BRITISH COUNCIL

SERVICES FOR INTERNATIONAL EDUCATION MARKETING

Around the World in 80 Minutes (or less)

Identifying opportunity both near and far for UK education

Jeremy Chan

SIEM Conference

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I. A Brief History of Student Mobility

II. Explaining Student Mobility

III. The State of Global Student Mobility

IV. The State of Student Mobility to the UK

V. Challenges and Opportunities for the UK

I. **A Brief History of Student Mobility**
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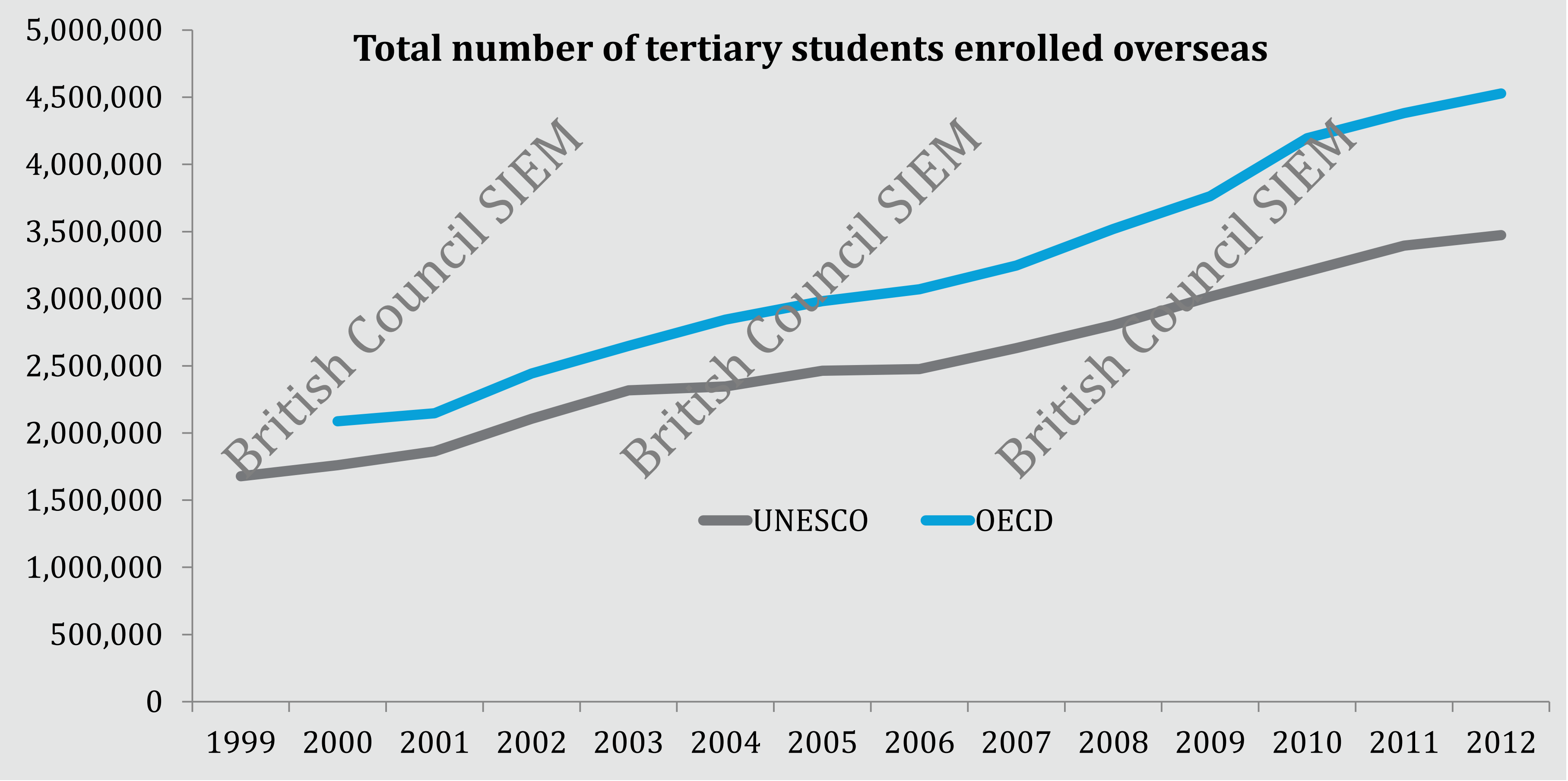
I. A Brief History of Student Mobility

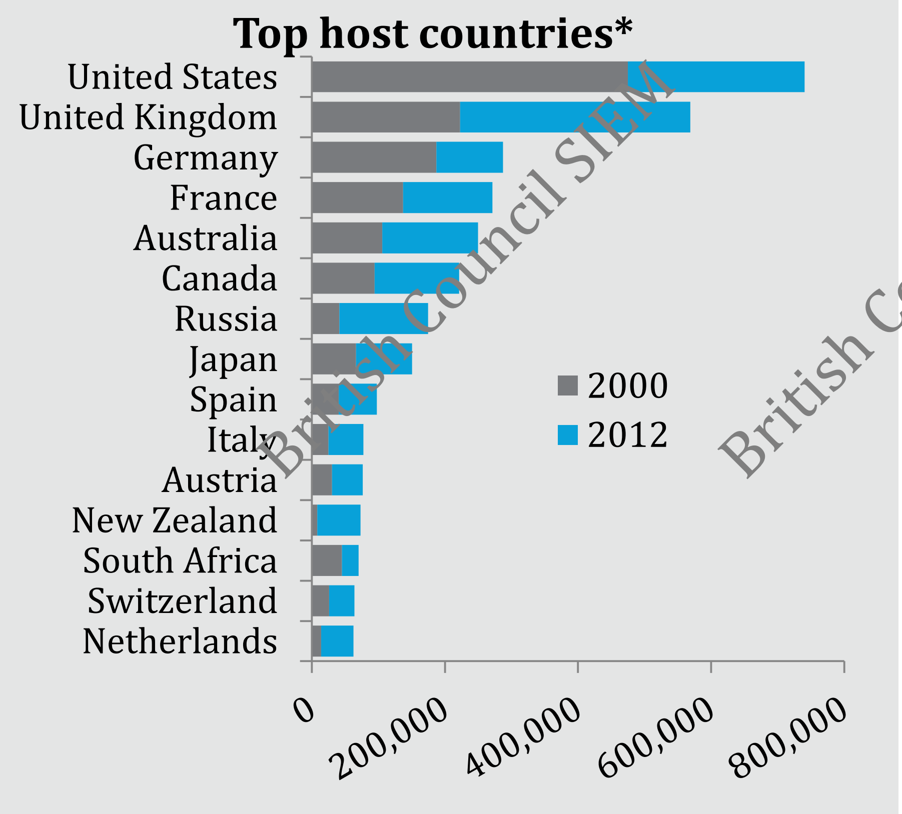
- There are an estimated 4m tertiary students enrolled overseas, but exact numbers vary.
- By any measure, the number of students overseas more than doubled from 2000-12.



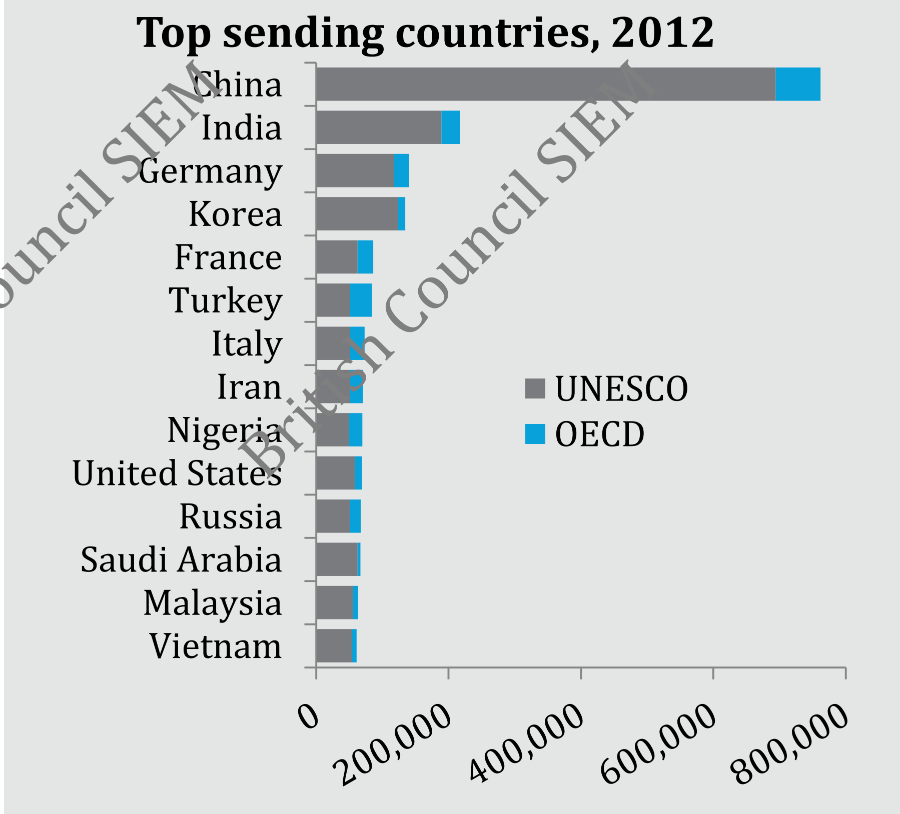
Source: OECD, UNESCO

I. A Brief History of Student Mobility

- The world's top destination countries have greatly increased their number of int'l students.
- China enrols as many tertiary students overseas as the next six largest markets combined.
- Will the future of student mobility resemble the past?



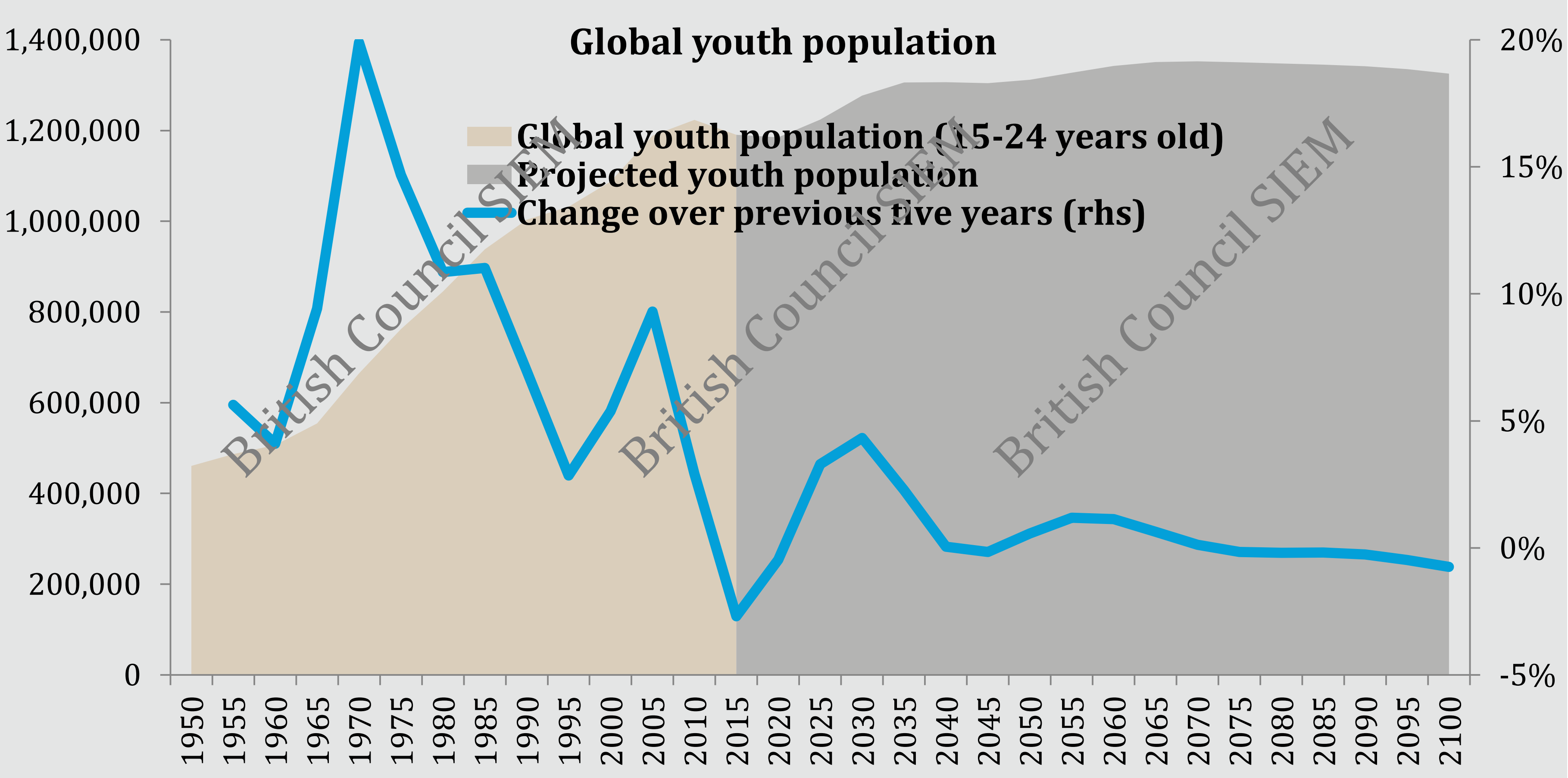
Source: OECD, Education at a Glance; *data does not include China.



Source: UNESCO, OECD; all data for 2012.

I. A Brief History of Student Mobility

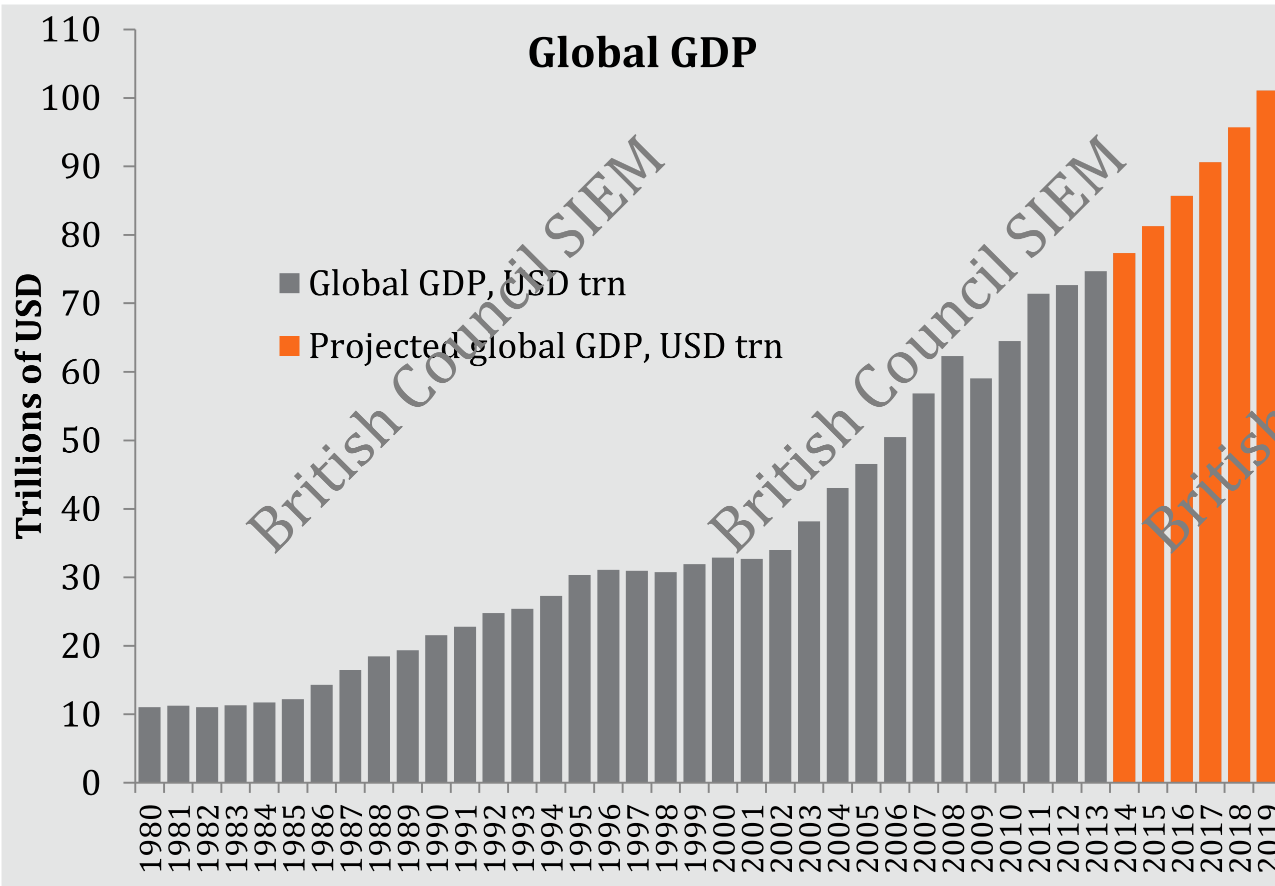
- The global youth population soared by 136m from 2000-10, but will shrink from 2010-20.
- Luckily, demographic change is not highly correlated with international student mobility.



Source: UN Population Division, projections based on medium fertility case

I. A Brief History of Student Mobility

- Do increases in global GDP explain the recent growth in international student mobility?
- If so, then growth in mobility will slow in the years ahead.



