

From a 1997 total of approximately 3.2 million students³ in regular higher education (about 4% of the 18-22 age group), numbers reached a staggering almost 7 million by 2000 (about 10% of the cohort)⁴. The Ministry's target, including adult and distance enrolments, was 16 million enrolments by 2010. Given success to date, the new target is 2005. The 18-22 component of the 16 million target would represent about 15% of the cohort. Enrolments were further boosted by population growth, the removal of the requirement for final examinees to be single and under 25, and by recent attainment gains in primary and secondary education. The loosening of state-determined structures of job determination, and evidence of improving rate of return for graduates, have also contributed to growth. Since 2000 expansion has continued but at an ever-slower pace. Hundreds of institutions were merged during the 1990s, both small institutions merging with larger ones, and the combination of equally-sized institutions. According to Chen, by 2000, 612 institutions out of China's 1000+ universities and colleges had been merged into 250⁵.

Expansion and rationalisation were accompanied by devolved authority. Many institutions have moved from central to local authority control, and work with block rather than line budgets. A small number of flagship universities remain under the direct authority of the Ministry of Education (and have been fostered as potentially world-class research institutions), but have greater local power than was previously the case. An important aspect of greater autonomy is the part deregulation of tuition fees. Fees were first widely introduced in China in 1996⁶, and are determined by a complex mix of national, municipal and institutional policy, varying by location and institution. Fees are also often differentiated by subject. Many colleges and universities used to charge higher fees to some students with below average entry grades, but this was outlawed by the government⁷.

Average fees have risen quite steeply in recent years and represent a significant proportion of institutional income. In 2000, to combat fee hikes perceived as excessive, the government decreed that annual tuition should be no more than around 5000 yuan (about US\$600) and tuition income should not exceed 25% of an institution's operating budget. This has kept fee rises under control, but the guidance is not universally followed. Some local governments have also acted. The Beijing municipal government recently restricted fees to between US\$525 and US\$750 a year. With the average income of urbanites around 6,860 yuan per capita in 2001, and for rural dwellers 2,366 yuan, even capped fee levels represent considerable outlay for many citizens. In some cities, such as Beijing where disposable income alone averaged 12,000 yuan, the problem is less acute⁸. Government loans have been available since 1998, but are targeted at the poorest students.

(ii) **Private provision.** Another striking feature of Chinese higher education over the past decade is the rise in private, or 'non-government funded' provision. Of course, private enterprise in China more generally has suffered considerable legal ambiguity for many years. Private ownership (on a par with public ownership) and the rule of law were only formally incorporated into the Chinese constitution as recently as 1999⁹. The 1982 constitution gave private education official sanction for the first time in 30 years but, until 2002, the sector operated in the "absence of a clear legal framework"¹⁰. Crucial matters of status (for-profit, non-profit), parity with the public sector and tax and property arrangements remained unclear. Nonetheless, the sector has flourished at tertiary level, with over 1,300 institutions in operation by 2002¹¹. Aside from a handful of private universities, only four private colleges have the right to award degrees, and a further 129 are licensed to offer sub-degree programmes. The remainder offer unofficial awards or non-award provision (e.g. university entrance preparation). In December 2002, after lengthy debate, China put forward the first national legislation on private education. This clarifies a number of legal issues (e.g. private institutions are now permitted to make a "reasonable return", although that term itself is ambiguous) and reduces legal inequalities between public and private institutions. However, by legitimising the private sector, the law also pulls it into a wider framework of national education policy, raising the possibility of additional regulation and manipulation over time¹².

(iii) **Information technology and online learning.** One of the first ever surveys of use of information technology in Chinese higher education was undertaken in 2002 under the auspices of the Asian Campus Computing Survey Project (ACCS)¹³. The ACCS is the first international extension of the well-established Campus Computing Project in the United States. The survey was carried out by the Educational Technology Department, Graduate School of Education, Peking University¹⁴. With Ministry of Education support, the researchers contacted 836 higher education institution presidents and received usable responses from 384 (46% response rate).

The survey analysis argues that the relatively recent adoption of information technology in Chinese higher education is reflected in a dominance of spending on hardware and networking, rather than utilising well-established infrastructure to develop online learning or e-commerce. In general terms, Chinese higher education lags behind the USA in terms of information technology and online learning development, but in some instances the Chinese would appear to be in a similar position. In the following analysis, comparative USA data is given from the 2002 Campus Computing Survey¹⁵.

