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## **EDUCATION AND TRAINING INDUSTRY OPPORTUNITIES IN JAPAN & CHINA**



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**MAINE INTERNATIONAL TRADE CENTER**

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## I. Summary of Opportunities

U.S. companies wishing to enter the Japanese market should consider hiring a reputable, well-connected agent or distributor, and cultivating business contacts through frequent personal visits. Japan's business culture attaches a high degree of importance to personal relationships, and these take time to establish and nurture. Patience and repeated follow-up are typically required to clinch a deal. The nature and pace of deal making in Japan are quite different from those in the United States. U.S. business executives are advised to retain a professional interpreter, as many Japanese executives and decision-makers do not speak English or prefer to speak Japanese.

To create successful international student campaigns, US high schools have seen the most rapid growth in Japanese student enrollment and should focus on funneling resources to expand this enrollment. To do so, schools must establish relationships with educational representatives and families overseas. They may also make online access and in-person interviews streamlined to understand the benefits and resources that would be offered to them in the US; which could once again make the US more appealing than Canada and Australia. These programs must also cater to students who look to expand their proficiency in the English language through shorter-term immersion. Schools with low TOEFL requirements find success in attracting Japanese students. Crafting more Japanese optimized testing could attract students who would have otherwise overlooked the United States.

## II. Industry Prospects

Japanese students accounted for 19,334, of the total international students in the U.S. in 2013/14. The total number of Japanese students decreased 1.2 percent from the previous year. The majority of Japanese students in the U.S. study at the undergraduate level. In 2013/14, their breakdown was as follows: 47.4% undergraduate; 18.4% graduate students; 26.7% other; 7.5% OPT (Optional Practical Training). Last year Japanese students in U.S. colleges and universities contributed \$595 million to the U.S. economy.<sup>1</sup>

The number of college age individuals in Japan has steadily decreased since 1992 due to the declining birth rate, and also the interest among young people in overseas study has been on the decline. Japan is the seventh leading country of origin of international students in the United States, following China, India, South Korea, Saudi Arabia, Canada and Taiwan. However, the number of student visas issued in Japan has started increasing again after declining for more than a decade. In 2009/2010, 15,014 student visas (F1 visa) were issued. Since then, the number of student visas (F1 visa) issued has been increasing,



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and in 2012/2013, 18,837 student visas (F1 visa) were issued. Over the past few years, the number of student visas issued grew by about 20 percent.

**The United States has been, and still is, the most popular overseas destination for Japanese students seeking degree programs.** The ratio of Japanese undergraduate students to graduates in the United States had been about 7:2 until several years ago, but the graduate ratio has been increasing and was roughly 2:1 in 2012/13. In addition to the 19,568 Japanese students noted above, tens of thousands of Japanese go to the United States for short-term language studies each year. The recent realization by the Japanese Government and corporate world of the need to globalize Japan's workforce, has started to influence students' interest in studying abroad. Increases in the number of inquiries about U.S. institutions and in the number of visitors to Study Abroad Fairs during 2013 were confirmed by many study abroad agencies and advising centers. Study abroad agencies are developing agent accreditation systems, a move which was welcomed by the Education Ministry.<sup>2</sup>

### **English Programs**

"Globally-competent businesspeople" has become the order of the day. Many students have become serious about improving their English proficiency to get good jobs after graduation. More students are interested in intensive English programs with business related subjects. However, the recent depreciation of the yen (¥79.70 in 2011, ¥79.82 in 2012, and ¥97.60 in 2013/\$1.00) has made many students price-sensitive, and new competition is coming from some markets which offer low-cost short-term ESL programs targeting Japanese students on tight budgets.