Total growth in global GDP over 5-year period	
1999-2004	34.7%
2004-2009	37.3%
2009-2014	31.0%
2014-2019*	30.6%

Source: IMF, current USD; *based on IMF staff estimates

I. A Brief History of Student Mobility

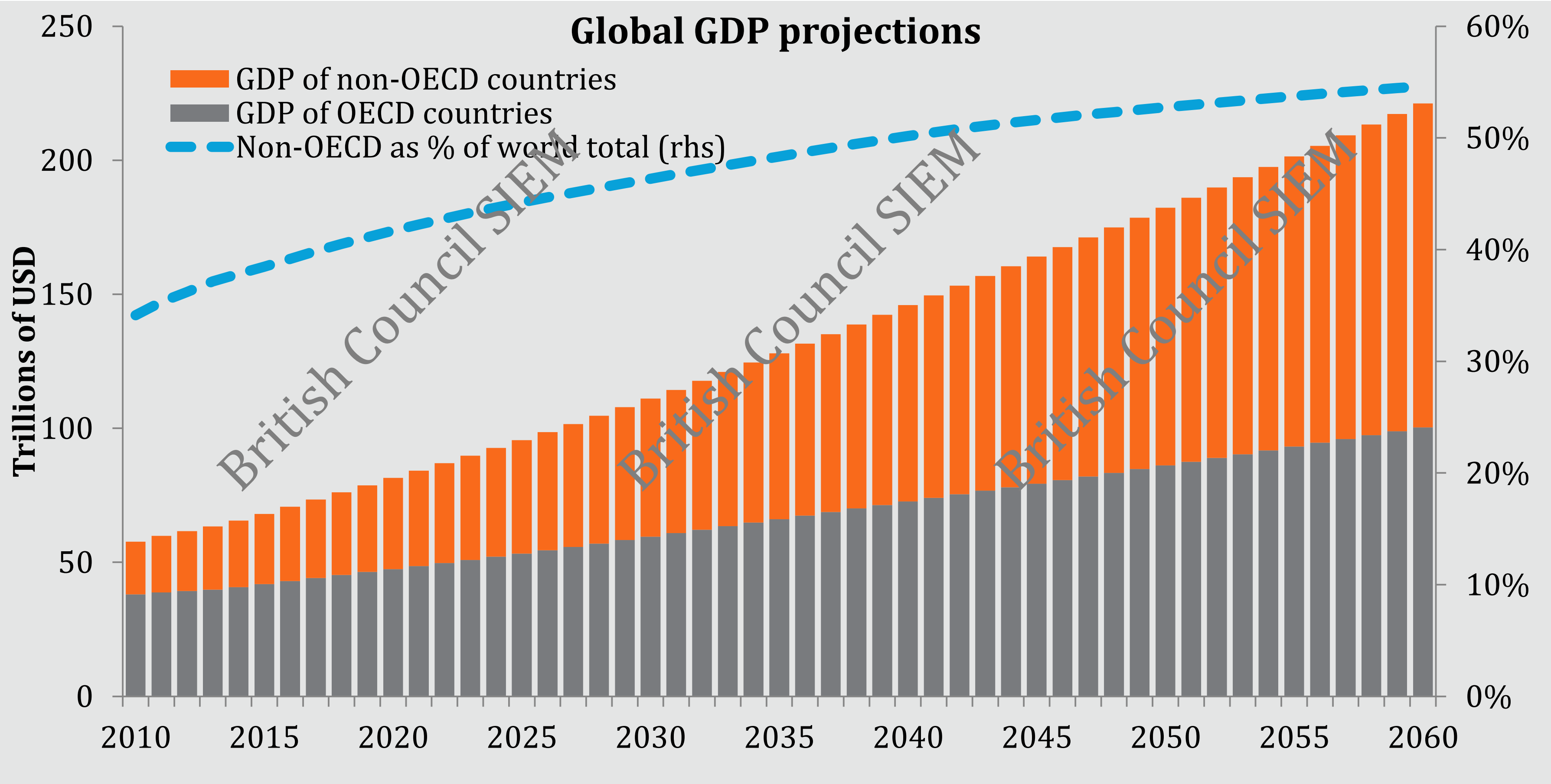
- Half of the top sending markets are expected to see growth slowdowns in next 5 years.
- Most rapid slowdowns expected in Nigeria, Saudi Arabia, China, Russia and Vietnam.

Rank	Top sending country	Real GDP growth over 5-year period		
		2009-14	*2014-19**	*Difference*
1	China	102.82%	49.86%	-52.95%
2	India	49.99%	55.38%	5.40%
3	Germany	15.53%	19.25%	3.71%
4	Korea	60.71%	44.65%	-16.06%
5	France	7.47%	16.90%	9.43%
6	Turkey	32.38%	33.00%	0.62%
7	Italy	0.60%	15.35%	14.75%
8	Iran	11.67%	21.91%	10.24%
9	Nigeria	120.96%	39.69%	-81.27%
10	United States	20.79%	27.17%	6.38%
11	Russia	68.27%	26.12%	-42.14%
12	Saudi Arabia	81.28%	23.70%	-57.58%
13	Malaysia	66.55%	59.03%	-7.52%
14	Vietnam	84.83%	49.81%	-35.02%

Source: IMF; *based on IMF staff estimates.

I. A Brief History of Student Mobility

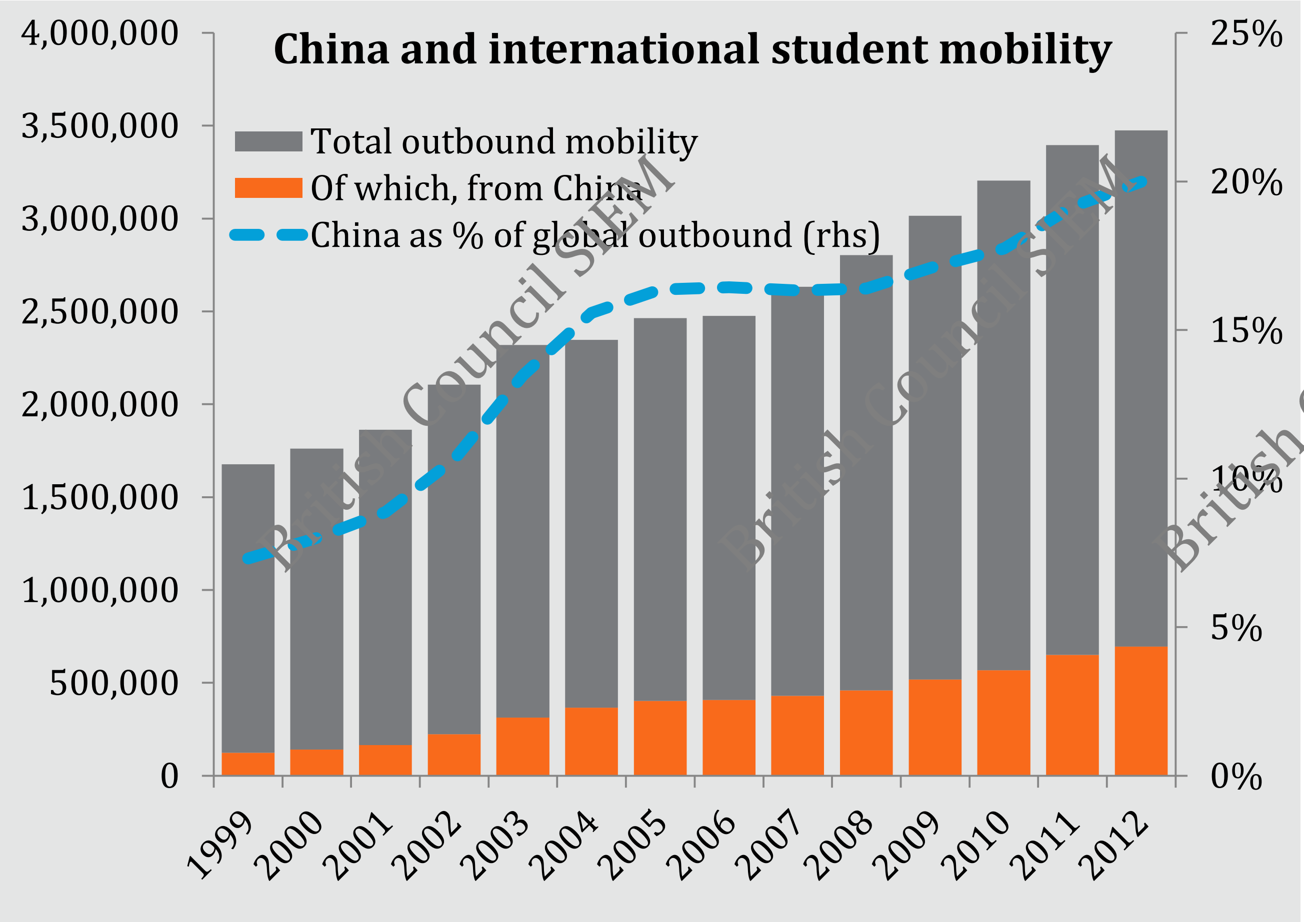
- Economic output of less developed countries is set to grow faster than developed world.
- This will shift spending power to emerging markets, but could create rival host nations



Source: OECD, 2005 USD

I. A Brief History of Student Mobility: China

- China by itself accounted for nearly one third of all growth in outbound mobility from 1999 to 2012 – as much as the next 12 countries combined. Where will new growth come from?

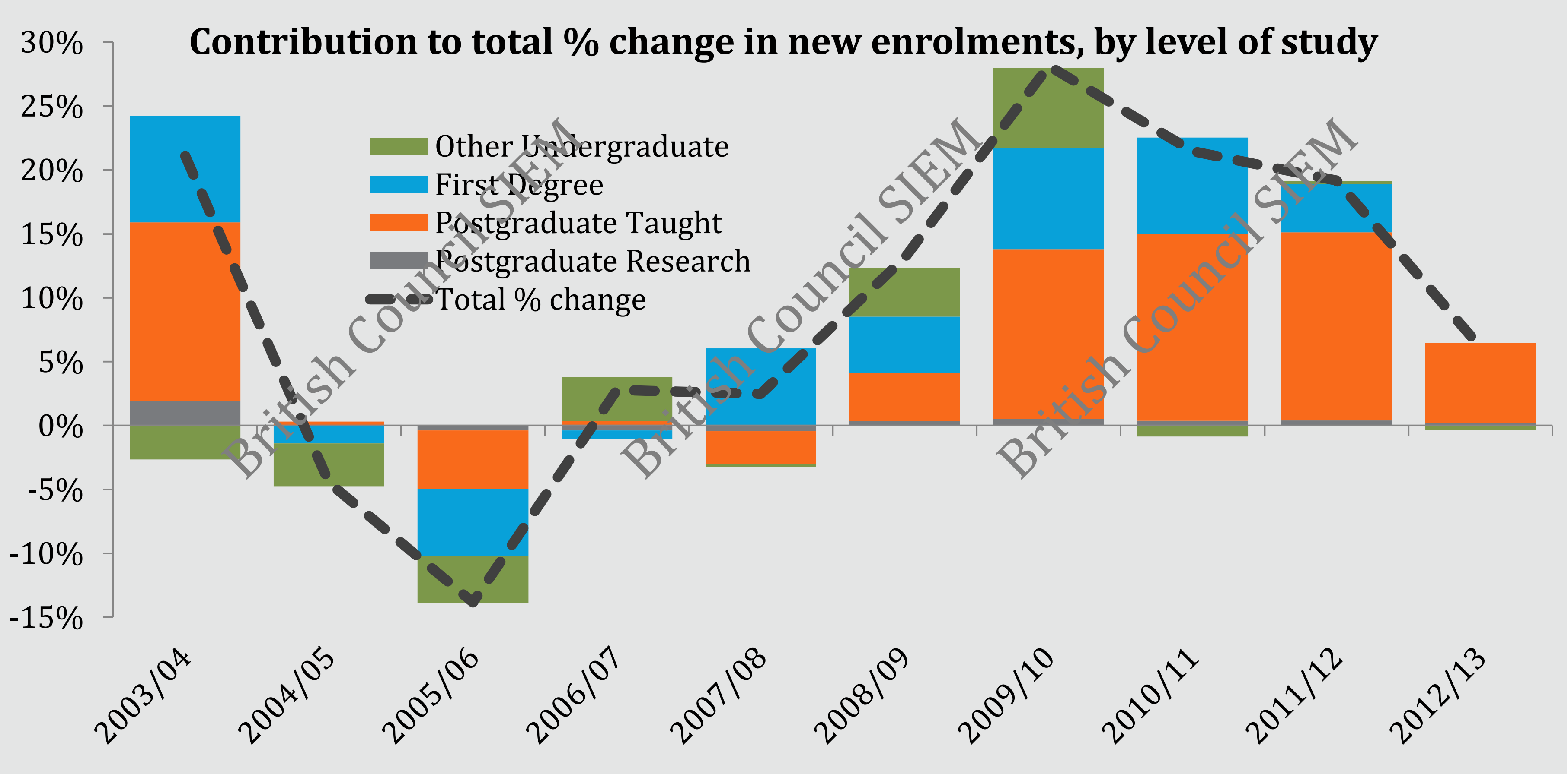


Country	Contribution to growth in mobility from 1999-2012
China	31.82%
India	7.45%
Germany	3.57%
Korea	3.09%
Saudi Arabia	2.91%
Vietnam	2.54%
Nigeria	1.97%
Belarus	1.92%
Slovakia	1.60%
Iran	1.59%
Ukraine	1.46%
Nepal	1.41%
Russia	1.38%
Pakistan	1.30%
Rest of world	35.99%

Source: UNESCO

I. A Brief History of Student Mobility: China

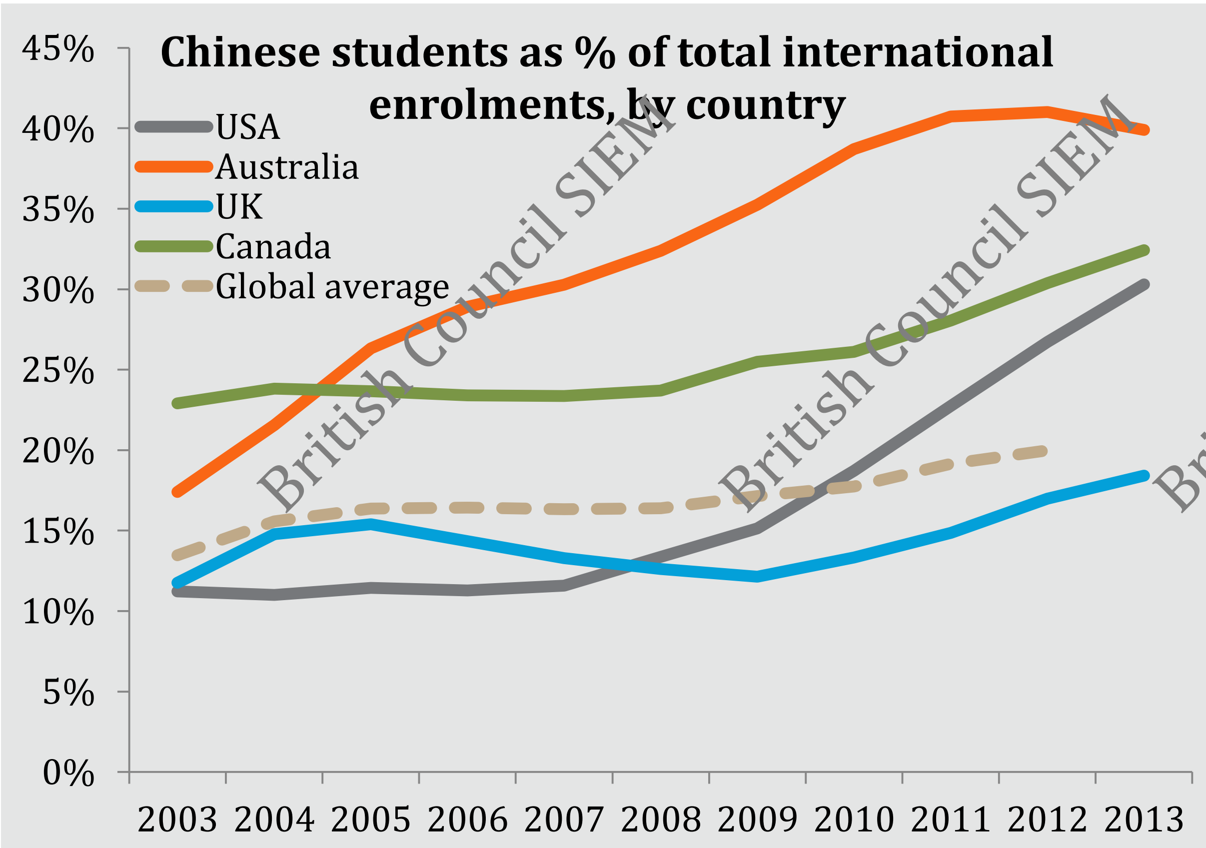
- New postgraduate enrolments accounted for all growth from China in 2012/13.
- Early signs point to a potential further slowdown in China's outbound student market.



Source: HESA, British Council SIEM

I. A Brief History of Student Mobility: China

- Chinese students make up 40 per cent of international tertiary enrolments in Australia, and 30 per cent in the US and Canada, but less than 19 per cent in the UK.
- The UK is insulated from the effects of a slowdown from China, but not all institutions.

