

COMMUNICATION FROM SWITZERLAND

Education services and the GATS: the Experience of Switzerland

The following communication, dated 18 March 2005, from the delegation of Switzerland, is being circulated to the Members of the Council for Trade in Services.

I. BACKGROUND

1. Switzerland is a multicultural country, with four national languages within a relatively small territory. Federalism and direct democracy mark its political system, devolving substantial political power to the 26 Cantons and the nearly 3000 municipalities. Therefore, jurisdictions at all levels play a significant role in the Swiss education system: nearly one quarter of the Cantons' and municipalities' budget is spent on education. In the year 2000, public spending on education reached 22 billion Swiss francs or 5.4 per cent of Switzerland's GDP (gross domestic product). Due to a lack of significant natural resources, Switzerland's economy has traditionally focused on knowledge-based industries and services. Given the need for qualified personnel in these sectors and the multicultural environment, Switzerland has recognised, since its constitution as a federal state, the importance of a strong public education system for equitable and increasing economic welfare, cultural development, mutual understanding and the functioning of democracy.

2. Compulsory schooling lasts nine years, normally with six years in primary and three years in lower secondary school. Post-compulsory education in upper secondary schools comprises programs for professional and general diplomas. Both programs underwent reform in recent years. Nine out of ten young people in Switzerland graduate with such a diploma at the upper secondary level. Higher or tertiary educational institutions are divided into two types: the more academically-oriented universities, and the studies in applied sciences. The latter are provided by seven universities of applied sciences,¹ (Fachhochschule/Haute Ecole Spécialisée) which developed in the late 1990s from a number of advanced training schools. There are ten cantonal universities, many having more than a century long tradition and offering a wide spectrum of instruction.² In addition, there are the two

¹ Berner Fachhochschule (BFH), Fachhochschule Nordwestschweiz (FHNW), Fachhochschule Ostschweiz (FHO), Fachhochschule Zentralschweiz (FHZ), Haute Ecole Spécialisée de Suisse occidentale (HES-SO), Scuola universitaria professionale della Svizzera italiana (SUPSI), Zürcher Fachhochschule (ZFH), www.cshes.ch.

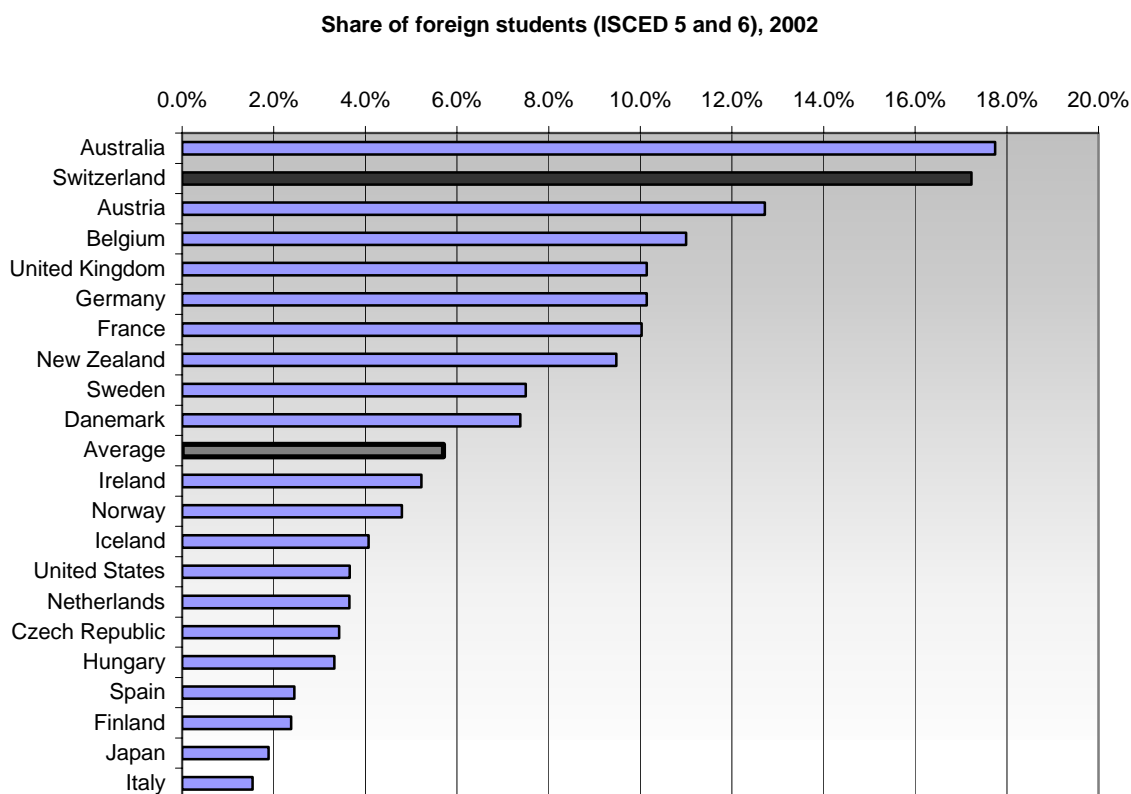
² Basel, Bern, Fribourg, Genève, Lausanne, Luzern, Neuchâtel, St. Gallen, Svizzera italiana, Zürich, www.crus.ch, www.swissuni.ch.

