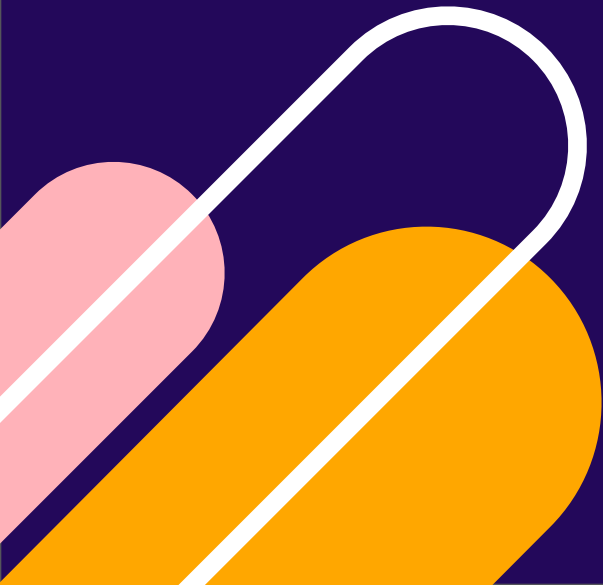


5 TRENDS TO WATCH IN 2024

East Asia Insights



<https://www.britishcouncil.my>



Introduction

Headwinds ahead

This year's Five Trends report highlights growing headwinds for international student recruitment in 2024. Driven by issues ranging from rising political pressure against migration to increasing costs of UK study in major sending markets, 2024 will likely mark the end of the post-Covid boom in international student mobility. While international enrolments have now surpassed pre-pandemic levels in all four major English-speaking host destination countries – led by the UK – growth in issuance of UK study visas dropped to nearly zero by the third quarter of 2023 and will likely turn negative in 2024.

The re-emergence of the US education market will present another potential headwind to UK HEIs in 2024. Issuance of US student visas is higher than at any point since 2016, and the US will likely increase its market share of international student enrolments in 2024. In particular, the US will present a more welcoming face to international students than the UK, Australia or Canada, where student migration flows will come under greater scrutiny from policymakers in 2024.

While China will remain the world's most important market for outbound student mobility, its ailing economy will continue to limit the number of suitable jobs for recent graduates at home. Record high youth unemployment in China will increase demand for both overseas study as well as post-graduate employment opportunities abroad in 2024. This will present a rare tailwind for UK education in 2024, but it will also increase pressure on UK HEIs to communicate more proactively to students in China about the graduate route as well as the career service offerings of their individual institutions.

Last year's Five Trends **report** highlighted how slowing economic growth rates in key outbound markets would dampen demand for overseas study. In 2024, the more salient economic signal may be exchange rates, as the cost of studying in the UK continues to soar when denominated in the local currencies of many the UK's top markets for international student recruitment, including in East Asia.

The year ahead will likely be a transitional one, marking both the end of the post-Covid era and the beginning of what is to come afterwards. Expect turbulence ahead.

Trend #1

The post post-Covid era

Growth in new enrolments of international students will slow across major host destination markets in 2024, as the effects of the V-shaped recovery from the pandemic fade. In all four major host markets – Australia, Canada, the UK and US – the number of international student enrolments has already surpassed pre-pandemic levels. This means new enrolments will likely increase more slowly in 2024 (and beyond) as these markets revert to the steady but unremarkable long-term growth rates that preceded the pandemic.