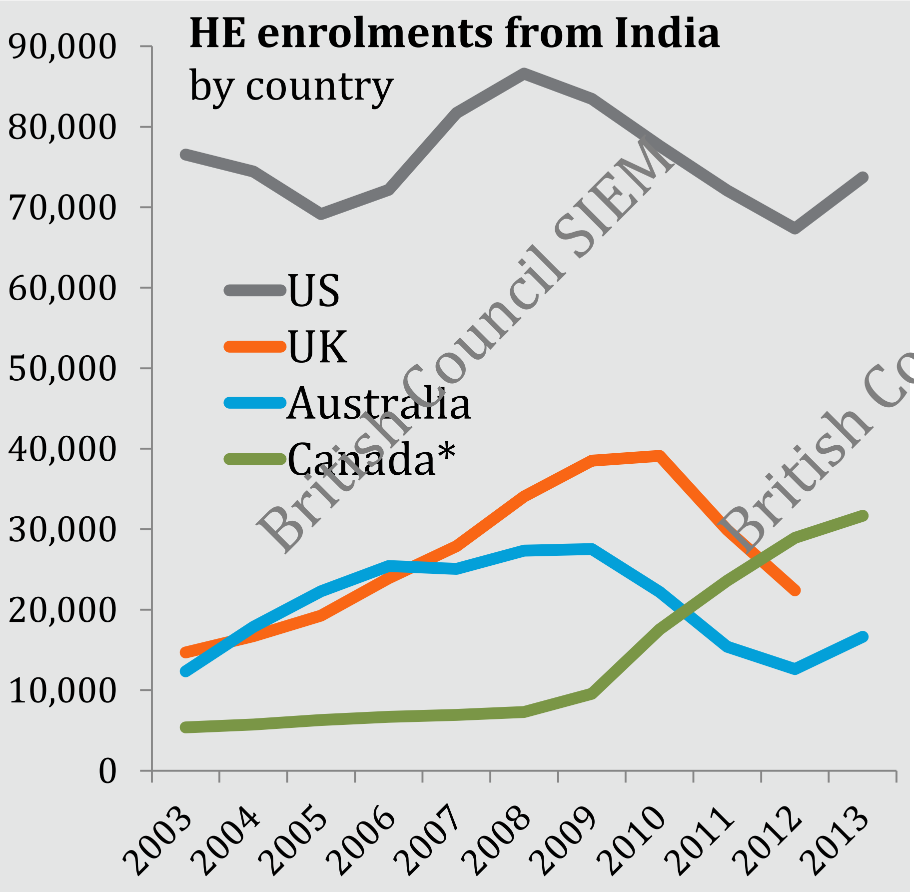


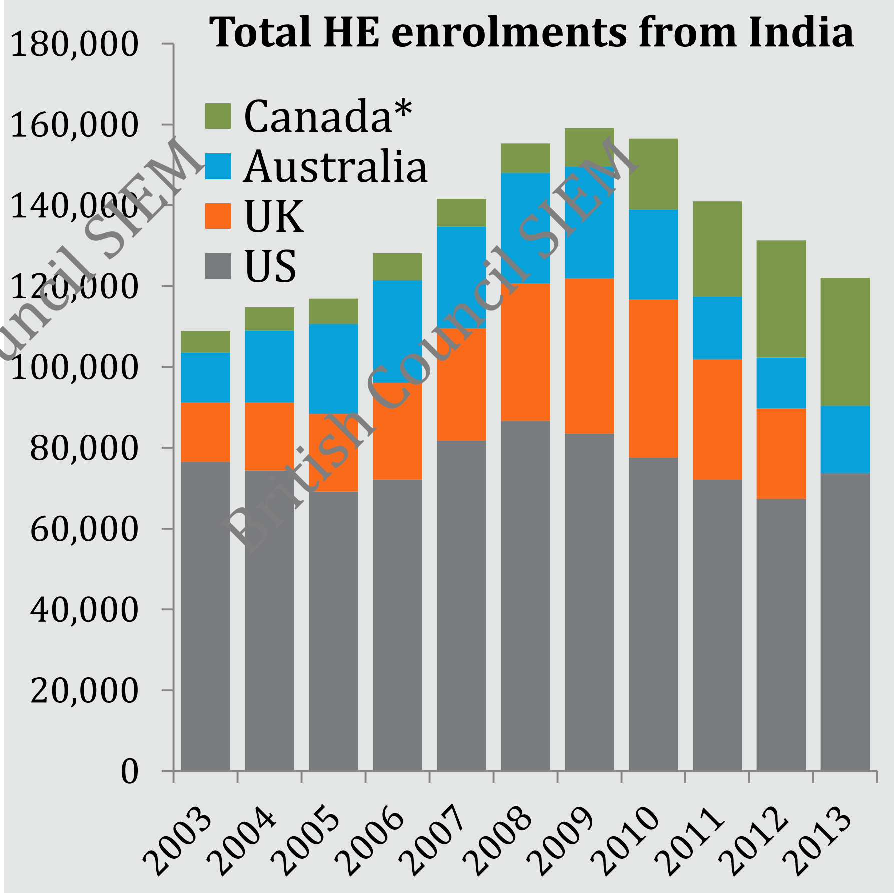
First-year students from China as % of total int'l first-year enrolments	No. of UK HEIs 2002/03	No. of UK HEIs 2012/13
0-5%	17	15
5-10%	31	21
10-15%	26	22
15-20%	23	17
20-25%	14	19
25-30%	4	10
30-35%	4	9
35-40%	2	12
40-45%	3	5
45-50%	2	2
50-55%	0	1
55-60%	0	0
60-65%	0	0
65-70%	0	1
Total no. of institutions	126	134

Source: IIE, AEI, HESA, CIC, CBIE, UNESCO; note: data unavailable for global average in 2013.

I. A Brief History of Student Mobility: India

- India's outbound student market is fickle, but growth is up everywhere except for the UK.
- To understand how to attract Indian students, the UK must question its past approaches.

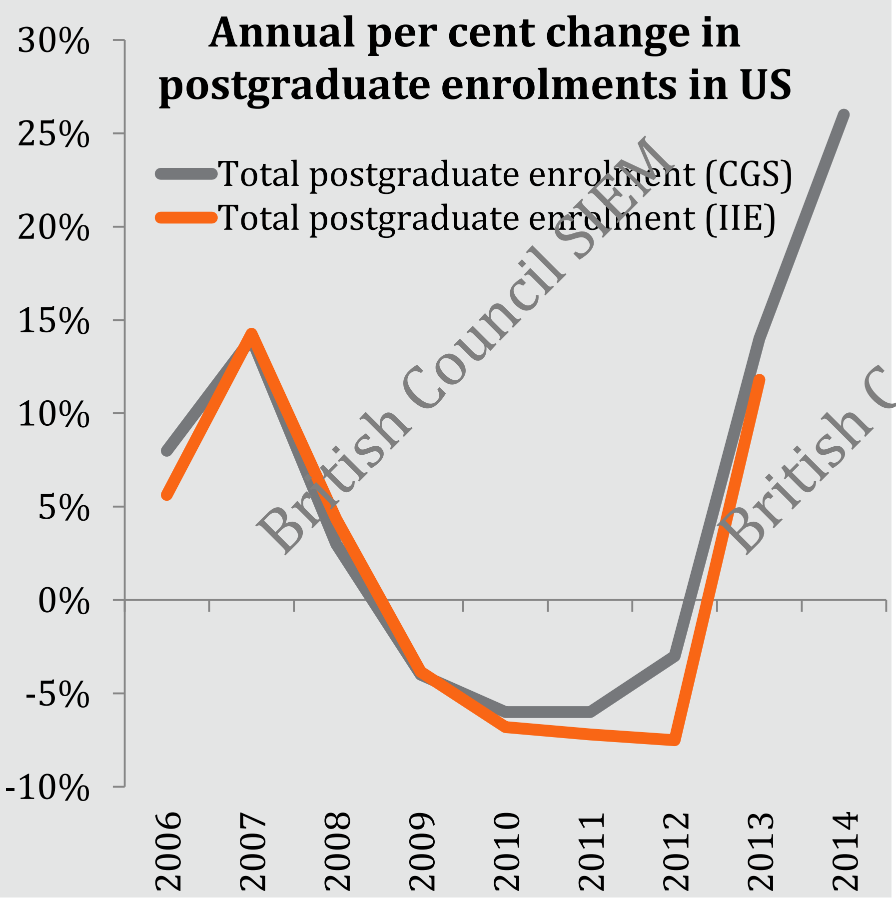




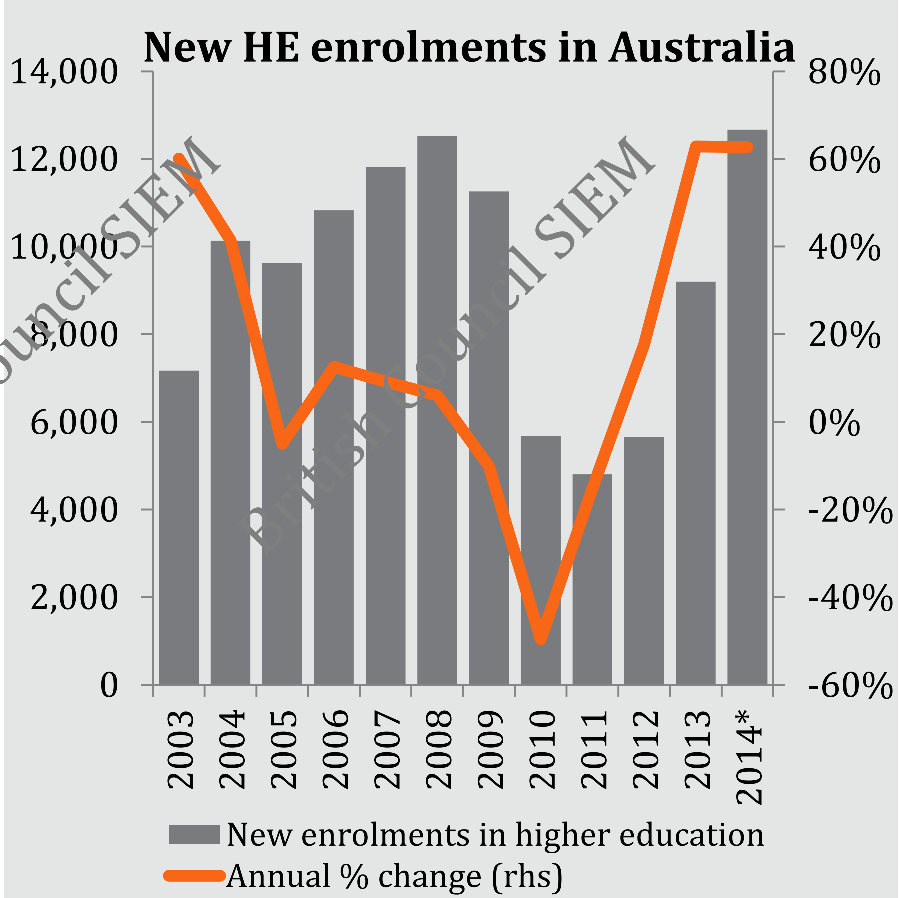
Source: IIE, AEI, HESA, CIC; note: *data for Canada includes all international students from India; no data available for UK in 2013/14.

I. A Brief History of Student Mobility: India

- Leading enrolment indicators show that the India student market is back in a major way.
- Will the UK benefit from this rising tide? Early signs are mixed at best.



Source: IIE, Council of Graduate Schools, 2014



Source: AEI; *data current through Sept. 2014, annual % change based on YTD Sept data

Section summary

- International student mobility has more than doubled since 2000 to some 4m tertiary enrolments today. But unfavourable demographics and economics suggest that growth rates in total student mobility will likely slow in the years ahead.
- China’s outbound student market is slowing as India’s is picking up steam, but it is unclear if the UK is positioned to benefit from the return of India’s student market.
- There will never be another China, but there will be more Indias. Can the UK get its mojo back?

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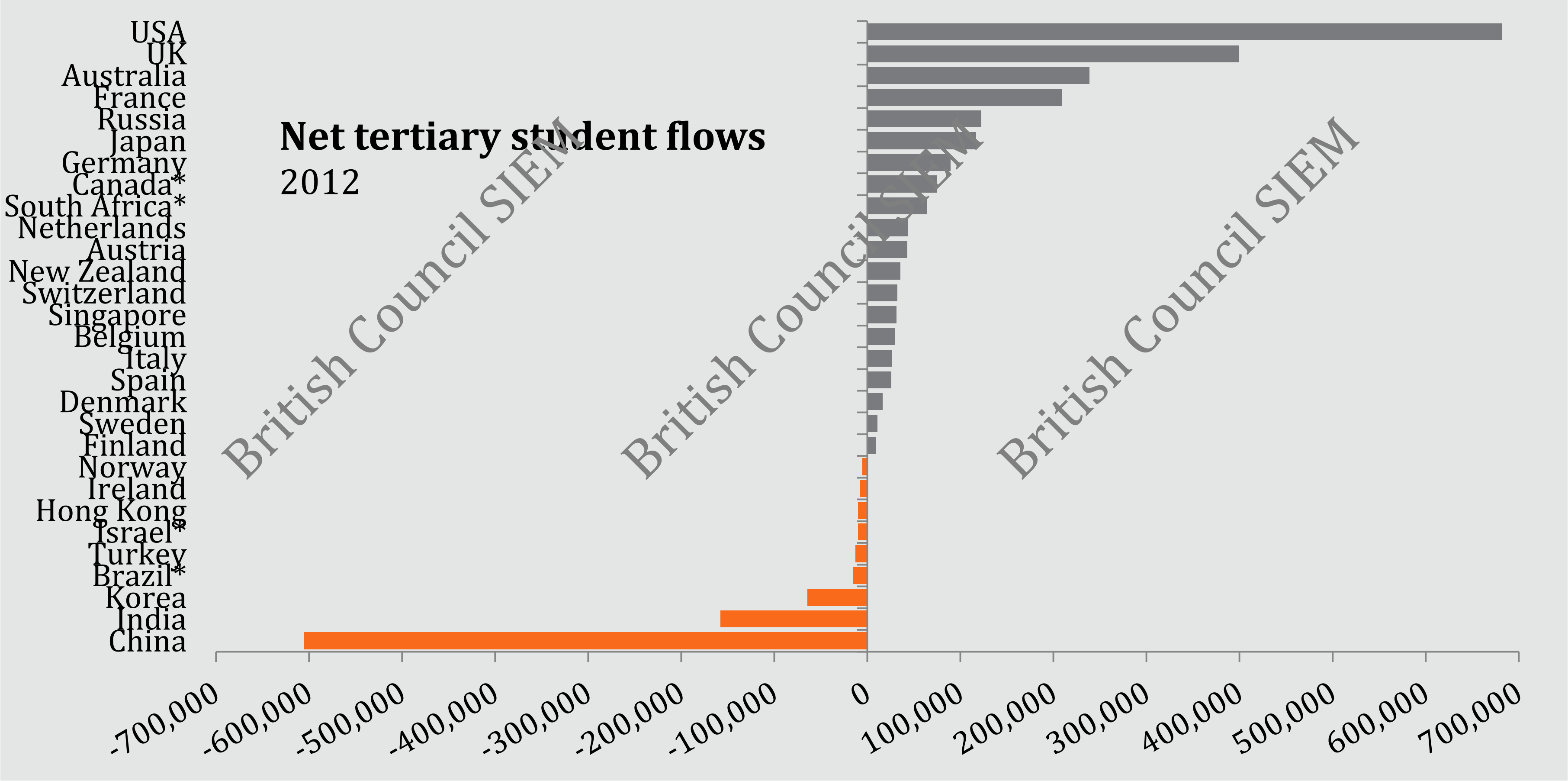
II. Explaining student mobility

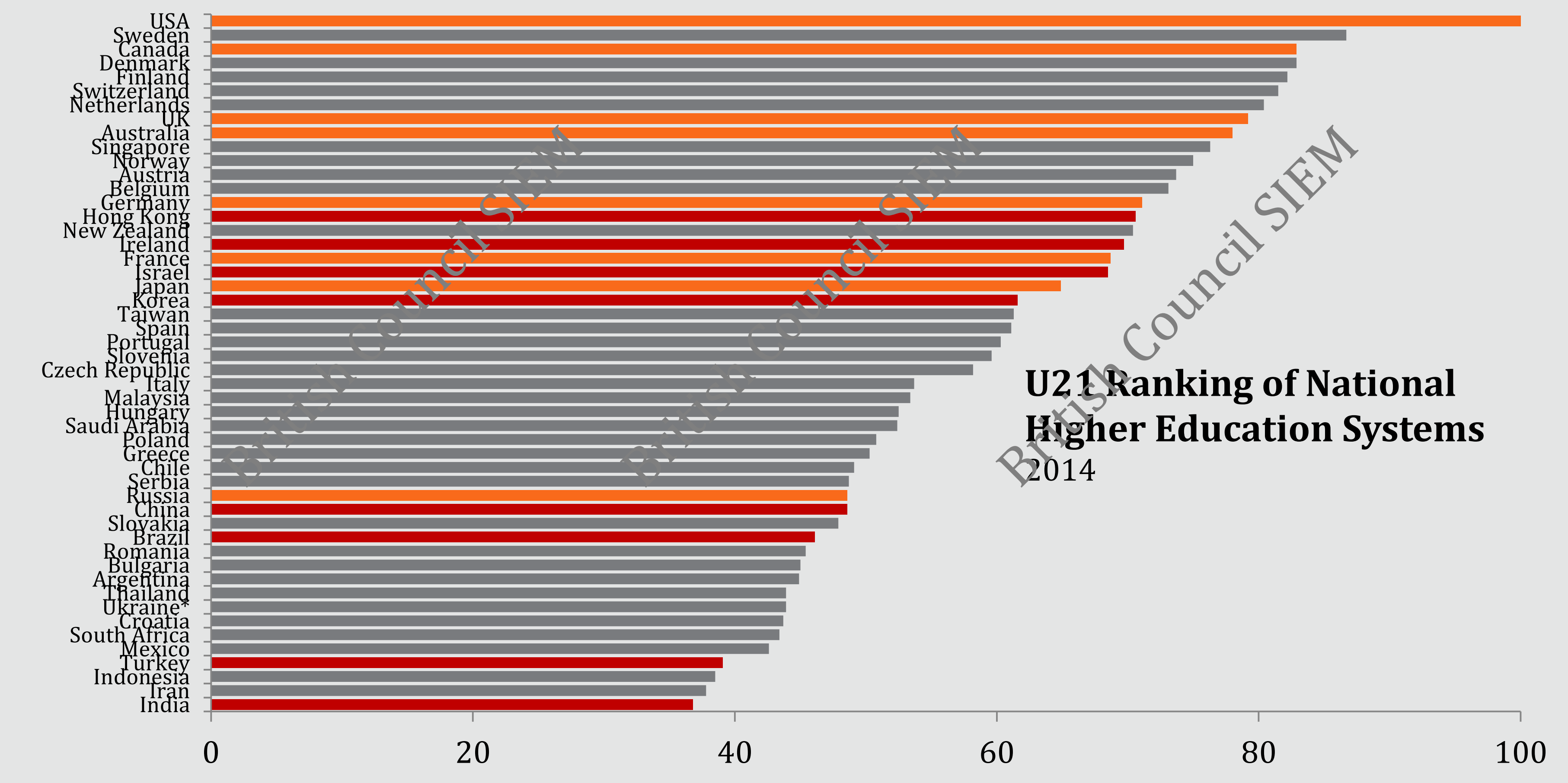
- US, UK and Australia are the world's largest net hosts of international tertiary students.
- China is by far the world's largest exporter of students; most major countries are net hosts.



