

Services to Mexico

5.1 This chapter focuses exclusively on Mexico because there is minimal services trade with countries of the region.

5.2 As DFAT explained, services trade is:

... possibly the biggest long-term development in our trade relations with Mexico will involve services. I would imagine that growth in services trade will cluster around services linked to agriculture, energy and mining and perhaps also services linked to the requirements of 20 million middle-class people. This will be things like education, training, insurance services and financial services generally. ¹

Education

5.3 The bilateral Australia-Mexico education relationship is well developed at government, institutional and business levels. Its scale and scope should increase over the next few years under current policy settings.²

1 Dr Michael Adams, Assistant Secretary, Regional Trade Policy, Trade Development Division, Department of Foreign Affairs and Trade, *Evidence*, 7/02/2007, p. 3.

2 DFAT, *Exhibit No. 1*, Australia – Mexico Economic Relations, September 2006, p.53

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- 5.4 Mexico is the largest source of international students from the Central American region and the third largest source of international students for Australia from Latin America more generally (after Brazil and Columbia).³
- 5.5 Enrolments of Mexican students have grown steadily in recent years with the most significant increase in the ELICOS (English language) sector where there has been a 54.7% increase in this sector in the year to date August 2006.⁴
- 5.6 The Committee took evidence that ‘education and training services . . . are hindered by recognition of academic qualifications’⁵ but that this should be addressed in any FTA.
- 5.7 Despite DFAT’s concerns the evidence of DEST was as follows:
- We have not noted any barriers at this point in respect of the recognition of qualifications from Australia and from Mexico into Australia, though the volumes are low. When there are just a few involved and there is a skill shortage in both countries, it tends to mask whether there are ultimately going to be any barriers. It is in a downturn when people start pulling out statutes that may limit recognition of qualifications. At this stage we are not aware of any major recognition problems, so we do not see that as a barrier to trade.⁶

Government engagement

- 5.8 Growing the education linkages between Australia and Mexico is a multifaceted exercise that requires engagement between Australia and Mexico’s education and training sectors and Governments.

It is more than just international students coming to Australia that create a sustainable, long term engagement on education,

3 DEST, *Submission No. 2, Vol. 1*, p. 18.

4 DEST, *Submission No. 2, Vol. 1*, p. 18.

5 DFAT, *Submission No 10, Vol 1*, p .142.

6 Ms Fiona Buffinton, Group Manager, International Education Group, Department of Education, Science and Training, *Evidence*, 22/06/2007, pp. 2 – 3.

science and training with Mexico; it is also important to have a strong government-to-government relationship in our portfolio.⁷

- 5.9 In 2003, a MoU was signed on Cooperation in Education and Training. This MoU is representative of the constructive education and training engagement occurring between the Governments of Mexico and Australia.
- 5.10 The MoU facilitates the education and training relationship that is being built upon by education providers and both the State and Federal Governments. DEST advised the Committee that:

Mexico has sent two education delegations to Australia since the signing of the MOU to examine best practices in education and training. The first visit in 2003 was organised by IDP Education Australia, a private company owned by Australia's universities to recruit international students. The second visit in 2005 was organised by the Queensland Government.⁸

- 5.11 Mexico's Ministry of Education sent a high profile delegation to Australia in 2005. Led by the then Education Minister Dr Reyes Tamez, the delegation sought to examine how the Mexican and Australian governments could expand bilateral educational opportunities⁹. DEST told the Committee:

It was very interesting to listen to Dr Tamez, the then Mexican education minister, when he was in Australia showcasing things that we could learn from them. In their development, they have had to jump a number of decades of educational development and are now using e-learning modules when it comes to things like the history of Mexico and maths. They could not get their textbooks printed fast enough and so are now using very strong e-learning materials. This is something that Australia could actually look at. We were extremely impressed with their school sector and how they have jumped ahead in e-learning.¹⁰

7 Ms Fiona Buffinton, Group Manager, International Education Group, Department of Education, Science and Training, *Evidence*, 22/06/07, p. 2.

8 DEST, *Submission No. 2, Vol. 1*, p. 18.

9 DFAT, *Exhibit No. 1*, Australia – Mexico Economic Relations, September 2006, p.54

10 Ms Fiona Buffinton, Group Manager, International Education Group, Department of Education, Science and Training, *Evidence*, 22/06/2007, p. 2.

5.12 DEST reports that the Mexican Ministry of Education has:

... commented on the speed at which the relationship between Australia and Mexico has progressed, and indicated that this is the first time a relationship has developed as quickly between Mexico and another country.¹¹

5.13 The Australia-Mexico vocational education and training symposium, held in Mexico City in October 2005, was one outcome of this cooperation. Another is increased emphasis on student exchange programs. In 2006, the Australian University Mobility in Asia and the Pacific program funded 11 Australian universities to establish student exchange partnerships with Mexican universities¹².

Australian Education International

5.14 The responsibility for promoting and supporting the commercial activities of Australia's education community falls to Australian Education International (AEI). As part of DEST, AEI liaises with the education and training industry and government to integrate the promotion of Australia's education sector with the development of international governmental relations¹³.