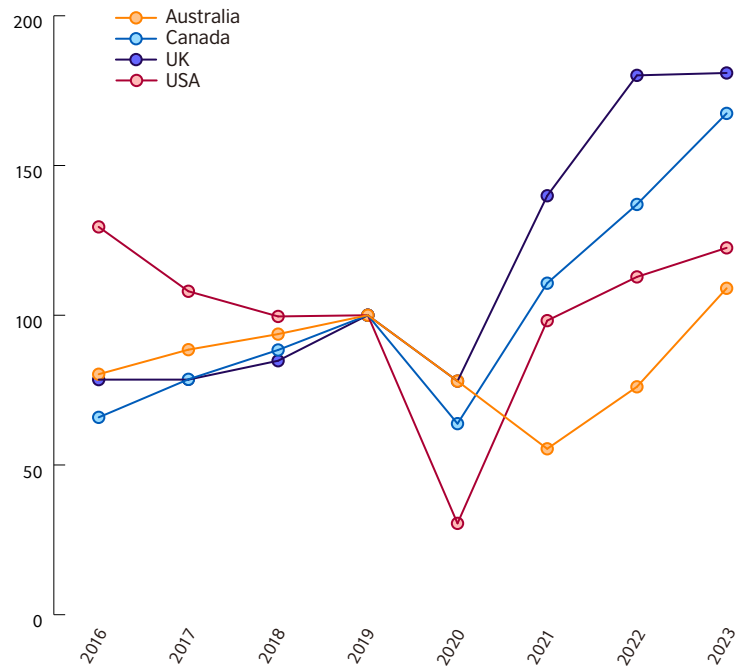
The UK market appears to be at the leading edge of this trend. Issuance of UK study visas returned to pre-pandemic levels by the third quarter of 2021, earlier than any other major host destination market. However, growth in issuance of UK study visas essentially ground to a halt by the third quarter of 2023 and will likely go into reverse in 2024 given rising domestic pressures to restrict migration (see trend #2).

Needless to say, there will still be countries/regions from which outbound mobility will continue to expand. But high-growth markets will be increasingly outnumbered by other locations with declining mobility. For UK institutions, this will mean focusing on quality rather than quantity in student recruitment while accepting higher per-student recruitment costs.

Amid the downturn, East Asia appears relatively well positioned for growth in 2024. Demand for overseas study remains reasonably strong in China due to internal push factors (see trend #4), while net growth in issuance of UK study visas was higher in East Asia than in any other region in the first three quarters of 2023.

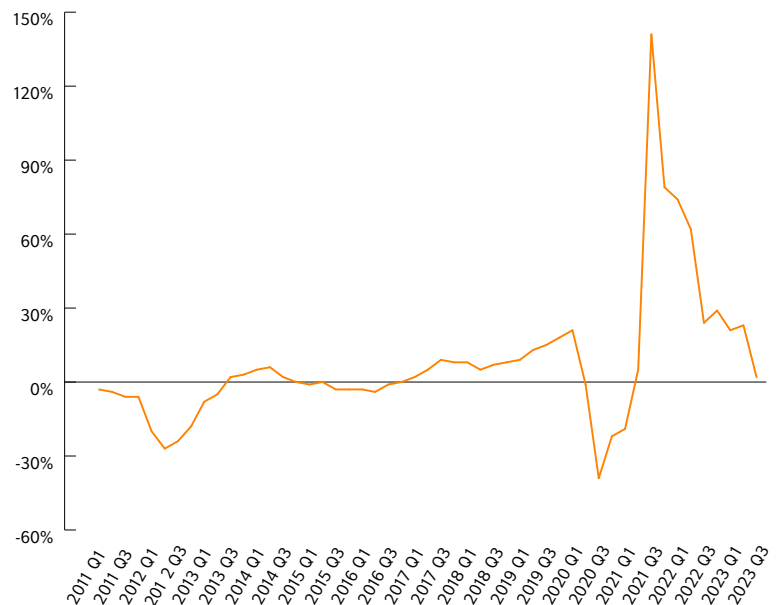
Change in new international student enrolments¹ among major host destination markets

2019=100



Year-on-year % change in UK study visa issuance²

12-month moving sum



Source : AusTrade, Statistics Canada, UKVI, US State Department Bureau of Consular Affairs

