



Headwinds

Challenges for British Education in China



September 2021

BRIEF

On 2nd September, the four British Chambers across mainland China co-hosted an online roundtable on the recent policy changes in K-12 education, welcoming representatives in the industry to share their challenges in the recent policy environment. This summary will clarify some of the policy changes in education in the past year and consider some of their implications for British education in China.

This report is for British Chamber members only. The comments in this report are indicative of priority issues as expressed during the roundtable discussions and are not an exhaustive assessment of the issues faced by educational institutions and companies in China.

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RECENT CHALLENGES

The Chinese education market has continued to grow in the past few years: according to Deloitte, market size is estimated to reach 5 trillion RMB in 2025. However, the past year has also seen rapid changes in the policy environment, as well as challenges related to the pandemic. Specifically on policy, the promulgated revised Regulation on the Implementation of the Private Education Promotion Law and the Dual Alleviation Policy has caused major upheavals in the tutoring business and impacted business confidence in the private sector. On one hand, these policy changes convey the commitment of the Chinese government to take a more proactive role in reshaping the education system and regulating the private education sector. On the other, shifts in China's education sector are just a part of a broader and evolving policy plan that is aimed to favour Chinese families in the long term.

COVID-19

The pandemic undoubtedly accelerated the reshuffling of the education industry, **increasing uncertainty and creating a long-term impact on the competitiveness of the industry.** While the closure of offline learning centres might have been expected to create more opportunities for online teaching, in reality, **online markets have been over-saturated and hyper-competitive** in recent years and do not seem to have prospered significantly during this period. In fact, it seems truer to say that the pandemic exposed long-standing problems in the industry and has served to reflect the urgency of promoting high-quality education in China.

Pandemic travel restrictions are also continuing to affect in-country and international student mobility, and, perhaps most importantly **exacerbate the challenges of international recruitment for teachers and administrators currently in post** in international schools in China.

POLICY CHANGES

Revised Regulation on the Implementation of the Private Education Promotion Law

On 14th May, the State Council issued the revised Regulation on the Implementation of the Private Education Promotion Law, which became effective from 1 September. As the first key step of China's 14th Five-Year Plan, the revised Regulation emphasises the equal legal statuses of public and private schools. Strict measures are in place to **prevent excessive capitalisation and commercialisation in private education** and to prohibit public involvement in running a privately-run school.

Two of the key restrictions listed in the revised regulation, which have been at the centre of controversy, are the prohibition of using foreign (overseas) teaching materials (Article 29) and the requirement to ensure all members of the Board of Directors and other forms of decision-making bodies are Chinese nationals (Article 25).

The Dual Alleviation Policy

On 24th July 2021, the complete text of the Opinions on Further Reducing the Burden of Homework and After-school Training for Students in Compulsory Education, also known as, and hereafter referred to as the Dual Alleviation policy, was officially issued by the General Office of State Council and the General Office of the Communist Party of China Central Committee. The policy has further drastically tightened the regulation of the private education sector, in particular, the private after-school tutoring market. In simple terms, the main drive of its 34 paragraphs is to assert **the primacy of schools and centrally organised curriculum** over the Chinese education system.

The policy has also laid out more restrictions to prohibit the use of overseas curriculum content at after-school tutoring institutions, prohibit the recruitment of foreign personnel who reside overseas to carry out after-school tutoring activities and prohibit foreign investors holding equities in subject-focused after-school tutoring institutions.

Q&A

The following questions were asked before and during the roundtable on the 2nd September featuring nearly 80 British Chamber member companies. Some questions have been added to provide context or synthesise similar queries.

PRIVATE SCHOOLS (FOR CHINESE-NATIONALS)

What are private schools?

While, **there is no official definition of ‘private school’ in China**, generally, private schools have three characteristics:

- They are not organised by government bodies
- School funds come from non-state sources
- Admission and access remains required to be open to the whole society, not limited to specified groups of individuals

To prevent a perceived “public going private” trend in the education industry, in a Notice issued on 8th July 2021, the Ministry of Education has also clarified that all private schools should meet the following “six independencies (六独立)”:

- Independent school-running
- Independent finance
- Independent student admission
- Independent teacher/staff recruitment
- Independent administration and management
- Independent teaching and research

What is a bilingual school?

A bilingual school is a term developed by the market but it is not an officially recognised type of private school in China. There is no unique licence or set of regulations for so called bilingual schools; they fall under the same regulation as any other private K-12 school in China.

Are all private schools required to use Chinese National Curriculum textbooks now?

Yes. According to the revised Regulation on the Implementation of the Private Education Promotion Law, private schools offering compulsory education (Grade 1 to Grade 9) in mainland China shall not use foreign (overseas) teaching materials. According to the Ministry of Education, however, if a school intends to use foreign (overseas) textbooks under special circumstances, the schools shall report to the local education bureau in advance. Only with the consent of students, parents and teacher, can a school change the textbooks.

