BRITISH COUNCIL

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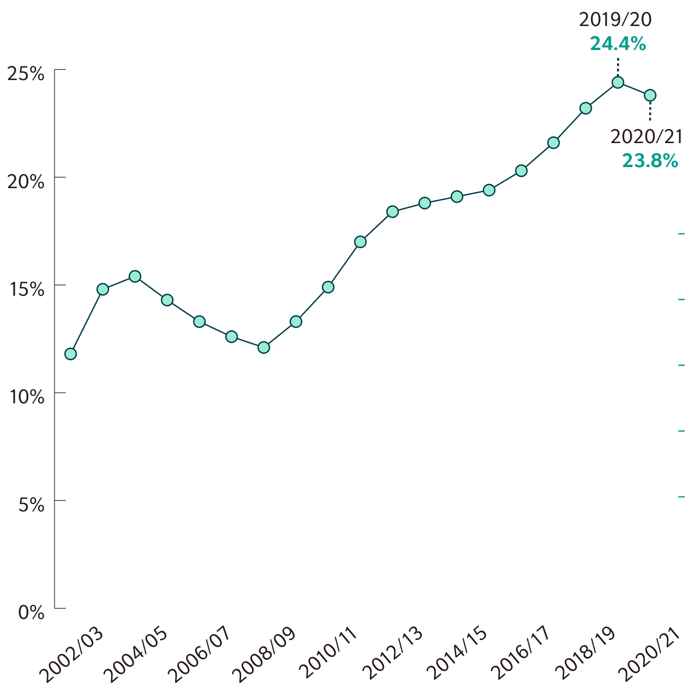
East Asia Education Insights

Can Indonesia or Vietnam become the NEXT China?

With ‘Peak China’ likely here, can Indonesia and Vietnam become the next growth engines for the UK?

Students from China as % of all international enrolments in UK higher education



How the three countries compare

	China	Indonesia	Vietnam
Youth population, mn (15-24 years old)	160.6	44.3	13.8
Youth population as % of total	11.3%	16.1%	14.0%
Average births per woman (2020)	1.7	2.3	2.0
GDP per capita, US$ (2022)	14,096	4,690	4,121
Forecast annual GDP growth (2022-27)	5.0%	5.5%	7.0%

Source: HESA via British Council, UN Population Division, World Bank, IMF April 2022 World Economic Outlook

China's importance to UK education is undisputed, but it may also be dwindling. In the year before the pandemic struck, nearly one quarter of all international students who enrolled at UK higher education institutions came from China, more than twice China’s share in 2008/09. But while total enrolments continue to grow modestly from China – surpassing 150,000 students in 2020/21 – China’s share of all international enrolments has likely peaked. This is due to surging demand for UK higher education from other corners of the globe, notably South Asia and Sub-Saharan Africa.

More current data based on issuance of UK study visas to students from China tells a similar story. The number of UK visas issued to Chinese students has yet to regain pre-pandemic levels; other major English-speaking host destination markets are even further behind. This suggests that ‘Peak China’ may already be here. What does this mean for UK institutions that are looking to futureproof their recruitment strategies?

UK HEIs may not need to look far to find the answer. Two of the most promising international markets for UK education are located next to China: Indonesia and Vietnam. Younger, faster growing, and further behind the development curve than China, these two countries are both named among the five “priority countries” in the latest UK International Education Strategy. But can Indonesia and Vietnam realistically be expected to take over China’s role as the growth engine for UK international education in East Asia? How does the UK’s competitiveness stack up in these markets of the future?

This report sets out to answer these questions.

STUDENT MOBILITY

Outbound student mobility from Indonesia and Vietnam remains light years behind China

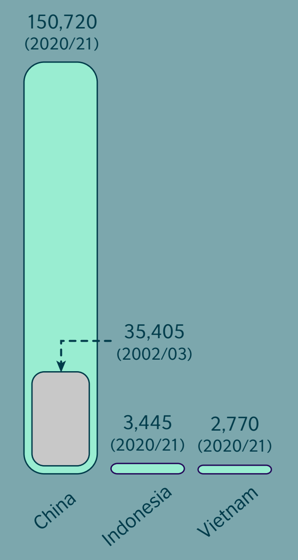
Enrolments in UK higher education from Indonesia and Vietnam remain only a small fraction of those from China. In 2020/21, the number of students from China who enrolled in UK higher education outnumbered students from Indonesia and Vietnam by 24 times – combined. As far back as 2002/03, China enrolled nearly six times as many students in UK higher education as Indonesia and Vietnam do today.

