

East Asia Insights

Towards Increased UK-Thailand TNE Partnerships: Summary of Recommendations

Context

A key finding of the updated January 2024 report of “*Transnational Education in Thailand: Exploring Opportunities for the UK*” by the British Council, is that setting up a branch campus in Thailand remains a less preferred and under-utilised option for foreign higher education institutions seeking to establish collaborations in transnational education in Thailand, for the reasons below:

- 1) **Students have a preference for first-hand international exposure overseas**, hence why most joint and dual degree programmes have an articulating portion, which is a coveted element of the programme. Branch campuses are not found to be particularly attractive for students whose preference is to experience student life overseas.
- 2) **Universities themselves cannot justify the amount of investment required for branch campuses**, estimated between (300-500 million baht) or £7.5-£12.5 million, when the interest and student demand is low. Branch campuses typically have a long payback period with a high dependence on student volume to break-even. In Malaysia, branch campuses and other forms of transnational education models have been able to thrive due to country-specific factors where affirmative action for certain ethnic groups at public universities has led to a rise in demand amongst other groups for high quality private higher education provision, especially those who are not able to afford an overseas education. In contrast, Thai students do not face such issues and local higher education institutions are able to match student demands. This means that there is less impetus for enrolling for transnational education programmes.

The use of existing facilities can reduce the cost of investment dramatically (to around 10 million baht (£250,000), as in the experience of existing branch campuses), but may not boost the attractiveness of branch campuses amongst Thai students who place a high value on overseas student experience.

- 3) **The administrative process for branch campuses has been simplified and there are incentives for branch campuses, but there are still restrictions.** The incentives for setting up a branch campus in Thailand are notable:
 - There are no requirements for a branch campus in Thailand to involve a local partner unlike in China and Malaysia, which facilitates easier management of the branch campus.
 - There are tax exemptions for branch campuses for a limited period.
 - There are tax and other non-financial incentives for branch campuses established in the Eastern Economic Corridor as well as for their employees.

However, the following requirements may limit the interest from foreign universities in setting up campuses in Thailand:

- **Government approval.** Branch campuses require a more significant amount of government approval compared to other TNE programme modes.
- **QS rankings.** Only “renowned foreign higher education institutions,” on the basis of rankings by QS or Times Higher education, are allowed to set up branch campuses in Thailand – current branch campuses are either in the Top 100 universities in the QS

world rankings or in the Top 10 by subject area. None of the Top 10 largest universities for UK TNE (globally or in East Asia) are in QS' Top 100 world rankings.

- **EEC Location.** Branch campuses are required to be located in the EEC, which is a few hours' drive from major cities and therefore quite a distance away from international schools, embassies as well as other facilities and amenities desired by foreign academics who relocate to the branch campus.
- **Overseas remittance limit.** There is a 30% limit set on overseas remittance of profits, which some may find restrictive if there is the intention to continue using existing facilities and not build and own new buildings.
- **Property taxes.** Branch campuses that are established as a private HEIs (as opposed to being established under the rules that specially govern foreign university branches) are subject to property taxes.

Recommendations

Over the last 10 years, the UK, has been the preferred destination country amongst outbound Thai students headed to major English speaking destination countries, with the UK commanding a 46% market share in 2021/22, ahead of USA (33%) and Australia (15.4%). Thailand is in the UK's Top 30 largest source country for higher education, indicating the demand amongst Thai students for a UK qualification.

One can assume that the largest support and demand for TNE programmes in Thailand then would be for UK-Thailand TNE partnerships.

The establishment of branch campuses overseas, however, is a much weightier investment for UK universities, involving much more time, energy, effort as well as financial and human resources. The decision to set up a branch campus must crucially, and more critically than other forms of TNE partnerships, be one that brings mutual benefit to both sides.

If the Thai government wishes to increase engagement and participations in TNE by foreign partners, including the UK, the following recommendations should be considered:

For Branch campuses:

- Contribute gifts of land or buildings** to be used as a foreign branch campuses, and encourage the private sector or high net worth individuals to do the same, to reduce the cost of investment for foreign universities
- Provide tax exemptions for foreign branch campuses for up to 20 years** to help address the long payback period and alleviate concerns of financial losses by enabling foreign branch campuses to return to the black quicker. It should be noted that foreign universities that set up branch campuses invest more but gain less financially from the mobility of students to the parent university compared to other TNE models with articulation built-in as part of the programme.
- Consider allowing foreign branch campuses to be located near the major cities or in areas near international schools** to attract and support the recruitment of foreign academics and foreign personnel.

-
- d. **Consider broadening the requirement for the foreign university to be renowned (currently appears to mean Top 100 in the QS World Rankings)** as ivy leagues are generally not focused on TNE but the universities that are good at TNE, while may not be in the Top 100, have the knowledge and experience in operating overseas and making TNE work for students and academics alike.

For other TNE collaborations:

- a. **Provide tax incentives for foreign institutions for up to 10 years**
- b. **Extend the provision of government research grants to TNE programmes and institutions** to encourage existing TNE partnerships to take advantage of each other's research resources and capabilities, and support and facilitate the mutual exchange of researchers and inbound mobility of more foreign researchers.

For all types of TNE collaborations

- a. **Include TNE programmes and institutions as recipients of government bursaries/scholarships for students** and encourage other agencies and corporates to extend their scholarships similarly. This will raise the profile, standing and recognition of branch campuses while at the same time, attract students to study at branch campuses where the fees are higher than other joint or dual or international programmes.
- b. **Incentivise TNE institutions to provide Masters/PhD scholarships** for TNE students to pursue their postgraduate degrees at the overseas/parent campus.