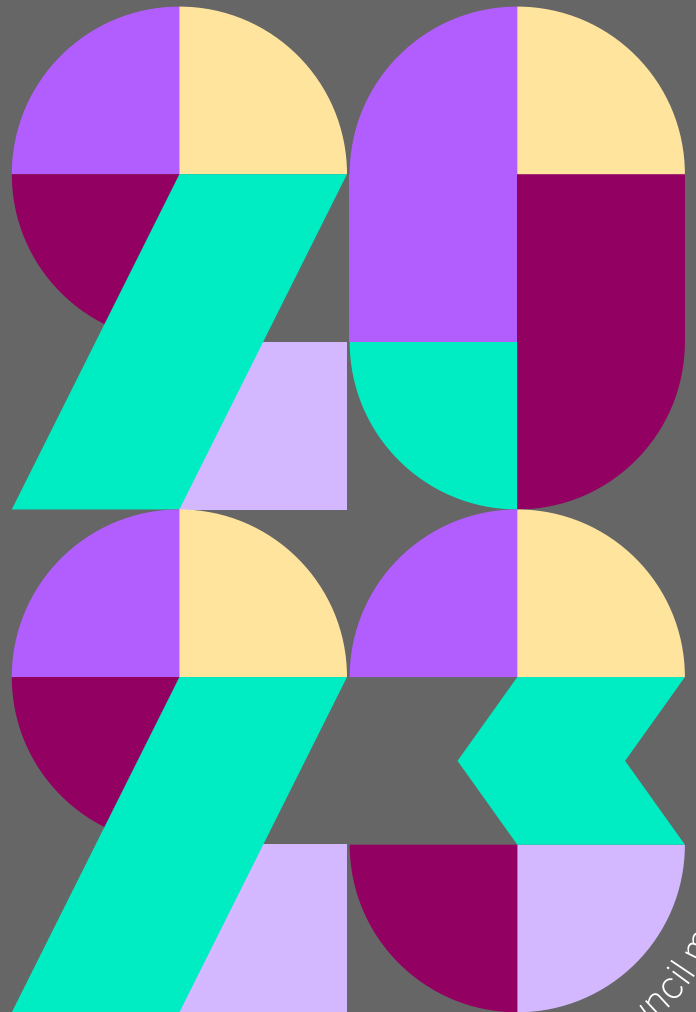


5 TRENDS TO WATCH IN 2023

East Asia Edition



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This report surveys the international education landscape in 2023, spotlighting five major trends that will take place this year in East Asia (and beyond). From China's re-opening its international borders to the broader region's transition from a high quantity market to a high quality one, these five trends in East Asia will send shockwaves across the globe in 2023.

East Asia remains an essential region for UK international education, even as uncertainty has grown. China is the world's most important outbound student market and has rapidly re-opened its borders, with significant but unforeseeable consequences. Markets such as Malaysia, Singapore and Hong Kong continue to send thousands of students to the UK – and serve as major regional hubs for UK transnational education (TNE) – but outbound mobility to the UK from these places remains below pre-pandemic levels. Student flows have recovered more strongly in Vietnam and Indonesia – two of the “**priority**” growth markets in the latest UK international education strategy – but the economic outlook in both countries has deteriorated.

As a whole, the centrality of East Asia to UK education has slipped since the pandemic began. Growth in UK study visa issuance has come entirely from other regions in recent quarters. Students in East Asia are also increasingly applying to HEIs in more than one country, with increasing pressure on UK HEIs to convert these applications into acceptances. Yet East Asia, which for so long was defined by China's vertiginous growth in outbound student mobility, is now home to some of the highest quality students in the world, making them an ideal pairing for the UK's world-class higher education sector. The year ahead should be a pivotal one as East Asia regains its place of prominence in international education.

Interesting times lie ahead.

China re-opens

China's abrupt abandonment of its 'zero-Covid' policy will allow the country to get back to business earlier than many expected in 2023. International border restrictions have largely disappeared, allowing both students to leave in greater number and international officers to return to China for in-person recruitment. The great race has resumed.