What's more, the gap continues to grow. Total enrolments in UK higher education from Indonesia have shrunk every year since 2017/18, and enrolments from Vietnam have gone backwards every year since 2014/15. Meanwhile, enrolments from China in UK higher education have increased every year since 2008/09.

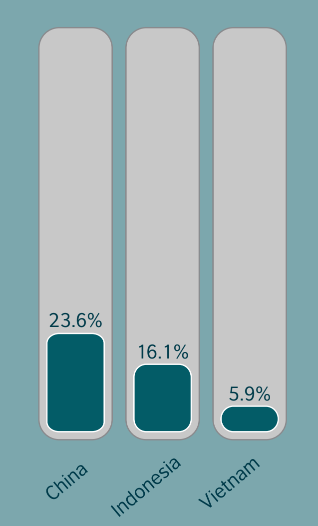
The UK education offer is also significantly less competitive in Indonesia or Vietnam – and losing ground. Only 16% of Indonesian students enrolling in the big four[1] English-speaking host destination countries chose the UK in 2020/21, compared with almost 24 per cent of outbound students from China. In Vietnam, the picture is even bleaker: only six per cent of outbound higher education students choose the UK, down from 13% in 2013/14.

In terms of sheer size, there is little indication that outbound mobility from Indonesia or Vietnam can ever rival China.

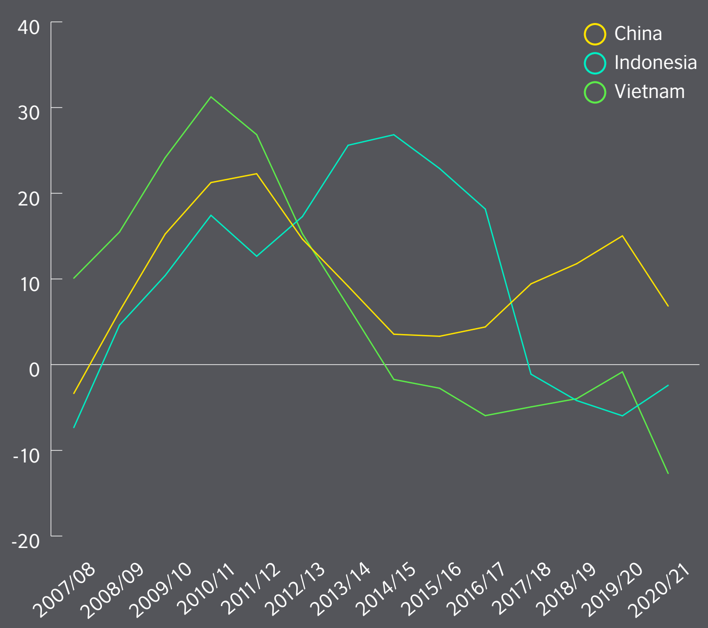
Total enrolments in UK higher education



UK share of outbound HE students enrolling in major host countries[1]



Annual % change in new enrolments in UK higher education[2]



Source: HESA via British Council, Institute of International Education, AusTrade, Statistics Canada

1. Australia, Canada, UK, USA; note: data for HE enrolments in Canada in 2020/21 is estimated based off student permit numbers from the same year

