



Market Intelligence Brief
Hong Kong

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1 Executive Summary

Located on the southeast coast of China and known for its large financial sector and favourable business environment, Hong Kong is a Special Administrative Region of China. Following a decline in the population between 2019 and 2022 – driven by pandemic restrictions and political developments – 2023 has seen growth, with the population currently standing at 7.5m. However, the territory continues to face demographic pressures due to its exceptionally low birth rate, with one of the highest median ages in the world and working-age residents making up a sharply declining share of the population.

Hong Kong is home to a highly developed and high performing domestic education system which traditionally scores very well in international rankings. But despite the quality of its domestic education system, a relatively large number of Hong Kong students pursue international study each year, primarily due to insufficient domestic capacity. According to estimates from UNESCO, just over 35,000 students from Hong Kong travelled abroad to study at the higher education level in 2020, excluding study in mainland China. This was the fourth consecutive year of decline since outbound student numbers peaked at above 37,000 in 2016. However, despite the declines recorded in volume terms, its outbound mobility ratio has remained comparatively high by international standards at above 12 per cent during this period, indicating that the recent declines in outbound student numbers are primarily explained by demographic trends and a reduction in the tertiary-aged population.

The UK has historically been the most popular overseas study destination with international students from Hong Kong reflecting faith in the British higher education system and the cultural legacy of British rule. Although holding significantly smaller market shares than the UK, Australia, the US and Canada are also relatively popular study destinations for students from Hong Kong.

Looking specifically at the UK's recruitment of international students from Hong Kong, between the 2008/09 academic year and 2017/18, student numbers increased consistently each year, rising from just over 10,000 to almost 17,700 over this period. After this, and in line with the broader decline in total outbound international students from Hong Kong, student numbers to the UK declined for three consecutive years, falling to around 16,800 by 2020/21. However, the 2021/22 academic year saw a strong reversal in the downward trend, with student numbers increasing by 9 per cent and reaching a new peak level of almost 18,400. The strong uptick in 2021/22 is likely to have been influenced by the introduction of the Graduate Route in summer 2021, as well as the newly introduced British National (Overseas) BN(O) visa route for Hong Kong, which allows BN(O) status holders and certain family members to live, work and study in the UK.

Hong Kong has a large, mature TNE market, driven by a strong regulatory framework for TNE and clear government policy in this area. According to HESA, there were 22,480 Hong Kong students enrolled on UK TNE and distance learning courses in the 2020/21 academic year, making it the UK's sixth largest TNE market globally at present. The majority of UK TNE and distance learning provision in Hong Kong takes place at the bachelor's level, which has accounted for 70-80 per cent of all enrolments over the last decade. The UK is, by some distance, the largest TNE provider in the Hong Kong market, providing over 80 per cent of the non-local programmes

available in Hong Kong at present. The vast majority of UK TNE provision in Hong Kong takes the form of partnerships with local providers, primarily self-financing extension arms of UGC-funded universities, self-financing non-profit providers of sub-degree programmes, and other private entities. UK degree-awarding bodies also partner with Hong Kong degree-awarding bodies in delivering a number of joint programmes, including a range of joint PhD programmes.

A key area of cooperation between the UK and Hong Kong higher education sectors is in the area of research collaboration. Key stakeholders in the Hong Kong higher education sector regard the UK sector as an important strategic partner and are keen to re-energise partnerships and collaborations which may have suffered during the pandemic. The UK is Hong Kong's third largest research partner in terms of the number of collaborative publications. There were 9,679 publications co-authored by researchers in the UK and Hong Kong over the last five full years (2017-2021), according to Elsevier, with medicine the leading collaborative research area. Mainland China and the US are Hong Kong's largest research partners, followed by the UK, with Australia and Canada the fourth and fifth largest. Looking ahead, the area of research and development is a key strategic focus for Hong Kong, with the government having recently made unprecedented investment on research despite the difficult economic environment. However, the new security law implemented in Hong Kong in June 2020 has had a significant impact upon universities in the city, particularly in the area of academic freedom. Linked to this, significant numbers of staff and international faculty at all education levels within Hong Kong have left the territory, amidst elevated levels of anxiety over teaching and researching contentious topics including Hong Kong's independence, the Chinese government, sensitive political movements and human rights.

2 Introduction

This report was produced by the British Council's East Asia Education Insight Hub, with external research support provided by Oxford Economics.¹ It is designed to provide UK education institutions with unparalleled data, insight and analysis to support their international education strategies, recruitment activities and partnership development work. The report is also targeted at a policy maker audience, by highlighting opportunities and barriers to education and research cooperation that exist between the UK and Hong Kong.

Using the latest data from the most reliable sources, this Market Intelligence Brief represents a window onto Hong Kong's education system and student population, as well as the economic and demographic factors, and policy priorities and developments that shape Hong Kong's international education outlook. The report examines various aspects related to the internationalisation of the Hong Kong education system – including student mobility, transnational education programmes and research collaboration – and also highlights national level education projects and partnerships between the UK and Hong Kong.

The information contained in this report is based primarily on desk-based research and data analysis, supplemented with insight and context provided by British Council colleagues on the ground in Hong Kong.

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Comments, queries and suggestions in relation to this report are welcome and may be submitted to Jazreel Goh, Head of East Asia Education Insight Hub, at jazreel.goh@britishcouncil.org

¹ www.oxfordeconomics.com

3 Macro Environment

3.1 People

Located on the southeast coast of China, Hong Kong is a Special Administrative Region of China which consists of three main territories: Hong Kong Island, Kowloon Peninsula and the New Territories. As of mid-year 2023, the population stood at 7.5m, with 91.6 per cent identifying as Chinese, 2.7 per cent as Filipino and 1.9 per cent as Indonesian according to the 2021 census in what is a largely ethnically homogenous society.² Over 93 per cent of the population speak Cantonese or other forms of Chinese dialect as their first language, with 4.6 per cent having English as their first language. With a land area of just 1,110 square kilometres, Hong Kong is highly urbanised and compact and has one of the highest population densities in the world, at over 6,800 people per square kilometre.³ Around 5 per cent of the city's population is made up of expats, with workers in the business, banking and finance sectors attracted by the range of multinational companies with headquarters located in Hong Kong.

Hong Kong's population fell between 2019 and 2022, due to emigration driven by pandemic curbs and political changes, including the introduction of a new national security law, as well as an exceptionally low birth rate. Unlike many competitor cities, Hong Kong retained many Covid curbs for most of the second half of 2022, including the obligatory use of a tracing app and limits on where visitors could go, with the mask mandate in place until March 2023. However, the population rebounded in the first half of 2023 which has been attributed to a combination of Hong Kongers returning from abroad after the end of pandemic-related restrictions combined with various government policies such as the Top Talent Pass Scheme to attract talent from mainland China and further afield. However, with countries such as the UK, Australia and Canada making it easier for Hongkongers to emigrate, pressure on the local population is likely to continue in the short term.

Adding to Hong Kong's demographic pressures, at present the territory has one of the highest median ages in the world at 46 years. This is expected to increase further in future, given its exceptionally high life expectancy (85.5 years) and low fertility rate, which has fallen sharply over recent decades from 5.1 births per woman in 1960 to around 0.9 at present. Currently, the share of over 65s as a proportion of the total population stands at around 19 per cent and is expected to rise to 28 per cent by 2030. At the other end of the age distribution, the share of under 25s is expected to decline from 12 per cent of the total population at present to 10 per cent by 2030.⁴

According to the UN, these factors will lead to a sharp rise in the city's dependency ratio, from around 47 per cent at present to 94 per cent by 2050, although the Hong Kong government's own census projections expect a more modest (but still high) dependency ratio of 70 per cent by the same year. If these challenges are not addressed, they will present the city with significant

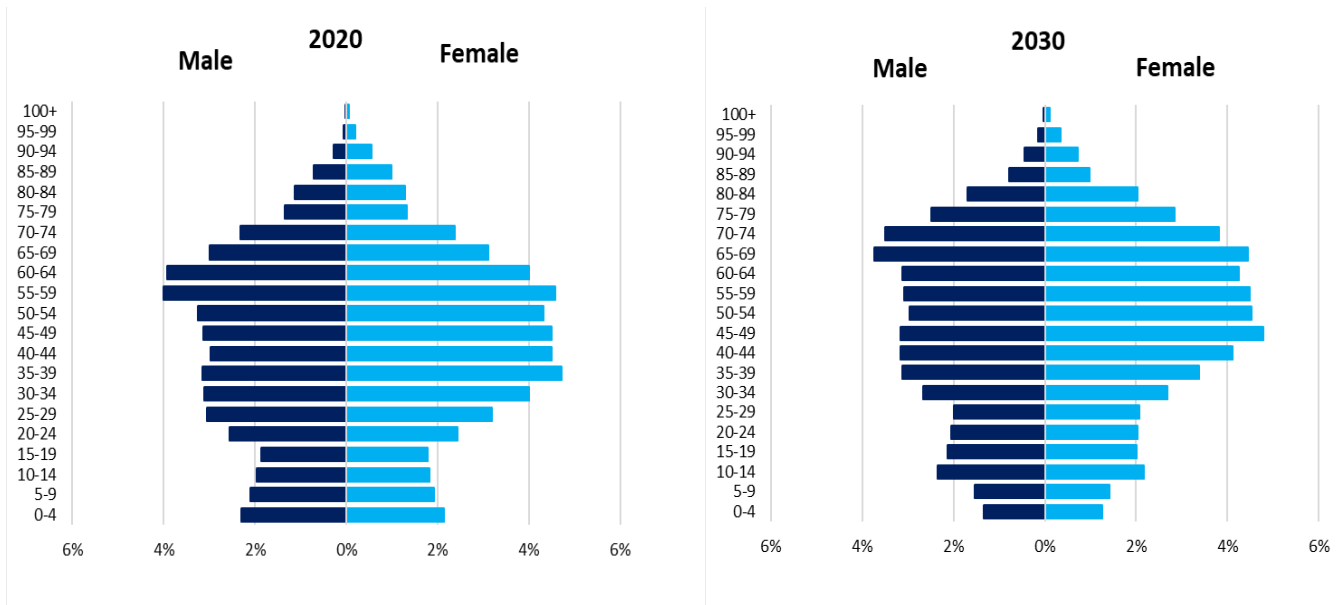
² 2021 Census, *Census and Statistics Department*, 2021, www.census2021.gov.hk/en/main_tables.html