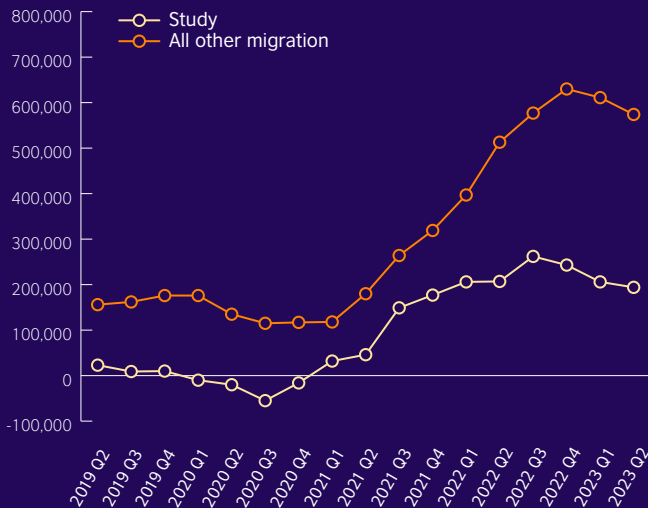
1 : New international students are defined as the total number of new enrolments across all study levels, using "study permits" in Canada and study visas issued by the UK and US.

2 : Only includes visas issued to sponsored, main applicants; 2023 data only through September

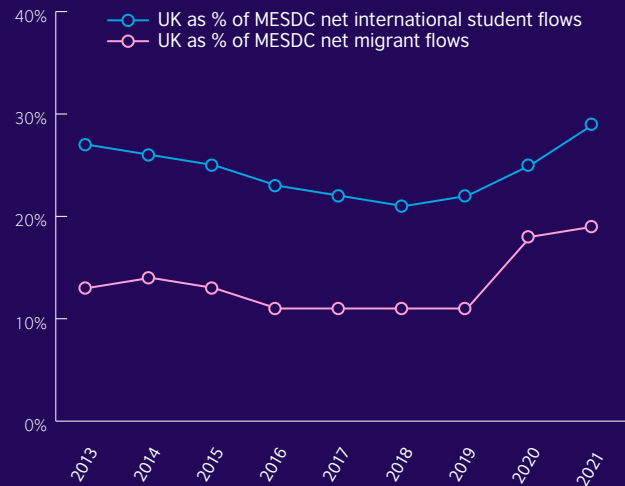
Tightening of migration policy

Net migration to the UK¹

12-month moving sum



UK share of international students and international migration both rising among major host countries



Migration policy will remain a hot topic in the UK, Australia and Canada in 2024. This will make student recruitment more challenging for HEIs. Recent ONS data underscores that migration pathways continue to be a strong motivating factor for international study. As the UK welcomed greater inflows of migrants after the pandemic, it also saw the number of inbound international students soar. By the third quarter of 2022, the net inflow of international students to the UK reached record levels, surpassing 262,000.

Over this same period, the net inflows of other categories of migrants also surged, swelling to 630,000. While net inflows of both students and other migrants have moderated somewhat since then, both remain well above pre-pandemic levels, with mounting political pressure to reduce migration flows – possibly including international students.

A similar dynamic is playing out in Australia and Canada. Canberra is encouraging local HEIs to set up campuses in other countries and offer more courses online to ease migration

pressures driven by inbound student mobility. Meanwhile Canada has instated a two-year cap on the number of new study permits and restricted post-graduate work permits for certain student groups in response to concerns over the legitimacy of some international students.

In the UK, the country's relative openness to migration has been closely related to its attractiveness to international students. As the UK's share of net migration flows among the four major English-speaking host destination countries² declined, so too did its share of international student flows; yet since the pandemic struck, they have both ticked up in tandem. In 2024, the challenge for UK HEIs in East Asia will be presenting a welcoming face to international students amid questions around what (if any) further restrictions will be introduced to curb migration.

Source : ONS, World Bank, UNESCO

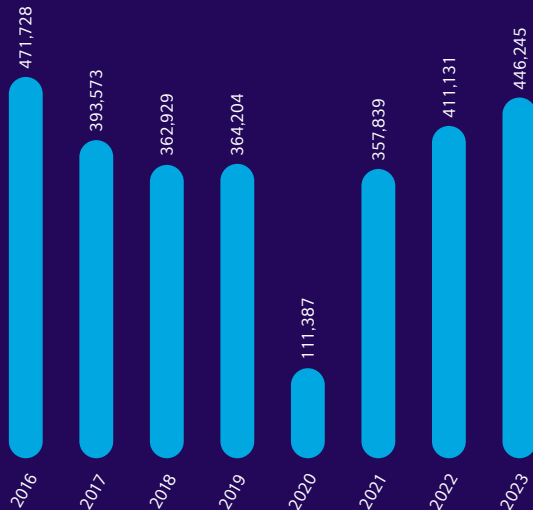
1 : All other migration includes those who migrated for work, family, asylum and their dependents.