federal institutes of technology.³ More than a third of young residents achieve an academic or professional diploma at the tertiary level.

3. Switzerland wants to improve public education further. Reforms are taking place at all education levels. At tertiary level, for example, Switzerland is seeking to increase the number of graduates, especially in universities of applied sciences.

4. About 17 per cent of students at Swiss universities are foreigners – one of the highest percentages amongst OECD-countries⁴. And the trend is growing. Seventy-six per cent of foreign students obtained earlier qualifications outside Switzerland. The share of foreign students at the Universities of Applied Sciences has reached 15 per cent.

5. By international comparison, Switzerland has one of the highest percentages of foreign students at university level, as shown in the diagram below.

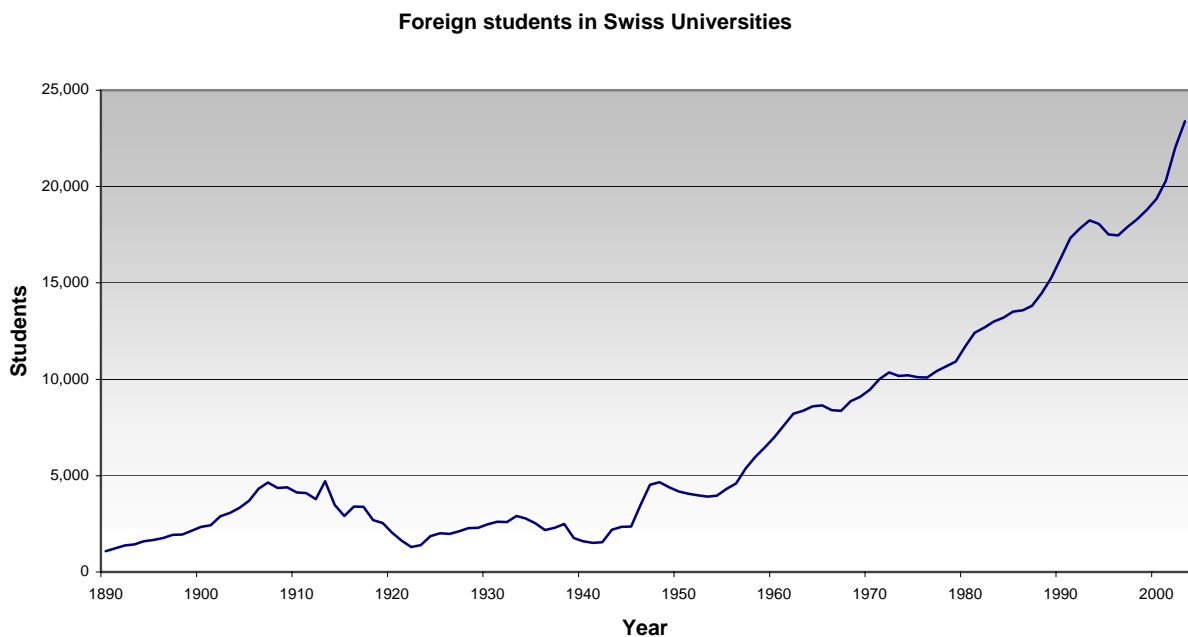


Source: Swiss Federal Statistical Office, www.bfs.admin.ch

³ Swiss Federal Institute of Technology Zurich (ETHZ), www.ethz.ch. Ecole polytechnique fédérale de Lausanne (EPFL), www.epfl.ch.

⁴ Source: Swiss Federal Statistical Office, www.bfs.admin.ch; data for students ISCED 5 and 6 (2002). If not indicated otherwise, all quoted figures are collected and published by the Swiss Federal Statistical Office.

6. The following chart shows the number of foreign students in Swiss universities between 1890 and 2003.



Source: Swiss Federal Statistical Office, www.bfs.admin.ch

II. THE COEXISTENCE OF PUBLIC AND PRIVATE EDUCATION SERVICES

7. Switzerland has a long pedagogical tradition, and at the same time a tradition of economic freedom. This allowed private schools to flourish many decades ago, offering education services on all levels of compulsory and non-compulsory education and adding to the diversity of the educational system. Today, the legal regime for private schools is still very open. Eight and half per cent of pupils and students from preschool to university level attend private educational institutions. Private institutions are especially strong in higher professional schooling, with a share of 23 per cent. Approximately 260 institutions are members of the Swiss Federation of Private Schools, assuring also quality control.⁵ In addition to the education services provided by typical educational institutions, such services are also provided to the general public by other types of institutions, eg. professional business associations or other private entities.