2. Three-year moving average to smooth out volatility

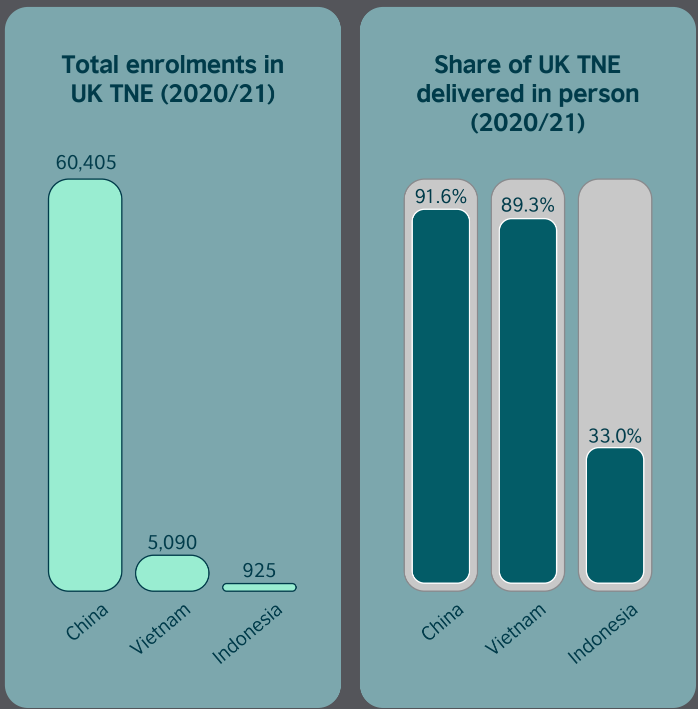
TRANSNATIONAL EDUCATION

Vietnam will become an increasingly important market for UK TNE, but will struggle to ever rival China in scale

Chances are better that Vietnam could one day rival China in transnational education (TNE), although the odds are still quite slim. To do so, Vietnam would need to increase the number of students enrolled in UK TNE by more than tenfold from 2020/21 levels. Indonesia, for its part, remains even further behind, enrolling only one-fifth the number of TNE students that Vietnam does.

However, the gap in TNE enrolments between China and the emerging education markets in Vietnam and Indonesia continues to grow. While TNE enrolments in Vietnam have increased by an average of 11% annually over the last five years (2015-21), and 15% per year in Indonesia, they have grown at an even faster clip in China (17%) over this period[1].

One bright spot for Vietnam is the share of students who enrol in UK TNE programmes that are delivered in-person. In both China and Vietnam, roughly 90% of UK TNE is delivered in person, compared with a global average of 72% and only 33% in Indonesia. In-person delivery is an indication of a more welcoming regulatory attitude toward UK TNE from policymakers and potentially greater interest from local higher education institutions. This enthusiasm for TNE in Vietnam also suggests that there may be significant upside growth potential, with current enrolment more constrained by a lack of UK provision than insufficient demand from Vietnamese students.



Source: HESA

1. TNE enrolment data from Oxford Brookes University excluded from 2015/16 data but included in 2020/21 data

Vietnam already surpasses China in research quality and openness to international collaboration

Comparison of scholarly research environments

Stronger
Weaker

	China	Indonesia	Vietnam
Scholarly output (2021)	876,573	51,108	18,499
Average annual growth in research output (2017-21)	12.7%	24.0%	28.7%
Field-weighted citation impact of all research[1] (2017-21)	1.09	0.82	1.43
Share of research output with international collaboration (2017-21)	22.4%	18.1%	63.5%
Share of all international collaboration with UK partners (2017-21)	11.3%	9.4%	8.0%

Source: SciVal

1. FWCI is a measure of quality of research output, with 1.0 the global average

Indonesia and Vietnam will likely never rival China's research output in sheer scale. In 2021, the two countries combined to publish less than one-twelfth the number of scholarly articles produced in China. Similarly, the number of research articles jointly produced with UK partners across both markets represented only 8% of China's total.

However, Vietnam is far more open to international research collaboration than China (or Indonesia), with nearly two-thirds of its scholarly output jointly produced with foreign authors. Yet when academics in Vietnam or Indonesia collaborate internationally, they do so less frequently with UK partners than researchers in China do. This suggests that the UK could benefit from a more proactive approach to seeking joint research opportunities in both of these markets, especially Vietnam.

Openness to international collaboration also appears to explain gaps in research quality. Scholarly output from Vietnam is of significantly higher quality than the global average (per field-weighted citation impact[1]), but research published with authors from multiple countries is of generally higher quality. Similarly, Indonesia's relatively low share of international research collaboration likely pulls down its overall FWCI.

Growth rates in research output tell a more optimistic story. From 2017 to 2021, the number of scholarly publications from both Vietnam and Indonesia grew at rates more than twice as fast as China. If Vietnam can continue to expand its research output at similar levels without sacrificing quality, then it could one day rival China in terms of research impact if not sheer scale.