³ Which countries are the most densely populated? *Our World in Data*, 2022, www.ourworldindata.org/most-densely-populated-countries

⁴ World Population Prospects, *United Nations Population Division*, 2022, www.population.un.org/wpp/

economic challenges in future, including severe pressure on public services, lower tax revenues and reduced output potential.

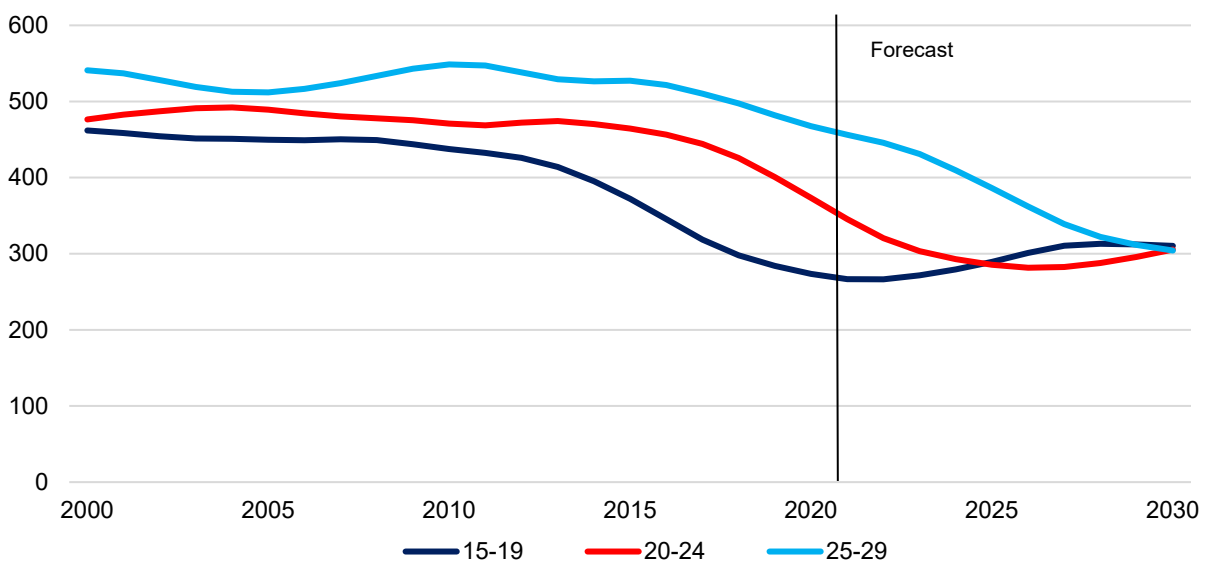
Figure 1: Hong Kong’s population pyramid, 2020 and 2030



Source: UN Population Division

Looking specifically at the population age bands of interest to UK HEIs, having been on a downward trajectory for several years, both the 20-24 and 25-29 age bands are expected to shrink further in the period to 2030, falling by 12 per cent and 33 per cent respectively. Meanwhile, the number of people in the 15-19 age band is expected to increase by 16 per cent. Taking the three age bands in aggregate, the 15-29 population overall is expected to decline by around 14 per cent over the period, from around 1.1m at present to 0.9m by 2030.

Figure 2: Hong Kong’s student age population (000s)



Source: UN Population Division

3.2 Economy

Hong Kong is a highly developed, free-market economy strategically well located at the heart of Asia, known for its large financial sector and favourable business environment. It has a capitalist economic system and low tax rates, making it a popular destination for international businesses and investors. Furthermore, it has consistently scored highly in international rankings of economic freedom and competitiveness, with the Fraser Institute ranking Hong Kong as the world's freest economy in the world in 2022, ahead of Singapore (2nd) and Switzerland (3rd).⁵ The city's strategic location and efficient transportation infrastructure make it a popular trading and logistics hub, while its vibrant culture and attractions make it a popular destination for tourists. With a GDP per capita of around US\$49,000 (nominal terms), Hong Kong's GDP per capita is well above that of mainland China (US\$12,700) and the average across East Asia and the Pacific average (US\$12,900) and is comparable to that of major developed European economies such as Germany and the UK.

Owing to export orientated policies, low taxes and strong developmental policies, Hong Kong emerged as the first of the four original "Asian Tiger" economies (Hong Kong, Singapore, South Korea and Taiwan). Between the early 1950s and 1990s, Hong Kong's economy grew at a rapid pace of around 7 per cent per annum. Since China's opening up in the 1980s, most of its manufacturing bases relocated to the mainland due to lower land and production costs, and Hong Kong underwent a remarkable transformation from an industrial city to a financial and services hub. The services sector is the key driver of the Hong Kong economy, accounting for around 93 per cent of GDP, with the trading and logistics, financial services, professional services and tourism sectors particularly important.

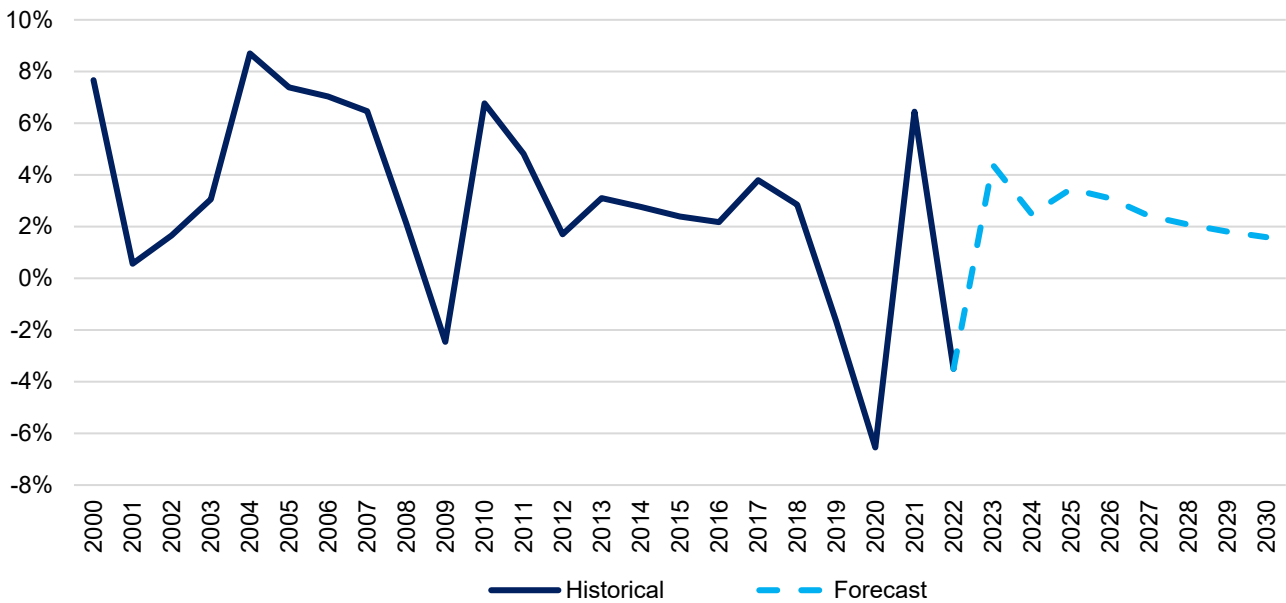
In early 2020, Hong Kong was amongst the first countries in the world to be impacted by the Covid-19 pandemic. It was quick to respond to the outbreak by restricting travel, quarantining symptomatic visitors and rapidly tracing contacts and was one of the few countries globally to pursue a "zero-Covid" strategy, which helped curb the spread of the virus. Nonetheless, the collapse in global goods demand caused exports to contract sharply in 2020, contributing to the large 6.5 per cent contraction in GDP.