According to the ACCS survey, facilities such as "faculty/student e-mail" (78%; 98% USA) and online "library/card catalogue" (73%; 88% USA) were widely available, but "online courses" (33%; 63% USA) and online "course registration" (39%; 71% USA) were less common. The proportion of academic units and departments with their own web page was quite low (13% on average, rising to 27% for ministry-funded universities). The figure was 35% in the USA.

China's academic network, the China Education and Research Network (CERNET) was built in 1994 and use is now widespread. Currently, CERNET has nearly 900 institutional users and 7.47 million individual users. Over 80% of China's higher education institutions have constructed a campus network linked to CERNET (the majority since 1999). The proportion of campus networks capable of transmitting high-speed video was 44% in China and 47% in the USA, but a further 49% of Chinese institutions pointed to planned capacity by 2004, compared to only 23% in the USA. This may reflect the comparative advantage of Chinese institutions embracing this information technology later than their US counterparts, thus avoiding problems associated with antiquated infrastructure. Another factor may be widespread experience of TV-based distance learning at regular Chinese universities, often in partnership with the Central China Radio & TV University network. Six percent of Chinese respondents reported local or campus-wide wireless networks, compared to 68% in the USA. Despite official sanction to replace computer hardware at least every five years, the survey found large numbers of institutions did not have a replacement strategy for lab (47%) or faculty (50%) computers (all USA respondents pointed to replacement cycles of between one and five years for labs and two and five years for faculty). On average, about a quarter of students at Chinese institutions owned a computer (rising to just over 30% in ministry-funded institutions), compared to over 75% in the USA.

None of this is to say that Chinese institutions do not have ambitions for online learning. On a scale of 1-7 (where 1= poor and 7= excellent), Chinese respondents scored "web resources to support instruction" available on their campus as 3.81, compared to 5.10 in the USA. However, in terms of perceived importance of this area of development, Chinese respondents scored an average of 5.74 compared to 6.00 in the USA. Almost 55% of respondents pointed to a formal plan for online learning, and an average of 41% of classrooms and 36% of dormitories had Internet access. This suggests rapidly developing strategy and infrastructure, but is some way off US figures of 82% for classrooms and 81% for dormitory beds (i.e. access in each *room* rather than just the dormitory as a whole).

Distance learning has long been a mainstay of participation in China, with many conventional universities operating forms of remote provision¹⁶. Extending this tradition, China has witnessed a series of national funding efforts for online learning development- notably the 1999 'Modern Distance Learning Project' and the 10th five year 'National Technology Plan' in 2000. Both distributed funds to a number of universities to develop both synchronous and asynchronous provision, and support work on platforms, metadata and standards. Some of the most prominent universities involved include Tsinghua University, Peking University, Beijing Normal University, China People's University and Chongqing University. In all, sixty-seven institutions (out of over 1200 regular higher education institutions) have been funded to develop online learning, known as 'network-education colleges' (NECs). The remainder, if developing online learning, are doing so within existing budgets. NECs were granted considerable autonomy over curriculum development and recruitment. (It is important to note that in June 2002, the Ministry of Education decreed that network-education colleges could only admit part-time students. This obviously excludes full-time students, but includes the important post-experience market. In fact the change was in line with recruitment. According to a survey of 13 NECs in 2001, full-time students represented a mere 3% of enrolments¹⁷).

Predictions for growth are bullish. In a report by CCID, a Chinese IT research firm, investments in online university education in China reached US\$360 million in 2001. IDA of Singapore predicts that the academic e-learning market in China will reach US\$876 million by 2005¹⁸. According to Zhang, these colleges enrolled

240,000 students in 2001¹⁹. Ru gives a cumulative figure of 800,000 students by the end of 2002²⁰. While ostensibly online initiatives, poor student infrastructure led many NECs to utilise face-to-face instruction and posted CD-ROMs²¹.