8. Thus, private and public education exist side by side in Switzerland. In some cases, private education services are publicly financed if they fulfil certain specified criteria, just as public education services may be financed by students or other private sources to varying degrees. Private education services and public education services may be delivered by the same institution, regardless of the form, status or constitution of such an educational institution, just as non-education services may be supplied by an educational institution (e.g. consulting services).

9. Given the described diversity of supply of education services in Switzerland, the following criteria were established in order to determine whether a service provided by an educational institution is of a public or private nature. These three **cumulative** criteria indicate in which case a

⁵ Swiss Federation of Private Schools (SFPS), www.swiss-schools.ch.

specific education service at primary, secondary or tertiary level is to be regarded as a public education service:

First, there is a title or a curriculum or another form of specification of the education service issued either by the Government or by an agency mandated by governmental authorities to issue such specifications, which indicate that this education service forms an integral part of the greater system of public education.

Second, there is a public mandate that corresponds to the overall education policy of the Canton or the Confederation and is enshrined in a legal act. The provision of a subsidy or the permission by governmental authorities to deliver a certain type of education service are not sufficient in themselves to determine that a mandate exists.

Third, public education services correspond to a public need for the supply of the service. This need is to be understood in the sense that there is a political will to achieve certain goals by means of particular education services. This may or may not be reflected by any laws. The decisive question here is whether public action to provide such a service would be required if it did not already exist. The third criteria is entirely unrelated to market access.

10. As noted above, these three criteria are the current characteristics of public education services in Switzerland at federal and cantonal levels. All other education services would be deemed to be private education services.