In 2021, Hong Kong's economy bounced back strongly with growth of 6.4 per cent, largely due to the recovery in global demand for Hong Kong's exports and low base effects, with GDP back above pre-pandemic levels by the end of the year. However, in 2022, the recovery faltered with a contraction of 3.5 per cent as slowing global demand, rising interest rates and a prolonged exit from Covid-related restrictions weighed on the economy. Looking ahead, according to Oxford Economics' latest forecasts, economic growth will return to positive territory in 2023, with expansion of 4.4 per cent expected. Domestic consumption and the return of tourists from mainland China are expected to be key drivers of this rebound, as activity continues to normalise, consumer confidence recovers sharply, and employment conditions improve. Over the medium-term in the period to 2030, growth is expected to average around 2 per cent per year.

⁵ Economic Freedom Index, *Fraser Institute*, 2022, www.fraserinstitute.org/studies/economic-freedom-of-the-world-2022-annual-report

In the labour market, the unemployment rate spiked during the pandemic, rising from 3.3 per cent in late 2019 to a peak of 7.2 per cent in February 2021, the highest rate seen since the early 2000s. Since then, the unemployment rate has been on a downward trajectory and returned to the pre-pandemic level in early 2023. Looking ahead, with solid economic growth expected and the working-age population projected to contract, the unemployment rate is expected to remain at low levels over the medium term.

Figure 3: Hong Kong’s real GDP growth



Source: Haver Analytics / Oxford Economics

The Hong Kong dollar is the city’s official currency and has been pegged to the US dollar since 1983. The Hong Kong Monetary Authority (HKMA), the de-facto central bank, has a mandate to keep the currency trading in the 7.75-7.85 per US dollar range at present. Since being set at this level in 2005, the current peg range has never been broken. When the exchange rate comes close to either the upper or lower bound of the peg range, the HKMA intervenes by buying or selling the currency.

Current interest rate differentials with the US are applying pressure to the peg, with US interest rate hikes meaning that the HKMA has also had to increase rates. The current base rate is 5.25 per cent higher than in 2019, the highest level for 16 years – potentially having a negative impact on household disposable income due to higher debt repayments. However, backed by a large pool of foreign exchange reserves, the HKMA will continue to have the capacity to intervene as necessary to preserve the peg in future. The exchange rate peg facilitates a relatively stable international purchasing power of the Hong Kong dollar abroad, which in turn makes for a predictable cost of living and tuition for Hong Kong international students in foreign countries.

3.3 Government and education policy

Hong Kong's political history is complex and diverse, influenced by the interactions of various cultures and governments over many centuries. In 1842, Hong Kong was ceded to the British Crown as part of reparations under the Treaty of Nanking following the First Opium War. Under British rule, Hong Kong developed into a major trading centre and port city, attracting people from around the world. In 1898, the New Territories were leased to Britain for a period of 99 years. These comprise over two hundred outlying islands and, crucially, the area on the Kowloon side of Victoria Harbour between Boundary Street and the Sham Chun River, which marks the border between Hong Kong and the Mainland.

In 1984, the Chinese and British governments signed the Sino-British Joint Declaration, which outlined the terms of the transfer of Hong Kong's sovereignty from Britain to China. Under the agreement, Hong Kong would be granted a high degree of autonomy and would maintain its capitalist economic system and way of life for 50 years following the transfer. On July 1, 1997, Hong Kong was officially handed over to China and became a Special Administrative Region of the People's Republic of China. Under the principle of "One Country, Two Systems," Hong Kong maintains a separate legal and economic system from mainland China and is granted a high degree of autonomy, including its own government, legal system, and freedoms such as freedom of speech and the press.

However, in recent years, Hong Kong has experienced political and social tensions, particularly surrounding issues of democracy and autonomy. The pro-democracy protests in 2014 and the ongoing protests since 2019 have highlighted the challenges and complexities of maintaining the "One Country, Two Systems" arrangement, and the implementation of the New Security Law (NSL) in 2020 has raised concerns about the erosion of Hong Kong's autonomy and freedoms.

Under the NSL, schools in Hong Kong are required to promote national security education and to cultivate students' "sense of belonging to the motherland" and "civic responsibility." The law also requires schools to prevent and suppress activities that are deemed to be "endangering national security." Following the implementation of the NSL, the Hong Kong government introduced additional education reforms aimed at strengthening national education and patriotism among young people. In January 2021, the government issued a new set of guidelines for primary and secondary schools that emphasised the importance of teaching students about the constitution, history, and culture, as well as promoting national identity and values. Furthermore, in March 2021, the Hong Kong government introduced a new curriculum framework for senior secondary education, which includes courses on Chinese history, culture, and contemporary issues, as well as national security education. In the tertiary sector, from the current academic year onwards, universities in Hong Kong will require students to pass national education assessments before graduating.⁶

⁶ Universities in Hong Kong will require students to pass national education courses before graduating, *South China Morning Post*, 2022, www.scmp.com/news/hong-kong/education/article/3202750/universities-hong-kong-will-require-students-pass-national-education-courses-graduating

The Government of Hong Kong is the executive authority of the region; its current Chief Executive was officially sworn into a five-year term on 1st July 2022 – the 25th anniversary of the territory’s return to China.

The Hong Kong government places a high priority on education within its budget and in 2022-23 spent an estimated HK\$111.9bn (approximately US\$14.5bn) on education, which accounts for around 18.1 per cent of the total government recurrent expenditure, and around 4 per cent of GDP, much higher than Singapore’s 2.6 per cent and slightly above the world average of 3.7 per cent.⁷

The Education Bureau (EDB) is the government department responsible for overseeing education in Hong Kong.⁸ It operates under the authority of the Hong Kong government and is led by the Secretary for Education, currently Dr Christine Choi Yuk-lin. The EDB is responsible for formulating and implementing education policies through various initiatives and programmes. Its mission is to provide quality education that meets the diverse needs of students in Hong Kong, from kindergarten to secondary school, and beyond.

⁷ Hong Kong: The Facts, *The Education Bureau*, 2022 www.gov.hk/en/about/abouthk/factsheets/docs/education.pdf

⁸ Post-Secondary Education: Overview, *The Education Bureau*, 2022, www.edb.gov.hk/en/edu-system/postsecondary/index.html

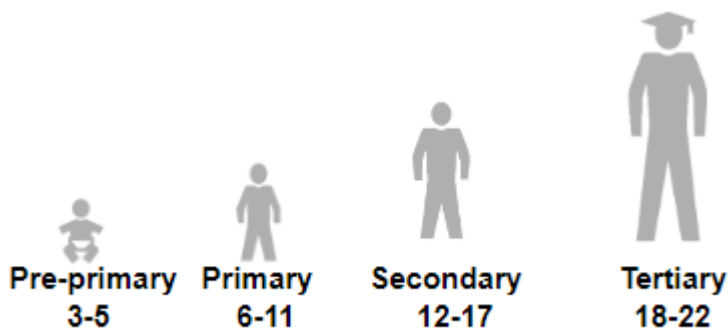
4 Domestic Education Environment

4.1 Overview

Hong Kong is home to a highly developed and high performing domestic education system. In the OECD's 2018 Programme for International Student Assessment (PISA), which assesses the academic performance of 15-year-olds across 79 countries, Hong Kong ranked 4th in both reading and mathematics, and ranked 9th in science, placing it well above international averages in all three subject areas and amongst the best performing in the world.⁹

The education system in Hong Kong is divided into four main stages, which includes kindergarten/early years, primary, secondary, and tertiary education. The EDB is responsible for formulating and implementing education policy and has oversight of university and research funding through the University Grants Committee and Research Grants Committee.

Figure 4: Official school ages in Hong Kong, by level of education



Source: UNESCO

After Hong Kong became a Special Administrative Region of China in 1997, the education system was transformed from a British-style one, into one more closely aligned with mainland China. In 1998, most schools were instructed to introduce Cantonese as the language of instruction and phase out English and bilingual programmes. However, this directive was adjusted in 2009 to allow more schools to teach more subjects in English, so as not to jeopardise Hong Kong's status as an international business hub and financial centre.¹⁰

Education in Hong Kong is funded by the government. All 12 years, from primary to senior secondary school (6 years old to 17 inclusive), is free for students attending public schools, which make up the majority of schools in Hong Kong. Fee-free education and a compulsory nine years of schooling was introduced in 1980, which covers ages 6-15 at the primary and junior secondary

⁹ Hong Kong student performance, OECD, 2018, www.gpseducation.oecd.org/CountryProfile?primaryCountry=HKG&treshold=10&topic=PI

¹⁰ Education in China, *World Education News and Reviews*, 2019, <https://wenr.wes.org/2019/12/education-in-china-3>

levels. The education system in Hong Kong has long been competitive with limited places available in secondary and tertiary education in the 1980s and early 1990s, but access to education has improved significantly since. In 2021, the secondary and tertiary gross enrolment ratios stood at 106 per cent and 88 per cent respectively, up from 61 per cent and 10 per cent in 1980, underlining the significant growth and development of the domestic education system over recent decades. However, while participation rates within the education system in Hong Kong are now at high levels by international standards, participation levels have been stagnating and declining in recent years as the student population declines. For example, primary education enrolment levels have declined in each of the last three years and are now around 11 per cent lower than 2019 levels. A consistent decline in secondary education enrolments has also been evident, if less severe, at around 3 per cent over the same period.¹¹

Despite the strong performance of its domestic education system, Hong Kong continues to invest in policies and programmes to raise the quality and relevance of its education system, including investing in the teaching of STEM fields, raising teacher qualification levels and continuing to move away from rote learning and an exam focus. As such, soft skills, creativity, and vocational and extra-curricular education are receiving more funding and attention.