Source: UNESCO, British Council SIEM; *Data from 2011

II. Explaining student mobility

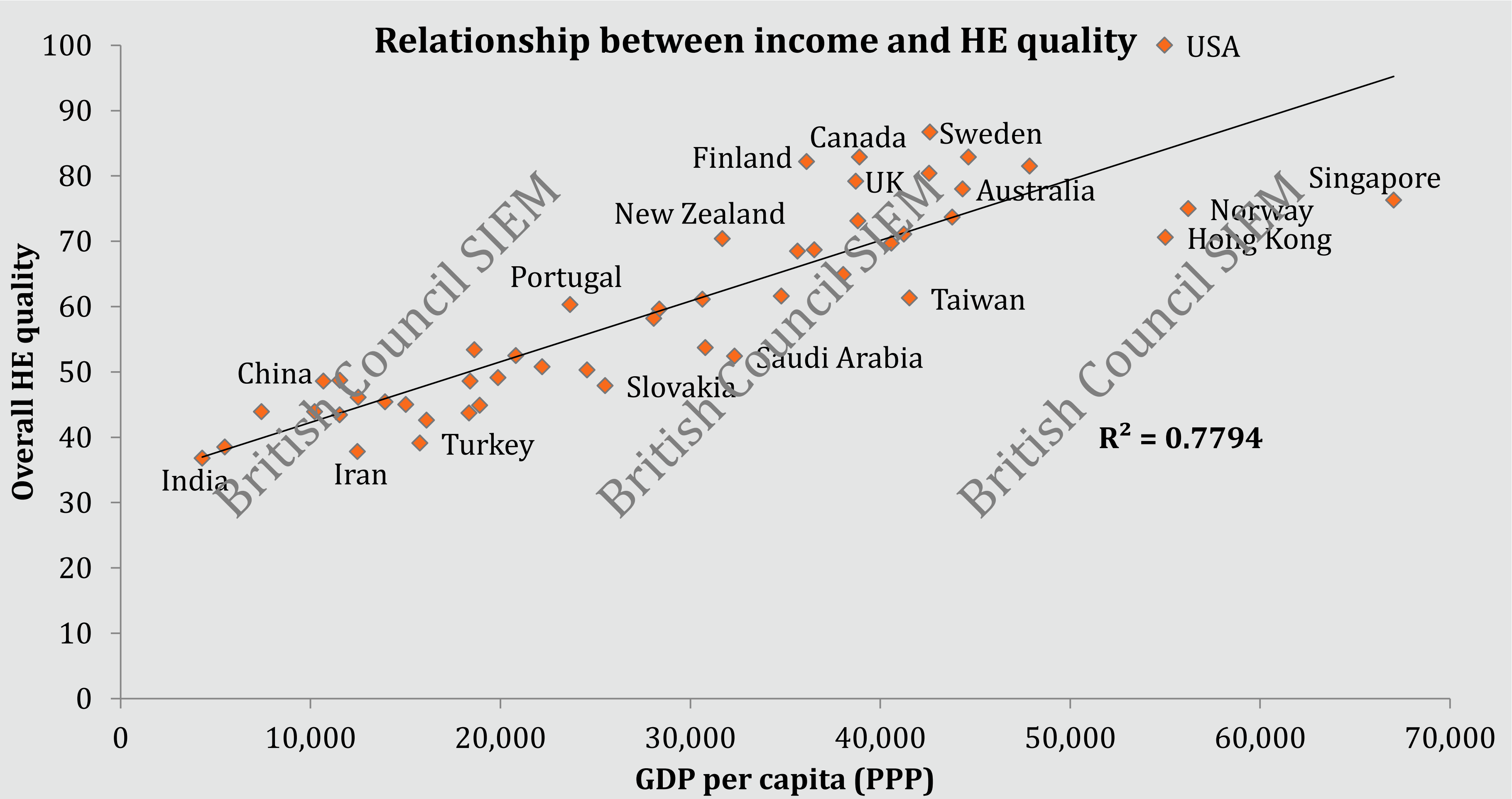
- Does the "quality" of a country's higher education system determine net student flow?
- Some of the top sending countries outperform the largest net host nations in HE quality.



Source: U21 Ranking of National Higher Education Systems, 2014

II. Explaining student mobility

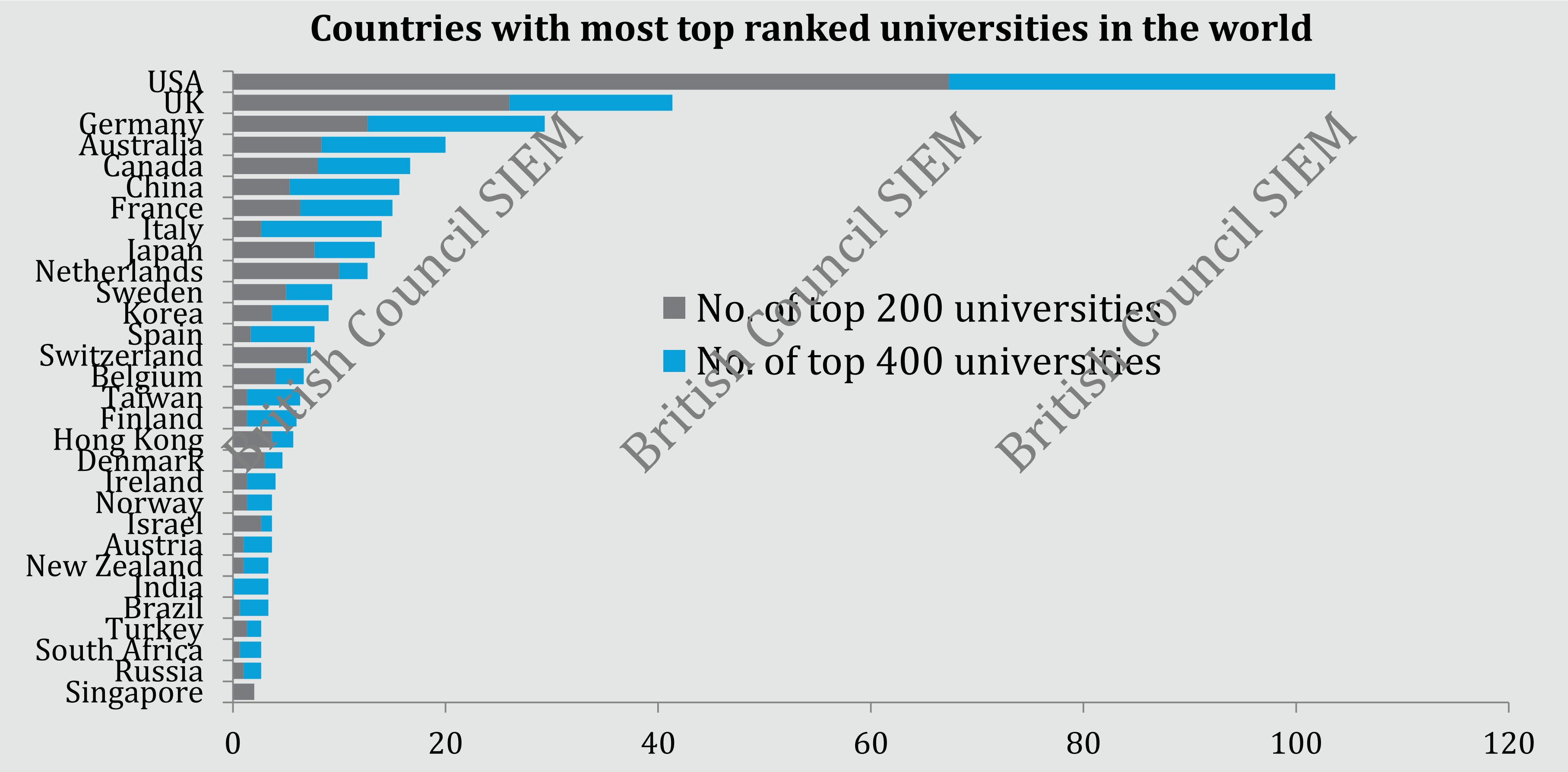
❖ Higher education “quality” closely tracks income levels but can’t explain student mobility



Source: IMF, U21 Ranking of National Higher Education Systems, British Council SIEM; Income data based on IMF staff estimates for 2014 at purchasing power parity (PPP).

II. Explaining student mobility

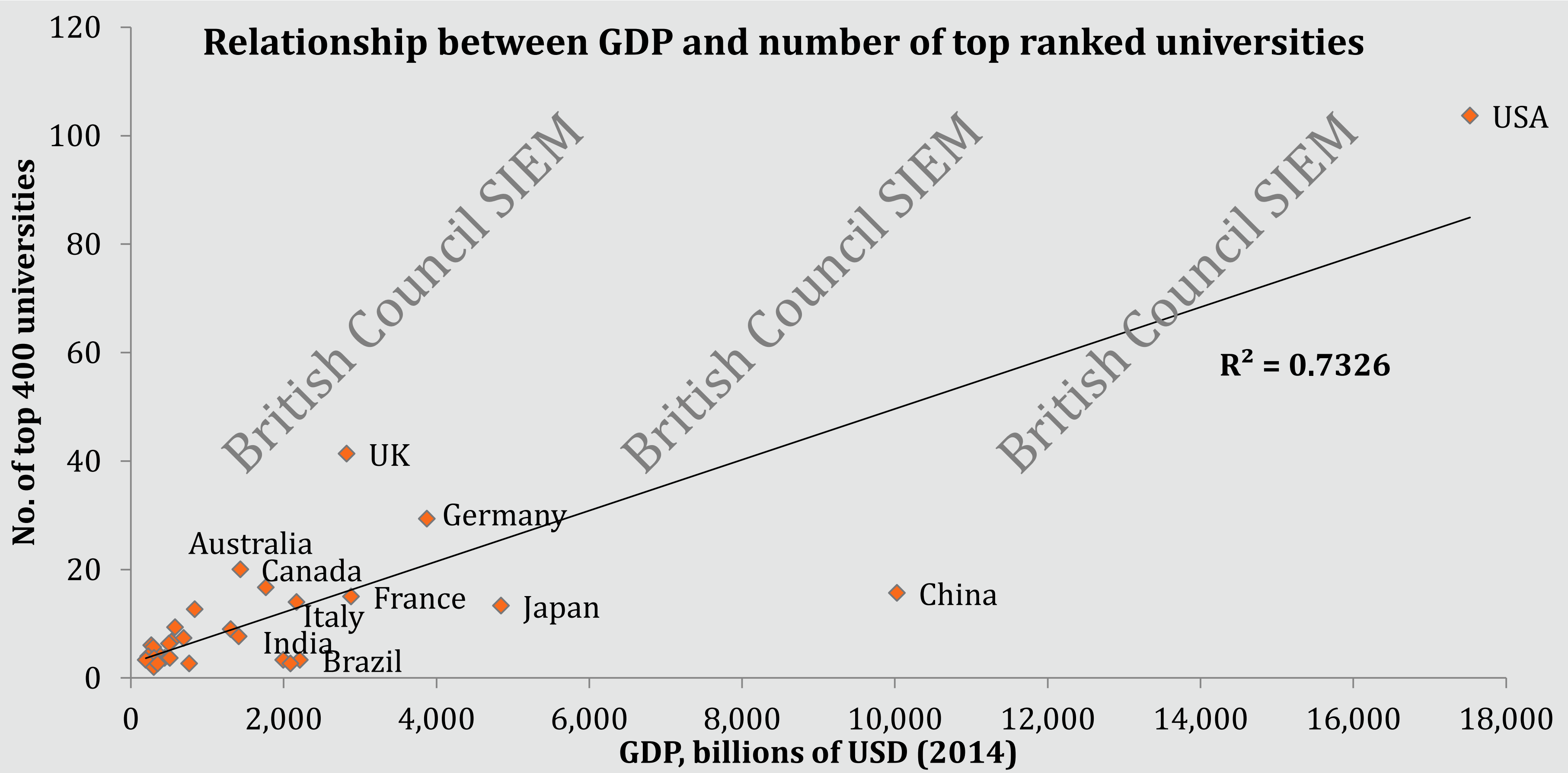
- The number of top-ranked universities in a country is a better predictor of attractiveness.
- Japan, Russia, India and others have targeted improving their global ranking performance.



Source: IMF, QS, THE and ARWU rankings, British Council SIEM; *No. of top 200 and top 400 universities based on average of QS, THE, and ARWU rankings.

II. Explaining student mobility

- Economic output (GDP) is closely correlated with the number of top ranked universities.
- China is the outlier; the statistical relationship is stronger when excluding it (0.73→0.87).



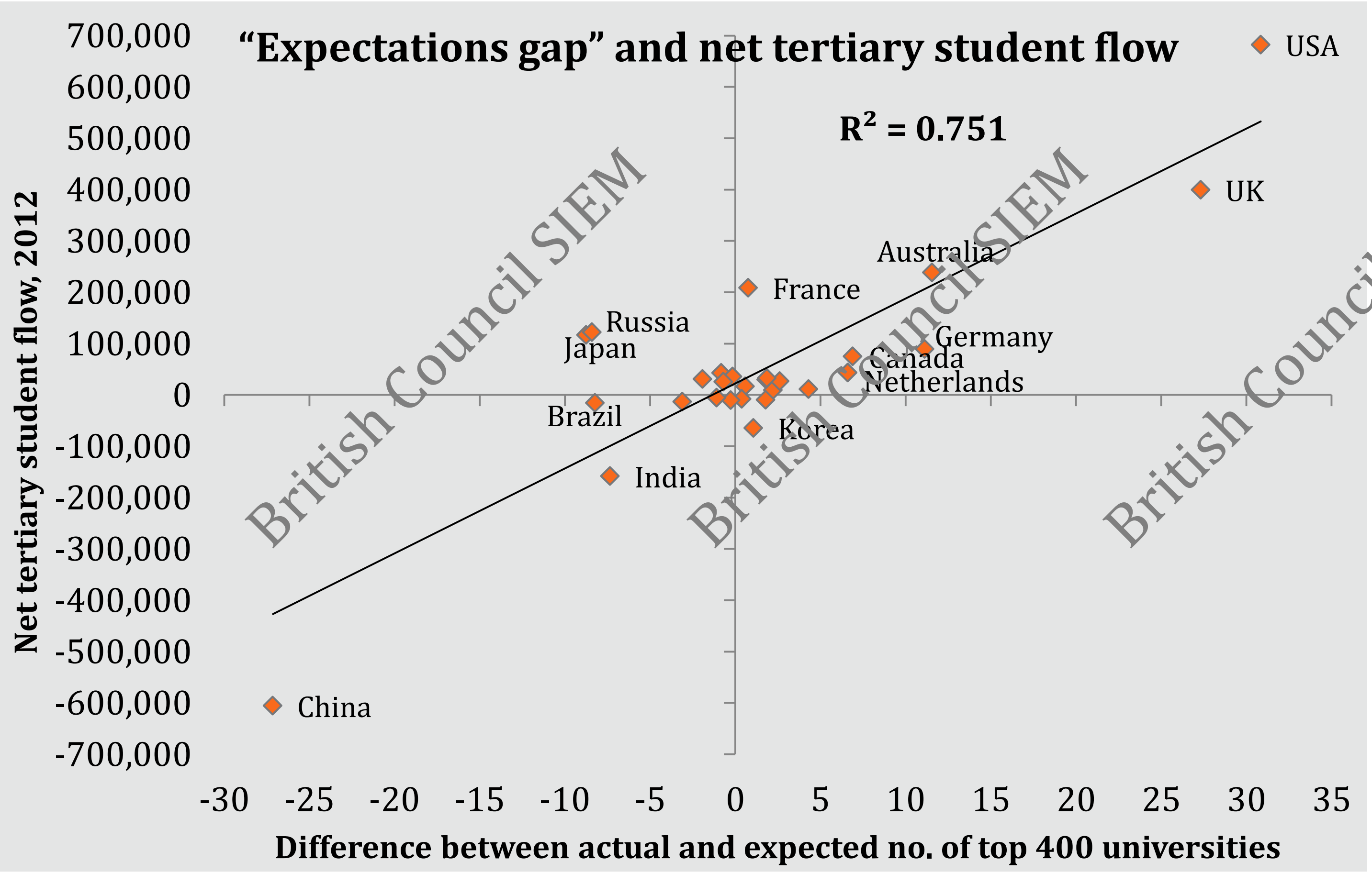
Source: IMF, QS, THE and ARWU rankings, British Council SIEM; *No. of top 400 universities based on average of QS, THE, and ARWU rankings.

Country	GDP, USD bn	No. of top 400 universities*	Expected no. of top 400 universities	Net difference
USA	17,528.38	103.67	72.82	**30.85**
UK	2,827.514	41.33	14.01	**27.32**
Australia	1,435.83	20	8.47	**11.55**
Germany	3,875.755	29.33	18.21	**11.12**
Canada	1,768.968	16.67	9.78	**6.89**
Netherlands	838.036	12.67	6.06	**6.61**
Sweden	580.195	9.33	5.02	**4.31**
Italy	2,171.482	14	11.39	**2.61**
Finland	270.961	6	3.79	**2.21**
Switzerland	693.532	7.33	5.48	**1.85**
Belgium	534.775	6.67	4.84	**1.83**
Hong Kong	293.709	5.67	3.88	**1.79**
Taiwan	502.284	6.33	4.71	**1.62**
Korea	1,307.887	9	7.93	**1.07**
France	2,885.692	15	14.25	**0.75**
Denmark	347.221	4.67	4.09	**0.57**
Ireland	229.649	4	3.62	**0.38**
New Zealand	196.217	3.33	3.488	**-0.15**
Israel	305.707	3.67	3.93	**-0.26**
Spain	1,415.304	7.67	8.36	**-0.69**
Austria	444.867	3.67	4.48	**-0.81**
Norway	512.532	3.67	4.75	**-1.08**
South Africa	354.15	2.67	4.12	**-1.45**
Singapore	304.105	2	3.92	**-1.92**
Turkey	767.066	2.67	5.77	**-3.10**
India	1,995.776	3.33	10.69	**-7.35**
Brazil	2,215.953	3.33	11.57	**-8.23**
Russia	2,092.205	2.67	11.07	**-8.40**
Japan	4,846.327	13.33	22.09	**-8.74**
China	10,027.56	15.67	42.81	**-27.15**

Source: IMF, QS, THE and ARWU rankings, British Council SIEM; *No. of top 400 universities based on average of QS, THE, and ARWU rankings; standard deviation = 10.08.

II. Explaining student mobility

- The difference between the expected and actual number of top 400 universities in a country explains three quarters of all variation seen in net student mobility flows.



Overperforming countries
Russia
Japan
France
USA
Brazil

Underperforming countries
Germany
Netherlands
China
Korea
Canada

Source: UNESCO, IMF, QS, THE and ARWU rankings, British Council SIEM; *No. of top 400 universities based on average of QS, THE, and ARWU rankings.

Section summary

- Net student mobility flows among countries are unevenly distributed and difficult to explain. Rankings appear to matter, especially the concentration of top-ranked universities.
- The US, UK, and Australia enjoy the world's largest net "surplus" of international students, while China, India and Korea suffer from the largest deficits. But past performance is no guarantee of future returns – can these countries improve their overall number of top-ranked universities? Japan, India and Russia (among others) are trying.
- The overall quality of a country's higher education system does not correlate with net student flows, but the difference between a country's actual and "expected" number of top-ranked universities does. Eliteness is more attractive than overall excellence for international students -- even for non-elite institutions.