Japan is seeing a dual push from the Japanese Government and corporate community to cultivate globally-competitive human capital in order to revitalize the economy. These moves come from the growing concerns that Japan's education institutions – from primary school to tertiary education – are not adequately preparing Japanese youth for employment in companies that are competing in a globalised world. The new environment presents opportunities for a new model of engagement that extends beyond traditional student recruitment.<sup>3</sup>

**According to a survey on international student buyer behavior in 2014, the United States saw its most attractive feature to be the quality of education and employment opportunities that it offers.**

Japanese students said the US fell short in its safety and government student visa requirement/policies. Much of this policy was implemented in response to 9/11, but efforts to loosen these restrictions and cultivate safety awareness may benefit US institutions of higher learning.<sup>4</sup>

### **Corporate Training Market**

Because of the prolonged economic downturn, Japanese companies tend first to cut outside training/education costs, opting to use their low-cost, in-house trainers for the minimal training that is



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essential. According to a survey by the Ministry of Health, Labor and Welfare, the average expenditure of those companies (who provided off-the-job training) per employee in 2013 was ¥13,000 or \$133.2, which is still approximately half of 2008 levels, which was ¥25,000 or \$294. Competition from low-cost domestic programs is strong, although there may be a market for U.S. programs if they have unique offerings, a strong track record, and have been localized for the Japanese market. Because the ratio of truly fluent English speakers in the Japanese business environment is still small, quality localization, whether in presentation style, materials, and/or content, will be required for U.S. firms looking to succeed in Japan. In addition, Japanese firms (especially larger corporations) may be hesitant to purchase products and services directly from overseas suppliers. U.S. companies may need to partner with local companies, such as consulting companies and placement firms, which often service the training and/or workforce needs of Japanese companies.<sup>5</sup>

### **Sub-Sector Best Prospects**

#### Study Abroad:

- TOEFL scores of Japanese students are low by global standards, and are even lower with iBT testing. Hence, U.S. colleges with relaxed TOEFL score requirements for admission attract more attention.
- One-semester and one-year abroad programs are getting even more popular among Japanese college students.
- Summer short ESL courses with other programs or activities have been preferred by Japanese schools.

## **Opportunities**

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The global education expenditure market size in 2012 was \$4,450.9B; these figures have grown rapidly to \$6,372.5B by 2017, resulting in a compound annual growth rate of 7%. Some markets, such as the market for global language learning and K-12 eLearning have grown at a rate of 20-33% annually.

Although overseas students from other major Asian countries like China and India has boomed, there was a decline in Japanese students from figures in the early 2000s. 83,000 Japanese studied overseas in 2004, while only 60,000 did in 2009.

The Japanese government has noticed that companies require a globally prepared workforce, and that students are looking to do this through short-term language programs in English-speaking countries. This is coupled with an increased desire by Japanese university students to study overseas.<sup>6</sup>

The high level of exchange between the United States and Japan is supported through the efforts of the private sector, as well as through programs sponsored by the American and Japanese governments. The Public Affairs Section administers exchange programs, such as the International Visitor program, serves



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on the Japan-U.S. Educational Commission (JUSEC), which manages the Fulbright Program, and works closely with the private sector and the Japanese government to facilitate exchange between our two countries. The U.S. and Japanese governments also participate in the U.S.-Japan Conference on Cultural and Educational Interchange (CULCON), a binational organization, established in 1961, which serves to focus official and public attention on cultural and educational ties.

Grassroots exchanges between the United States and Japan number in the thousands. Japanese cities and prefectures have taken a leadership role in promoting citizen exchanges, and their international affairs offices are outstanding sources of information.<sup>7</sup>

**Other Opportunities:**

Tokyo will host the Olympics in 2020, and the planning committee will need the help of ESL programs to train the private sector, giving opportunities for U.S. providers to establish English programs in Tokyo.