While the government has granted the 'network-education colleges' considerable autonomy over future development, the growth of online provision to date has been tightly state controlled. According to Ming, after a period of relatively unregulated growth and development in the late 1990s, in April 2000 the Ministry of Education announced that all online schools and universities had to gain ministry approval prior to domain name registration and enrolment²². No foreign partnerships are evident in these flagship initiatives (although some domestic private companies are involved²³). The emphasis has been on utilising existing resources and expertise, not least the national network of support centres under the Radio & TV University network. A recent review of the network-education colleges reported a range of issues familiar to practitioners in the west- shortage of online instructional resources, user access issues, duplication of effort and staff development²⁴.

Other interesting online developments:

- an example of ICT fundamentally changing a core higher education process is the recent shift to online admissions. Replacing the old system where university admissions staff would travel to major provincial centres to select students, national examination and other information is now increasingly available online. According to Tan and Ouyang, this has improved efficiency and accountability²⁵.
- Some prominent Chinese universities have been permitted²⁶ to establish private arms with online interests. For example, Tsinghua University developed Tsinghua Tongfang, listed on Shanghai Stock Exchange in 1997. The subsidiary seeks to leverage university-based technology research into marketable products, including in the areas of e-commerce and e-learning.
- A handful of leading Chinese universities are represented in some of the prominent international online learning initiatives. For example, one Chinese university (Fudan) is a member of Universitas 21 Global, and two (Nanjing and Zhejiang) are members of the Worldwide Universities Network.
- A rare foreign partnership in this area- as part of wider Chinese-Japanese co-operation, Fudan University and North East University were funded under the 'China & Japan Distance Learning Model Project' to develop online provision with Japan's Aoyama University.
- In 2002, Peking University installed the first wireless campus in China.

More generally, the data on IT and e-commerce in China is mixed. In sheer numbers, China boasts one of the largest online populations in the world (about 60 million²⁷) and the largest market for mobile phones, but by proportion, access remains very limited. That said, the proliferation of Internet cafes is a reminder that access and ownership are not the same thing. In 2001, Internet users in China reached 33.7 million, compared to only 12.5 million computers with Internet connections²⁸. By January 2002, 31% of Chinese Internet users had made at least one purchase online²⁹. Telephone line density per capita remains low nationally at 20% in 2000, but is much higher in major cities. Gradual deregulation of domestic telecommunications provision will lower prices and speed adoption (post-WTO membership, this sector is only now being opened to foreign involvement). The recent SARS outbreak had the effect of increasing ICT usage. According to BDA China, an e-commerce research firm, Internet traffic was up by 40%. In addition, many transactions went virtual, such as online banking, and offices continued work via messaging and e-mail³⁰.

While it is true that the Chinese authorities are making huge steps to expand telecommunications access, pushing adoption growth rates of 100% a year on some technologies (e.g. mobile phones), the scale of China is such that only a relatively small proportion of the total population need have access to ICT to create a large market for foreign provision. There are admittedly few examples of foreign higher education institutions offering online provision in China, but the growth of face-to-face partnerships may prove a valuable base for future development. Despite China's extraordinary efforts to expand the higher education participation rate, higher education remains a relatively elite preserve, encompassing a population more likely than average to have ICT access. Foreign higher education institutions targeting the large corporate market will be similarly advantaged. The government '2000- year for enterprises online' programme pushed

adoption of e-commerce and e-learning in major companies- but various foreign firms are already well-advanced in this market, such as News Corporation's Worldwide Learning and CBIT under Canada's Capital Alliance Group.

Other issues remain, namely intellectual property and censorship. In joining the WTO and to support the growing domestic software industry, the Chinese government is committed to protecting both conventional and online intellectual property. In 1997, China agreed to implement fully the WTO's TRIPS agreement (Trade-Related Aspects of Intellectual Property Rights) upon WTO accession. Nonetheless low incomes, ease of copying and under-developed legal protection in this area point to ongoing problems. Building on a culture of communist censorship, the government has been quite successful at restricting domestic access to what are regarded as undesirable foreign websites. China has divided its Internet service operators into two categories- interconnecting networks and access networks. Only the former, of which there are a mere eight (tied to government agencies or state telecommunications firms), are connected to the international Internet. All access networks must connect users through the interconnecting networks. This structure, plus use of firewalls and filtering software, gives the government the capability to block domestic access to any foreign content. This has implications for remote online learning, but the extent to which any such provision has been blocked is unknown.