To clarify, schools for foreign passport holders are not within the scope of regulation.

What is the definition of a foreign textbook?

There is no official definition of 'foreign textbook', but in practice, the term refers to all academic/teaching materials, written and/or translated by foreign nationals, not officially approved by the Ministry of Education and published by any non-Chinese publishing house. One of the most commonly used English textbook series in recent years, New Concept English, for instance, is no longer allowed in the classroom.

Is the long-term goal to stop all foreign textbooks entering China?

For the compulsory education stage, yes. All schools, private or public that offer education between Grade 1 to Grade 9, will be required to use nationally and locally approved domestic academic materials.

However, schools that are run by Chinese-foreign partnerships, and some vocational schools in China do have the scope to be allowed to use some foreign textbooks, provided they first get approval from the local education bureau.

What will happen to boarding schools?

Are foreign published English books forbidden for use in private high schools?

No, the current restrictions only target schools offering compulsory education (Grade 1-Grade 9).

What are the key areas of impact of the recent regulatory changes on private schools?

The key areas are:

- Non-profit operations
- Greater alignment with public schools
- Operating hours
- After school activities (including homework)
- Limit on licences and growth of the sector

Does China want private schools in the market?

It seems increasingly clear that the Chinese government would like to reduce the number of private schools, and to slow or stop growth in the sector. The announced target of 5% in three years by provinces including Jiangsu, Sichuan and Hunan, would require half of the private schools open at the moment to be closed or nationalised.

PRIVATE SCHOOLS (FOR FOREIGN PASSPORT HOLDERS)

What are schools for foreign passport holders?

K-12 international schools in China that only admit students holding non-Chinese passports.

Are schools for foreign passport holders targeted by these recent policies?

The policies are aimed at restructuring the whole private education sector, and are emphatically not specifically targeting international schools. This said, the policies are sweeping, and will impact almost all activity in the sector in at least some ways.

While schools for foreign passport holders are not in the scope of regulation, any international schools admitting Chinese nationals will be affected. Private bilingual schools in particular will be strictly constrained by new regulations under the recent policy changes.

What challenges are facing schools for foreign passport holders?

Relatively few compared to the impact on private bilingual schools in China.

One of the key challenges is staff recruitment as COVID continues to keep borders heavily restricted and recent policy changes impact on perceptions on China's openness.

Does it mean that schools for foreign passport holders also need to offer after-school tutoring for students?

No. Schools for foreign passport holders are not directly affected by policies on in-school or after-school tutoring during the weekdays.

Is it possible for international schools to run weekend ELL programs for international students or would this violate the new rules?

Weekend English or the provision of academic classes of any kind is strictly prohibited by the Dual Alleviation Policy. Classes run by any school during the weekend, national holidays and summer/winter holiday are forbidden, including non-curricular subjects.

OVERSEAS RECRUITMENT

Will these policies affect issuing visas to new teachers coming in?

Issues about visas are not covered in the new policies, and the rules governing who is eligible for a permit to work as a foreign teacher have not changed.

However, the overwhelming trend over the last few years is that the implementation and oversight of existing rules have made full compliance much more necessary than it was on the ground up to now.

Increased scrutiny from education bureaus are likely to see the process becoming more complex and taking more time in this policy environment. The pandemic has also reduced flexibility on the ground in this area.

Are there any changes for visas for foreign teachers?

Since 28th March 2020, travel restrictions have been imposed to limit entry to China, for foreign nationals, regardless of whether or not they have valid visas or residence permits. While there are no articles in the recent policies about visas for foreign teachers, the effects of the pandemic mixed with the tightening regulatory environment of the education sector will almost certainly continue to make visa applications and processing ever more difficult.

Why is it so difficult for foreign hires to enter China?

It has been a problem for the past two years mainly because of COVID-19. As mentioned in previous questions, the pandemic has significantly reduced the flexibility in the process of applying visas and work permit, and is likely to remain this complex and require full compliance in the next few years.

Why is it so difficult to get visas for foreign teachers?

It has never been easy. Pressures on staff recruitment for international schools in China has been one of the top chronic challenges stressed in our conversations with heads of schools over several years.

Will these policies affect issuing visas to new teachers coming in?

What are the reasons for rejections of the dependent visa? Is it mainly because of the pandemic?

ONLINE EDUCATION

Are all-round online courses restricted in the Dual Alleviation Policy?

Currently, no. In the Dual Alleviation Policy, only subject courses are restricted. All-round courses, online or offline, are not directly covered.