UK MARKET SHARE

The UK suffers from a lack of competitiveness in Indonesia and Vietnam

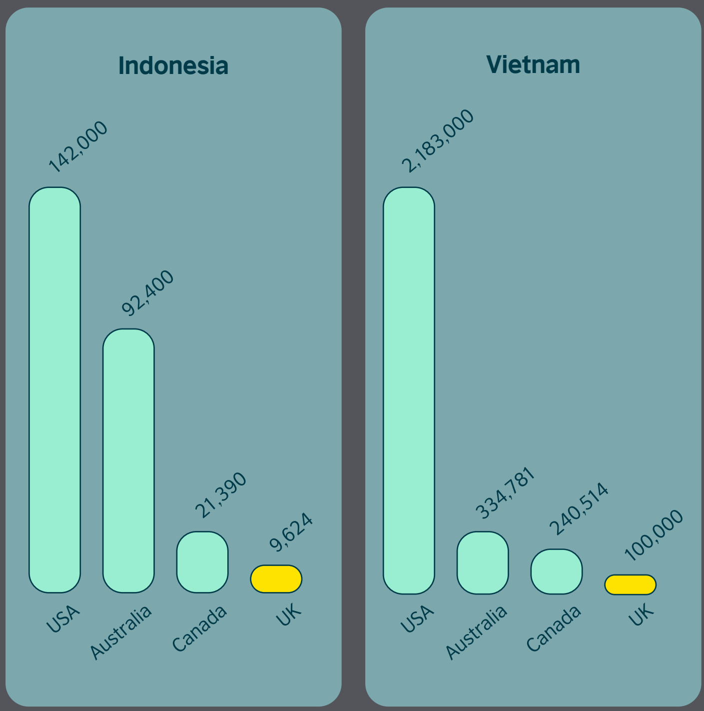
The UK is faced with another challenge in both Indonesia and Vietnam: a lack of competitiveness. The UK's share of outbound mobility from these two "priority markets"[1] significantly trails its share in China; this pattern repeats in the UK's share of international research collaboration in both countries compared with China.

The UK's low attractiveness for students and researchers in both markets appears to be caused by a more general lack of historical and cultural connection with the UK. The diaspora populations of Indonesians and Vietnamese in the UK is only a fraction of the immigrant communities living in any of the other major English-speaking host destination countries.

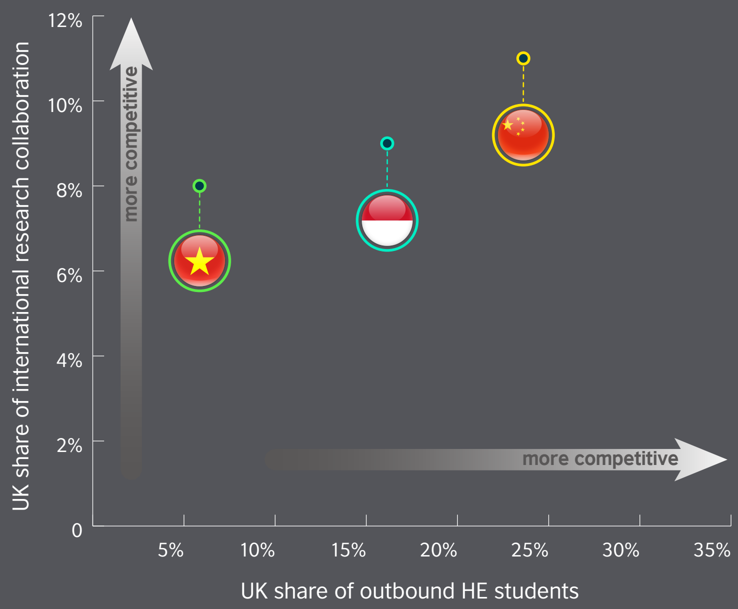
Canada, for example, is home to more than twice as many immigrants from Indonesia and Vietnam; Australia has three times as many Vietnamese as the UK and nearly ten times as many Indonesians. These diaspora communities are often the source of the funding and the inspiration for students from Indonesia and Vietnam to study abroad, while larger overseas communities are a natural source of research collaboration.

The UK suffers from a general lack of cultural familiarity in Indonesia and Vietnam that will take a generation or more to overcome.