(iv) **Potential for foreign involvement.** As part 2 of this report will show, many foreign higher education institutions are already in the Chinese market, and recent legislation has emphasised government interest in imported provision (see below). From the Chinese perspective, the major benefits of foreign involvement are capacity, status and innovation. China is rapidly becoming the most significant source of students studying abroad (sending over 63,000 students to the US alone in 2002³¹), but, like some other major source countries such as Malaysia and Singapore, China may come to view foreign-sourced in-country provision as more cost-effective (in terms of reducing travel costs and stemming brain drain). That said, China boasts the best national savings record in the world- 43% of national income on the latest figures, with future education costs a central rationale³² - suggesting relatively robust ability-to-pay at consumer level in segments of the population.

Recent rapid domestic expansion of student numbers had led to disquiet in some quarters. A number of China's leading universities (e.g. Peking and Tsinghua) have announced a halt to on-campus expansion in the interests of quality. While the government has accompanied expansion with additional investment (US\$843 million over the past three years), a recent survey by the 'Beijing Municipal Education Committee' covering 50 colleges and universities in the capital found that 86% reported inadequate teachers and accommodation, 65% said they could no longer afford to expand and only 15% indicated potential for further expansion. Foreign investment offers additional capacity towards the national 16 million student target, and any subsequent targets. Private higher education institutions in China, the majority of which lack degree-awarding powers, may value a validation relationship with a foreign university (although there is little evidence of this occurring).

While foreign online provision appears minimal to date, rapid consumer ICT adoption, a strong Chinese tradition of distance learning and government recognition that distance learning must play a major role in further expansion, all point to growth in this market. An ageing population, urbanisation, and rapid transition to a market economy demand that China develop its human capital more generally over the next generation. According to one estimate, China faces the task of "creating an economy that supports between 400 and 700 million additional jobs within the next fifteen years"³³, and increasing proportion of which will demand forms of higher education and continuing professional development. Meeting this need may prove lucrative, but in many areas will put universities and colleges in competition with the private sector.

3 Legislation on foreign education activity in China. Prior to 1995, the few instances of Sino-foreign education co-operation existed outside any specific legal framework. In that year, based on the country's Education Act of 1995 which offered encouraged co-operative provision with foreign partners, the State Education Commission (SEC) produced the first official guidance on foreign education activity- the 'Contemporary Regulation on Operation of Higher Education Institutions in Co-operation with Foreign Partners'³⁴. The key points of the legislation, which characterise transnational provision in China to date, were as follows:

- no transnational provision can be provided absolutely and solely by a foreign institution (article 40). All activity must be in partnership with recognised Chinese higher education institutions. All foreign partners must be 'accredited' in their home country in a manner acceptable to the Chinese authorities, and partnerships must be approved by the SEC. Municipal and other local authorities have supervisory

oversight of partnerships in their localities. Non-award provision is not covered and, judging by current activity, is free to operate without special permission. Twinning programmes where students complete their award at the home campus of the foreign university also operate outside this framework.

- not less than half the members of the governing body of the institution must be Chinese citizens and the post of president or equivalent must be a Chinese citizen resident in China. The governing body has “full autonomy” (article 26- within the relevant legal frameworks) over budgets, teaching, planning and operations. Partnerships wishing to offer foreign degrees must obtain additional approval, but no such approval is required in the case of foreign “vocational” awards (article 27).
- partnerships “shall not seek profits as the objective” (article 5); and tuition income “shall be used solely for the expenditure and development of the institution” (article 28).
- partnerships seeking approval must submit detailed documentation outlining provision and objectives. The 1995 regulations list requirements such as a “qualified faculty” and a “fund needed for starting the educational undertaking” but do not prescribe specific qualifications or amounts of money (article 8).
- the “basic language used in a co-operative educational institution is Chinese, but certain courses may be taught in foreign languages” (article 26)
- fines and closure will be meted out to partnerships that fail to comply.

In 1997 the ‘Degree-Granting Commission of the State Council promulgated the ‘Notice of Strengthening Degree-Granting Management in Activities concerning the Operation of Institutions in Co-operation with Foreign Partners’³⁵. This document affirms the 1995 provisions, but adds the important proviso that approval for transnational partnerships will only be given on evidence of demand that cannot be met solely by Chinese institutions; and that foreign partners must enjoy a high international reputation in the fields they wish to offer in China. There are no published criteria for either stipulation and it is unclear how these provisions have been interpreted.