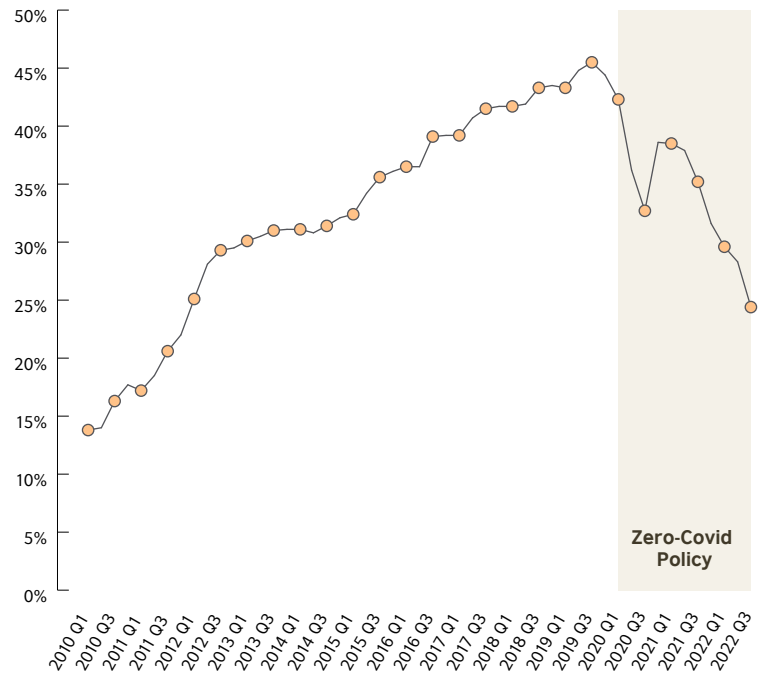
It is hard to overstate how much China's strict approach to Covid containment impeded outbound student mobility, particularly after the rest of the world slowly learned to live with the virus. In the 12-month period through Q3 2022, China's share of total UK study visas fell to 24.4%, the country's lowest figure since 2011 and down sharply from 45.5% only three years prior.

While UK study visa issuance to the rest of the world grew 153% from Q3 2019 to Q3 2022, China essentially stayed flat. Over this period, net issuance of UK study visas increased in almost every region of the world outside of East Asia, most notably South Asia. For the first time, India overtook China as the top market for UK study visas.

While China will be far more open in 2023, its students and UK HEIs recruiting there will need to reckon with how China has changed due to its zero-Covid experience. The 'push' factor to study abroad after three years of closed borders will be strong, but Chinese students will also increasingly look to stay within the region. Singapore, Hong Kong and Malaysia will benefit, and competition will rise from other traditional host destination markets. Enrolment in international schools will likely be a bright spot for the UK, but UK HEIs cannot rest on their laurels.

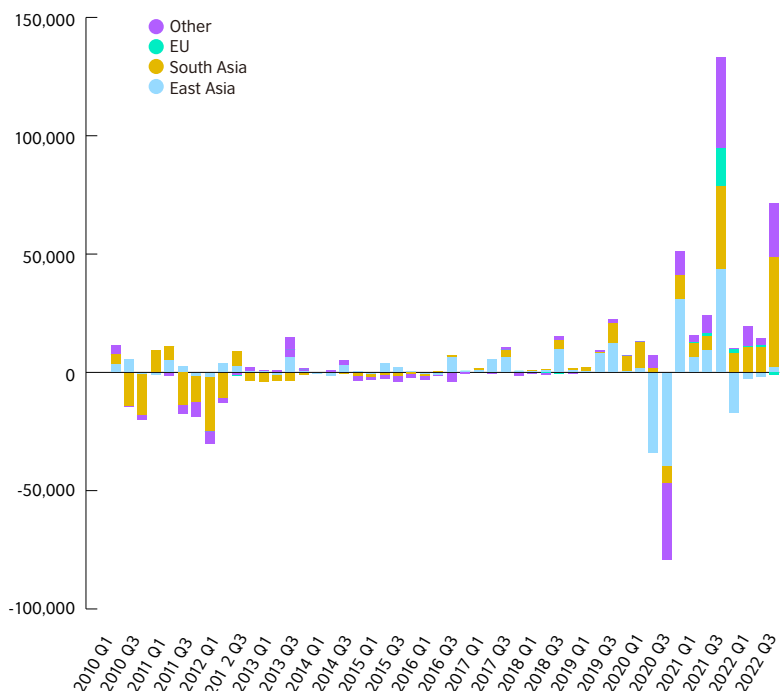
China's share of all UK study visas issued¹