2 : Australia, Canada, the UK and US

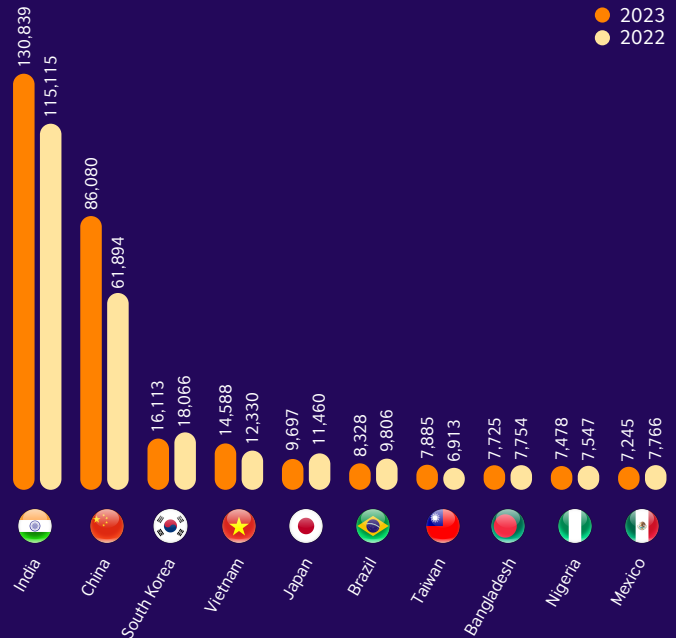
The US awakens

US study visas issued, by year

Fiscal year (Oct-Sept)



Top recipient markets for US student visas



While migration policy remains uncertain in other major host destination markets, the US will likely see inbound student mobility numbers continue to grow in 2024. The US already issued more F1 student visas in 2023¹ than in any year since 2016, surpassing pre-pandemic levels. It also issued 22.5 per cent more student visas in 2023 than in 2019, with early data suggesting that this figure is likely to increase again in 2024.

The recovery of the US market is due in part to greater policy support from the US government. The US issued nearly 40,000 more F1 student visas together across these two markets in 2023¹ than in 2022. Over the same period, net issuance of US student visas to the rest of the world declined.

The recovery of the US market is also due to greater policy support from the US government. Anecdotal reports in key recruiting markets point to increased activity

of US embassies and consulates overseas to promote study in the country. In 2024, the relative openness of the US education market will stand in contrast to the tightening policies of the UK, Australia, and Canada.

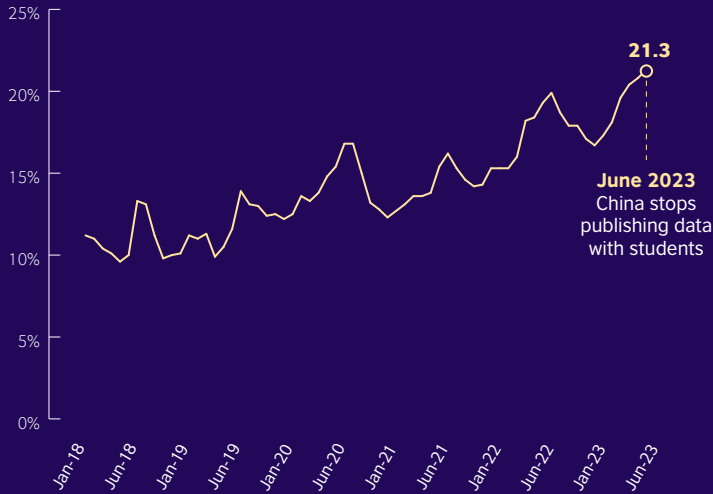
Of course, the greatest uncertainty hanging over the long-term direction of the US education market is politics, not policy. Namely, the country’s presidential election in November could upend this recovery trend depending on who wins. Issuance of US student visas became less permissive during former president Trump’s first term (2017-21), amid an overall decline in demand for US education. A similar outcome cannot be discounted after the next election, but it likely will not have a material effect on student decision making until 2025.