After months of delay and speculation, the third and most recent piece of legislation on transnational provision was released in March 2003. ‘Chinese-Foreign Co-operation in running Schools’ offers clarification on the 1995 regulations and will come into effect on September 1st 2003. The decree states that it provides additional legal protection to Sino-foreign education institutions and their students, and is cognisant of WTO guidance on market access. It is important to note that the term ‘schools’ applies to any educational institution/ operation, with an emphasis on higher and vocational provision. An official English translation of the 1995 regulations is publicly available³⁶, but there is currently no official translation of the 2003 decree. The Observatory has obtained an unofficial translation³⁷.

The main clauses additional to the 1995 provisions are:

- degree provision must be approved by the Ministry of Education; sub-degree provision must be approved by the relevant provincial/ municipal authorities.
- partnerships must first seek approval, and then undertake preparatory work. Only once the preparatory work has itself been approved can the institution enrol students. (This clarifies the wording of the 1995 provisions).
- all foreign teaching *and managerial* staff must have a bachelors degree, any relevant professional qualifications and at least two years teaching experience. At least some teaching staff must be from the foreign institution.
- jointly-run operations must include programmes required at Chinese institutions at the same level (examples given are moral studies, Chinese constitution and current affairs). Curricula and teaching methods are part of the approval process.
- tuition fees shall not be raised without approval; the co-operative must publish annual financial accounts.
- foreign institutions may bring intellectual property (i.e. expertise, reputation, rather

than financial or other resources) as their principal contribution to a partnership. Except for foreign institutions expressly invited to operate in China (see part 2 for examples), foreign-sourced intellectual property should not amount to more than the equivalent of one third of total investment in a joint venture.

Arguably, the decree increases the compliance burden on Sino-foreign partnerships. The requirements that students be taught generic subjects compulsory elsewhere, that tuition fees may only be raised on approval, and that curricula and teaching methods are subject to approval, are the main examples. The other stipulations concerning faculty/ management qualifications and experience and use of some faculty from the home campus of the foreign institution might be expected to be standard features of the majority of existing provision. It is not clear whether existing Sino-foreign partnerships will be required to comply with the recent decree or will simply be 'grandfathered in'.

To summarise, Chinese legislation on incoming transnational provision is characterised by Sino-foreign partnership. This accords with wider legislation on foreign business activity. In most business areas, foreign firms are able to establish wholly-owned businesses in China, but are not generally permitted to sell directly and primarily to the domestic market³⁸. The aim rather is to boost Chinese exports. Some firms get around this by exporting and re-importing but have to shoulder import duties. Firms that establish joint ventures with local companies are permitted to sell to the domestic market. By definition, transnational education in China is 'selling' to the domestic market, hence the stipulation for partnership. At least in some respects, rather than a barrier to foreign involvement, the partnership stipulation offers incoming institutions valuable local knowledge. It is important to note that additional regulation, expanding on the March 2003 decree, is said to be forthcoming.

The sustained prescription of foreign education institutions making a profit in China is in contrast to the aforementioned 2002 law on domestic private higher education which permits a "reasonable return". According to Huang, no Chinese private higher education institution has yet won approval to offer programmes leading to foreign degrees³⁹, so the combination of a for-profit domestic provider and a foreign provider has yet to arise, at least at degree level. Indeed, the Observatory is not aware of any foreign for-profit higher education institution currently operating in China at bachelors degree level or above. Known examples of other foreign for-profit education activity include IT education firms, such as NITT, and brokers such as CBIT.

None of the regulation on foreign education activity appears to mention online learning or distance learning of any kind. According to Huang, there are no officially approved examples of Sino-foreign online provision⁴⁰, suggesting that approval would be required (see part 2 for some recent examples). While online provision is not directly mentioned in the regulation of Sino-foreign partnerships, any such activity would constitute offering foreign provision in China and would thus appear to fall under the scope of the decree⁴¹. China has yet to clarify the matter by publishing its offer in terms of 'educational services' under the General Agreement on Trade in Services (GATS- which includes mode 1- cross-border supply, encompassing distance learning).