The Ministry of Education (MEXT) has set a goal to send 120,000 Japanese university students and 60,000 Japanese high school students abroad by 2020. These objectives are in line with the goals and recommendations of the CULCON Education Task Force. To lessen the financial burden on university students who are willing to study abroad, MEXT plans to provide additional scholarships for short-term and long-term study abroad in 2014. MEXT is also creating a public-private partnership scholarship fund in 2014 with funds from private company donors. In addition, MEXT plans to bolster Japan’s educational system by increasing the number of International Baccalaureate (IB) schools, as well as supporting the development of “Super Global Universities” with a focus on research that will seek additional partnerships with universities abroad. The point of contact for each university is available on the Japan Society for the Promotion of Science (JSPS) website.<sup>8</sup>

Japanese companies are looking to expand their operations in overseas markets due to a shrinking domestic market. Developing talent, use of English, managing risks and a global workforce are the main challenges. There are long term opportunities for providers in:

- education and training
- human resources
- project management
- consultancy
- finance<sup>9</sup>



### III. Japan Market Overview

As the world’s fourth-largest buyer of American products and the world’s third-largest economy, Japan, among the most dynamic and advanced countries in the world, is a market that should be considered by all American exporters. Japan is a technology powerhouse, a proving ground for consumer goods and services, and in the social and commercial vanguard of developed market demographics. Further, Japanese companies are also major investors in the United States, and as a result Japan sees dozens of visits by senior U.S. state and city officials annually. While the reasons U.S. firms engage with Japan are diverse, the strategic and tactical importance of the Japanese market is critical not only for their business in Japan, but in the United States and third-country markets as well.

Japan continues to enjoy attention in the business news this year owing to a variety of factors, including the strong performance of the Japanese stock market in 2013, continued brighter business and consumer sentiment, a yen that has seemingly stabilized at a level sharply lower than that of recent years, and the apparent end of stubborn deflation. The new economic policies linked to these developments are known collectively as “Abenomics”-- a three pronged strategy of bold monetary loosening, fiscal stimulus centered on infrastructure spending, and growth-oriented structural reform. While the implications and ultimate success of this strategy in reigniting long-term growth in Japan are uncertain, it has drawn considerable attention from U.S. businesses.

The U.S., Japan and ten other countries are negotiating the Trans-Pacific Partnership (TPP). With Japan’s participation, its members would account for nearly 40 percent of World GDP. Moreover, the liberalization expected to be required of TPP member countries may play an important role in promoting the domestic economic reforms likely to be called for under “Abenomics.” As of May 2014, the U.S.-Japan TPP talks have been proceeding vigorously, with most topics already or nearly agreed upon.

While Japan has made significant steps toward economic healing following the tragic combined earthquake, tsunami, and nuclear incident of March 2011, lasting changes on various levels remain noticeable, including idled nuclear power plants. In particular, greater levels of manufacturing by

#### Country Profile

- **Full name:** Japan
- **Population:** 127,103,388 (July 2014 est.)
- **Median Age:** 46.1 years
- **Largest District:** Tokyo
- **Area:** 377,915 sq km
- **GDP:** USD \$4.77 trillion (2014 est.)
- **GDP per capita:** USD \$37,800 (2014)
- **Unemployment rate:** 3.6% (2014)
- **Monetary unit:** Yen (JPY)
- **Main exports:** motor vehicles; semiconductors; iron and steel products; auto parts; plastic materials; power generating machinery
- **Investment in fixed capital:** 22.2% of GDP (2014)
- **Inflation rate:** 2.8% (2014)

Source: CIA World Factbook



Japanese companies outside of Japan, increased fuel imports and a weakening yen have turned Japan's multi-decade trade surplus into a trade deficit.

Japan remains the world's third-largest economy, after the United States and China, with a GDP of almost \$6 trillion. Japan is the fourth-largest export market for U.S. goods and services, and our fourth-largest trading partner overall. In 2013 the U.S. exported \$65 billion in goods to Japan. The United States runs a persistent trade deficit with Japan in merchandise, and a surplus in services.

Japan is the second-largest foreign investor in the United States, with a cumulative investment of approximately \$310 billion.

During 2013 the Japanese yen weakened appreciably and is currently near 5- year lows against the dollar. Even so, U.S. products remain competitive in Japan.