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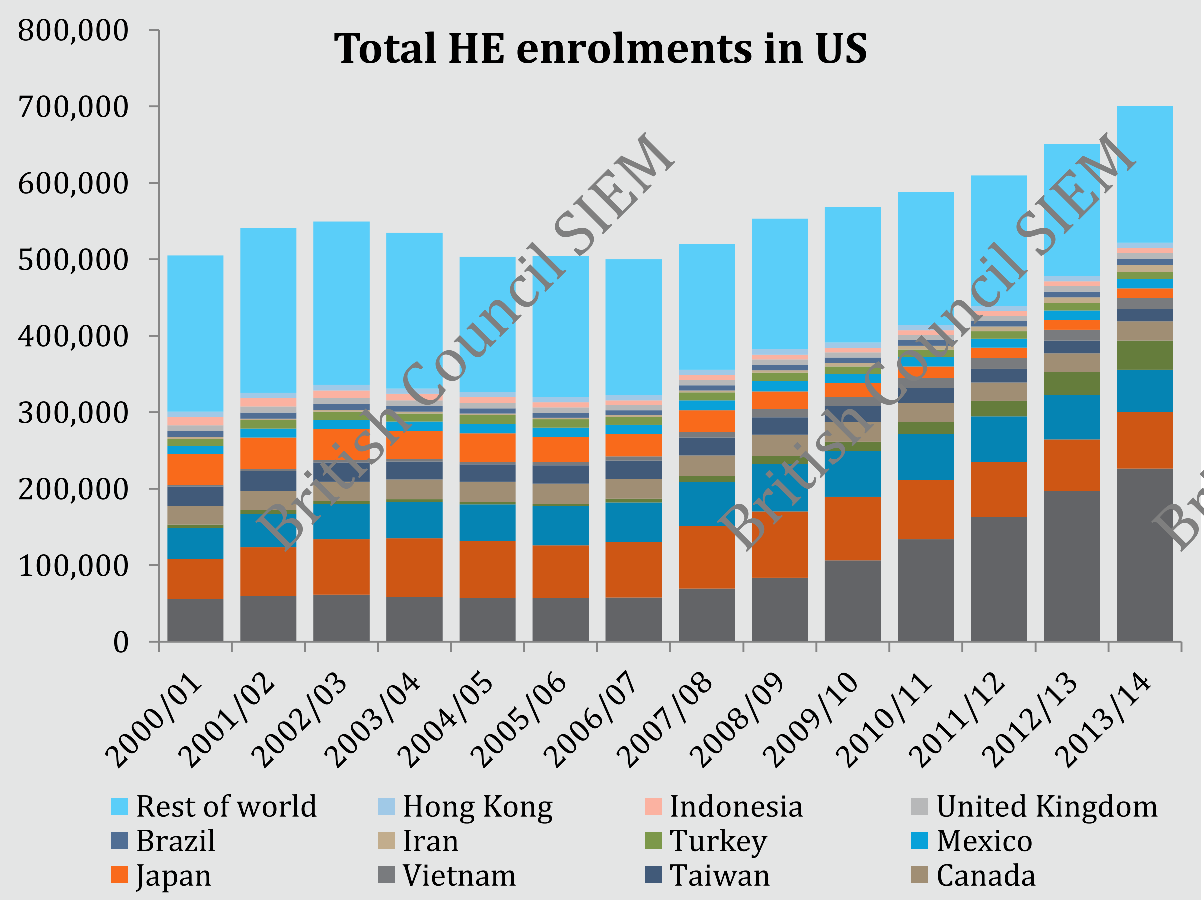
III. State of Global Student Mobility: US

- US higher education institutions recorded a 7.6 per cent rise in enrolments in 2013/14.
- Both China and India appear among the fastest growing major markets in 2013/14.



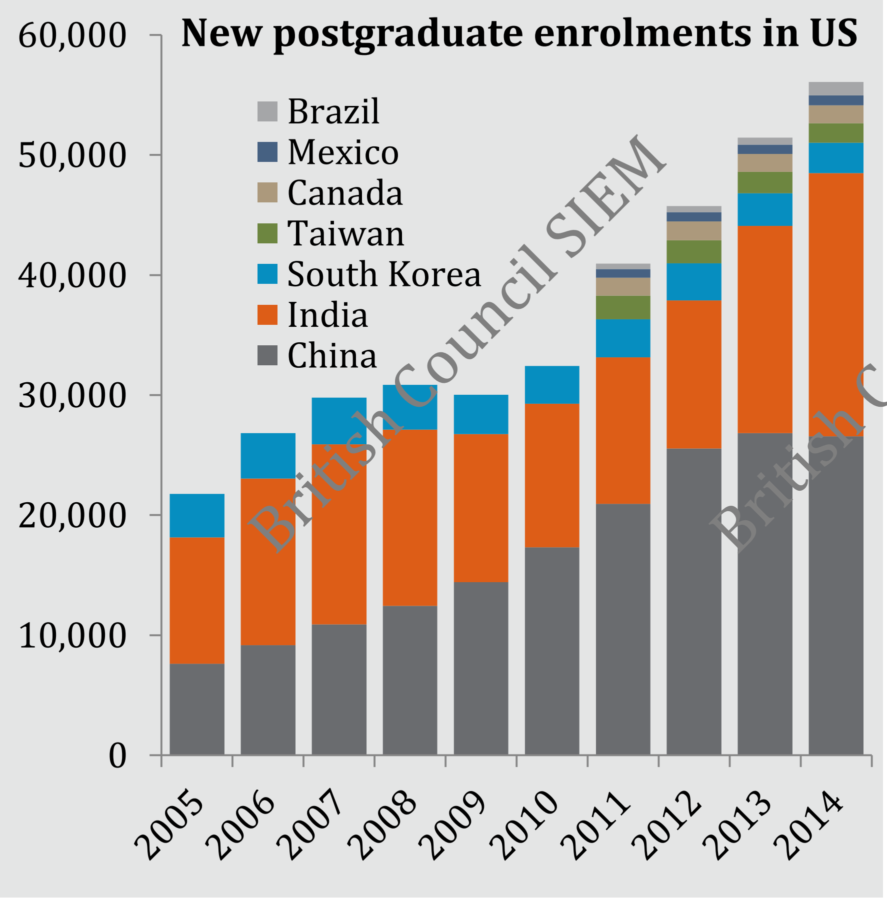
Source: IIE, total combines both undergraduate and postgraduate enrolments

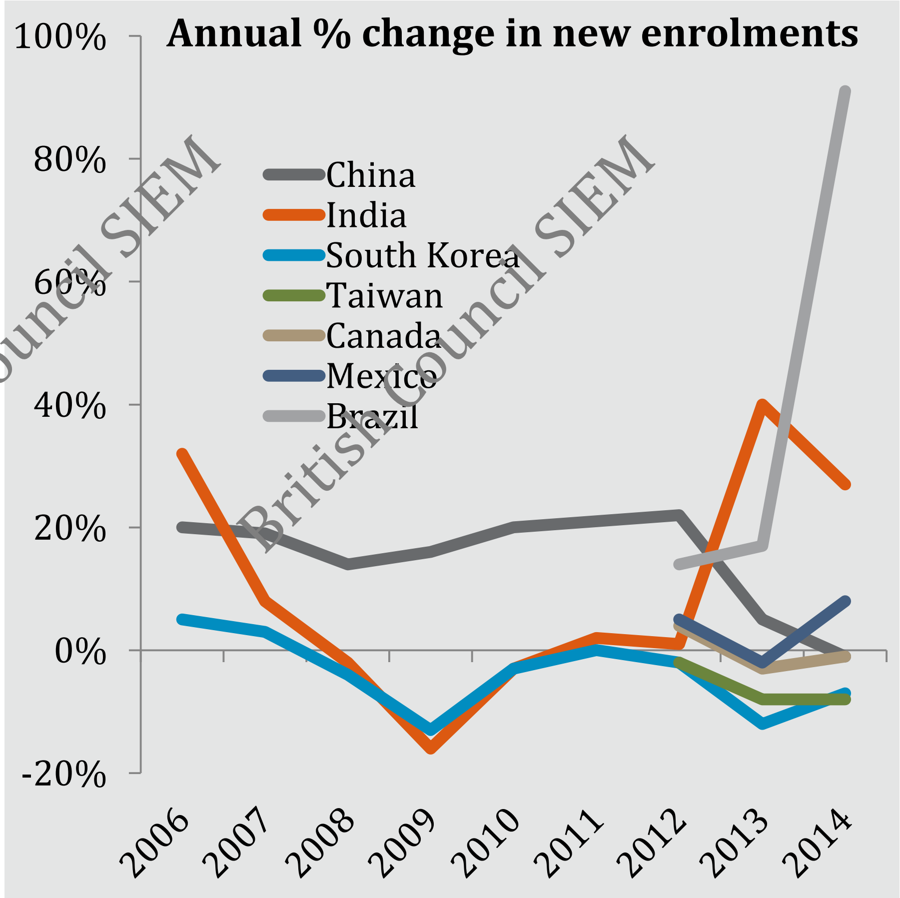
Country	Enrolment 2013/14	YoY % growth
Kuwait	5,158	39.82%
Saudi Arabia	37,973	26.38%
Bangladesh	4,179	23.79%
Iran	8,876	15.18%
China	226,277	14.69%
Venezuela	5,582	13.99%
UK	7,488	10.18%
India	73,735	9.49%
Nigeria	6,809	8.80%
Brazil	8,215	7.01%
Colombia	5,547	6.49%
Indonesia	6,948	4.89%
Russia	4,133	3.69%
Pakistan	4,048	3.34%

Source: IIE, only includes markets of more than 4,000 students

III. State of Global Student Mobility: US

- Overall enrolment in U.S. postgraduate education remains strong, led by China and India.
- But growth in new enrolments is strongest in Brazil, rising 91 per cent in 2014.

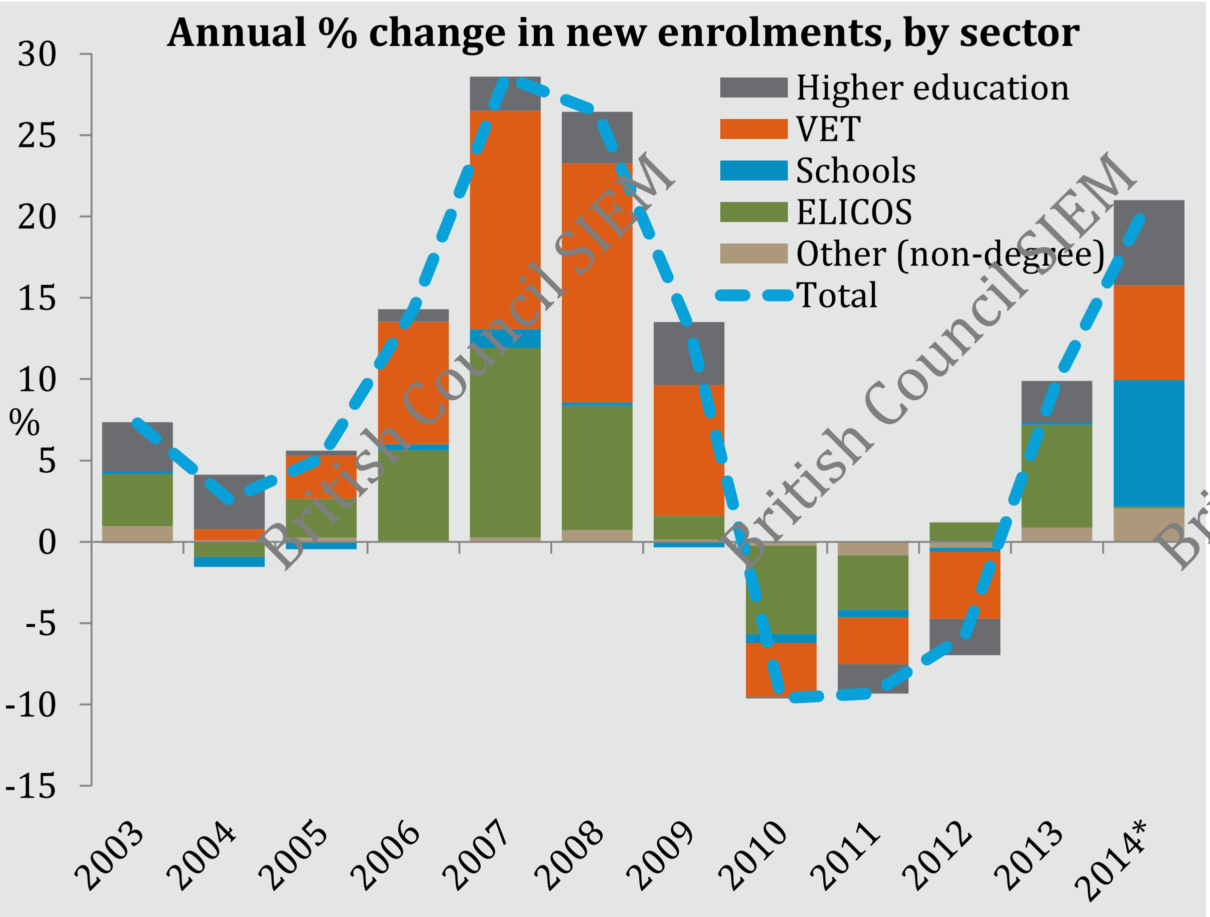




Source: Council of Graduate Schools, 2014; note: data based only on institutions responding to CGS survey

III. State of Global Student Mobility: Australia

❖ Australia is back, with YTD growth in new HE enrolments nearly 15 per cent in 2014. Five of the six largest sending markets have recorded double digit growth over this period.



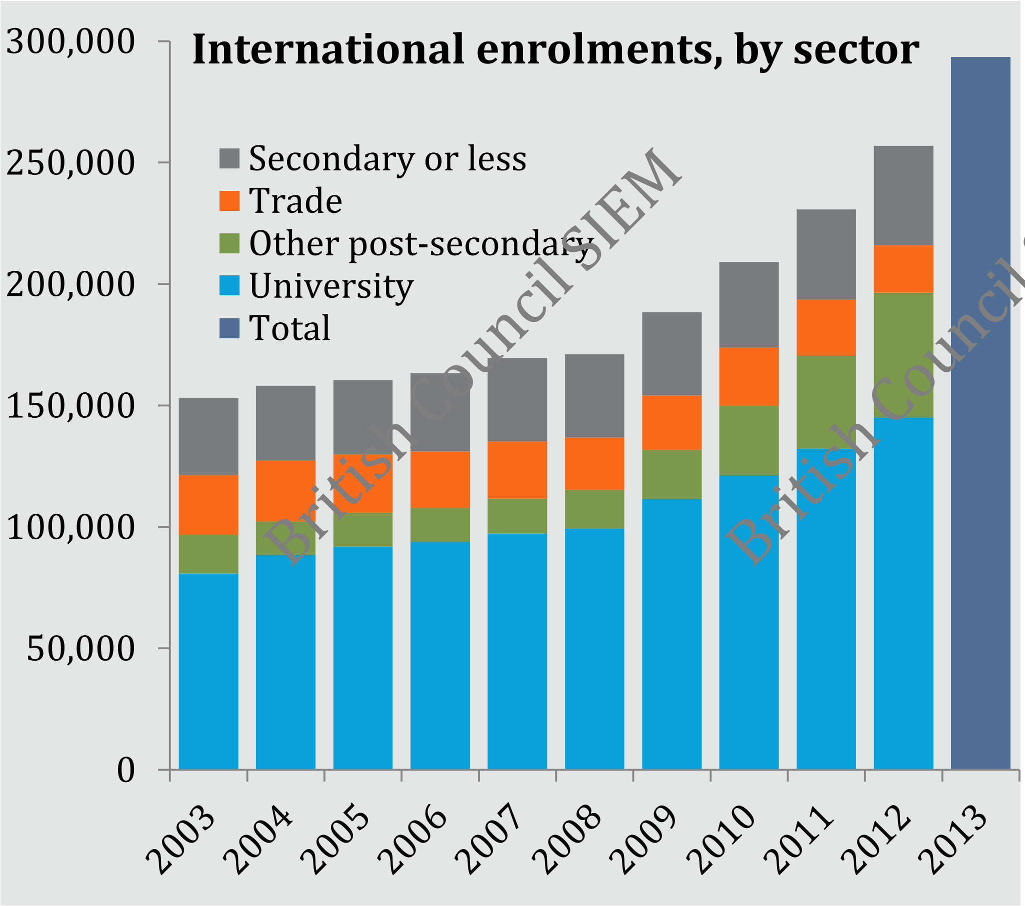
New HE enrolments

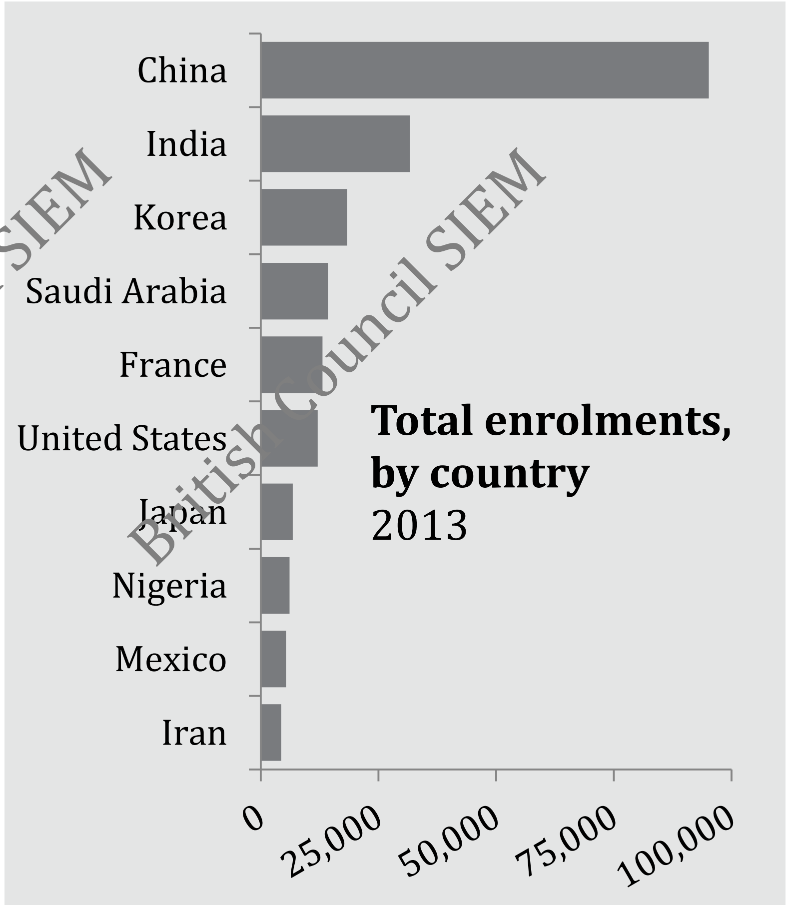
Country	2013	2014	Growth rate
China	35,076	38,699	**10.33%**
India	7,788	12,668	**62.66%**
Malaysia	4,999	5,234	**4.70%**
Vietnam	3,881	4,713	**21.44%**
Nepal	2,751	4,068	**32.37%**
Pakistan	2,510	2,893	**15.26%**
Indonesia	2,949	2,890	**2.00%**
Singapore	2,530	2,477	**(2.09%)**
Korea	2,580	2,240	**(13.18%)**

Source: AEI, British Council SIEM, *data current through September 2014

III. State of Global Student Mobility: Canada

- Canada has seen strong and sustained growth in international enrolments since 2008.
- Canada aims to attract more than 450,000 international students by 2022, a 50% increase.