In the latest EF English Proficiency Index report, which evaluates English language skills across 111 countries, Hong Kong ranked 31st in the world and 4th in Asia, only behind Singapore, Philippines and Malaysia within the region. Notably, in 2022, Hong Kong's English proficiency level was rated as "high", up from a rating of "moderate" over the last decade. By comparison, mainland China ranks in 62nd place globally, with a "low" proficiency level.¹²

4.2 Early years, primary, secondary

In Hong Kong, kindergarten is available, but not compulsory, for children between the ages of 3 and 5. According to the EDB, total kindergarten enrolment was almost 144,000 students in the 2022/23 academic year, spread across more than 1,000 kindergartens.¹³ The objective of this stage of education is to teach children how to be socially aware, cultivate good habits, and be curious about their surroundings. Common subjects are language, mathematics, physical health, science and technology, self and society, and art.¹⁴ All kindergartens in Hong Kong are run privately. Some of them are non-profit making, while others are independent institutions, with fees varying across kindergartens. Non-profit kindergartens now fall under the Free Quality Kindergarten Education scheme, a 2017 government policy that gives all children access to free pre-school education.¹⁵ In the 2021/22 academic year, 762 of 790 eligible kindergartens had joined the scheme.

Free primary education is available to all children in Hong Kong and is provided through public schools. The primary education stage lasts 6 years, during which the curriculum includes Chinese, English, mathematics, personal, social and humanities education, science, technology,

¹¹ Student enrolment statistics, *Education Bureau*, 2022, www.edb.gov.hk/attachment/en/about-edb/publications-stat/figures/Enrol_2022.pdf

¹² Hong Kong, China, *English First*, 2022, www.ef.com/wwen/epi/regions/asia/hong-kong/

¹³ Figures and Statistics, *Education Bureau*, 2022, www.edb.gov.hk/en/about-edb/publications-stat/figures/index.html

¹⁴ A Guide to Education & International Schools in Hong Kong, *InterNations*, 2023, www.internations.org/hong-kong-expats/guide/education

¹⁵ Report on the Review of the Kindergarten Education Scheme, *Education Bureau*, 2021, www.edb.gov.hk/attachment/tc/edu-system/preprimary-kindergarten/free-quality-kg-edu/review-report/Report-on-KG-review_E_clean.pdf

arts, and physical education.¹⁶ In common with the kindergarten and secondary school curricula, the primary education curriculum in Hong Kong covers three interconnected components, namely "Values and Attitudes", "Skills" and "Knowledge".¹⁷

At the end of primary year 3 (end of key stage one) and 6 (end of key stage 2), students undertake a Territory-wide System Assessment (TSA), which is an assessment of students' basic competencies in Chinese language, English language and mathematics. Students are expected to acquire basic competency in these three subjects to proceed effectively to the next key stage of learning. Students' internal assessment results are used for the calculation of allocation bands, which are important for secondary school applications, and other education-related purposes. The allocation of secondary school places is split into two stages, namely discretionary places (DP), which are based on academic performance, and central allocation (CA). All secondary schools participating in the Secondary School Places Allocation system (SSPA) are allowed to reserve no more than 30 per cent of their Secondary 1 (S1) places as DP for admission of students. Students who have not been successful in obtaining a DP will be allocated an S1 place through central allocation.¹⁸

Secondary school education in Hong Kong is split into two parts: junior secondary and senior secondary schooling. Both parts last three years and while junior secondary education is mandatory, senior secondary school is not. Students that decide not to continue with mainstream education after junior secondary can choose to study a vocational training programme. However, the majority of students in Hong Kong remain in mainstream education until the end of senior secondary school.

The junior secondary curriculum includes the same eight core subjects as the primary school curriculum. The senior secondary curriculum is made up of three components, namely core subjects, elective subjects, and other learning experiences. All students at the senior secondary level must study the four core subjects of Chinese, English, mathematics, and liberal studies. In addition to this, students can choose between two and four elective subjects (such as science, arts etc.) and one 'other learning experience', such as community service or moral and civic education.

In the final year of junior secondary, students undergo their third and final TSA exam. Similar to the two previous TSAs (completed in primary 3 and 6), the one undertaken in secondary year 3 assesses competencies in Chinese, English and mathematics. Public assessment of senior secondary subjects is conducted by the Hong Kong Examinations and Assessment Authority through the Hong Kong Diploma of Secondary Education (HKDSE), which students take in their final year of secondary school (S6). The HKDSE serves as a standard admission requirement for higher education programmes.

¹⁶ Key learning areas, *Education Bureau*, 2023, www.edb.gov.hk/en/curriculum-development/doc-reports/guide-kla-gs-primary-curriculum/index.html

¹⁷ Education, *GovHK*, 2022, www.gov.hk/en/about/abouthk/factsheets/docs/education.pdf

¹⁸ Secondary school places allocation system, *GovHK*, 2023, www.edb.gov.hk/attachment/en/edu-system/primary-secondary/spa-systems/secondary-spa/general-info/SSPA_2023_leaflet_EN.pdf

International schools are also common in Hong Kong, due to its large and diverse expatriate population. There are around 70 international schools in Hong Kong, roughly a third of these are British schools and most teach an International Baccalaureate (IB) curriculum.¹⁹

4.3 Technical & vocational education and training

In Hong Kong, vocational education can be undertaken by students after junior secondary or, as an alternative to higher education, after senior secondary. The Vocational Training Council (VTC) administers vocational education in Hong Kong. It has 13 member institutions which collectively cover a wide array of programmes and industries.²⁰ In 2021, 44,165 students were enrolled on VTC programmes, with the number of enrolments declining every year since 2015 when enrolments stood at almost 62,000.²¹ By comparison, total student enrolment at UGC funded universities stands at over 190,000, highlighting the perception within Hong Kong that vocational education is inferior and less desirable than university study.

In April 2018, the Hong Kong government developed the Task Force on Promotion of Vocational and Professional Education and Training (VPET) to review how vocational education is promoted within Hong Kong. The Task Force, comprised of teachers, parents and employers, completed its public consultation from May to July 2019, and submitted its review report to the government in January 2020. The review report put forth 18 recommendations focusing on four areas, namely enhancing promotion of vocational education at the secondary level and at the higher education level, developing vocational progression pathways, and strengthening future promotion.²² To enhance the promotion of vocational training in secondary education, the task force's review report outlined several key objectives. Firstly, it identified the need to improve the overall quality of VPET programmes and activities in secondary schools, thereby making them a viable and desirable alternative to higher education. Another key point outlined by the report was the need for more industry partners to provide VPET-related activities for junior secondary students.

In 2022, the government of Hong Kong launched the Diploma of Applied Education (DAE) programme. It provides an alternative pathway for secondary 6 school leavers as well as adult learners aged 21 or above to obtain a formal qualification for the purposes of employment and further study. In addition, the content and design of the DAE programme incorporates additional VPET elements, including a brand new VPET stream and communication and information technology, to facilitate DAE students to articulate to other VPET programmes.

For students who have successfully completed the DAE Programme, the qualification thus obtained is deemed comparable to the attainment of level 2 standard in five subjects including Chinese language and English language in the Hong Kong Diploma of Secondary Education (HKDSE) examination. For students who have also successfully completed the Maths Plus complementary course, the qualification acquired under the programme is comparable to the

¹⁹ Top 20 Best International Schools in Hong Kong, *International School Advisor*, 2023, <https://www.ischooladvisor.com/blog/view/top-20-best-international-schools-hong-kong#:~:text=There%20are%20around%2070%20international,American%20schools%20in%20Hong%20Kong>.