Japan's large government debt, which totals over 200 percent of GDP, and an aging and shrinking population are major challenges confronting the economy, but the latter can also present opportunities for U.S. companies.

In 2013 the top exporters to Japan were China, the United States, Australia, Saudi Arabia, South Korea, the UAE, and Indonesia. The top importers from Japan were China, the United States, South Korea, Taiwan, and Hong Kong.

The United States-Japan alliance is a cornerstone of U.S. security interests in Asia and is fundamental to regional stability and prosperity. The U.S.-Japan alliance continues to be based on shared vital interests and values. These include stability in the Asia-Pacific region, the preservation and promotion of political and economic freedoms, support for human rights and democratic institutions, and securing of prosperity for the people of both countries and the international community as a whole. Japan is one of the world's most prosperous and stable democracies.

### **Market Challenges**

The degree of difficulty in penetrating the Japanese market depends on the product or service involved. Key variables include the degree of local or third-country competition, the number of regulatory hurdles to be overcome, and cultural factors such as language (both spoken and written), service and quality expectations, and business practices. Tariffs on most imported goods into Japan are low. However, cultural, regulatory, or other non-tariff barriers exist that can make market entry difficult. These can include Japanese import license requirements, restricted or prohibited imports, temporary entry of goods, certifications, standards, labeling requirements, etc.





### **Market Opportunities**

U.S. companies wishing to enter the Japanese market should consider hiring a reputable, well-connected agent or distributor, and cultivating business contacts through frequent personal visits. Japan's business culture attaches a high degree of importance to personal relationships, and these take time to establish and nurture. Patience and repeated follow-up are typically required to clinch a deal. The nature and pace of dealmaking in Japan are quite different from those in the United States. U.S. business executives are advised to retain a professional interpreter, as many Japanese executives and decision-makers do not speak English or prefer to speak Japanese.<sup>10</sup>



#### **IV. Summary of Opportunities**

U.S. institutions will have to remain active in the promotion of American education in China. Competition for Chinese students from other English-speaking countries has increased, along with an expansion of the domestic education market which has created greater opportunities for students to pursue higher education without leaving China.

In a developing global economy, we see advanced technology and new information systems taking precedence over vocational workers; education is geared towards the knowledge-economy environment. For China to compete in this same global economy, they need a large number of skilled and knowledgeable workers coming out of vocational schools. Even more importantly, workers increasingly need language and cultural knowledge that can be provided through international study abroad programs. This is all coupled with a rapid annual growth rate in online course enrollment and internet reliance when seeking out international programs.

Taking all of this into consideration, along with Chinese cultural factors and recent policy initiatives, the United States may benefit from establishing a group of international student exchange centers in China. These centers would need to gain multilateral public funding, similar to that of China-ASEAN educational partnerships, educating both students and parents on the important of international education, the increasing need for vocational students (through Vocational Education System or VET joint venture partnerships), and on online educational resources. They would continue to cultivate the relationships that are integral to Chinese business culture, and would act as a hub for US students looking to study in China. These centers would act as a balancing agent for the amount of American workers with Chinese language and culture knowledge with that of Chinese workers with English language and US cultural proficiency. Although challenges arise, like crafting a VET system in the US that is compatible with Chinese working conditions and characteristics, the room for sector growth makes this a promising option for the US educational system.<sup>11</sup>

#### **V. Industry Prospects**

U.S. colleges and universities remain the preferred overseas destination for students from China, which remains the leading source of foreign students in the United States. In academic year 2013/14, 274,439 Chinese students travelled to the United States to study. That constitutes a 16.5% increase from the previous academic year in the number of Chinese students going to the United States this decade. China remains the leading place of origin for students coming to the United States for the fifth year in a row, and Chinese students now make up 31% of international students studying in the U.S. While a slim majority of Chinese students study at the graduate level, the U.S. continues to experience an upsurge in