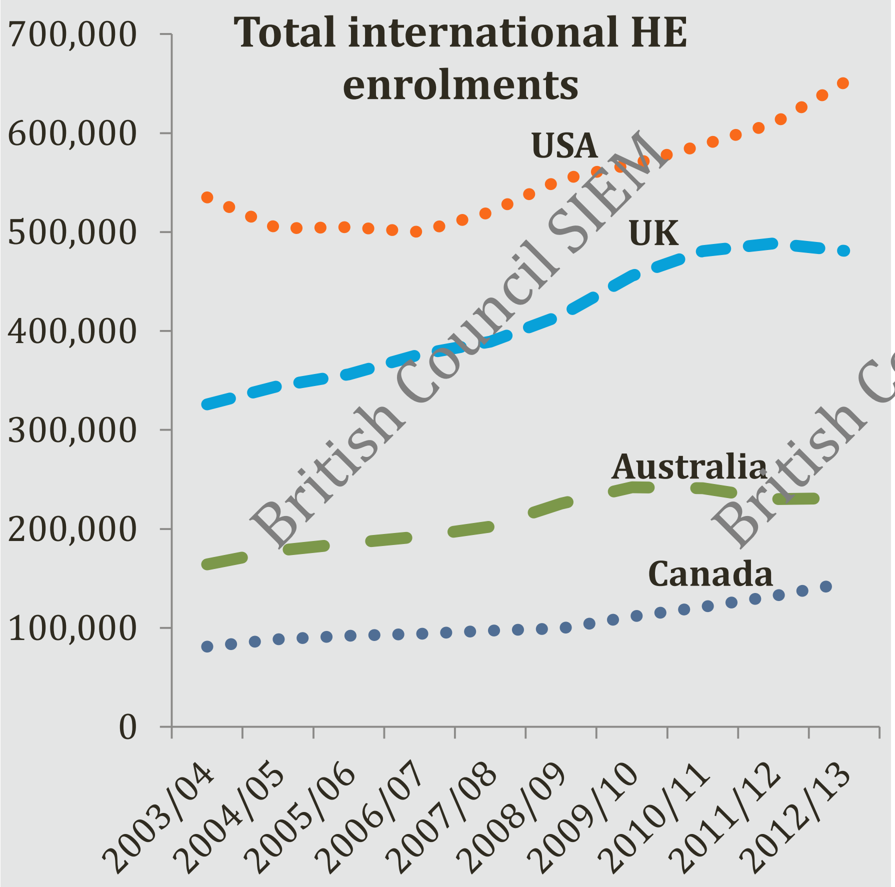


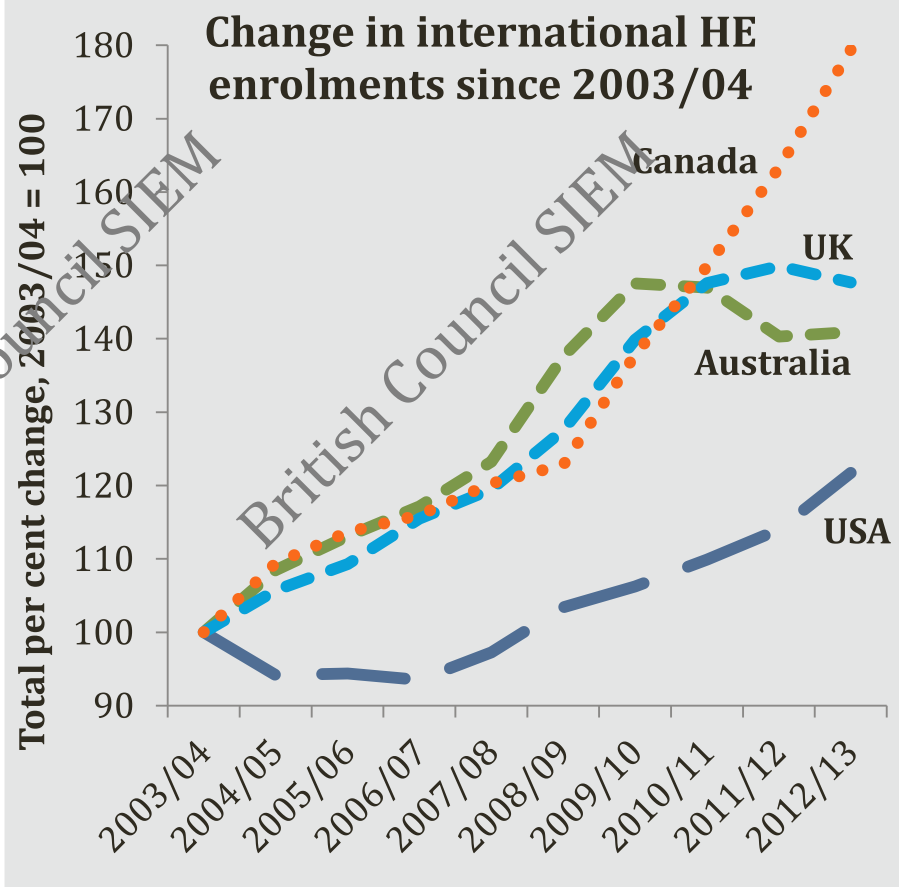


Source: CIC, Canadian Bureau for International Education; total international enrolment data for 2013 includes "other" non-specified international enrolments.

III. State of Global Student Mobility: Comparison

- Australia, Canada and the UK have gained market share at the expense of USA since 2003.
- But the UK and Australia have slowed as Canada surged ahead, while the US is catching up.





Source: IIE, AEI, CIC, HESA, British Council SIEM; only includes higher education enrolments; 2003/04 = 100

III. State of Global Student Mobility: Policy review

Country	Plans to attract international students
Canada	❖ The government's 2014 International Education Strategy includes a target to attract more than 450,000 international students to the country by 2022, up from 293,500 in 2013. That is as many international students as UK HEIs enrolled in 2009/10.
Australia	❖ Australia aims to host an additional 117,000 international students by 2020. ❖ As of mid-2013, international students qualifying from an Australian university are entitled to switch onto a work-based visa for between two and four years, depending on the level of qualification obtained. The visa system has also been streamlined for prospective international students, marking them as lower immigration risks and requiring less supporting evidence of them.
United States	❖ Students studying STEM subjects are permitted to remain in the USA for up to 29 months after graduating, while non-STEM students are eligible to stay in the country for up to 12 months. President Obama has been a forceful advocate for more Green Cards for international graduates.
Germany	❖ The country aims to increase the overall number of foreign students from 300,000 in 2013 to 350,000 by the end of the decade.

Source: Universities UK, "International Students in Higher Education", September 2014; British Council SIEM

Section summary

- The US, Australia and Canada all show strong growth in new international student enrolments, indicating more attractive policies and an increasingly competitive market for the UK.
- In 2013/14, the US saw particularly strong growth from the Middle East (Kuwait, Saudi Arabia and Iran), Bangladesh and China. In 2014/15, growth in new postgraduate enrolments has been strongest from Brazil and India, with declines in major East Asian markets.
- Australia is back, with key markets in East Asia (China and Vietnam) and South Asia (India, Nepal and Pakistan) driving growth in new higher education enrolments.
- Canada has shown strong and steady growth in international enrolments, increasing by an estimated 11 per cent in 2014.

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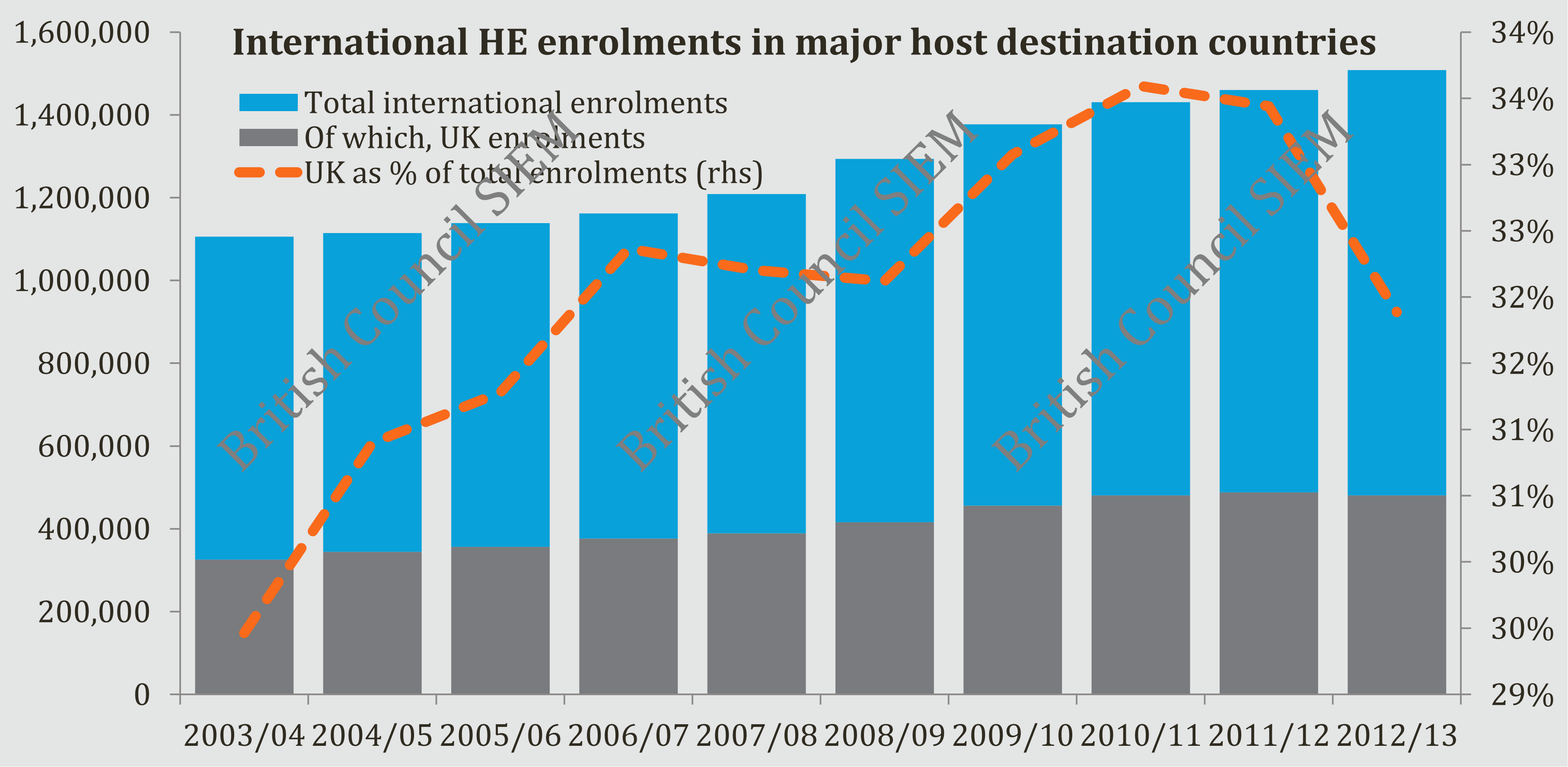
IV. State of Student Mobility to the UK

- In 2012/13, UK HEIs experienced their first drop in international enrolments in at least two decades.
- Since 2010/11, the UK's share of the major English language destination countries has also declined.



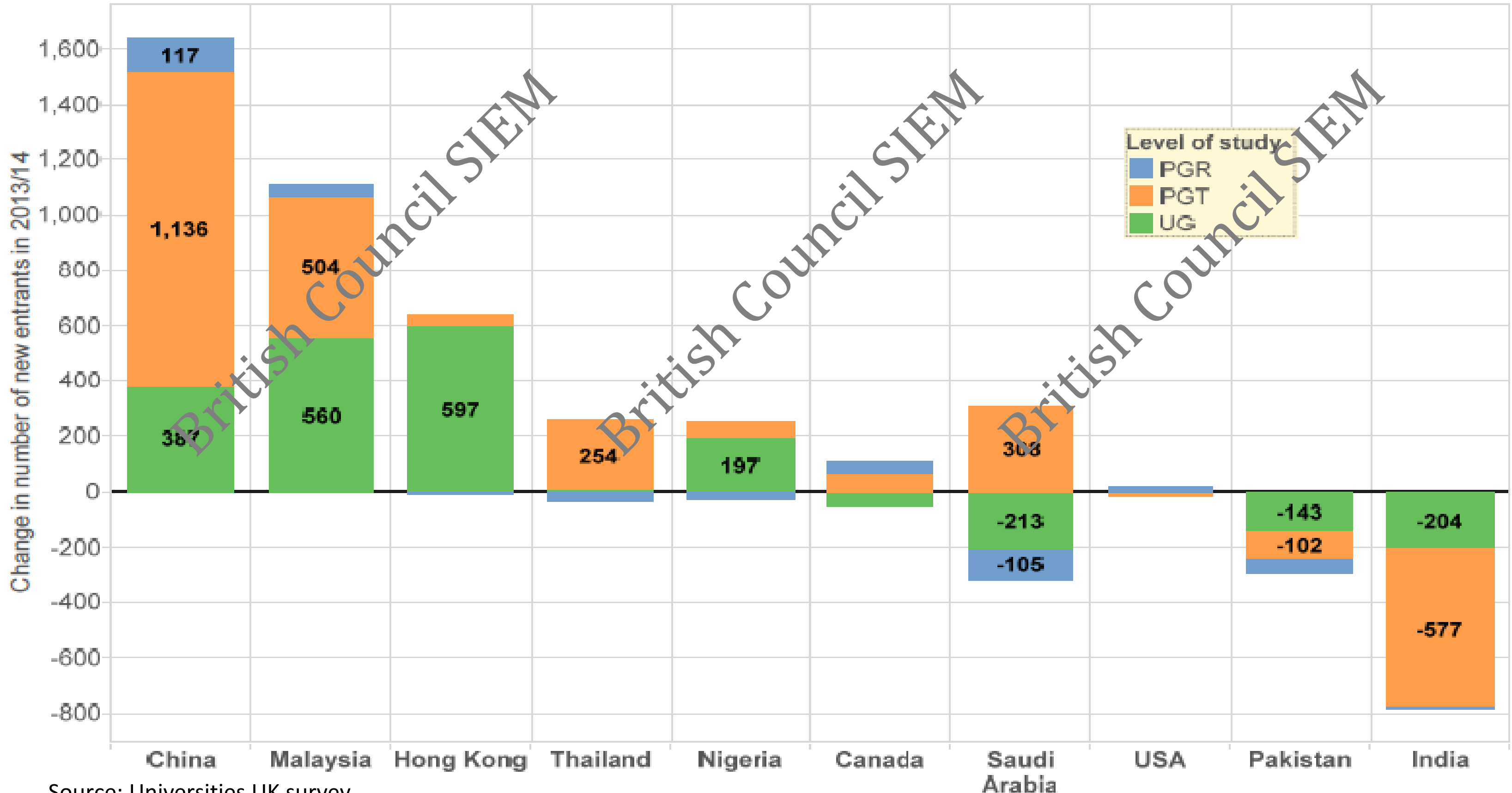
Source: IIE, AEI, CIC, HESA, British Council SIEM; only includes higher education enrolments

IV. The State of Student Mobility to the UK

❖ East Asia still supplies the bulk of growth in new enrolments to UK higher education.

❖ Mobility from South Asia continues to decline, even as it has rebounded elsewhere.