The problem is that there is no clear definition or dividing line between all-round and subject courses. Currently we are being told that drama is under discussion, but there is little clarity on what will and will not be permissible with most all-round education provision.

Do recorded lectures count as online education?

In the Dual Alleviation Policy document, there are no clauses concerning recorded lectures.

What category does online learning fall into? What kind of licenses do you need for operation?

The category is not divided by online or offline but by the age of students and the subjects they are studying.

Can foreign teachers overseas still teach A-level or other high school courses online?

No. In the Dual Alleviation Policy, foreign teachers reside overseas are strictly forbidden from delivering any lessons to Chinese students of any age.

Can web-based British companies operate freely in China?

No. Foreign companies need to acquire necessary ICP licence, ensure full compliance to country's data laws, regulations on cross-border transactions. There are also operating challenges including issues of IT and cybersecurity.

EDUCATION SERVICES

What is happening to training centre licences?

Since the announcement of the Dual Alleviation Policy, regional education bureaus have undertaken a wide range of different measures. While there has been no completely consistent application of the policy as yet, and interpretations of the new rules have differed widely so far, it appears that the constants for most organisations have been:

- Existing academic tutoring licences converting to non-profit
- Tutoring being restricted to weekday evenings (no weekends or holidays)
- Licensing requiring additional capital (which may not be returned).
- There has also been ongoing discussion of caps not only to the fees which can be charged but also staff salaries.

How does the Dual Alleviation Policy define the difference between academic education and training-centre education?

The policy distinguishes between on-campus school education and after-school tutoring, stressing the dominant position of the former in the Chinese education system.

What is the difference between subject-focused and non-subject-focused after-school tutoring institutions?

The definitions were clarified on 30th July, two days after the announcement of the Dual Alleviation Policy.

Ethics and the rule of law, history, geography, Chinese, mathematics, foreign languages (English, Japanese and Russian), science (or biology, physics, chemistry) are managed and regulated as subject-focused courses for after-school tutoring.

Physical Education (or Physical Education and health), art (or music and fine arts) and integrated practical activities (including information technology, and labour and technology) are to be managed as non-subject-focused afterschool tutoring provision.

What licence does a company need to provide to engage in school activities/tutoring?

REGULATORY ENVIRONMENT

What is the difference between a Law and a Regulation?

Law(法律) and Regulation(法规) are two different concepts, with different legislative authority and legal effect. They are established and promulgated by different levels of government bodies.

Law

- Set up by the National People's Congress and its Standing Committee

Regulation

- Normative documents set up by different government organs; subordinate to the laws and are introduced to help in the implementations of laws
- Regulation is a general term including documents with headings like 'Decree of', 'Regulation of', 'Ordinance of' and 'Articles of', etc.

What is the difference between 'Implementation Rules(实施细则)' and 'Opinions(意见)' documents?

Implementation Rules are detailed and specific explanations and supplementary document made by relevant authorities in light of the actual situation to enable local authorities and bureaus to better implement a specific regulation.

The Implementation Rules are generally formulated by the enactment body of the original laws and regulations or its subordinate functional departments/bureaus, and used in conjunction with the original laws, regulations and regulations. The purpose is to plug up loopholes in the original law and regulations and clarify the provisions laid out in a specific regulation.

The Opinions are guiding statutory documents that aims to clarify the guiding ideology, objectives and measures when implementing a specific law and regulation.

Are policies consistent across the country?

No. In China, all policies and regulations issued at a national level largely depend on the interpretation and implementation plan at a regional and local levels. In other words, understandings and approaches varies from region to region. There are also some cases where articles from one policy contradict articles in another policy. Put simply, there are not always failsafe methods to ensure full compliance.

In addition, the Dual Alleviation Policy outlines 'pilot cities' within which the requirements outlined will be rolled out first. These pilot cities are: Beijing, Shanghai, Shenyang, Guangzhou, Chengdu, Zhengzhou, Changzhi, Weihai, and Nantong.

THE CONSEQUENCE

1

Companies Pulling Back

In the 2019 British Chamber Sentiment Survey, 60% of British businesses said they were increasing investment in their mainland China operations in the coming year. 82% of these companies cited “market potential” as their main reason to increase investment. In the latest British Chamber Sentiment Survey, from the end of 2020, this figure was down from 60% to 44%. For many British education companies across the sector, the past two months have led to further increased and genuine concerns about both the stability, growth prospects and overall viability of any role in the education sector in China. Where companies have previously focused on the scale and potential of the market, this focus has been sharply overshadowed by questions about the safety of further investment or resources within the current regulatory environment.