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the number of undergraduate students from China. In 2013/14, their breakdown was as follows: 40.3% undergraduate; 42.1% graduate students; 5.4% other; 12.2% OPT (Optional Practical Training). Last year Chinese students in U.S. colleges and universities contributed \$8.04 billion to the U.S. economy.<sup>12</sup>

The State Council's decentralization of online training schools providing distance advanced degree education means that the growth within online education, even internationally, will continue rapidly. This decision will allow the distance degree-oriented market to expand from 68 universities approved to over 1,000 eligible participants in the market. As China continues to face "brain drain", it looks at innovative options to keep Chinese students educated and within the country. We will see internet giants like Alibaba and Baidu enter the education market with online education services and access to international resources.<sup>13</sup>

### **Sub-Sector Best Prospects**

Short-term training programs, technical schools and workshops in specialized fields as well as business education are particularly sought after. In December 2011, China's National Development and Reform Commission (NDRC) along with the Ministry of Commerce (MOFCOM) jointly released a revised edition of the Guiding Catalogue on Foreign Investment in Industry, replacing the 2007 edition. The 2011 revised Catalogue adds "training and vocational education" to the so-called "encouraged" list of industries for foreign direct investment. (The Catalogue includes four categories: "encouraged," "restricted," "prohibited" and "permitted".) U.S. educational organizations can also sell teaching materials and equipment, convey the latest methodologies and case studies, exchange faculty, and provide educational consulting services.<sup>14</sup>

Much like the United States, the Chinese government has recognized that vocational training for skilled employees has been steadily increasing in demand. There are 7 million Chinese university graduates each year—a mammoth population that could be trained in US vocational schools to assist the Chinese in their search for vocationally skilled workers. Premier Li Keqiang spoke about Chinese education, proposing, "Imagine the scale and level of Chinese products and services if most of the 900-million-strong labor force can be trained to master medium –and high-level skills." China's State Council has placed a goal of increasing vocational students in educational institutions from 29.34M to 38.3M by 2020. Nearly 600 universities have the potential to be converted into vocational colleges to supplement the 1,300 that already exist in China, but the opportunity for international growth and assistance within vocational education seems clear.

IT, computer graphic and online marketing training will maintain double digit growth in the coming years, thanks to a huge demand for persons skilled in Internet applications.



The number of students pursuing BA degrees overseas has increased significantly, and there will be a gradual rise in the number of high school students studying abroad. All in all, more Chinese students will study abroad.<sup>15</sup>

## Opportunities

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There's no doubt that the desire by Chinese students to enroll in U.S. institutions is high, fueled by increasing disposable incomes. Although the majority of Chinese students are still pursuing degrees in business, engineering and sciences, there appears to be an increase in demand for vocational classes, and utilization of community colleges. There is also a marked increase in the number of students interested in high school and summer programs to upgrade skills to increase earning potential as well. U.S. institutions will have to remain active in the promotion of American education in China. Competition for Chinese students from other English-speaking countries has increased, along with an expansion of the domestic education market which has created greater opportunities for students to pursue higher education without leaving China. One new way for U.S. institutions to more effectively promote their programs is by taking advantages of the U.S. Commercial Service social media (Weibo) platform, which is focused on promoting studying in the U.S. <http://www.weibo.com/useducation>

A common approach used by U.S. schools to recruit Chinese students is through local education agents. Over one thousand education agents are estimated to exist in China, with about 301 of them having obtained proper licensing from the Ministry of Education (down from around 400 the previously). U.S. schools are encouraged to vet education agents carefully before engaging their services. The Commercial Service education specialists can offer guidance regarding how to use reputable, licensed education agents.<sup>16</sup>

In China, two major factors sustain Chinese interest in pursuing higher education in the United States. First, because of the intense competition of the *Gao Kao* (National College Entrance Examination), more families are turning to overseas universities as a viable and less stressful option for their children. Second, Chinese students continue to show interest in living abroad, and the United States remains the most popular destination.<sup>17</sup>