²⁰ Education in China, *World Education News and Reviews*, 2019, www.wenr.wes.org/2019/12/education-in-china-3

²¹ Hong Kong Annual Digest of Statistics, *Census and Statistics Department*, 2022, www.censtatd.gov.hk/en/data/stat_report/product/B1010003/att/B10100032022AN22B0100.pdf

²² Promotion of vocational and professional education and training, *Education Bureau*, 2023, www.edb.gov.hk/en/edu-system/other-edu-training/vocational-other-edu-program/promotion-vet.html

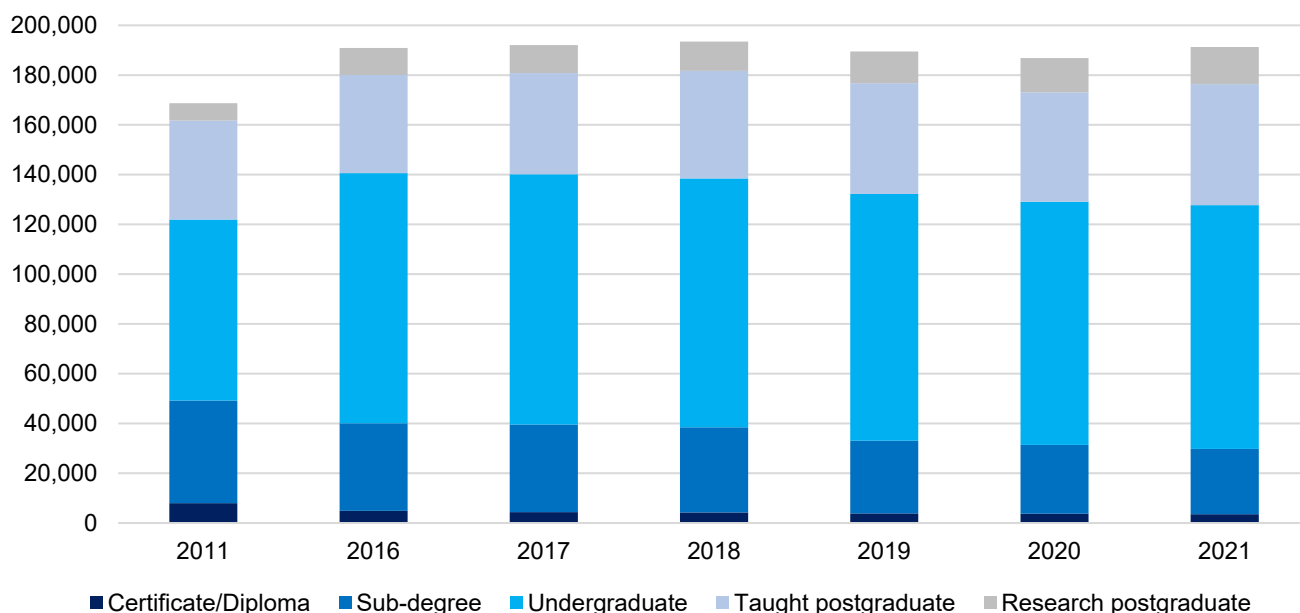
attainment of level 2 standard in five subjects including Chinese language, English language and mathematics in the HKDSE examination.²³

4.4 Higher education

Hong Kong provides multiple and flexible pathways for local students to pursue post-secondary education. It has 22 local degree awarding post-secondary education institutions, including eight universities funded by the UGC, the publicly funded Hong Kong Academy for Performing Arts (HKAPA), the self-financing Hong Kong Metropolitan University (formerly the Open University of Hong Kong), the VTC's Technological and Higher Education Institute of Hong Kong, and 11 post-secondary colleges. Quality assurance for tertiary institutions is the responsibility of the UGC, which performs quality audits of the universities it funds. Other post-secondary institutions are accredited, and quality controlled by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications.²⁴ Since being introduced in 2012, the Hong Kong Diploma of Secondary Education has served as the standard admission requirement for higher education programmes. The official medium of instruction in UGC funded universities is English.

In 2021, there were a total of just over 191,000 students enrolled at UGC funded universities, with undergraduates as the largest category of students, accounting for just over half of all enrolments, followed by taught postgraduates, accounting for a quarter of enrolments. Total enrolment numbers have been stagnant for the last few years as demographic trends play out, but enrolment levels are still considerably higher than a decade earlier in 2011, when total enrolments were just below 170,000.

Figure 5: Hong Kong higher education student enrolment at UGC funded universities



Source: Census and Statistics Department

²³ Diploma of Applied Education, CSPE, 2022, <https://www.cspe.edu.hk/en/DipAppEd.html>

²⁴ Education in China, *World Education News and Reviews*, 2019, www.wenr.wes.org/2019/12/education-in-china-3

In terms of full-time studies in the 2021/22 academic year, the UGC-funded universities and the HKAPA together provided around 15,200 publicly funded, first-year-first-degree intake places, while self-financing undergraduate programmes accounted for about 8,500 places. The UGC-funded universities and the self-financing, degree-awarding institutions also provided around 5,000 senior-year undergraduate intake places and 9,400 top-up degree places respectively, mainly for sub-degree graduates. At sub-degree level, about 17,600 self-financing and 9,400 publicly funded intake places were available.

The Government also provides means-tested grants and non-means-tested loans to eligible students pursuing full-time, locally accredited local and non-local self-financing undergraduate programmes, including top-up degree programmes, offered in Hong Kong by eligible institutions.

Five of Hong Kong's universities were ranked within the top 100 of the Times Higher Education world rankings in 2023, with the highest-ranking institution being the University of Hong Kong (31st), followed by the Chinese University of Hong Kong (45th).²⁵ Indeed, the government strives to enhance Hong Kong's status as a regional education hub through internationalisation and diversification of the higher education sector. The Government's aim is to nurture talent for other industries and attract outstanding people from around the world, boosting Hong Kong's competitiveness and facilitating the long-term development of Hong Kong.

²⁵ World University Rankings, *Times Higher Education*, 2023, www.timeshighereducation.com/world-university-rankings/2023/world-ranking#!/page/0/length/25/locations/HKG/sort_by/rank/sort_order/asc/cols/stats

5 International Education

5.1 Student mobility

According to estimates from UNESCO, just over 35,000 students from Hong Kong travelled abroad to study at the higher education level in 2020, excluding study in mainland China. This is a relatively large number compared to the size of the tertiary-aged population, with domestic capacity constraints and significant competition for places at domestic institutions a key driver of demand for international study historically. However, over the last four years, outbound student numbers have declined, having peaked at above 37,000 in 2016, primarily due to demographic trends and a reduction in the tertiary-aged population.

The UK has historically been the most popular overseas study destination with international students from Hong Kong, reflecting faith in the British higher education system the cultural legacy of British rule. Although holding significantly smaller market shares than the UK, Australia, the US and Canada are also relatively popular study destinations for students from Hong Kong.

Looking specifically at the UK's recruitment of international students from Hong Kong, between the 2008/09 academic year and 2017/18, student numbers increased consistently each year, rising from just over 10,000 to almost 17,700 over this period. After this, and in line with the broader decline in total outbound international students from Hong Kong, student numbers to the UK declined for three consecutive years, falling to around 16,800 by 2020/21. However, the 2021/22 academic year saw a strong reversal in the downward trend, with student numbers increasing by 9 per cent and reaching a new peak level of almost 18,400. More than a third of Hong Kong domiciled students in the UK held a non-Hong Kong passport as of the 2021/22 academic year – principally mainland China and the UK, although 9 per cent of Hong Kong domiciled students are nationals of other countries. However, the proportion of locals has increased over time, from 36 per cent in 2011/12 to 62 per cent in 2021/22.²⁶

The strong uptick in 2021/22 is likely to have been influenced by the introduction of the Graduate Route in summer 2021, a new post-study work visa that allows eligible students two years (or three years for PHD students) to stay after they graduate to work or look for work in the UK.²⁷ A further boost will have come from the newly introduced British National (Overseas) BN(O) visa route for Hong Kong, which allows BN(O) status holders and certain family members to live, work and study in the UK. After five years, applicants can apply for settlement, and after a further year, British citizenship, providing they meet the requirements. Sponsored study visa issuance to Hong Kong nationals declined sharply in 2022, dropping by 14 per cent compared to 2021, likely reflecting the impact of the BN(O) visa route which allows many Hongkongers to work and study in the UK without needing a student visa.²⁸

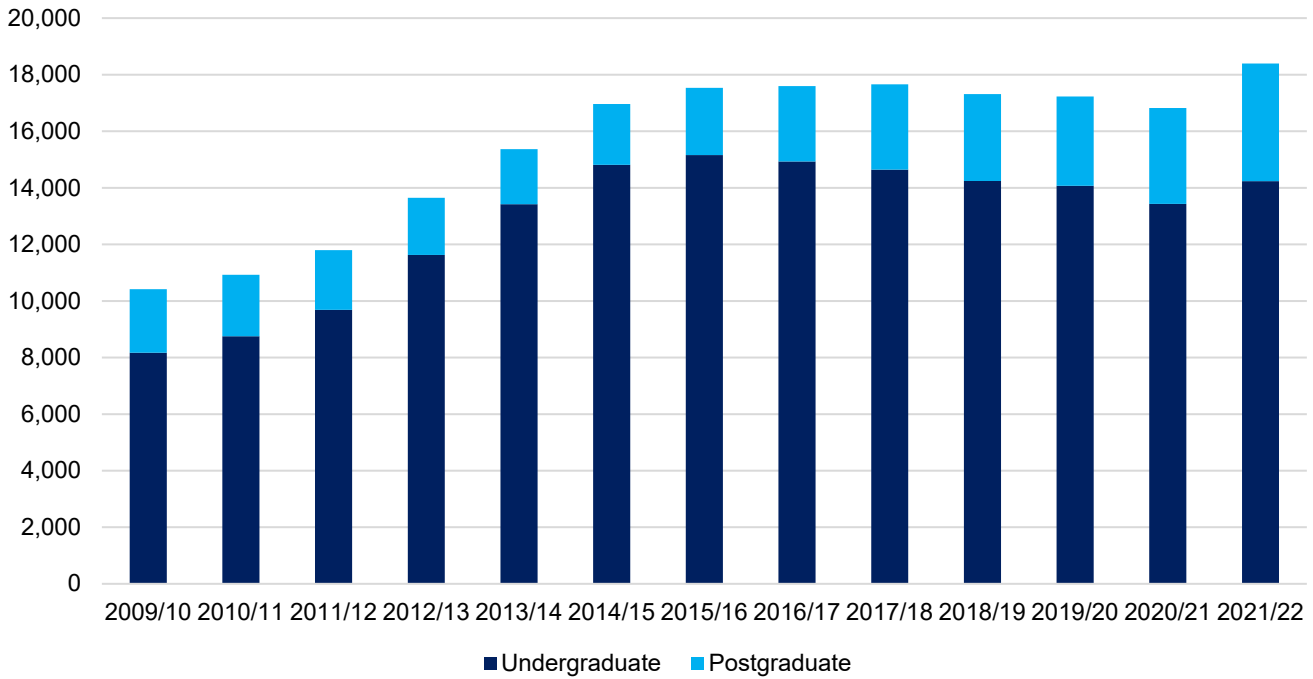
²⁶ Part of this trend may be due to some students born before the 1997 handover holding British National (Overseas) passports – but this is not the only driver of the trend, as the proportion with other foreign nationalities has also declined.