Source : US Department of State Bureau of Consular Affairs

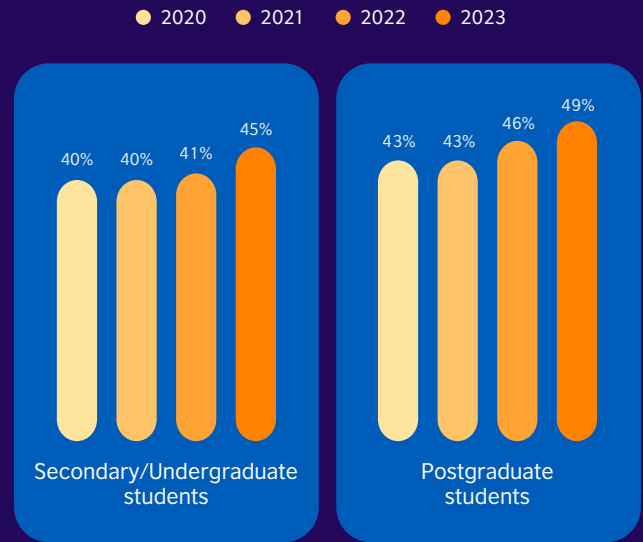
1 : All F1 visa data is reported by fiscal year (beginning in October of the preceding year and continuing through September of the following year).

Fewer jobs in China, more demanding students

Youth unemployment rate in China
16-24 year old population, %



Rising share of Chinese students indicate employment advantages are key reason for studying abroad¹



Rising youth unemployment in China will motivate increasing numbers of students to enrol overseas in 2024. China’s economy has not recovered as quickly from the end of the zero-Covid policy in late 2022 as many had expected. Young people have been most affected, with the unemployment rate for those between the ages of 16 and 24 hitting an all-time high in June 2023 at 21.3% of eligible job seekers.

Due to growing concern over the difficulty of finding jobs for new graduates – and the high likelihood that the youth unemployment rate would grow worse – China’s government stopped publishing the figure in June. The statistic returned in December but only after being adjusted to remove students from the count. This did little to assuage concerns of Chinese students who are facing the prospect of graduating into the worst economy of their lifetimes.

Fierce competition for white-collar jobs is causing prospective overseas students to put

greater consideration behind post-graduate employment opportunities. This trend is most pronounced at postgraduate levels. It will also likely accelerate in 2024 as students applying in the current cycle become even warier of entering the job market.

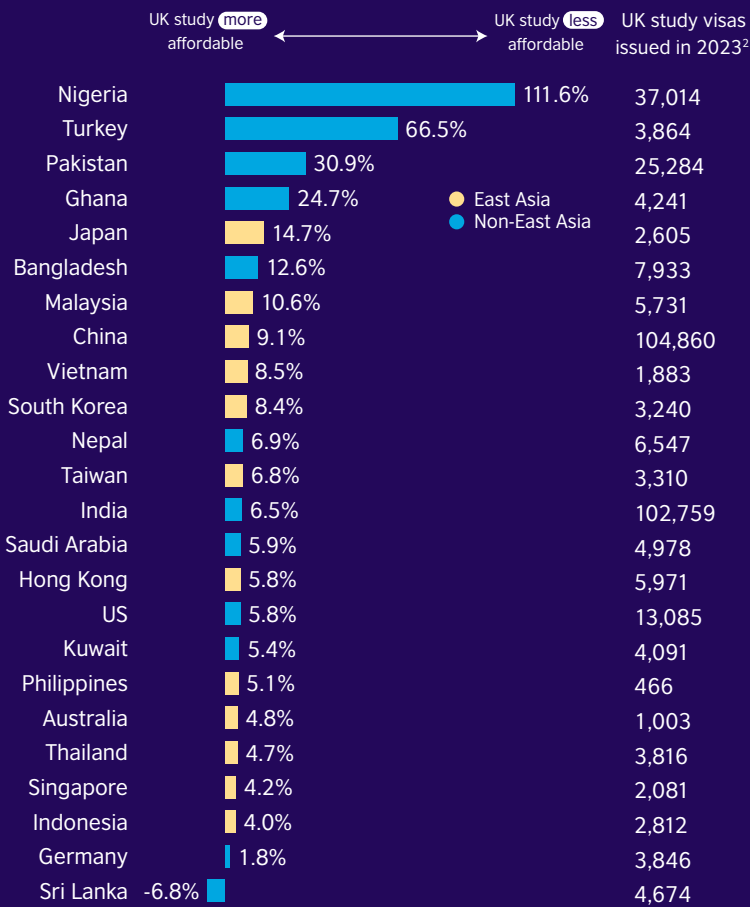
This trend also means that students in the world’s largest outbound market will put greater emphasis on post-study work opportunities in the UK, as well as the advantage that a UK degree may provide them when they return to China. The graduate route in the UK, as well as the career service departments of individual UK HEIs, will be top of mind for prospective Chinese students. As a result, UK HEIs will need to speak directly to the employment anxieties of these applicants, and recruitment managers will need to stay informed about how UK policies compare with those in other major host destination markets.