Diaspora populations living in major host destination markets[2]



UK share of outbound students and international research collaboration



Source: HESA via British Council, SciVal, national data sources

1. As per the UK's International Education Strategy (2021)

2. Estimates based on publicly available diaspora population data, based on most recent reporting year

CONCLUSION

Can the UK afford not to compete in these markets? What will it take to succeed?

In terms of output, neither Indonesia nor Vietnam is likely to rival the overall importance of China's education market – now or ever. These two "priority markets"[1] for the UK education sector represent only a small fraction of China's overall weight, combining to make up:

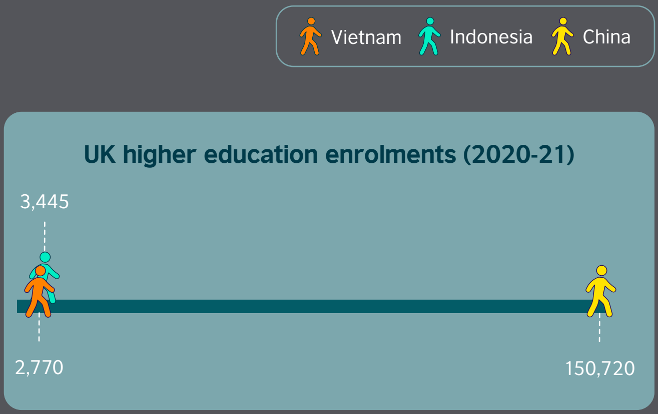
- 4% of China's enrolments in UK higher education (2020/21)
- 10% of China's enrolments in UK TNE (2020/21)
- 8% of China's joint research with the UK (2017-21)
- 9% of China's economic output (2022)
- 36% of China's youth population (15-24 years old)

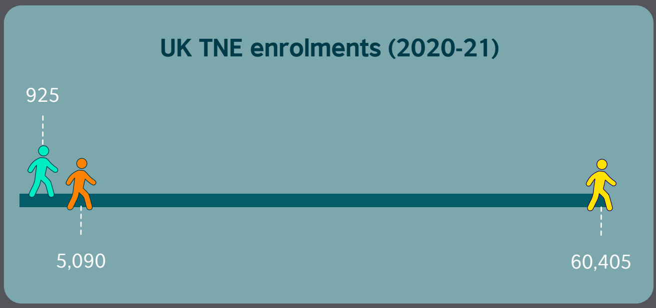
Yet the geopolitical importance of both Indonesia and Vietnam – particularly to 'Global Britain' – means that the UK cannot forsake either of these markets. Both countries represent regional alternatives to China as manufacturing hubs of the future and potential markets for UK exports. Investing in these countries today will help secure UK influence tomorrow, just as millions of young Indonesians and Vietnamese stand on the cusp of joining the global middle class. While the competition for influence in both of these markets will also surely increase, the UK simply cannot afford not to compete.

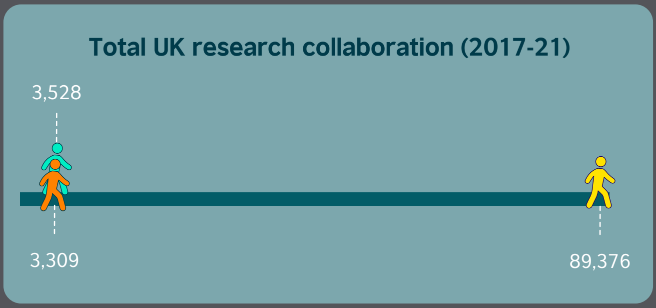
The UK can begin doing so by boosting the competitiveness of its higher education sector in Indonesia and Vietnam. But this will require a wholly different strategic approach, namely:

- Prioritising the "quality" of the students whom UK institutions recruit from these markets to build a bedrock of "pro-UK" leaders and successful individuals who can inspire future generations
- Providing greater scholarships and other funding to attract these very top talents
- Recognising that making inroads in either market will require long-term investments, strategic patience and a paradigm shift where student mobility is not necessarily the main driver of engagement

How Indonesia and Vietnam stack up to China







1. As per the UK's International Education Strategy (2021)

QUESTIONS OR COMMENTS?

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