12-month rolling sum



Net change in UK study visa issuance¹, by region

12-month rolling sum compared with one-year prior

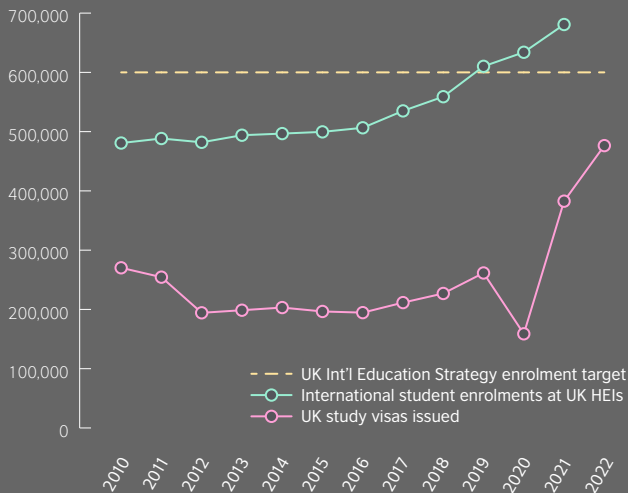


Source: UKVI

1. Only includes visas issued to sponsored, main applicants

From recruitment to selection

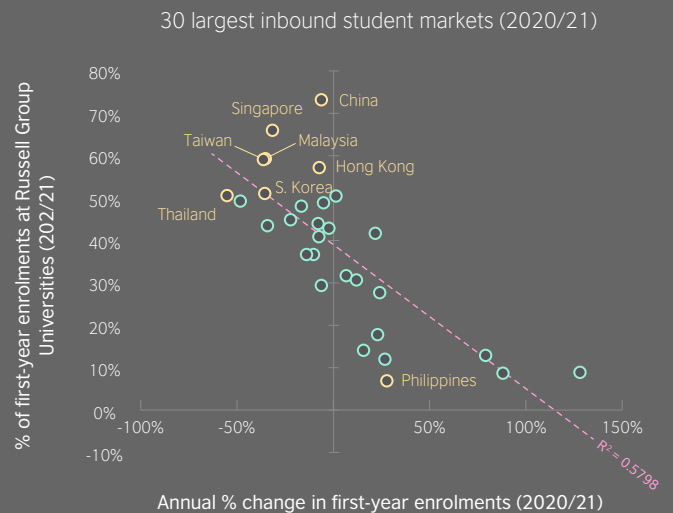
International student enrolments¹ at UK HEIs already surpass UK government targets



Source: HESA, UKVI

1. UK study visa data represents 12-month sum through Q3 of each year; HE enrolment data represents when academic year began

Change in first year enrolments in 2020/21 by % of students enrolling at Russell Group universities



Shifting political winds in the UK mean that UK HEIs will need to focus less on a growth mentality in international recruitment in 2023 and prioritise finding the most qualified students instead. The UK has already surpassed the 'quantity' target of 600,000 international student enrolments that was set out in the most recent UK international education strategy. This achievement will shift the strategic calculus of where and how UK HEIs invest their time and resources, with the attraction of East Asia's high quality students likely to grow.

Concerns about eroding standards in the UK's inbound international student population are also likely to increase. Among the 30 largest inbound student markets to the UK in 2020/21, countries with a higher share of students enrolling in Russell Group universities saw first-year enrolments drop on average in 2020/21. On the other hand, inbound mobility from international markets that enrol a smaller share of students at RG universities grew, often quite significantly, over the same period.

East Asia is an instructive case study. The region as a whole has become more quality conscious over time, especially China where rankings of institutions is the top concern of students. In seven out of the eight largest student markets in East Asia, first-year enrolments at UK HEIs declined in 2020/21 from the pre-pandemic period. In all seven of these markets, more than 50 per cent of first-year students enrolled at Russell Group universities that year. Only the Philippines saw first-year enrolments at UK HEIs rise in 2020/21, yet students from the Philippines enrol far less frequently at RG universities.

As the UK's strategic focus shifts in 2023 to boosting the quality of the international student population, UK HEIs will need to move from a recruitment-based mentality to a selection-based one. With its high concentration of students setting their sights on the UK's top universities, East Asia is likely to offer fertile ground. But competition for less prestigious UK HEIs will become increasingly fierce.