²⁷ Graduate route to open to international students on 1 July 2021, Gov UK, 2021, www.gov.uk/government/news/graduate-route-to-open-to-international-students-on-1-july-2021

²⁸ 2022 UK student visa statistics, British Council, 2023, <https://education-services.britishcouncil.org/blog/2022-uk-student-visa-statistics-strong-overall-growth-india-overtaking-china-top-student-source>

Historically, Hong Kong has primarily been an undergraduate market for the UK, with around 80 per cent of Hong Kong students in the UK studying at undergraduate level over the last decade on average. However, in the 2021/22 academic year, there was a 23 per cent increase in postgraduates, with student numbers rising above 4,000 for the first time on record.

Figure 6: Hong Kong students in HE programmes in the UK

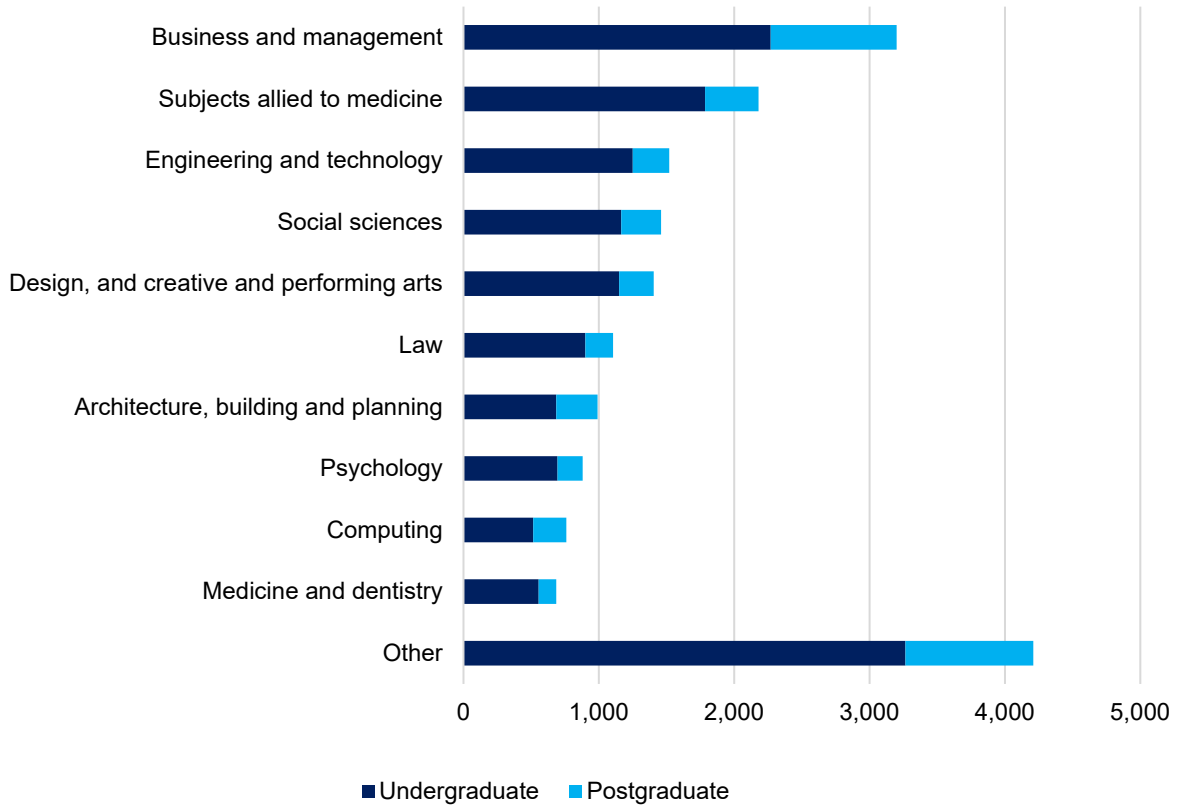


Source: HESA

Regarding subject areas, business and management is by far the most popular subject area with both undergraduates and postgraduates, with a total of 3,200 enrolments in 2021/22. The next most popular area was subjects allied to medicine (2,175), followed by engineering and technology (1,515), social sciences (1,460) and design and creative and performing arts (1,405). Looking back over the last five years, business and management has remained the leading subject choice throughout the period, with subjects allied to medicine rising from fifth most popular in 2016/17 to second most popular by 2021/22.



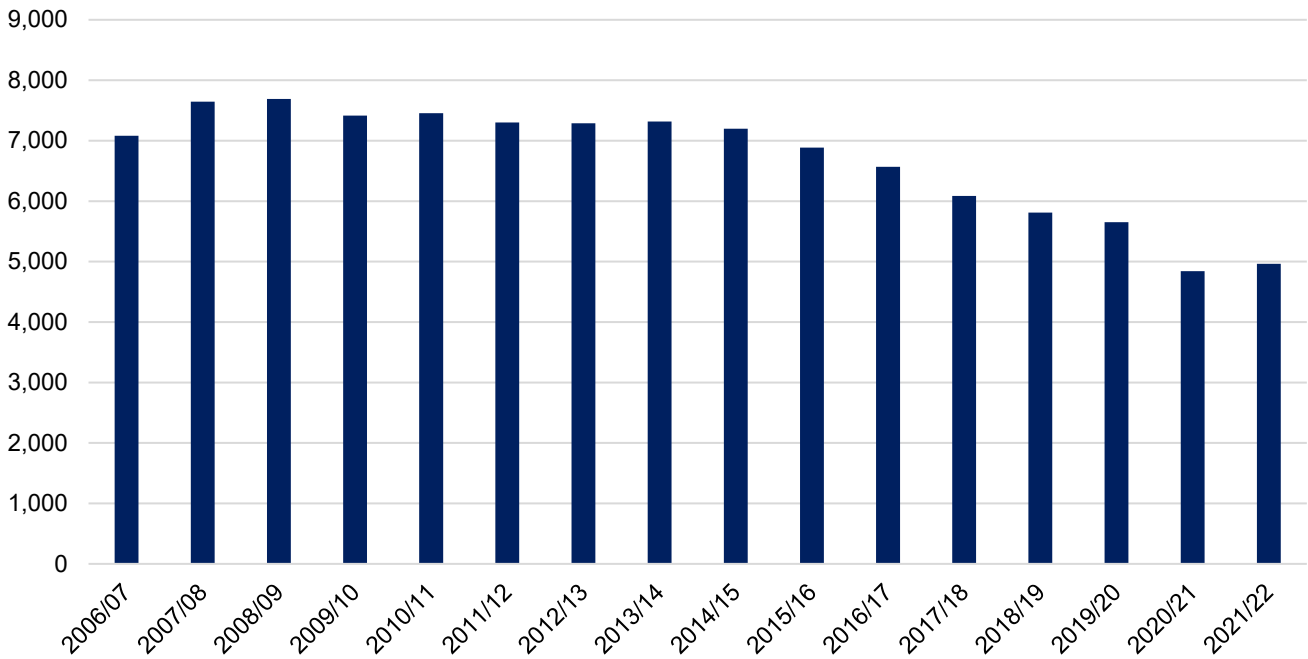
Figure 7: Subjects studied by Hong Kong HE students in the UK, 2021/22



Source: HESA

In terms of location, London (4,795 students) is the preferred region of study in the UK for students from Hong Kong, with just over a quarter of students studying in the capital in 2021/22. The South West was the next most popular region with 2,280 students, followed by the South East (2,030). At the institution level, the most popular in 2021/22 was the University College of London (1,225), followed by the University of Exeter (945) and King’s College London (655). Meanwhile, the share of Hong Kong international students enrolled at Russell Group institutions has remained relatively stable in the 50-55 per cent range over the last decade.