In general, and in the case of China in particular, legislation, practice and compliance do not always go hand-in-hand. China is in transition from autocracy to rule of law, and the shift towards a market economy has added to a climate of special privileges and official discretion. The PricewaterhouseCoopers 'Opacity Index 2001' (designed to identify the incremental borrowing costs of "lack of clear, accurate, formal and widely accepted practices" in terms of regulation and legal protection for business) ranked China bottom out of 35 countries⁴². Regional/ municipal/ local devolved authority, including special economic zones, also complicates matters. Examples of Sino-foreign partnerships suggest a broad interpretation of the law, rather than point-by-point compliance. The Observatory has anecdotal evidence that some foreign programmes that do not match up to official specifications have secured 'approval' through behind-the-scenes influence of their Chinese associates.

4 Conclusion

Demand and supply for higher education in China have expanded markedly in recent years and this is expected to continue. On the domestic front, the government has demanded extraordinary expansion in student numbers and rationalisation of institutions. A large private sector has grown up and is now officially encouraged and protected. Higher education investment in IT and online provision is behind many western nations in some respects, but rapid consumer take-up, a tradition of mass distance learning and state-backed online learning in selected universities suggests this as a growth area.

Partnerships with foreign institutions have been officially encouraged for nearly ten years and can bring valuable additional capacity, status and expertise. Detailed regulation of Sino-foreign collaboration is in

place, and the number and sophistication of partnerships are growing. The recent decree on collaboration essentially clarifies existing 1995 legislation, but does add to it in important respects. Time will tell how particular aspects of the law- and any accompanying regulation- will be interpreted and applied in practice.

Both Chinese higher education, and foreign higher education partners, are embarking on a period of unprecedented expansion and innovation. The development of mass higher education and transnational provision in emerging economies will play out on no bigger stage than China.

Part 2, available in September 2003, will discuss 20 examples of Sino-foreign higher education, covering foreign universities, colleges and private companies.

All additional information and comments welcome. Please contact Richard Garrett, Deputy Director, Observatory on Borderless Higher Education, John Foster House, 36 Gordon Square, London WC1H 0PF. Tel: 020 7380 6773, r.garrett@obhe.ac.uk.

Endnote 1 on first page: For an earlier overview of the Chinese market from a UK perspective, see British Council (2001) *The International Market for UK Distance Learning: China*.

¹ Data taken from *Number of Student Enrolment By Level And Type Of School* on the China Education & Research Network website. Available at: <http://www.edu.cn/20010101/22286.shtml>.

² Weifang, M. (2001) 'Current Trends in Higher Education Development in China', *International Higher Education*, Winter.

³ CERNET, Ibid.

⁴ Weifang, Ibid.

⁵ Chen, D. (2001) 'Restructuring through Amalgamation in China', *International Higher Education*, Fall.

⁶ Wang, C. (2000) 'From Manpower Supply to Economic Revival: Governance and Financing of Chinese Higher Education', *Education Policy Archives*.

⁷ Dongping, Y. (2001) *2000 Educational Evolution in China II: justice & corruption*. Available at CERNET <http://www.edu.cn/20010101/22291.shtml>.

⁸ Xinhua News Agency (2003) *Per Capita Disposable Income for Beijingers Exceeds 12,000 Yuan in 2002*. Available at: <http://test.china.org.cn/english/BAT/53072.htm>.

⁹ Story, J. (2003) *China: the race to market*, Edinburgh, FT/ Prentice Hall, p71 & p128.

¹⁰ Yan, F. & Levy, D. (2003) 'China's New Private Education Law', *International Higher Education*, Spring.

¹¹ Yan & Levy, Ibid.

¹² The Observatory would like to thank Professor Daniel Levy, Programme for Research on Private Higher Education, University of Albany, New York, and Professor Fengqiao Yan at Peking University for additional information on the 2002 law on private education.

¹³ See <http://www.accsonline.net/> for details.

¹⁴ Guodong, W. (2002) From 'Hardware' to 'Software', From Digital resources to On-line Instruction: Introduction to Information Technology Use in China Higher Education. Available at: <http://www.accsonline.net/research/index.htm>.