Rising competition and wide-ranging recoveries

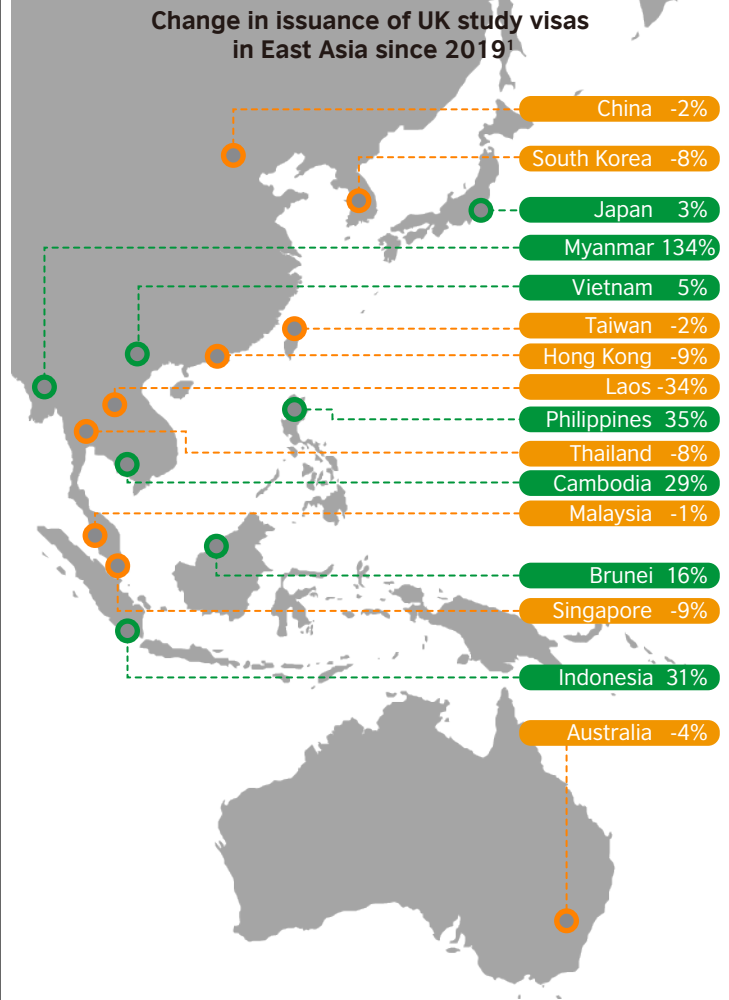
The pandemic deeply depressed outbound student mobility from East Asia to all major English-speaking host destination markets, yet the UK fared best. The net effect was an increase in UK market share in East Asia, even as issuance of UK study visas mostly flatlined in 2022 following vertiginous growth in 2021. This year, however, the UK will face greater competition from both other major host markets as well as regional rivals.

Neither the effect of the pandemic nor the recovery from it was uniformly experienced among the major host destination markets. While none of the four major host markets have returned to pre-pandemic outbound mobility from East Asia quite yet, the UK and Canada are far closer to doing so in 2023.

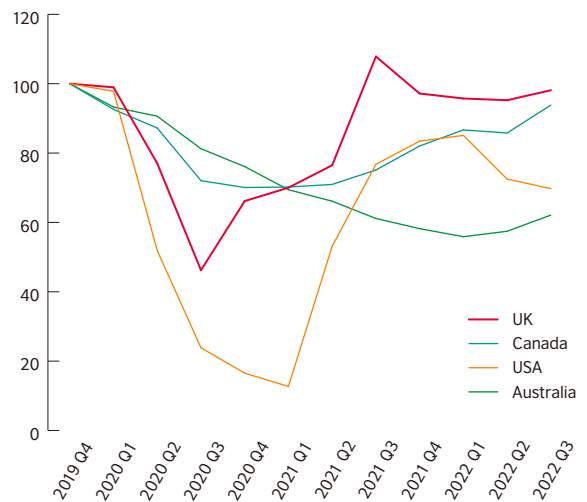
Yet UK HEIs will also face rising competition from Canada and Australia, which are seen as more favorable destinations for emigration and post-study work rights. Competition will also increase from regional competitors such as Singapore and Hong Kong, which offer high quality higher education systems at more affordable rates and closer to home.

The UK's recovery in 2023 will also continue to vary widely across the region, with more developed education markets trailing emerging ones. Through the third quarter of 2022, seven of East Asia's 16 student markets had already surpassed outbound mobility levels seen in 2019. Yet most of these markets remain relatively insignificant in number for the UK sector. The largest sending markets in East Asia for UK higher education – China, Hong Kong, Malaysia and Singapore – all remain below pre-pandemic levels.

During the pandemic, the UK captured a bigger slice of a smaller pie in East Asia. During the recovery, the UK will give up some of these gains but the overall size of the pie will begin to grow again.