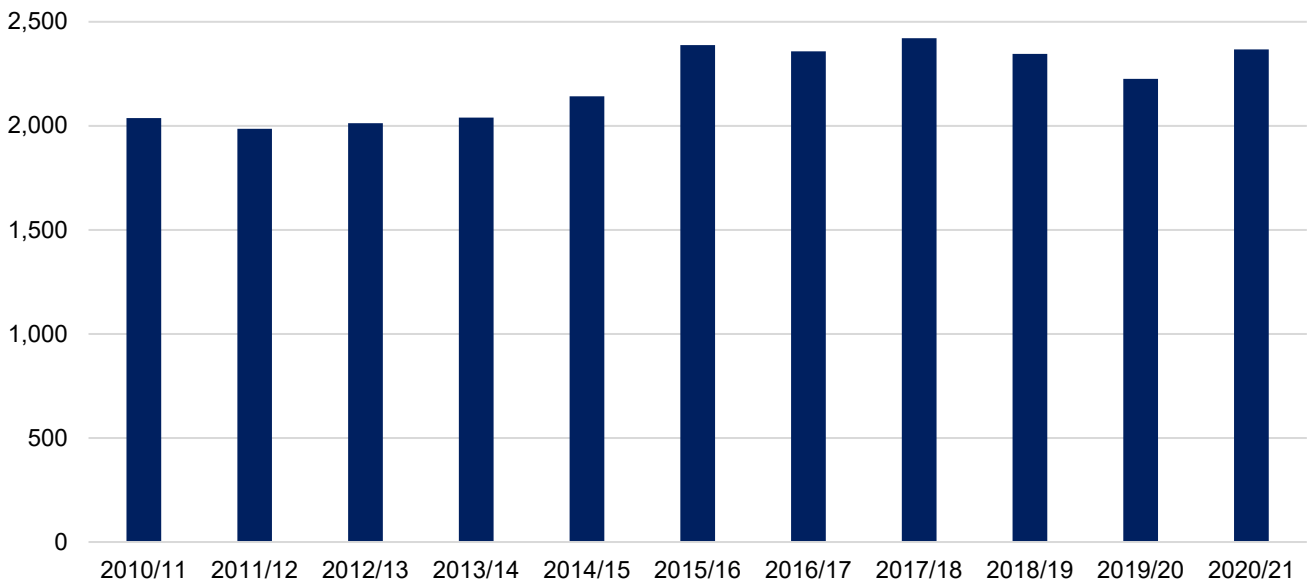
Figure 8: Hong Kong HE enrolments in the US



Source: IIE (Note: OPT students excluded).

In the US, after peaking at almost 7,700 in 2008/09, student numbers from Hong Kong have been on a downward trajectory since. By 2019/20, student numbers had fallen to around 5,650, 27 per cent below the level seen in 2008/09. Then in the 2020/21 academic year, student numbers fell back further by around 14 per cent to around 4,800, as international travel restrictions weighed on student mobility prospects. The 2021/22 academic year saw a modest recovery, with student numbers rising again towards the 5,000 mark, but numbers remain well below pre-pandemic level. Looking ahead, although the Biden administration is providing a more accommodative environment for inbound international students than under President Trump, a declining demographic outlook in Hong Kong and strong competition from other English-speaking study destinations make it unlikely that the volume of Hong Kong international students in the US will return to levels seen in the late 2000s and early 2010s.

Figure 9: Hong Kong HE enrolments in Canada



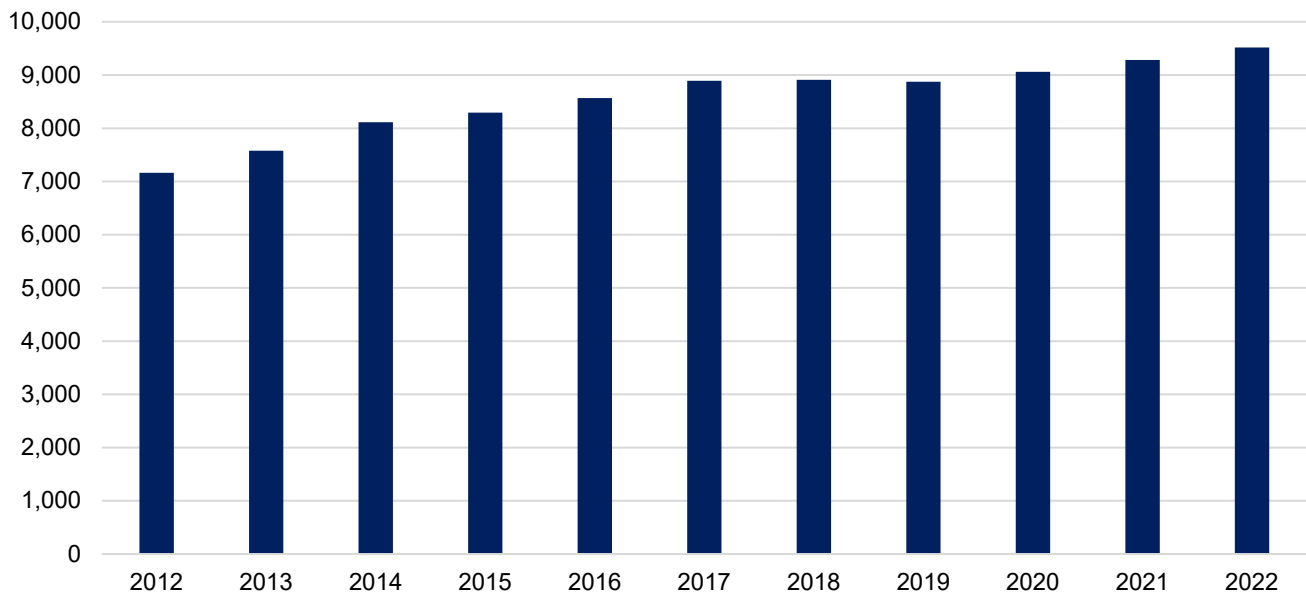
Source: StatCan

Compared to the other traditional English-speaking study destinations, Hong Kong international student enrolment in Canada is relatively low, with student numbers hovering in the 2,000-2,500 range for much of the last decade. Student numbers peaked in 2017/18 at just above 2,400, before falling modestly in the following two years. In 2020/21, student numbers rebounded and were just below the 2,400 peak level seen in 2017/18. Study permit statistics suggest that the number of Hong Kong students coming to Canada continued to grow in 2021 and accelerated in 2022. One driver may have been an expedited pathway for Hong Kong residents to receive Canadian permanent residency, further liberalised in 2023 with post-secondary education no longer being a requirement.^{29 30}

²⁹ Canada overtakes UK as destination for Hong Kong students amid mounting exodus, *CBC News*, 2022, www.cbc.ca/news/canada/british-columbia/canada-overtakes-uk-hong-kong-students-2022-1.6680664

³⁰ IRCC Implements Easier Pathway to Immigration for Hong Kong Residents, *Immigration, Refugees and Citizenship Canada*, 2023, www.immigration.ca/ircc-implements-easier-pathway-to-immigration-for-hong-kong-residents/

Figure 10: Hong Kong HE enrolments in Australia



Source: AusTrade

After a period of strong growth throughout the 2010s, Australia has overtaken the US over recent years to become the second most popular overseas study destination for international students from Hong Kong, after the UK. The robust rate of growth has been built upon the history of business ties between the countries and supported by the favourable post-study visa work and immigration opportunities and marketing efforts from the Australian government. Following a stabilisation in enrolments between 2017 and 2019, growth resumed in 2020 – coinciding with implementation of the NSL - and Hong Kong international student enrolments in Australia reached a historic high of over 9,500 in 2022. This growth occurred despite Australia’s borders being closed to international students from March 2020 to December 2021 due to the Covid 19 pandemic; most of the students recruited during this period commencing their studies fully online from Hong Kong, later transferring to Australia when borders reopened. In March 2022, Australia introduced two new permanent residence visa streams for Hong Kong SAR and BN(O) passport holders, which has likely driven enrolments up further.

From an inbound perspective, Hong Kong has grown strongly as a host market for international students in recent times, hosting almost 47,000 students in 2021 according to UNESCO, up from around 18,000 students a decade earlier. Around 80 per cent of these students originate from mainland China, with smaller numbers also coming from countries including South Korea, India, Indonesia, and Malaysia.

Data from the University Grants Committee shows that 21,710 non-local students were studying in UGC-funded universities in the 2022/23 academic year – with mainland China again accounting for the large majority of students. At the undergraduate level, the number of non-local students (including students from mainland China and Macao) at UGC-funded students is limited to 20 per cent of the number of UGC-funded places, which currently means that these institutions can

collectively recruit a total of 3,000 non-local students per year.³¹ However, a proposal submitted to education authorities in July 2023 will double this cap to 40 per cent of UGC-funded places (6,000 new students per year) starting from the 2024-25 academic year, potentially greatly increasing the number of non-local students coming to Hong Kong in future years.³²

From the UK perspective, the Turing Scheme approved 598 UK higher education students for funding to study in Hong Kong in the 2022/23 academic year, plus 10 further education / TVET students.³³

Looking ahead, the Hong Kong government is continuing to prioritise the attraction of global talent and launched a new graduate visa in late 2022, allowing graduates and high earners to move to Hong Kong without a prior job offer.