Change in number of new enrolments in 2013/14, by country

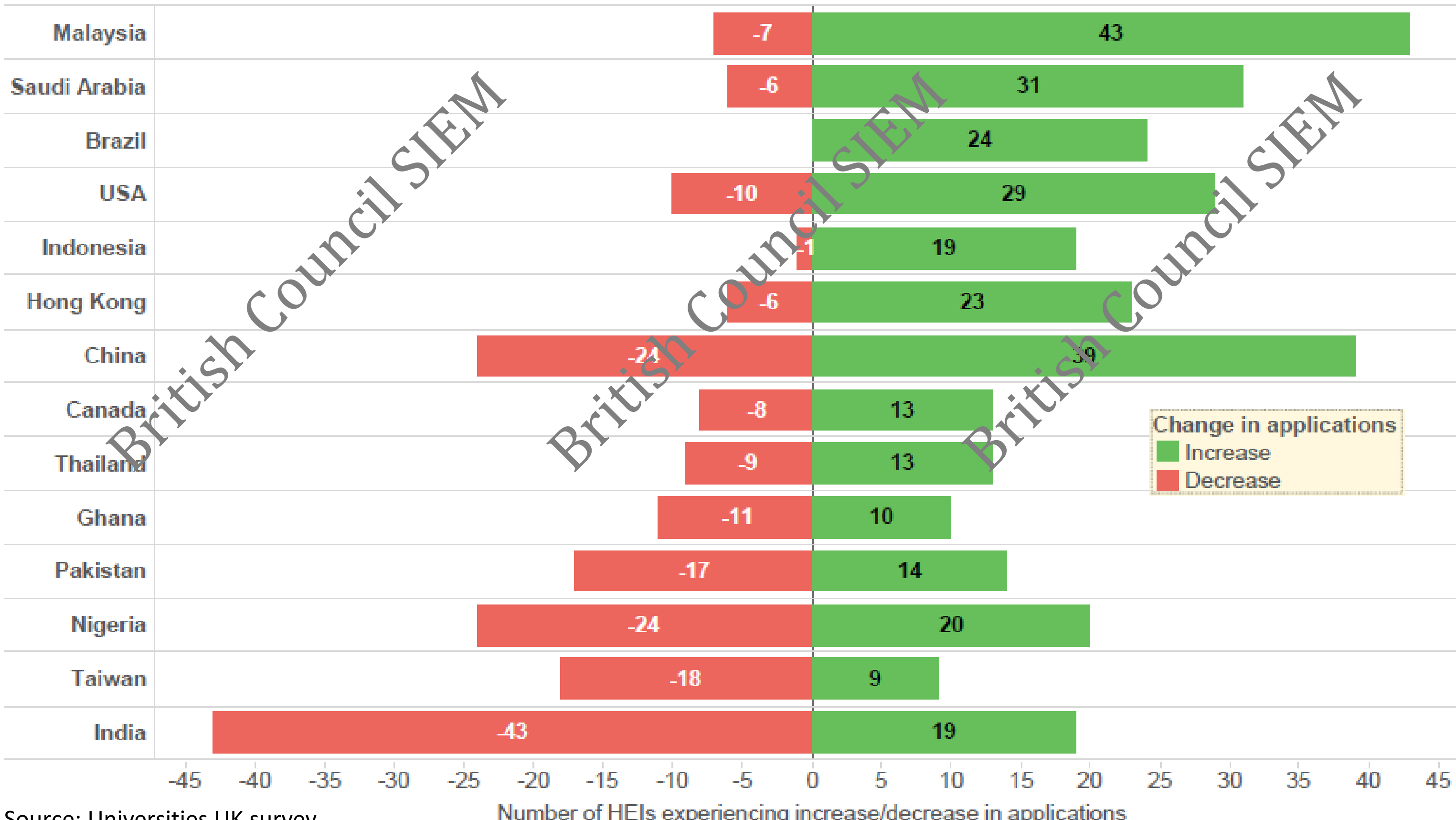


Source: Universities UK survey

IV. The State of Student Mobility to the UK

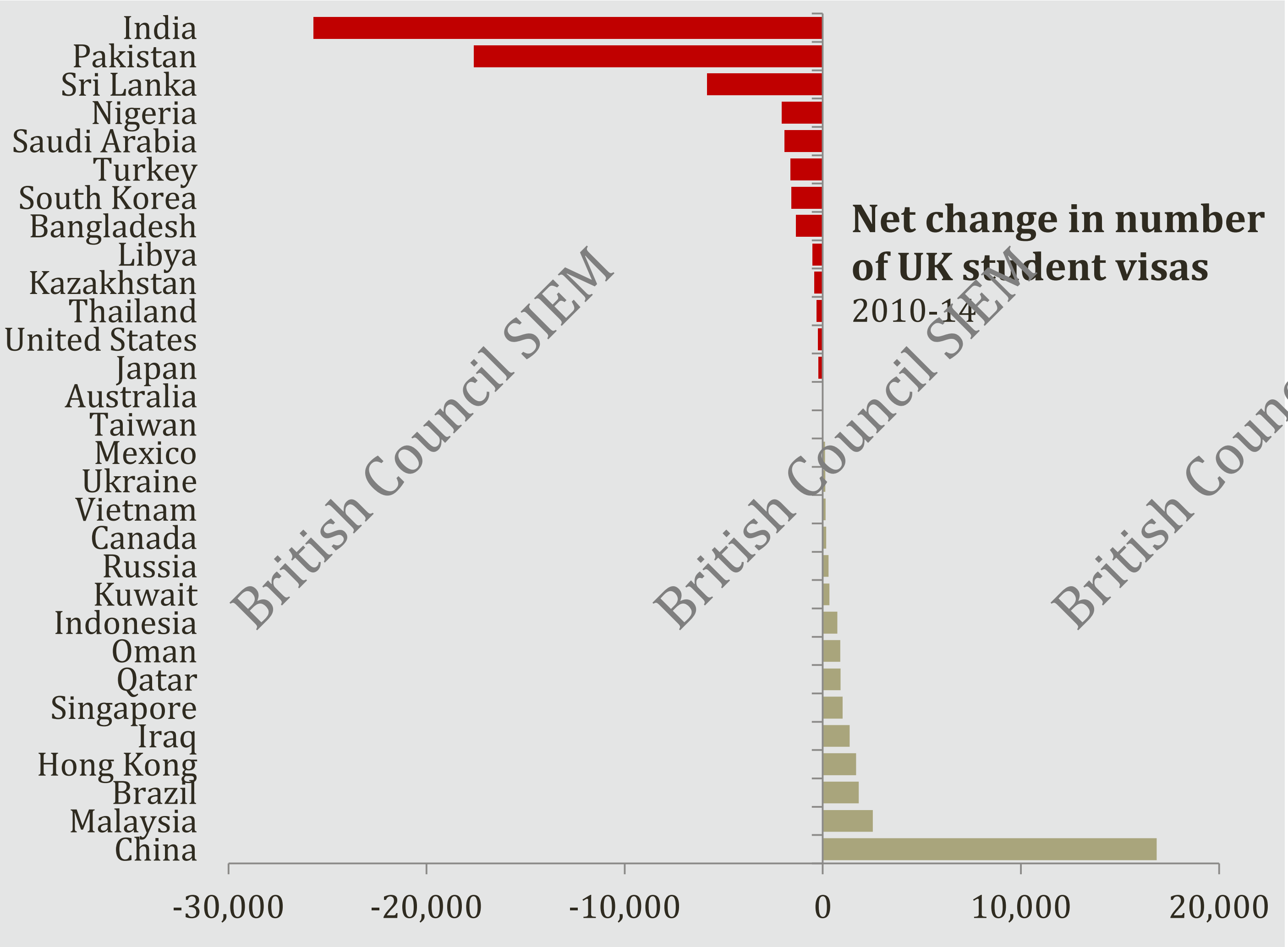
- Early indications of international applications to UK HEIs show changing mobility patterns.
- Countries in East Asia, the Middle East, Latin America and North America are all growing.

HEIs reporting changes in applications for 2014/15 compared to 2013/14



Source: Universities UK survey

IV. The State of Student Mobility to the UK

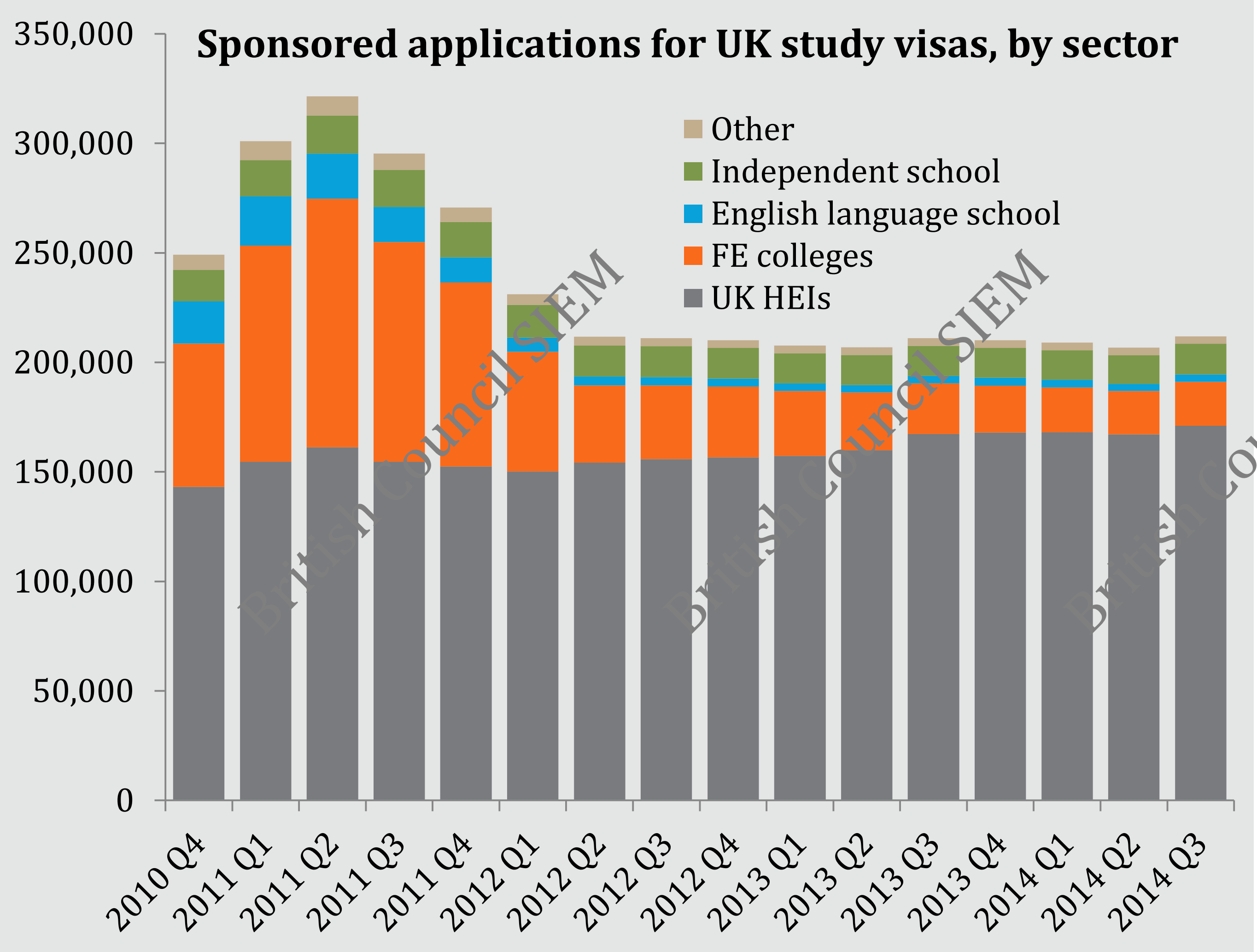


Source: Home Office, British Council SIEM; 30 largest markets shown

Analysis

- While the overall number of sponsored students for UK student visas has declined by 40,000 since 2010, the performance of countries varies greatly.
- Countries in South Asia account for the bulk of the decline since 2010, while four out of the six markets with the largest increases over this period are located in East Asia.

IV. The State of Student Mobility to the UK

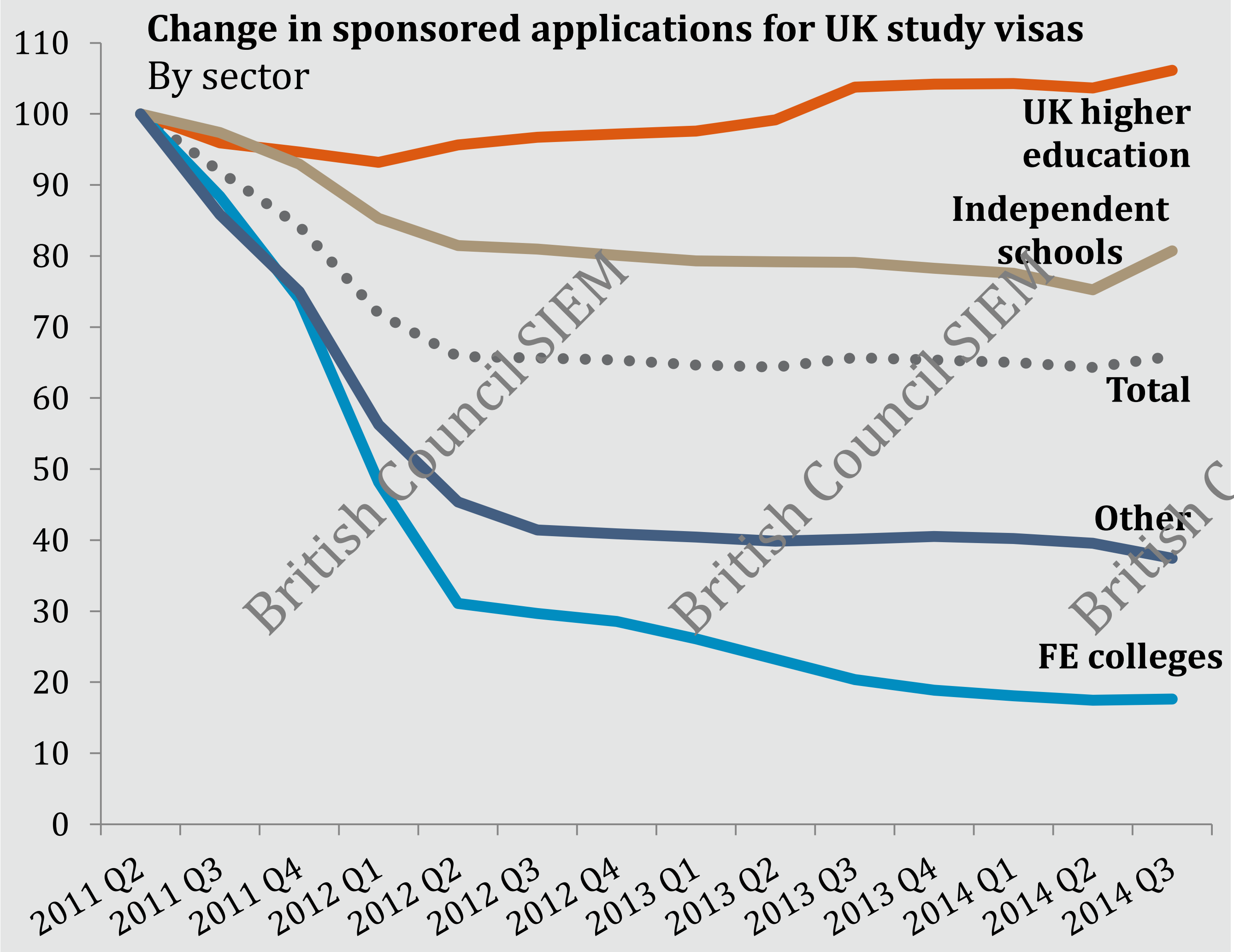


Source: Home Office, British Council SIEM; data represents 4-quarter moving total

UK education

- The total number of visa applications for sponsored students declined rapidly from a peak in the second quarter of 2011 through the first quarter of 2012, and has stabilised since then.
- The effect of the decline in inbound mobility has been felt most strongly in the FE sector, which accounts for 70 per cent of the total decline over this period.

IV. The State of Student Mobility to the UK



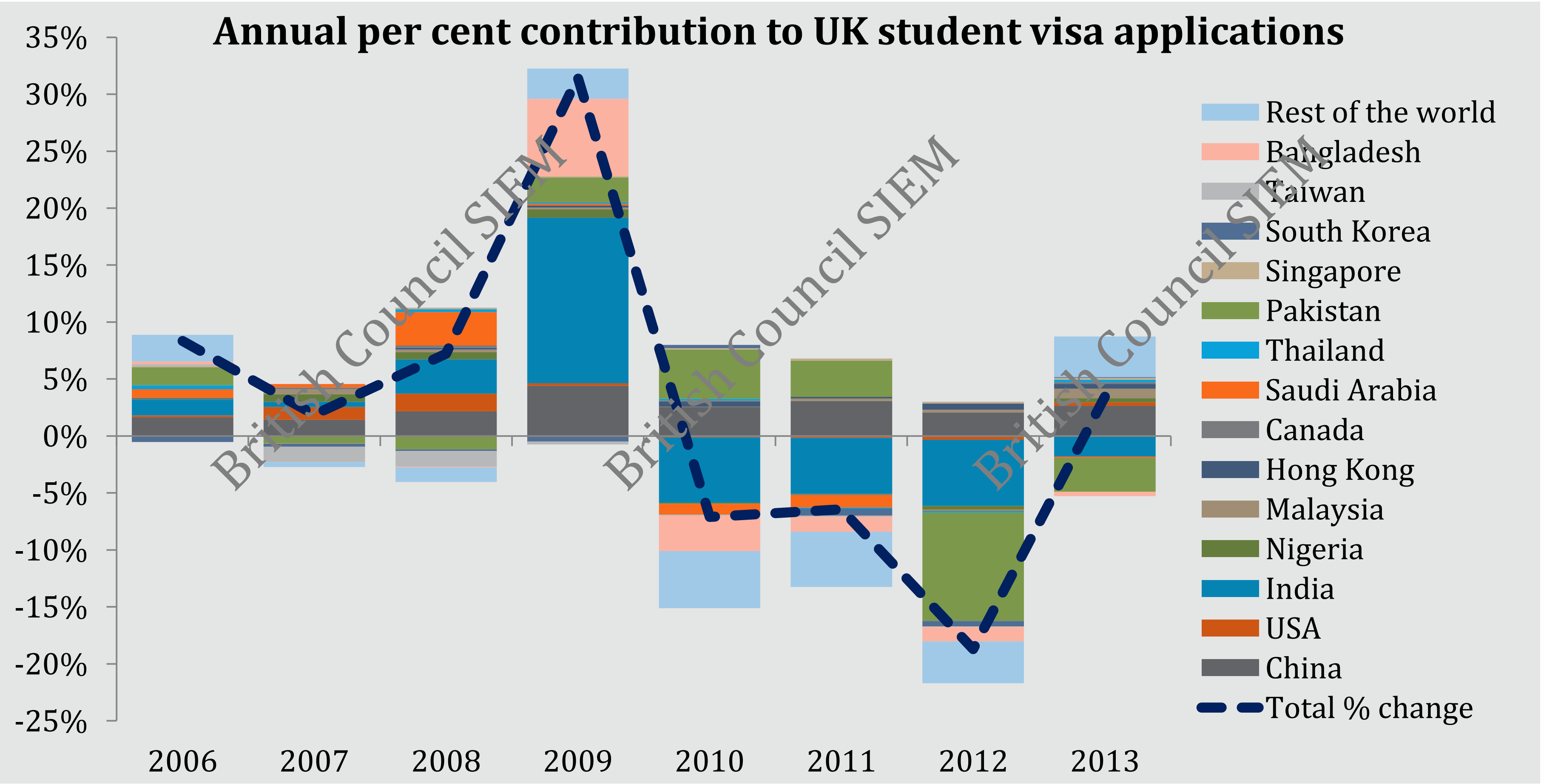
Source: Home Office, British Council SIEM; 2011 Q2 = 100; note: English language schools are not included

From peak to trough

- Since the second quarter of 2011, the number of total visa applications from sponsored students has declined 35 per cent.
- UK higher education is the only education sector to see its number of sponsored visa applicants grow since 2011, but it still trails global growth over this period.
- Visa applications for sponsored students from FE colleges have been hit hardest, both declining by more than 80 per cent since their peak in 2011.