2

Decline in Investor Confidence

The considerable number of column inches written globally about recent changes, and particularly the drop of nearly \$100 billion overnight on the US stock exchanges for Chinese education companies, has significantly affected perceptions of and confidence in the Chinese private education market. New and existing education operations in country, investment in new projects, hiring new staff or agreeing to local partnerships have all been adversely affected.

3

Local Variance

The Education Section of this June's British Chamber Position Paper cited "inconsistency and lack of clarity in the regulatory environment" again as the number one challenge for British education organisations operating in China. The following assessment seems particularly prescient today: "Regulations and compliance guidelines are announced and enforced without adjustment periods and can vary from city to city and even district to district. Special dispensations for some schools rather than all schools create inconsistencies in the market and inconsistent and even openly confused application and oversight of rules from local education bureaus. An institution's chances of being granted licences to set up specific types of institutions, hiring teachers, adding a new site to their group, etc, can vary depending on time, place and contacts, leading to seemingly arbitrary barriers consuming resources and stifling organisations' ability to compete."

What has also become abundantly clear during this time, is that while local investors and governments may often encourage projects, the existence or success of all projects can be reversed almost overnight by central government announcements.

It is worth emphasising here that the holistic and character-based values embraced by many British educational organisations in many ways align well with the spirit of some of the new policy changes, which have even been welcomed by some. The growing sense of chaos, incoherence or inconsistency in the timeframes given for implementation are the main source of a growing drop in confidence in ongoing partnerships.

4

Drain in Education Professionals

It is clear that British education professionals in China at all levels of engagement are feeling frustrated and uncertain about the way ahead to an unprecedented degree, and making personal decisions about their careers accordingly, which are shaping the overall in-country landscape. With pandemic border restrictions heading into their twentieth month, the distance from family and friends in the UK and sweeping regulatory changes in the sector are combining to feed into growing perceptions of a working environment which, while not hostile, is notably less attractive than in previous years.

As dedicated staff continue to move on to other opportunities in the UK and elsewhere at their own pace, and difficulties with new recruitment continues to grow, there is a very real concern that joint education projects, mutually beneficial to both sides and improving the quality of global education, will be impacted. International talent remains an openly acknowledged essential component in an internationally competitive China, but members' perceptions would suggest that the available pool of talent to deliver this is shrinking significantly.

CHAMBER REQUESTS

1

Regulatory Communication

Explaining not only the “what” but also the “why” would help to temper speculation and avoid misinterpretation. Greater clarity at all levels, and more consistent enforcement would help organisations to operate more smoothly.

2

Improved Entry to China

Stringent pandemic safety measures have kept China largely safe from the global pandemic, but for those on the ground and those considering entry, a growing lack of hope in restrictions being eased to allow for the ingress of dependents or for long-term residents returning home without undue risk of being barred from re-entry are contributing to a slow leak of foreign talent. Any provisional timeframe for easing restrictions would of course be dependent on the progress of the virus, but clearer communication about when changes might be expected could go a long way to shaping perceptions.

3

Education Sector Market Access

There is considerable uncertainty about the long-term opportunities for overseas companies to find mutually beneficial collaborations within the Chinese education system. The public education system has long been considered broadly inaccessible but there is now an increasing belief that opportunities within the private education system are also being closed off, explicitly or not, to overseas companies. An open exchange about what cooperation and partnerships remain desirable in the changing environment would be invaluable.

FUTURE CLOUDS

While British education remains in high demand both among families, businesses and local governments in mainland China, there is considerable concern among British education organisations about the future sustainability of the industry.



English Language

With recent changes to the curriculum in Shanghai, increasingly regular announcements about reducing the importance of English in the Gaokao, and the ongoing closure of many even big name English training centres, there is a very real concern that English, the international lingua franca, will become less important in China. This will significantly impact the ability for British education to grow in China.



Foreign Teachers

Foreign teachers have had a powerful impact on the development of many Chinese students, supporting their growth, prospects, and global competence. There is a growing perception, unfounded though it may be, that recent policy changes signal an increasing suspicion that any foreign involvement in the education of young people in China is at odds with the goals of Chinese education.



Overseas Universities

While currently untouched by the recent regulations, there are some indications that applications to overseas institutions may be next in line for tighter regulations. Engagement through higher education, both for inbound and outbound students from China, remains one of the most powerful people-to-people connectors, and guarantors of long-term engagement.



Increasingly Limited Opportunities

Areas in the education sector that are currently open and encouraging of British involvement, such as higher education, technology transfer or vocational education, continue to struggle to find a business model that favours both sides equally. Confidence in finding long term projects that are stable and mutually beneficial is diminishing.

NEXT STEPS

This document was produced through the input and collaboration of a number of volunteers from the membership of British Chambers across China.

If you would like to share your thoughts, or ask any further questions, please get in touch with your local Chamber contact or email education@britishchamber.cn.