III. ACCREDITATION AND QUALITY ASSURANCE FOR UNIVERSITIES

11. Universities have the obligation to assure the quality of their education services. Further, the federal Government and the Cantons decided to establish an academically independent center of accreditation and quality assurance (OAQ) that should develop guidelines and quality standards for academic accreditation in Switzerland, prepare decisions on accreditation of public and private institutions as well as programs at university level and draw up recommendations for quality assurance at universities and offer corresponding services.⁶

IV. THE GATS AND EDUCATION SERVICES

12. Switzerland has taken specific commitments for parts of education services listed in the Services Sectoral Classification List (MTN.GNS/W/120 of 10 July 1991). The specific commitments undertaken cover private education services at different levels, from primary to higher education services (see annex). By taking these commitments, Switzerland wanted to signal its openness to foreign private education services coexisting with public education services, without undertaking obligations with regard to the latter. While Switzerland continues to attach great importance to a strong, competitive, accessible, high-quality and evolving system of public education, there are opportunities for private education services at all levels from primary to higher education services. The three criteria outlined above help to enhance the clarity and transparency of the respective commitments undertaken and apply only to the sector of education services. They are in line with the fact that commitments apply to a specified service sector rather than to a particular type of institution. It is not, however, Switzerland's intention to propose the application of the presented criteria by other countries.

⁶ Organe d'accréditation et d'assurance qualité des hautes écoles suisses (OAQ) (Center of Accreditation and Quality Assurance of the Swiss Universities), www.oaq.ch.

13. As shown above, accreditation, funding, acknowledgment as a public institution or as a public service are thus all separate matters. For example, a public institution may be accredited, it may or may not receive public funding for the education service involved and it may deliver private higher education services (part of CPC 923) according to the three criteria presented above. In this case, and in accordance with specific commitments undertaken, national treatment applies also in relation to certain education services provided by a public educational institution.

14. With regard to the current DDA negotiations, Switzerland gives due consideration to all requests received in all sectors including the education sector. In its initial offer Switzerland has improved its commitments in the subsector of "other (private) education services" (part of CPC 929) and is ready to consider upon request further possible improvements in this vein. That being said, Switzerland has not made any requests in the area of education services.

15. Switzerland deems its coexistence of private and public education services to be a successful example for offering a strong, competitive, accessible, high-quality and evolving system of public education in parallel with a broad range of private education services that find a place in an open and non-discriminatory environment. Both types of education services play an important role in Switzerland's further development as a prime centre for teaching and learning. In addition to these direct benefits, a dynamic education sector supports the economy at large through more intensive research activity. Thanks to the presence of international and foreign educational institutions, the attractiveness of the country as a prime location for multinational companies and international governmental and non-governmental organisations is further enhanced.

V. CONCLUSION

16. Switzerland's experience shows that strong public and private education services can co-exist. It highlights that GATS commitments in this sector have not caused any difficulties over the last ten years of implementation. On the contrary, they contribute to a dynamic environment for education services, meet existing demand and enhance the attractiveness of Switzerland as an international location. Members are encouraged to examine their own way of identifying their types of education services that would be suitable for specific commitments under the GATS in order to promote international exchange of education services. The flexibility of the GATS makes it an appropriate framework for a sector such as education.

Annex: Schedule of Commitments of Switzerland in the education sector (excerpt of GATS/SC/83)

Modes of supply: 1) Cross-border 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
5. Educational Services			
Private Educational Services:			
- Compulsory education services (primary & secondary I)	(1) Unbound (2) Unbound (3) None (4) Unbound	(1) Unbound (2) Unbound (3) None (4) Unbound	
- Non-compulsory secondary education services (secondary II)	(1) None (2) None (3) None (4) Unbound except as indicated in Part I	(1) None (2) None (3) None (4) Unbound except as indicated in Part I	
- Higher Education Services (CPC 923)	(1) None (2) None (3) None (4) Unbound except as indicated in Part I	(1) None (2) None (3) None (4) Unbound except as indicated in Part I	
- Adult Education Services (CPC 924)	(1) None (2) None (3) None (4) Unbound except as indicated in Part I	(1) None (2) None (3) None (4) Unbound except as indicated in Part I	