Source : National Bureau of Statistics, New Oriental
1 : According to New Oriental’s annual survey of prospective outbound students

Trend #5

Exchange rates discouraging student exchange

% change in GBP exchange rate with local currency in UK's largest student markets (2023¹)



Source: Bank for International Settlements, XE.com, UKVI

1: From 2 January 2023 to 27 December 2023, at midmarket exchange rates

2: Only includes visas issued to sponsored, main applicants; 2023 data only through September

A strong currency in the UK will cause a growing number of international students to reconsider applying to UK HEIs in 2024. In 2023, the pound sterling appreciated in nominal terms against the local currencies in 11 of the 12 largest student markets for UK education outside of East Asia; meanwhile, in East Asia, the pound strengthened by at least 4 per cent in each of the 12 largest student markets. Altogether, these 24 markets accounted for more than 87 per cent of all UK study visas issued in the first three quarters of 2023.

The effect of a stronger pound sterling in 2023 will flow through to 2024, as prospective students and their parents experience sticker shock when viewing UK fees denominated in their local currency. It will be felt most acutely in some of the UK's largest student markets – Nigeria, Turkey, Pakistan and Ghana – many of which are emerging economies. Yet even in the developed markets of East Asia – Australia, Hong Kong, Japan, Singapore, South Korea, Taiwan – local currencies depreciated significantly against the pound in 2023.

The importance of exchange rates in any single market is often overstated, but the combined effect of a weakening of the currencies across nearly every one of the UK's top student markets could be profound. The pound is also likely to remain strong in 2024, putting the cost of UK education out of reach for a significant share of international students.

In East Asia, the effect of weakening local currencies may be more modest but will nevertheless present another headwind to UK recruitment efforts.

Conclusion

What the 5 trends mean for UK education

Reversion to the mean in 2024

- Inbound student mobility to the UK could decline in 2024 for the first time since the pandemic due to a combination of mostly cyclical headwinds.
- But this is a natural correction that will put the UK back on its long-term pre-Covid growth trajectory.
- The UK has already reached its **goal** of recruiting 600,000 international students.

Less may be more

- Fewer inbound international students means UK HEIs can invest more time and energy in ensuring that they recruit the best international students possible.
- UK HEIs will also need to focus less on the number of students and more on ensuring that they provide students with the most attractive post-graduate employment opportunities possible.

Short-term pain, long-term gain

- 2024 will likely be a transitional year for UK HEIs, as they adjust to slower growth rates and rising competition.
- In response, the focus of student recruitment must shift from quantity-based metrics to quality-based ones.
- UK education will remain well positioned for long-term success due to strong underlying fundamentals and a reputation for world-class quality.

Trend	Type of trend	Impact on student mobility
#1 The post post-Covid era	Cyclical	↓
#2 Tightening of migration policy	Structural	↓
#3 The US awakens	Cyclical	↓
#4 Fewer jobs in China, more demanding students	Cyclical	↑
#5 Exchange rates discouraging student exchange	Cyclical	↓



*Questions
or
Comments?*

Please contact

Jazreel Goh
East Asia Insights Hub
jazreel.goh@britishcouncil.org