Change in outbound mobility from East Asia to major host destination markets since the pandemic²
Normalised to Q4 2019 = 100

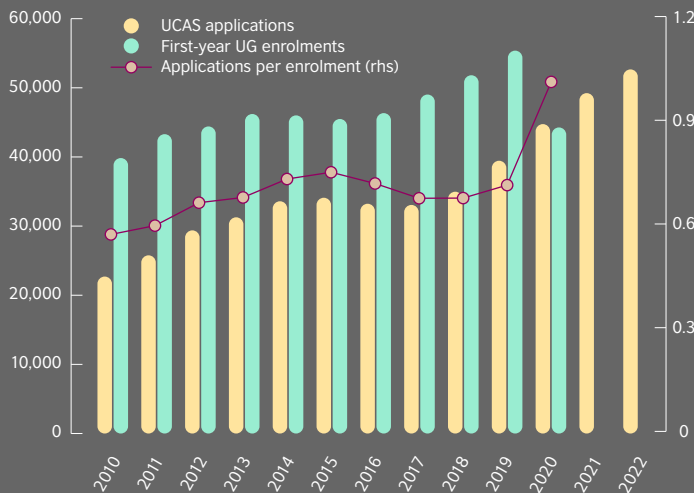


Source : UKVI, AusTrade, Canada Immigration and Citizenship, U.S. Department of State

- 1: 12-month rolling sum through Q3 2022 compared with full year 2019; note: data only includes UK study visas issued to sponsored, main applicants
- 2: Data represents commencements across all study levels in Australia, study permits in Canada by year became active, and student visas issued by UK and US governments

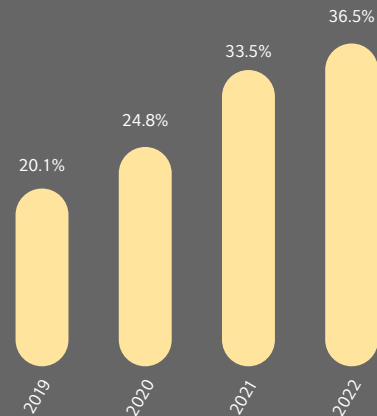
Multi-destination applicants becoming more common

Undergraduate applications¹ and enrolments from East Asia



Source: UCAS, HESA, EIC Education, BUILA
1. As of June application deadline in each year

Share of Chinese students applying to UK programmes also applying to HEIs in other countries



Since the onset of the pandemic, applications from students in East Asia have soared even as new enrolments have fallen. In 2020, UCAS data showed applications from East Asia surpassing first-year enrolments of students in UK undergraduate programmes for the first time. As a result, the “conversion rate” of the average student application from East Asia has shrunk considerably, and this trend will continue in 2023.

The regional trend toward applying to more programmes is driven mainly by **China**, where UCAS applications grew 59 per cent from 2019 to 2022¹, even as issuance of UK study visas fell over this period. Data suggests that students from China are also applying more often to HEIs in multiple countries. According to one agent survey, the share of Chinese students applying to UK programmes along

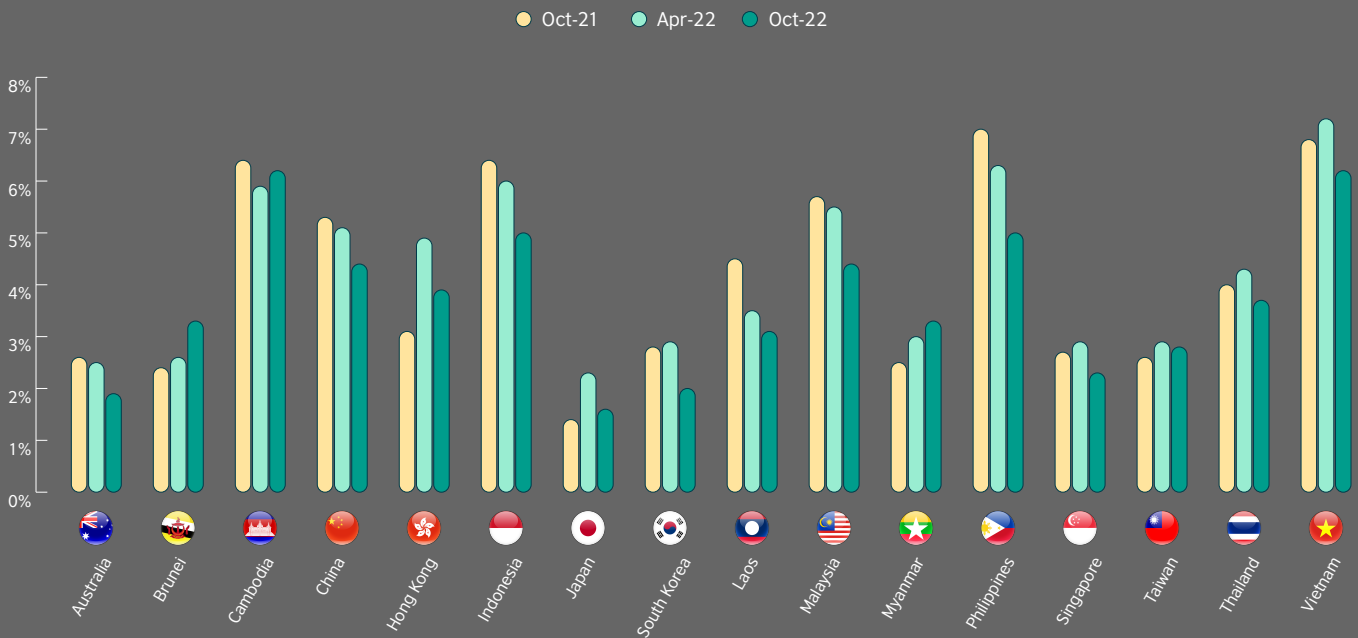
with HEIs in other countries has nearly doubled from 20 per cent in 2019 to 36.5 per cent in 2022.