Among factors attracting students to Hong Kong are its high-ranking institutions and status as a world class insurance and financial hub. It also offers a large number of TNE programmes, particularly for those interested in a UK education, provided they have a Hong Kong identity card. The main medium of instruction in the leading institutions is English, although socially the dominant language is Cantonese. Students may also be attracted by scholarships offered via a range of institutions and the ability to work in Hong Kong after graduation. However, Hong Kong remains constrained by its capacity and faces competition from other regional hubs such as Singapore, Malaysia, South Korea, Japan and increasingly mainland China. Foreign students in Hong Kong pay fees that are three times higher than for local students and the lack of student accommodation often forces them into costly private-sector housing. As such, Hong Kong is also now the most expensive place in Greater China in which to study.

5.2 Transnational education and distance learning

Hong Kong has a large, mature TNE market, driven by a strong regulatory framework for TNE and clear government policy in this area. According to HESA, there were 20,455 Hong Kong students enrolled on UK TNE and distance learning courses in the 2021/22 academic year, making it the UK's seventh largest TNE market globally at present. The majority of UK TNE and distance learning provision in Hong Kong takes place at the bachelor's level, although this proportion has decreased over time, from 84 per cent in 2013 to 68 per cent in 2021/22. The UK is, by some distance, the largest TNE provider in the Hong Kong market, providing over 80 per cent of the non-local programmes available in Hong Kong at present.³⁴

Although Hong Kong remains a large TNE market comparatively, with the student age population shrinking, TNE and distance learning enrolments have been on a downward trajectory over recent years, having peaked at just over 30,000 in 2011/12. The decline has been concentrated at the

³¹ While the quota is linked to the number of UGC-funded places, the non-local students themselves pay full tuition fees.

³² Hong Kong universities can 'double intake of non-local students' under proposal to attract more talent to city, *South China Morning Post*, 2023, www.scmp.com/news/hong-kong/education/article/3226569/hong-kong-universities-can-double-intake-non-local-students-under-proposal-attract-more-talent-city

³³ Note: These numbers reflect approved funding applications, and not necessarily the actual number of students that went to Hong Kong to study. 2022/23 Higher education destinations, *Turing Scheme*, 2022, www.turing-scheme.org.uk/wp-content/uploads/2022/10/2022-turing-scheme-he-destinations.pdf

³⁴ Statistical information, *Education Bureau*, 2023, www.edb.gov.hk/en/edu-system/postsecondary/non-local-higher-professional-edu/stat-info/index.html

undergraduate level, while postgraduate TNE enrolments have seen modest growth over the same period.

This suggests that the saturation point for UK TNE in Hong Kong may have already been reached, with the scope for future growth constrained by the weak demographic outlook. Furthermore, the declining student population has intensified competition within the market, with some local universities lowering their entry requirements due to a lack of demand for places.

The legislative framework for the regulation of non-local programmes (NLPs) delivered in Hong Kong was established in June 1997 with the enactment of the Non-local Higher and Professional and Education Ordinance and subsidiary legislation. The Ordinance provides a legislative framework to regulate the standards, advertising, and payment and refund arrangements of non-local courses of higher education conducted in Hong Kong by non-local institutions or professional bodies. In compliance with the Ordinance, NLPs must be registered or be exempted from registration with the Registrar of Non-local Higher and Professional Education Courses of the Hong Kong Education Bureau. The main registration criteria for a programme leading to the award of a non-local higher academic qualification by a non-local institution are as follows:

- The awarding institution is a non-local institution recognised in its home country.
- Effective measures are in place to ensure that the standards of the programme are maintained at a level comparable with programmes conducted in the home country leading to the same qualification, and they are recognised as such by that institution, the academic community in that country, and the relevant accreditation authority in that country.

Non-local courses conducted in collaboration with the eight UGC-funded universities, the Hong Kong Academy for Performing Arts, the Open University of Hong Kong, and Hong Kong Shue Yan University are exempt from registration.

Full-time students enrolled in tertiary-level non-local programmes are eligible for support under the Government's Financial Assistance Scheme for Post-secondary Students (FASP) and Non-means-tested Loan Scheme for Post-secondary Students (NLSPS), in the same way as students on accredited local self-financed tertiary courses.

The vast majority of UK TNE provision in Hong Kong takes the form of partnerships with local providers, primarily self-financing extension arms of UGC-funded universities, self-financing non-profit providers of sub-degree programmes, and other private entities. UK degree-awarding bodies also partner with Hong Kong degree-awarding bodies in delivering a number of joint programmes, including a range of joint PhD programmes.³⁵

³⁵ Country Report Hong Kong, QAA, 2018, www.qaa.ac.uk/docs/qaa/international/country-report-hong-kong-2018.pdf?sfvrsn=9ac0fe81_10

6 UK - Hong Kong Cooperation

The UK government launched an updated International Education Strategy in February 2021, which restated its commitment to growing the industry's economic impact to £35bn annually by 2030. Within this plan, five priority countries (India, Indonesia, Saudi Arabia, Vietnam and Nigeria) with significant potential for bilateral growth in the international higher education sector were identified. In addition to the five priority countries, six additional markets, including Hong Kong, were highlighted for special focus from the UK International Education Champion, Sir Steve Smith. Hong Kong's inclusion in this list underlines the perceived strategic importance of Hong Kong by UK policymakers for the future growth of international education in the UK.³⁶

Students from Hong Kong benefit from a range of scholarship schemes which help to fund their studies in the UK. This includes the Chevening Scholarship Scheme. This scholarship, which covers the living and tuition costs of a one-year master's course across various UK universities, is awarded to students with demonstrable potential to become future leaders, although the scale of this scheme is very limited compared to the total number of Hong Kong students studying in the UK. Furthermore, the Hong Kong Scholarship for Excellence Scheme (HKSES) was launched in 2014 to support outstanding local students to pursue studies at world renowned universities outside Hong Kong. Since its implementation, around 770 students have been offered the prestigious HKSES awards. These scholarships are not UK-specific but include the UK as an eligible study destination.³⁷ In addition, there are a wide range of other scholarship schemes offered by trusts, foundations and family offices for Hong Kong students wishing to study in the UK.

In 2022, the British Council opened applications for academics and researchers from universities in Japan, Korea (South), Hong Kong and the UK to apply for the Reconnect Travel Grant. The programme supports the themes and priorities outlined in the UK Innovation Strategy and aligns with the objectives of the UK Science and Innovation Network in each market. In 2023, Hong Kong offered four grants worth £12,000 each for 3-4 researchers, with at least one established academic colleague, to plan a study visit for up to four months.³⁸

Another key area of cooperation between the UK and Hong Kong is in the area of research collaboration. Key stakeholders in the Hong Kong higher education sector regard the UK sector as an important strategic partner and are keen to re-energise partnerships and collaborations which may have suffered during the pandemic. The UK is Hong Kong's third largest research partner in terms of the number of collaborative publications. There were 11,063 publications co-authored by researchers in the UK and Hong Kong over the last five full years (2018-2022), according to Elsevier, with medicine as the leading collaborative research area. Mainland China and the US are Hong Kong's largest research partners, followed by the UK, with Australia and Canada the fourth and fifth largest.

³⁶ International Education Strategy: 2022 progress update, *UK Dept. for Education and Dept. for International Trade*, 2022, <https://www.gov.uk/government/publications/international-education-strategy-2022-update/international-education-strategy-2022-progress-update>

³⁷ Hong Kong Scholarship for Excellence Scheme, *Education Bureau*, 2023, <https://hkSES.edb.gov.hk/en/>

³⁸ Reconnect Travel Grant, *British Council*, 2022, <https://education-services.britishcouncil.org/news/opportunities/research-opportunity-hong-kong-japan-korea-and-uk-reconnect-travel-grant-%E2%80%93-open>

Looking ahead, the area of research and development is a key strategic focus for Hong Kong, with the government having recently made unprecedented investment on research despite the difficult economic environment. This includes the funding for 1,600 new postgraduate research places and the establishment of InnoHK research clusters which aim to attract world-leading universities and research institutes to collaborate with local universities in setting up 28 research laboratories. The government has also established a HK\$10bn (around £1bn) "Research, Academic and Industry Sectors One-plus Scheme" (RAISe+ Scheme) to support commercialisation of R&D outcomes by university research teams. Furthermore, the recent government budget has committed HK\$6bn (around £600mn) for research centres on life sciences and HK\$3bn (£300mn) on AI and quantum-based research.³⁹

However, despite these encouraging signs, the NSL implemented in Hong Kong in June 2020 has had a significant impact upon universities in the city, particularly in the area of academic freedom. Specifically, academics and students alike have expressed concerns that the law restricts academic freedom and freedom of speech on campus, leading to a more cautious environment within the higher education sector. Linked to this, significant numbers of staff and international faculty at all education levels within Hong Kong have left the territory, amidst elevated levels of anxiety over teaching and researching contentious topics including Hong Kong's independence, the Chinese government, sensitive political movements and human rights.

³⁹ Research collaboration with Hong Kong: What's next?, *British Council*, 2023, <https://opportunities-insight.britishcouncil.org/blog/research-collaborations-hong-kong-what%E2%80%99s-next>