¹⁵ Green, K. (2002) *Campus Computing 2002: the 13th national survey of computing and information technology in American higher education*, Encino, CA.

¹⁶ Zhang, W, Niu, J. & Jiang, G. (2002) 'Web-based education at conventional universities in China', *International Review of Research in Open & Distance Learning*, January.

¹⁷ Zhao, G. & Wang, Q. (2002?) *Network Education Colleges in Chinese Universities:*

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<http://162.105.142.5/qwang/paper/PDF/Distance%20Education%20Colleges%20in%20Chinese%20UniversitiesO.pdf>.

¹⁸ Both figures cited in Ru, J. (2002) 'A Look at Online University Education in China', *Singapore's e-learning house*, November.

¹⁹ Zhang, S. (2002) *Distance Learning in China*. Available at:

<http://www.apan.net/home/organization/wgs/education/documents/phuket1.ppt>.

²⁰ Ru, Ibid.

²¹ Zhao & Wang, Ibid, p3.

²² Ming, S. (2002) 'Distance Education: new initiatives in China' in Jantan, A. et al (eds) *Integrated Approaches to Lifelong Learning*, papers presented at the ASEM International Conference on Lifelong Learning, Kuala Lumpur, Malaysia, May 13-15, p287.

²³ Zhang, W. et al, Ibid.

²⁴ Zhang, W. et al, Ibid.

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- ²⁵ Tan, Z. & Ouyang, W. (2002) *Global & National Factors Affecting e-Commerce Diffusion in China*, Irvine, Centre for Research on Information Technology & Organisations, p30.
- ²⁶ For legislative encouragement of technology transfer see 'Action Scheme for Invigorating Education Towards the 21st Century', Ministry of Education, 24 December 1998. Available at: <http://www.edu.cn/20010101/21883.shtml>.
- ²⁷ This figure is taken from the January 2003 survey by the China Internet Network Information Centre (CNNIC). The figure of 59.1 million counts all Internet users by mode of access, and double counts users with more than mode of access (e.g. with both dial-up and broadband). The extent of double-counting is thought to be small. See <http://www.cnnic.net.cn/develst/2003-1e/444.shtml>.
- ²⁸ Tan & Ouyang, Ibid, p13
- ²⁹ Tan & Ouyang, Ibid, p16.
- ³⁰ Cited by Wani, A. (2003) *BDA: SARS a boost for telecommunications in China*, June 2nd. Available at: <http://www.onlinejournalism.com/ojc/topics/index.php?tID=52>.
- ³¹ Open Doors (2002) *Open Doors 2002: International Students in the U.S.* Available at: <http://opendoors.iienetwork.org/?p=25083>.
- ³² Story (2003), Ibid, p71.
- ³³ Story (2003), Ibid, p117.
- ³⁴ The full text of the 1995 provision is available at the China Education & Research Network website. See <http://www.edu.cn/HomePage/english/education/laws/index.shtml>.
- ³⁵ The account of this document is based on the treatment in Huang, F. (2003) 'Transnational higher education: a perspective from China', *Higher Education Research & Development*, Vol.22, No.2, pp193-203.
- ³⁶ See <http://www.edu.cn/HomePage/english/education/laws/index.shtml>.
- ³⁷ The Observatory would like to thank Min Li at the University of Leeds for her assistance with the translation of Decree 372; and for the advice of Professor Levy and Professor Yan, as above. The Observatory is confident that the translation is accurate but neither the Observatory nor its sources may be held liable for any errors or omissions.
- ³⁸ For an overview of forms of incorporation in China, see <http://chinaunique.com/business/incorp.htm>.
- ³⁹ Huang, Ibid, p197.
- ⁴⁰ Huang, Ibid, p202-203.
- ⁴¹ This is also the view of a 2001 British Council report on China referred to above. See British Council (2001) *The International Market for UK Distance Learning: China*, p6.
- ⁴² See PricewaterhouseCoopers (2001) *PwC Launches First Global Index that Measures The Impact of Business, Economic, Legal and Ethical Opacity On the Cost of Capital Around the World*. Available at: <http://www.pwcglobal.com/extweb/ncpressrelease.nsf/DocID/7AA10B8E3BC832FE852569DE0054519E>.