IV. The State of Student Mobility to the UK

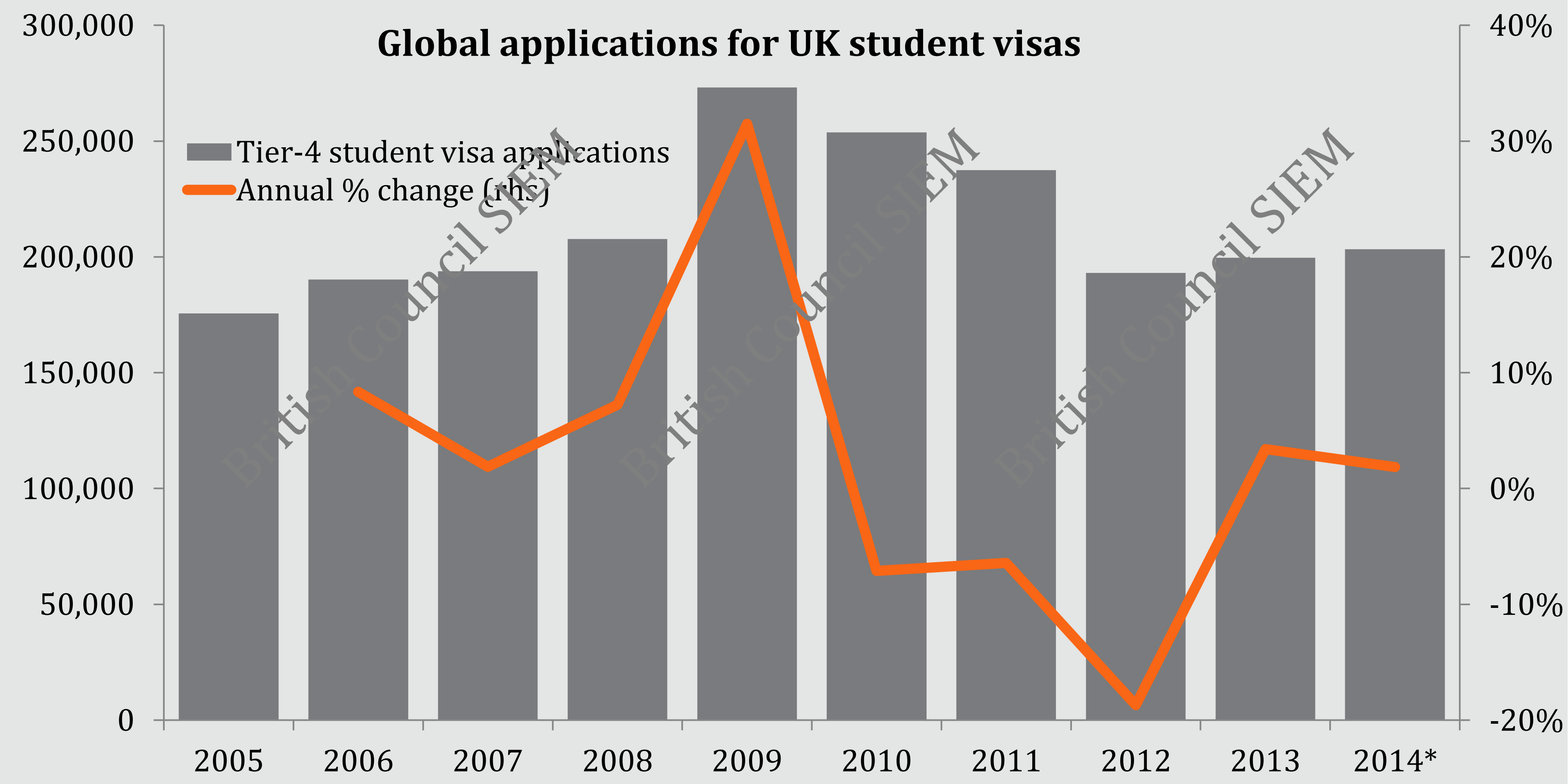
- UK student visa applications returned to growth in 2013, but the sources changed.
- Smaller markets are contributing more to growth while many major markets languish.



Source: Home Office, British Council SIEM

IV. The State of Student Mobility to the UK

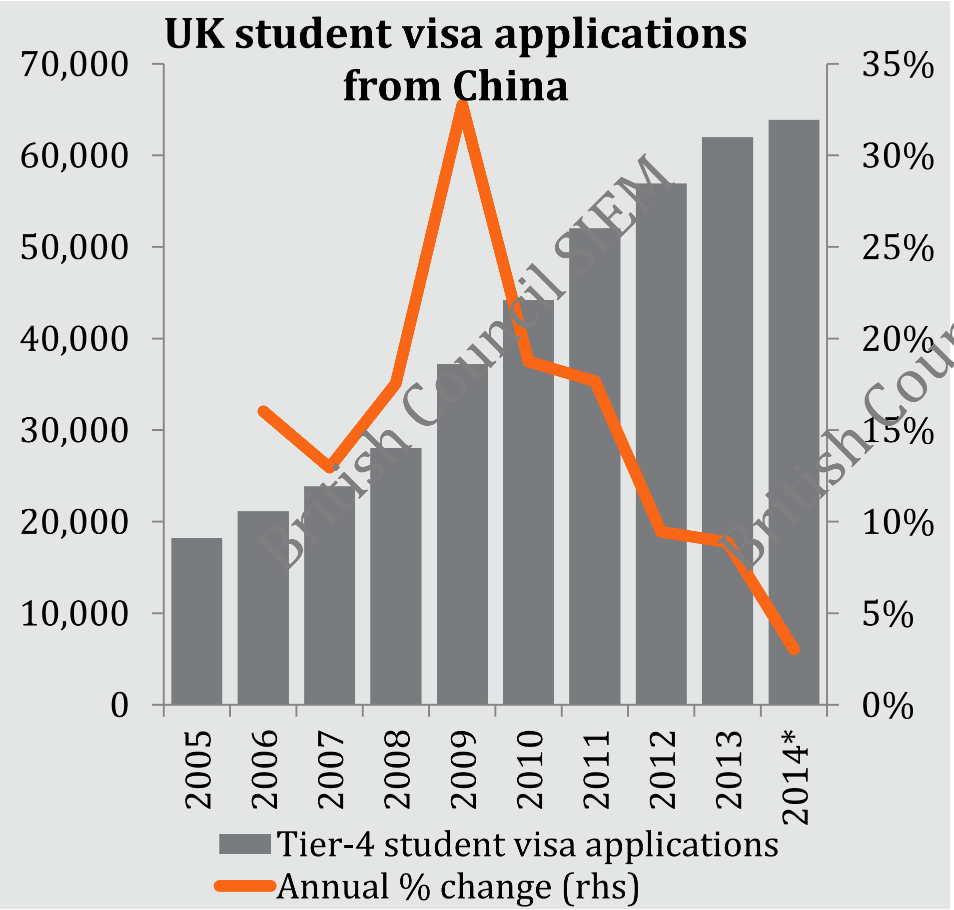
❖ Growth in the overall number of applications for UK student visas has slowed in 2014 after a brief recovery in 2013.

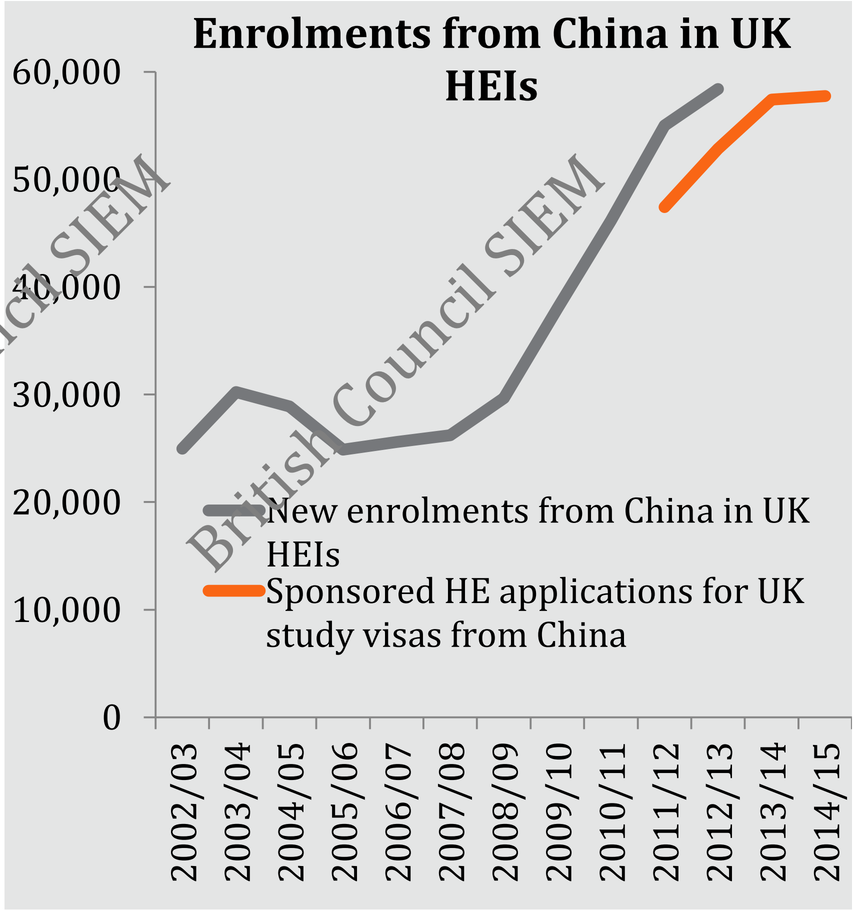


Source: Home Office, British Council SIEM; *data based on first three quarters of 2014.

IV. The State of Student Mobility to the UK

❖ Growth in demand for UK education from China has shown steady decline and briefly turned negative through the first half of 2014. HE enrolments could stagnate in 2014/15.

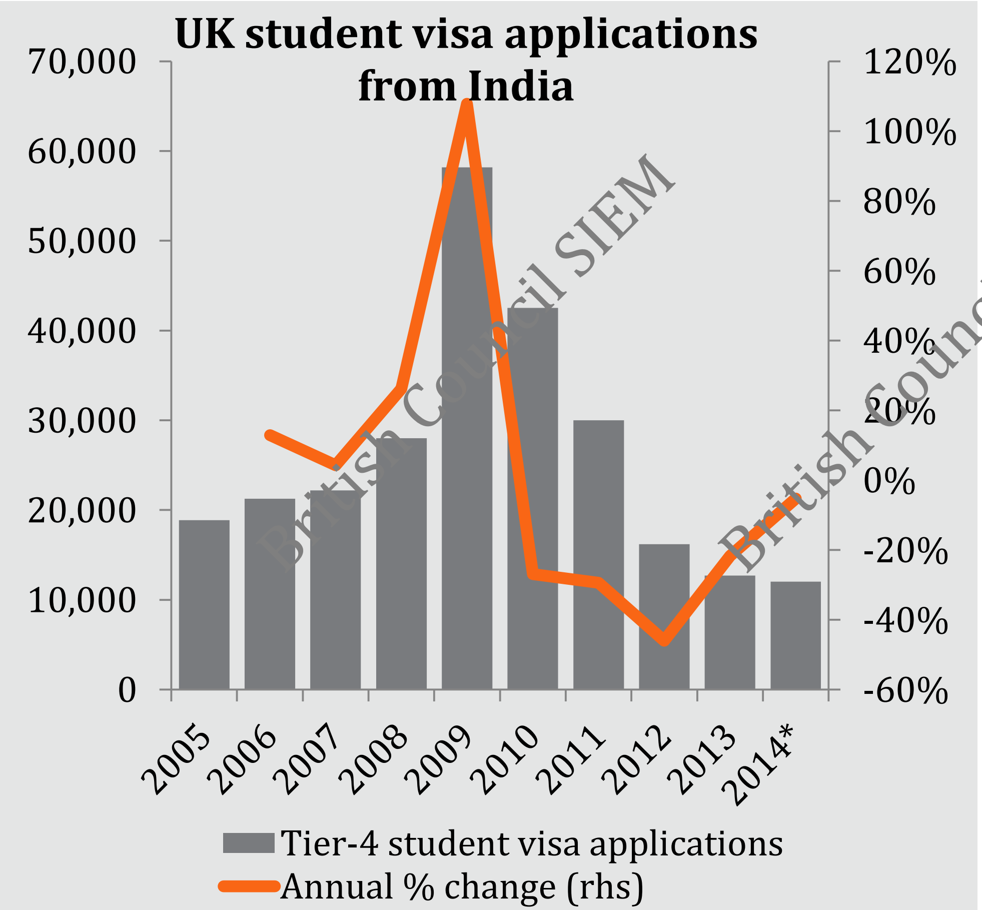


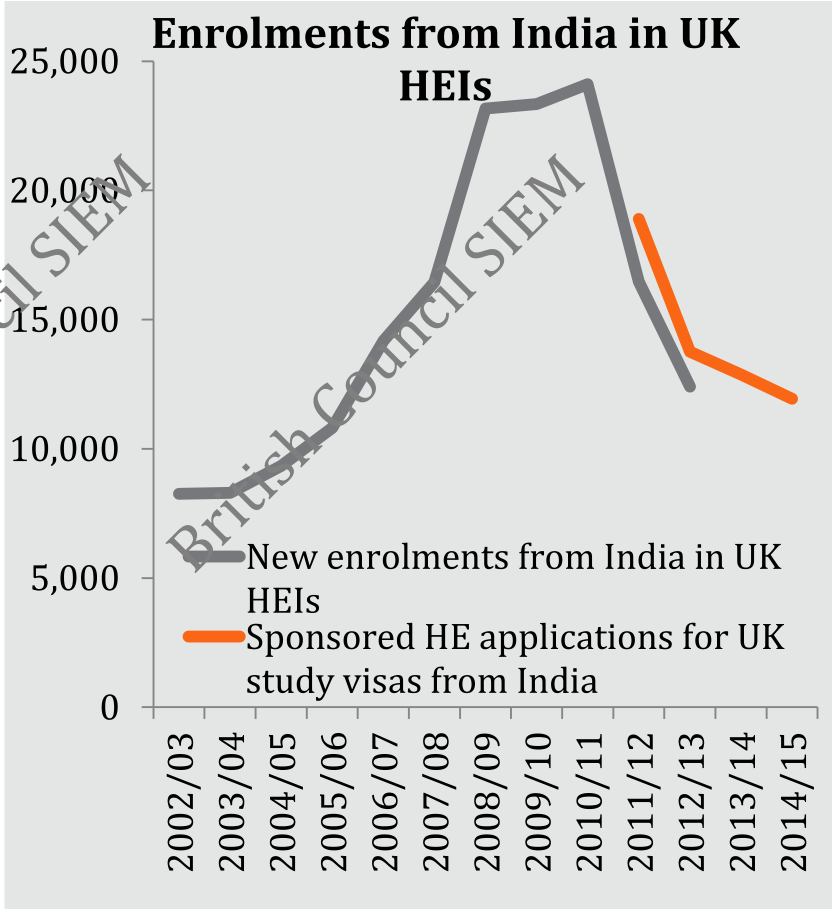


Source: Home Office, HESA, British Council SIEM; *data based on first three quarters of 2014.

IV. The State of Student Mobility to the UK

- The sharp decline in mobility from India shows signs of bottoming out but has yet to return to growth. The UK is losing its share of the most crucial market of the future.

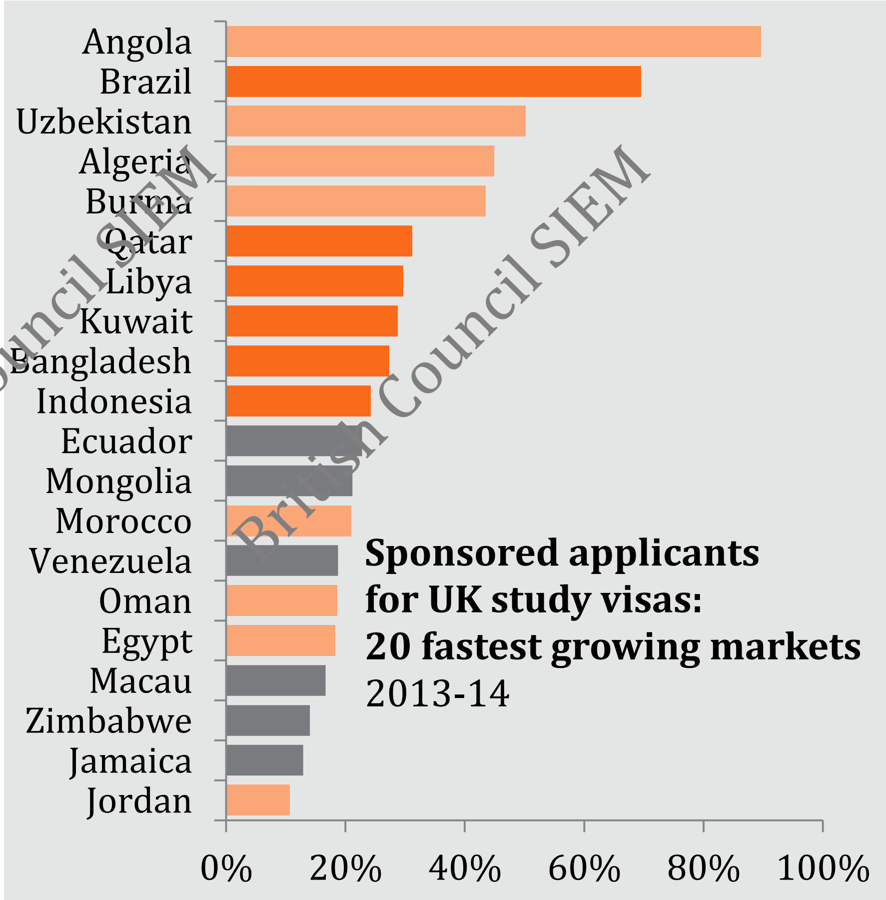




Source: Home Office, HESA, British Council SIEM; *data based on first three quarters of 2014.

IV. The State of Student Mobility to the UK

❖ Over the last year, Brazil, Bangladesh, Kuwait, Qatar, Indonesia and Libya are among the ten largest markets in both growth rate and total growth for sponsored UK study visas.



Source: Home Office, British Council SIEM; total represents annual change from Q4 2013-Q3 2014 over Q4 2012-Q3 2013.

Section summary

- UK market share of higher education enrolments among major host destination countries has declined and is set to fall further in the years ahead.
- UK higher education has been less affected than other sectors by the overall drop in demand for UK education. FE colleges have suffered the most.
- East Asia has been a bright spot for the UK, but signs of a slowdown from China could spell trouble for growth in the future. Only Indonesia and Burma feature among the top 20 student markets for both growth rate and total growth in 2014.
- In 2014, the strongest growth markets for the UK have been Brazil, Bangladesh, Kuwait, Qatar, Indonesia and Libya. These market are as geographically diverse as they are promising, posing challenges for UK institutions.

I. A Brief History of Student Mobility
II. Explaining Student Mobility
III. The State of Student Mobility Globally
IV. The State of Student Mobility to the UK
V. Challenges and Opportunities for the UK

V. Challenges and Opportunities for the UK

Key trends	Key opportunities	Key challenges
❖ International student mobility is growing, but flows are changing and the UK risks falling behind.	❖ The UK knows what works – it can learn from Canada, Australia and the U.S.	❖ Slowing recruitment from traditional sending markets, while accessing new markets will require longer distances and different approaches.
❖ China is the world's most important student market, but it is slowing. The UK is relatively well insulated.	❖ At an institutional level, opportunity knocks in both emerging and re-emerging markets, but knowing where to go is only the first question – getting there will be a greater challenge.	❖ Rising competitiveness from major host nations, driven by policy support, and the eventual emergence of new host destination countries.
❖ India is back –everywhere but the UK. Can the UK get its mojo back?	❖ The UK should look to markets that are both growing and worth the effort: Brazil, Bangladesh, Kuwait, Qatar and Indonesia among them.	❖ Rankings and expectations matter: can the UK maintain mobility without sacrificing quality?
❖ Other key growth regions: South Asia, Southeast Asia, the Middle East and Brazil.		

Thank you

British Council's ***Services for International Education Marketing*** *(SIEM) team helps UK institutions refine their internationalisation strategies to succeed in East Asia and around the globe. Please get in touch if you would like to learn more.*

jeremy.chan@britishcouncil.org.cn

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