



# The All-Party Parliamentary University Group

## Note of speaker meeting: Higher education as an export

Speakers:

**Professor Colin Riordan**, Vice-Chancellor, Cardiff University

**Professor L. Alan Winters**, Director, UK Trade Policy Observatory

**Professor Colin Riordan** opened the meeting by stressing how much the topic of higher education as an export had come up the agenda over the past eight years. There was previously less rhetoric around how important universities were to the economy, and therefore the sector had had to work hard to explain to policy makers that higher education made more for the UK economy in exports than other sectors such as the car industry.

He acknowledged the concept of international students coming to the UK being an export was counterintuitive at first, explaining that some in the sector had shied away from promoting the message, which he thought was unnecessary given that universities had operated in a marketized system for several years. Universities' success depended on their ability to attract students and was the basis of their existence, he added.

Giving some political background, Professor Riordan said the outgoing Labour government in 2010 understood higher education exports as a concept, as did the 2010-2015 coalition who established an export strategy for the sector. Some of this understanding carried into the Cameron government; in 2015 a target for £30 billion was set for education, at all levels, exports. He referred to the Universities UK figure that international students were responsible for £10.8 billion of UK export earnings in 2014-15, then stressed there was no clear government push to reach the £30 billion target by 2020.

Professor Riordan then spoke about the political strain that the subject had been subject to, especially due to the previous home secretary, how prime minister, Theresa May believing that international students were a key element of illegal immigration. He thought tension around this had cooled since this summer's findings that the visa-overstaying rate was far lower than had been previously asserted. Paradoxically, the visa issue had sparked conversation about the value of international students, he thought, adding that public perception of international students was high.

Given that the value of international students was now on the agenda and almost universally accepted, he recommended that data around international students was better tracked and reported, similar to the system in place in Australia.

Turning to the strength of the UK's competition, Professor Riordan stressed the sector needed to ensure the government knew that UK messaging to international students was not as welcoming as it could be. There had been healthy growth in incoming international student numbers until 2011/12, but this had now flatlined.

He thought there was now widespread understanding of the need to remove international students from net migration figures and although this was important it was also, to some extent, a redrerring. It would be good positive political symbolism if this was achieved, but introducing a post-study work visa was more important. He then spoke about the recent poor recruitment rates of Indian students. The UK was also vulnerable due to its dependence on China, this would be even more apparent if the inevitable drop in EU students coming to the UK post-Brexit happened.

Professor Riordan then turned to the GREAT campaign's 'Study UK: Discover You' campaign which was sending out positive messages. UK student mobility was also important he thought, referring to UUK's campaign to double the number of UK students studying abroad. Sending out the message that the UK was a 'sending' and as well as 'receiving' country would be positive.

Concluding, he made the following recommendations: better data on international students reported on a regular basis, the reintroduction of a post-study work visa, better coordination across policy makers, a strong delivery mechanism for a new strategy.

**Professor L. Alan Winters** explained that the UK Trade Policy Observatory (UKTPO), of which he is a director, was set up just after the EU referendum due to the country having little focus on trade policy until this point.

He spoke about the hierarchy of challenges which existed when trying to strike trade deals. Problems around the UK possibly receiving less favourable treatment were the easiest to overcome, followed by restrictions to foreign suppliers and finally the incompatibility of countries' domestic regimes which were the hardest to overcome. How feasible it is to penetrate a certain country's market depends on which of the challenges are being faced, he added. He explained that some government-to-government agreements on education were not subject to the trade agreement architecture and, similarly, signing a trade agreement did not guarantee countries would necessarily get better trade with each other. He then went through the different ways in which education was included in trade agreements, including joint degree programmes and mobility of students.

The UKTPO had looked at EU agreements with outside countries and had noted that the EU-Korea agreements on education actually fell outside of the FTA between the bloc and Korea. This meant the EU did not have an 'off the shelf' definition of how it handled education agreements with other developed countries, he explained.

Professor Winters spoke about General Agreements on Trade in Services (GATS), explaining they could cover movement of people or the setting up of campuses abroad. There had been little trade liberalisation in this area however. He went on to explain the three areas in which education could be slipped into free trade agreements: contract service suppliers (CSS), intra corporate transferees (ICTs) and visa regimes.

He suggested universities with overseas campuses could take advantage of ICTs as typically people were permitted to stay for 3 or 4 years. In terms of visa systems, he stressed that common academic visas were not very generous in the UK and that visas were often not included in FTAs; without visas actually being granted, cooperation agreements around immigration were not often upheld.

Professor Winters stressed that any FTAs signed needed to be followed by lower level action, and thought the UK ought to get liberal regimes in for contractual services suppliers and corporate transferees. It was also imperative that what the 'other side' wanted from a trade agreement was taken into account when negotiating; trade agreements were mutual and visas were likely to be a big issue for other countries negotiating with the UK.

Finally, he stressed that the government's understanding of higher education should not be overestimated; the sector needed to provide information and apply pressure to ensure the importance of education in trade agreements was understood.

## **Q&A and Discussion**

Roberta Blackman-Woods MP stressed what a serious issue higher education as an export was for the UK, especially due to the number of industries competing to be prioritised by the government in post-Brexit trade deals. As well as the uncompetitive visa regime and negative message to international students, she criticised the gold, silver and bronze rating system within the **Teaching Excellence Framework (TEF)** which was telling students that some institutions were worth more than others.

Paul Blomfield MP agreed with the need to drive home the importance of higher education as an export. He also suggested that, partly due to a significant decline in EU students and partly through the country becoming less attractive, the number of international students in the UK had the potential to halve over the coming years. He then spoke about the **Migration Advisory Committee (MAC) consultation**, stressing that university partners such as businesses should also submit evidence.

On the issues of **net migration figures**, he agreed it was not a silver bullet, but thought it would create the policy space to do other things such as introduce better post-study work routes. Whilst students were still counted in net migration figures there would be little appetite to have graduates staying in the country as they would increase immigration figures.

How **EU students** would be treated post-Brexit and what effect this would have on finances was then discussed by Viscount Hanworth and Professor Riordan. Professor Winters told the

room that World Trade Organisation (WTO) rules meant that universities in theory could discriminate between students from different countries if a trade agreement with one was in place.

Baroness Blackstone made the point that currently EU undergraduate students were not an export as they were eligible for home-fee status. It would be, however, difficult for the government to recoup this money as they were not UK taxpayers and therefore they should be treated different to non-EU international students. She then stressed that at present it was **student choice**, not pressure from European governments, which had resulted in high numbers of EU students studying in the UK. Professor Riordan agreed that the treatment of EU students was wider as the UK taxpayer should not be expected to subsidise their study.

Baroness Finlay of Llandaff spoke about the three successful **transnational education (TNE) programmes** that had been set up at Cardiff University. She thought Australia posed the competition for the UK it was an English-speaking country, but operated on a closer time zone to the Asia-Pacific region. She also spoke about the **visa problems** that students were experiencing, suggesting that institutions should be able to apply for students' visas en masse.

Issues such as how the higher education sector could best **lobby the government** to ensure it was prioritised in trade agreements was then discussed, along with how long the UK would be able to benefit from its English-language advantage given that courses in other countries such as Germany were now often taught in English.

Finally, the potential benefit of having a post-study work regime that goes by another name was discussed by attendees, along with the need for businesses to make the case for keeping talented graduates from overseas.