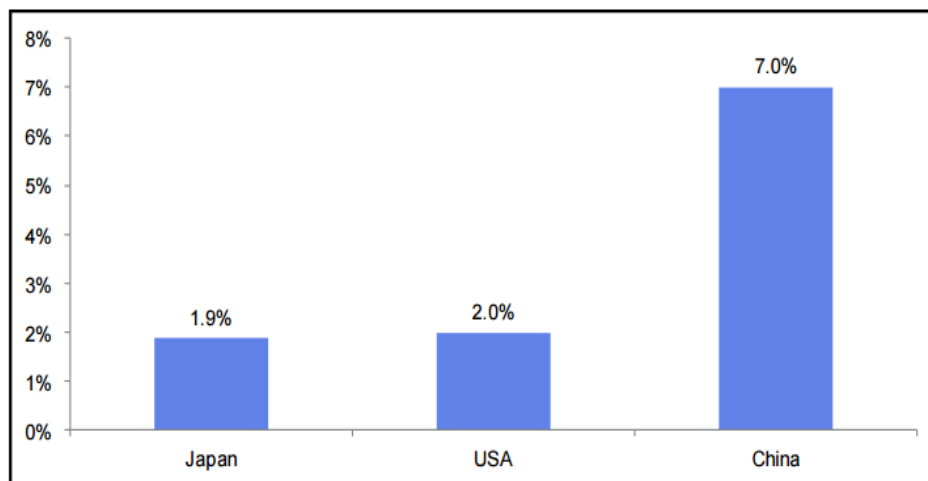
Benefits of Chinese and Japanese students to the US job market and economy are widespread. All international students build bridges between Americans and other nationalities, create global perspectives within classrooms and laboratories, cultivate innovation within science and engineering, and support campus-wide funding through out-of-state tuition funded by non-U.S. sources. In the 2013-2014 academic year, we saw 886,052 total foreign students studying in America. These students contributed \$26,792,000,000 to the US Economy. The net amount of jobs created directly and indirectly



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that are supported by these international students are about 340,007, or just over one job for every three international students.<sup>18</sup>

### Percentage of Disposable Income Spent on Education



Source: US Dept. of Labor, China Statistical Yearbook, Japan Statistics Bureau, ChinaHR.com, US Census Bureau, Ministry of Personnel

As China looks to garner its own international student population and increase the number of students enrolled in vocational courses, US programs should look to create coalitions and educational centers that strengthen the Chinese-US educational exchange, break down barriers to entry into the Chinese international educational market, and increase cultural awareness through American students studying in China. State-level examples of this do exist within the US. In the Spring of 2011, the state of Michigan launched the Global Michigan Initiative to attract highly skilled immigrants to the state to help strengthen economic development, and international students are included in this population. Other examples of state initiatives are the Alabama Council for International Programs, which offers an information/higher education promotion website for international students on study opportunities in the state of Alabama; and southern California, where a non-profit organization, the Education, Training and Export Consortium, participated in higher education marketing events in countries such as China, South Korea and Thailand. In 2007, NAFSA formulated a policy strategy to promote internationalization of learning by encouraging students from other countries to study in the US, promoting study abroad by US students, facilitating the exchange of scholars and citizens at all levels of society, supporting the learning of foreign languages and knowledge of other cultures by Americans, and by enhancing the educational infrastructure for developing international competences and research.