5.15 AEI provides market entry and development strategies for the Australian education sector in Mexico through market intelligence, promotional and marketing activities and the facilitation of strong government to government relationships.¹⁴ Statistics from DFAT suggest that AEI have been successful in their efforts.

In the period since 2000 (Mexican) student numbers have increased markedly — there were only 158 Mexican students enrolled in Australian education institutions in 2000 and there were 1 123 in 2005. The increase in student numbers from Mexico reflects increased promotional activity over the last five years¹⁵.

11 DEST, *Submission No. 2, Vol. 1*, p. 2.

12 DFAT, *Exhibit No. 1, Australia – Mexico Economic Relations*, September 2006, p. 5.

13 AEI, <http://aei.dest.gov.au/AEI/AboutAEI/Default.htm>

14 DEST, *Submission No. 2, Vol. 1*, p. 29.

15 DFAT, *Submission No 10, Vol 1*, p. 123.

- 5.16 AEI also provides a liaison and information role with the network of Mexican agents who promote Australia as a study destination. AEI works with the Department of Immigration and Citizenship to provide regular training and information sessions for Mexican education agents.¹⁶

Tertiary cooperation

- 5.17 There are strong and growing relationships between several Australian and Mexican institutions. Cooperation extends to areas such as student exchanges, language teaching and Asian business programs. Prominent endeavours include:
- The University of New South Wales (UNSW) is working with Mexico's National Council for Science and Technology (CONACYT) to provide scholarships to Mexican engineers. The university is also running short Spanish language programs in Mexico for UNSW students.
 - The University of Queensland (UQ) is a Mexican Government partner in Australia for a non-award short program to help identify and prepare Mexico's future leaders. UQ operates a development program for Mexican teachers of English, mathematics and science to study English and teaching methodologies in Australia. The UQ Centre for Marine Studies also has partnerships and student exchange programs with Mexican institutions to improve coral reef management;
 - La Trobe University launched its Centre for Mexican Studies on 15 September 2006. This Centre is jointly financed by the Mexican Ministry of Education (SEP).
 - Institutions such as Tecnologico de Monterrey and La Universidad Iberoamericano each have at least ten international agreements in place with Australian institutions. Many Mexican institutions in Guadalajara, Monterrey, Puebla and even in Mexico City are looking for partnerships with Australian institutions.¹⁷

16 DEST, *Submission No. 2, Vol. 1*, p. 21.

17 DEST, *Submission No. 2, Vol. 1*, p. 20.

- 5.18 In its trip to Mexico the Committee found great support for further MOUs in the area of educational exchange with an emphasis on the potential benefits of long distance education.

Future initiatives

- 5.19 With sector growth continuing at a steady rate AEI hopes to enrol around 2000 Mexican students at Australian education institutions by 2008. AEI further intends to broaden marketing promotions outside Mexico City to Monterrey, Guadalajara and other regions¹⁸.

The growth that we have experienced in student enrolments, admittedly from a low base, has been just under 23 per cent in the period 2002 to 2006. We believe this growth is likely to continue and we look likely to achieve a strategic goal of 2,000 Mexican student enrolments at Australian education institutions by next year.¹⁹

- 5.20 This sector growth and its positive forecast bode well for future initiatives and DEST have responded accordingly.

Because of the sheer volume and interest in the education, science and training relationship, we have actually now put a locally engaged staff member – an ongoing employee – in the embassy in Mexico to look after that relationship.²⁰

- 5.21 This is an area in which Mexico hopes to grow its relationship with Australia:

This is one of the areas in our relationship that we want to grow more. We have signed an MOU with Australia and we have received a lot of delegations from the ministry of education in Mexico, including a visit from our minister of education in 2005. We have more than 30 bilateral agreements among universities and we are participating in two programs that are very important: the peace scholarship program, which brings more than 30 students per semester from Mexico to do one or two

18 DFAT, *Exhibit No. 1, Australia – Mexico Economic Relations*, September 2006, p.54

19 Ms Fiona Buffinton, Group Manager, International Education Group, Department of Education, Science and Training, *Evidence*, 22/06/2007, p. 2.

20 Ms Fiona Buffinton, Group Manager, International Education Group, Department of Education, Science and Training, *Evidence*, 22/06/2007, p. 2.

semesters at different universities that are part of this program through the IDP; and the Scholarship Vanguardia, which brings students from Mexico to train in English and leadership. So we have in place those two scholarship programs and the public universities in Mexico participate in those programs. As I mentioned before, in 2001 we had 200 Mexican students in Australia and now we have more than 1,000. So the relationship has been strengthening.²¹

5.22 Indeed it has been noted that mining and agricultural education provided by Australians is something that Mexico could take advantage of.²²

5.23 The Committee notes Chapter 5, 'The international education industry', of the report *Servicing our future: Inquiry into the current and future directions of Australia's services export sector* by the House of Representatives Standing Committee on Economics, Finance and Public Administration²³ that makes the following recommendation:

Recommendation 14

5.87 The committee recommends that the government, through Tourism Australia and Australian Education International, engages in a coordinated effort to promote, target growth in, and understand the importance of, the interplay between international education and tourism.²⁴

5.24 This goes to the heart of much of the evidence the Committee received regarding education and tourism from Mexico and the Committee believes this recommendation, if accepted by the Australian Government, would have a significant positive impact on the trade in services between Australia and Mexico.