Of these “multi-destination” applicants in China, 63 per cent applied to programmes in Hong Kong, 20 per cent to programmes in Australia, and 5 per cent to programmes in the United States. Fortunately for the UK, two-thirds of surveyed applicants ultimately enrolled at a UK HEI.

As students submit more applications – often to HEIs in more than one country – they will be left with more choices. The value of the average application will fall for UK HEIs, but the work that these HEIs need to put in to convert these applications into acceptances will need to increase.

Economic slowdown will begin to bite

Changes in 2023 GDP growth forecasts in East Asia



Source: IMF World Economic Outlook

The economic outlook for East Asia has deteriorated significantly in the last year. The region was **once** expected to see growth rates over the next five years exceed the preceding five years. Yet events in the last year ranging from Russia's invasion of Ukraine to tightening monetary policy around the globe have clouded the economic picture for the majority of the region's economies.

Eleven out of East Asia's 16 markets have seen their GDP growth forecasts for 2023 downgraded over the last year, including four markets where GDP is expected to grow by at least one percentage point less over the next year than was forecast a year ago: Malaysia, Indonesia, Laos and the Philippines.

Of the 11 markets in East Asia where growth expectations for 2023 have been marked

down, five are classified as low-income countries and another three are middle-income countries. On the other hand, among the five economies where the growth outlook for 2023 has improved over the last year – Brunei, Myanmar, Hong Kong, Japan and Taiwan – four are developed economies. This means that the costs of rising economic headwinds are being disproportionately borne by the markets that can least afford to do so.

Slower economic growth, particularly in more cost-sensitive markets, will present recruitment challenges to UK HEIs in East Asia. Lower incomes, higher unemployment, and less optimism about the future will materially weaken demand for study abroad, including in "priority" markets that the UK is banking on to be growth engines of the future.

Conclusion

What the 5 trends means for UK HEIs

Taken together, these five trends mean that East Asia will regain its place of prominence in international education in 2023. After nearly three years of little or no growth in outbound mobility, the region is poised to see student flows exceed pre-pandemic baselines this year (led by China's re-opening).

But the biggest story in East Asia in 2023 may not be one of quantity, but rather quality. The region is home to a heavy concentration of highly qualified and motivated students who have set their sights on attaining a spot at the best HEIs overseas.

The principle challenge for UK HEIs in East Asia in 2023 will be competing for these students. Canada and Australia offer attractive immigration pathways and post-study work opportunities. Hong Kong and Singapore boast world-class education systems within the neighborhood. The United States looms as a potential sleeping giant. What's more, students in East Asia are increasingly applying to HEIs in all of these locations. It's no longer enough for the UK's international officers to show up in the region; in 2023, they must compete.

Yet in order to succeed in East Asia, UK HEIs cannot focus on making themselves carbon copies of their competitors. Instead, the UK will need to lean into what makes it unique: world-class HEIs, graduate employability, opportunities and strong alumni networks, all at a reasonable cost.

The most successful UK HEIs will find a way to link these strengths into one holistic offer for students in East Asia. They will also make more meaningful inroads into local education markets by shifting their strategic approach from finding the most students to finding the best students.

QUESTIONS OR COMMENTS?

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