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Many US universities are making efforts to attract Chinese students, but in terms of recruitment, China appears to be targeted mainly at the institutional rather than the national level. There are several national US scholarship programs for international students. Most of these programs focus on postgraduate students and a few target “outstanding” undergraduates. Examples of scholarship programs supported by the US Department of State are:

- The Fulbright Fellowship Program, aimed at promoting mutual understanding between students from the US and students from other countries. Each year, around 8,000 grants are awarded to postgraduates from over 155 countries
- The Edmund S. Muskie Graduate Fellowship Program for postgraduate students from central Asia (i.e. the former USSR republics).
- The Global Undergraduate (UGRAD) Exchange Program, which offers scholarships of up to one year to “outstanding” students from Asia.
- The Community College Initiative Program, which targets students from a wide range of developing countries in Latin America and Africa, and from other countries including Indonesia and Turkey.<sup>19</sup>

[Parents are] sending their kids abroad at younger ages of late: based on data from the US Department of Homeland Security, the *New York Times* recently reported that 638 Chinese students attended high school in New York City in 2012, up from 114 only five years earlier.

With growing Chinese interest in overseas education coupled with fears about cost versus job benefits, there may be a real opportunity for institutions beyond the “elite” leagues to attract Chinese students.

*China Daily* reports that “many Chinese students studying in the United States are attending “two-year community colleges to save money and then transferring to four-year universities to get their bachelor’s degrees.” This arrangement is known as the 2+2 degree option, and it seems to be getting more popular. *China Daily* notes as an example that:

“At Shoreline Community College, 9 miles north of Seattle – which began developing international education programmes 30 years ago and where more than 98% of international students continue on to earn a four-year degree based on recent data – the number of Chinese students increased by 58% last year (65 by the spring of 2012 and 103 by the spring of 2013).”

As the Chinese economy matures and the middle class grows, there may well be more chances for schools of all sizes and focus to appeal to different Chinese student demographics.<sup>20</sup>



## VI. China: Market Overview

In November 2013, following the Third Plenum of the 18th Chinese Communist Party Congress, President Xi Jinping rolled out an ambitious agenda to re-shape the Chinese economy and fully embrace the market as the “decisive force” in shaping the country’s economic future. In order to continue China’s labor force evolution and to supplement the strong manufacturing exports that have fueled its unprecedented growth, Xi directed his administration to implement policy changes that increase domestic consumption, stimulate domestic innovation, and develop a world-class services sector – all the while expanding China’s middle class and moving millions of rural Chinese citizens to urban centers.

### Market Challenges

The depth and complexity of China’s proposed macroeconomic reforms bring with them significant challenges and pitfalls that will require skillful policy making and implementation. Problem areas to look out for include rising local debt, potential property bubbles, outflows of capital, shadow banking, excess capacity in industry sectors, and endemic corruption across industry sectors. China continues to make steady progress on the world stage as an emerging market in which to do business. The World Bank recently ranked China 96th (out of 189) in its Ease of Doing Business Report.

However, China’s explosive economic growth of the last several decades is beginning to slow. In 2013, real GDP grew 7.7 percent (down from 10.4 percent in as recently as 2010). While the government has set a 7.5 percent growth target, some economists predict that China’s GDP growth will slow to 7.3 or 7.4 percent in 2014, which would represent China’s slowest economic expansion since 1990. U.S. companies doing business in China remain concerned about rising costs for labor, enforcing intellectual property rights, competition with Chinese state-owned or state-supported companies, lack of transparency, burdensome bureaucracy, and protectionism in the business licensing and approval process.

### Market Opportunities

Despite these and other longstanding concerns, China remains an extremely attractive market for many U.S. companies. In fact, ninety percent of U.S.-China Business Council member companies responding to a USCBC survey report that their China operations are profitable, the highest percentage reported since

### Country Profile

- **Full name:** People's Republic of China
- **Population:** 1,355,692,576 (July 2014 est.)
- **Median Age:** 36.7 years (2014 est.)
- **Largest District:** Beijing
- **Area:** 9,596,960 sq km
- **GDP:** \$17.63 trillion (2014 est.)
- **GDP per capita:** USD \$12,900 (2014 est.)
- **Unemployment rate:** 4.1% (2014 est.)
- **Monetary unit:** 1 Renminbi yuan (RMB) (Y) = 10 jiao = 100 fen
- **Main exports:** Manufactured goods, including textiles, garments, electronics, arms
- **Investment in fixed capital:** 46%
- **Inflation rate:** 2.1% (2014 est.)