21 Ambassador Martha Ortiz De Rosas, Ambassador, Embassy of Mexico in Australia *Evidence*, 28/02/2007, pp. 4 - 5.

22 See Ambassador Martha Ortiz De Rosas, Ambassador, Embassy of Mexico in Australia *Evidence*, 28/02/2007, p. 5.

23 *Servicing our future: Inquiry into the current and future directions of Australia's services export sector* by the House of Representatives Standing Committee on Economics, Finance and Public Administration, Parliament House, Canberra, May 2007, pp. 97 - 120.

24 *Servicing our future: Inquiry into the current and future directions of Australia's services export sector* by the House of Representatives Standing Committee on Economics, Finance and Public Administration, Parliament House, Canberra, May 2007, p. 120.

Tourism and travel

5.25 In 2005 almost 22,000 Australians visited Mexico; an increase of 91% compared to 2004. The tourist flow is expected to expand with the signature of the bilateral agreement on air services²⁵.

5.26 Australia and Mexico share positive views on the future of tourism services. As the Mexican Ambassador stated in evidence before the Committee:

The growth of Mexico's middle-class also presents the chance for expansion in tourism, financial, professional services and franchising.²⁶

Tourism services would be an area that we could develop further in our relationship. Mexico receives more than 22 million tourists and we have a big tourism industry, so I think in that area we could join forces as well and work together to expand our relationship.²⁷

5.27 The recent growth in the number of Mexican students studying in Australia is expected to instigate a responsive growth in the tourism sector. Embassy initiatives such as the Australia festival held in Mexico City, contain a significant tourism focus and are also expected to foster growth in the sector.

5.28 It is believed however that more significant growth is hampered by the long distances separating Australia and Mexico and the absence of direct flights. Currently, both Qantas and Mexicana operate flights to and from Australia and Mexico that travel through the United States of America. DEST outlined a key disincentive of such travel in evidence provided to the committee:

If you are coming from Mexico, at the moment without direct flights, you have to go via LA and there is quite a laborious process to come through the US as you need a transit visa²⁸.

25 Embassy of Mexico, *Submission No. 3, Vol 1*, p. 35.

26 DFAT, *Submission No 10, Vol 1*, p. 141.

27 Ambassador Martha Ortiz De Rosas, Ambassador, Embassy of Mexico in Australia *Evidence*, 28/02/2007, pp. 9.

28 Ms Fiona Buffinton, Group Manager, International Education Group, Department of Education, Science and Training, *Evidence*, 22/06/2007, p. 2.

- 5.29 Evidence from DOTARS show that it is unlikely that there will be direct flights between Australia and Mexico in the near future:

... the size of the Australia-Mexico aviation market means that it is unlikely that carriers of either country will operate own-aircraft services for some years to come. Around 28,400 origin destination passengers – those originating in or destined for either country – travelled between Australia and Mexico in the year to April 2007. This equates to approximately 273 passengers each way each week.²⁹

- 5.30 Qantas' submission echoed this and suggests that, with development of the market, direct services to Mexico may become viable:

It is envisaged that Qantas will continue to develop our relationship with Mexicana over time. The code share arrangement may assist the development of the market to a point where direct services become a viable option for either carrier in the long term.³⁰

The Committee's view

- 5.31 The evidence presented to the Committee was unanimous in the view that Mexico can become a lucrative country for Australia's education sector. The Committee was pleased to see the work being carried out by AEI and that DEST is looking at increasing scholarships for Latin America.
- 5.32 The Committee notes the evidence by the Mexican Embassy in Australia that there is a significant opportunity for Australian companies to provide training/educational services in the mining and agricultural sectors in Mexico.
- 5.33 The Committee notes the opportunity to develop long distance education and an exchange program for Spanish teachers.

29 Mr Iain Lumsden, Acting General Manager, Bilateral Aviation, Aviation and Airports Business Division, Department of Transport and Regional Services, *Evidence*, 22/06/2007, p. 13.

30 Qanats, *Submission No. 14, Vol 1*, p. 197.

- 5.34 The market for travel (excluding educational travel) and tourism is currently limited and the travel that does occur will, necessarily, transit through the United States. Whilst it is the Committee's view that direct flights to Mexico are desirable the Committee accepts that this is currently not plausible.
- 5.35 The Committee notes that much of the evidence presented to it concerns the *opportunity* for developments in the services sector. Given the positive job currently being done by Austrade the Committee is confident that companies trying to access the Mexican market have an appropriate level of support.
- 5.36 This support is integral to the growth of services sector exports. The services sector is vibrant and dynamic. Things that may not have been seen as a service in the past may form the basis for a new business sector in the future. What exactly these sectors will be hard to predict but it is likely to be related to mining, agricultural and education services as well as tourism. As long as the appropriate governmental support is in place Australian companies — whose ingenuity the Committee has already commented on — can be confident that they have the necessary tools to provide services to the growing Mexican middle class.