Source: CIA World Factbook



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2006. Foreign direct investment into China saw modest growth in 2013, rising 5.3% year-on-year compared with a 3.7% drop in 2012. Furthermore, many of the economic reforms called for as part of the Third Plenum, particularly those related to foreign investment, are starting to take shape.

Some highlights so far include:

- Revising the three basic laws that govern foreign investment in China.
- Slashing the number of business or administrative approvals needed while delegating much of the approval responsibility to provincial or local government.
- Relaxing “paid in” and minimum registered capital requirements for foreign-invested enterprises, and replacing the annual government inspection procedure with an online filing system.
- Undertaking efforts to improve the legal and enforcement regime for intellectual property (IP) rights, and amending the trademark law to provide stronger protection and enforcement tools for all trademark owners.
- Liberalizing financial controls, including interest rates and limits on foreign exchange.

In a move that garnered significant attention, China established the Shanghai Pilot Free Trade Zone (SFTZ) in September 2013. Covering approximately 29 square kilometers in Shanghai’s Pudong district, the SFTZ was envisioned as a venue for China’s leaders to experiment with market-based reforms, such as relaxed controls on foreign investment, increased market access in industry sections not on a “negative list,” streamlined administrative procedures, and financial and foreign exchange reforms, but regulatory details are still slowly trickling out.<sup>21</sup>

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<sup>1</sup> [Japan Open Doors Report 2014](#)

<sup>2</sup> [Doing Business in Japan: 2014 Country Commercial Guide for U.S. Companies](#)

<sup>3</sup> <https://internationaleducation.gov.au/News/Latest-News/Documents/IEBpapersNorthAsiasession4.pdf>

<sup>4</sup> <http://www.uk.idp.com/pdf/IDP%20Buyer%20Behaviour%202014%20infographic%20-%20Student%20Perceptions.pdf>

<sup>5</sup> [Doing Business in Japan: 2014 Country Commercial Guide for U.S. Companies](#)

<sup>6</sup> [http://www.nytimes.com/2013/03/25/world/asia/25iht-educside25.html?\\_r=0](http://www.nytimes.com/2013/03/25/world/asia/25iht-educside25.html?_r=0)

<sup>7</sup> <http://japan.usembassy.gov/e/irc/irc-links-4100.html>

<sup>8</sup> Education USA Global Guide 2014

<sup>9</sup> <https://www.gov.uk/government/publications/exporting-to-japan/exporting-to-japan>

<sup>10</sup> [Doing Business in Japan: 2014 Country Commercial Guide for U.S. Companies](#)

<sup>11</sup> <http://www.tojned.net/pdf/v03i02/v03i02-01.pdf>

<sup>12</sup> [China Open Doors Report 2014](#)

<sup>13</sup> <https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/technology-media-telecommunications/deloitte-cn-tmt-deloitte2014educationindustryreport-en-220514.pdf>

<sup>14</sup> [Doing Business in China: 2014 Country Commercial Guide for U.S. Companies](#)

<sup>15</sup> <https://www2.deloitte.com/content/dam/Deloitte/cn/Documents/technology-media-telecommunications/deloitte-cn-tmt-deloitte2014educationindustryreport-en-220514.pdf>

<sup>16</sup> [Doing Business in China: 2014 Country Commercial Guide for U.S. Companies](#)



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<sup>17</sup> Education USA Global Guide

<sup>18</sup> <http://www.tojned.net/pdf/v03i02/v03i02-01.pdf>

<sup>19</sup> <https://www.nuffic.nl/en/library/international-student-recruitment.pdf>

<sup>20</sup> <http://monitor.icef.com/2013/06/chinese-demand-for-overseas-education-remains-strong-despite-worries-about-jobs/>

<sup>21</sup> [Doing Business in China: 2014 Country Commercial Guide for U.S. Companies](#)