



The All-Party Parliamentary  
**University Group**

**28 November 2017**



## Agenda

**The subject of the meeting of the All-Party Parliamentary University Group is higher education as an export**

**6.00pm**      **Lord Norton of Louth**, Co-Chair of the All-Party Parliamentary University Group, welcome and introductions.

**6.05pm**      **Professor Colin Riordan**, Vice-Chancellor, Cardiff University and Member of the UUK International Policy Network

**c6.15pm**      **Professor L. Alan Winters**, Director of the UK Trade Policy Observatory

**c6.25pm**      Questions, comments, and discussion with university leaders, MPs and peers

**7.30pm**      Speaker meeting concludes.

## Speaker biographies

### Professor Colin Riordan

Professor Colin Riordan took up the post of President and Vice-Chancellor at Cardiff University on 1 September 2012. Previously he was Vice-Chancellor of the University of Essex, having been appointed in October 2007. He moved to Essex from Newcastle University, where he had been Pro Vice-Chancellor and Provost of the Faculty of Humanities and Social Sciences since August 2005.

Professor Riordan taught English as a foreign language at Julius-Maximilians-Universität Würzburg in Germany (1982-84) and was Lecturer, then Senior Lecturer in German at Swansea University (1986-1998). He became Professor of German at Newcastle University in 1998, where he remained until his move to Essex in 2007.



Professor Riordan is a Board member of the Leadership Foundation for Higher Education, the Edge Foundation, UCAS and The Conversation (UK). He is a Fulbright Commissioner and a member of Council of the Association of Commonwealth Universities.

## **Professor L. Alan Winters**

Professor L Alan Winters CB is Professor of Economics in the University of Sussex. He is Director of the UK Trade Policy Observatory and CEO of the Migrating Out Of Poverty Research Programme Consortium.

His current programme includes work on migration, trade and poverty, growth and China and the World Trading System.

He is a Research Fellow and former Programme Director of the Centre for Economic Policy Research (CEPR, London) and Fellow of IZA, Munich. From 2008 to 2011 he was Chief Economist at the British government's Department for International Development (DFID), and from 2004 to 2007 Director of the Development Research Group of the World Bank, the world's largest and leading group of development economists.



L. Alan Winters is a leading specialist on the empirical and policy analysis of international trade, especially in developing countries, and has recently also worked on migration, the brain drain and economic growth.

Professor Winters is the lead author of the UUK-commissioned report '*Can free trade agreements enhance opportunities for UK higher education after Brexit?*'.



## **Briefing: Higher education as an export**

**Prepared for members of the All-Party Parliamentary University Group**

This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either house or its committees. All-Party Parliamentary Groups are informal groups of members of both houses with a common interest in particular issues.

This briefing document has been produced by Universities UK which provides the secretariat for the University APPG.

## **Introduction: Higher education as an export**

Education is the UK's fifth largest service sector export. A recent Department for Education report estimated the total value of all UK education exports at £18.76 billion (July 2017). Two-thirds of this is contributed by UK universities, with international students alone contributing £10.8 billion in export earnings.

As the UK prepares to leave the EU, there is a fresh focus on its place in the world and on the challenge of growing UK trade and exports within a new context. This event looks to facilitate debate on the role of higher education exports in contributing to the UK's future prosperity and global influence, and examines how government can support the sector's continued growth at a time of increasing overseas competition.

## **The importance of higher education exports to the UK economy**

In addition to the recruitment of international students, UK universities' international activities contribute to export earnings in a variety of ways. Transnational education (TNE) - UK education delivered in a country other than the UK - provided over £550 million of revenue in 2014-15. Research, contracts and consultancy, including with international business and industry partners, contributed £1.2 billion, while English language teaching (ELT) generates a further £1.82 billion in export earnings for the UK annually.

The economic contribution of international students goes beyond tuition fees alone. When considering other payments to UK universities, off campus spending, and spending by students' international visitors, international students generated a total £25.8 billion in gross economic output in 2014-15. This contributed £13.8 billion in gross value added to UK GDP and supported over 200,000 jobs, plus £3.3 billion in tax receipts.

While there has been significant growth in the total number of students globally who choose to pursue higher education outside of their own country, UK onshore student recruitment has stagnated in recent years. The UK's student visa and immigration policies are considered to have deterred many, with the shrinking of post-study work

opportunities after 2011 having had a particularly negative impact, especially on the number of Indian students seeking to study in the UK.

More positively, UK universities have substantially expanded their transnational education activity in recent years. This may take a variety of forms, with examples including overseas branch campuses, joint or dual degrees, and online distance learning. The value of TNE activity was estimated at £1.58 billion in 2014, but there are substantial downstream benefits too – not least the number of international students who choose to apply to a UK-based university based on exposure to that institution in their home nation. TNE enrolments have grown by 80% since 2008, and 13% in the last two years alone. Further evidence that TNE is on a growing trajectory comes through the finding that in 2015-16 there were 701,010 students studying wholly overseas compared to 663,915 in 2014/15, an increase of 6%.

While UK TNE is worth less in monetary terms than traditional international student recruitment, there are other economic benefits which flow from this in terms of the UK's international influence, the global reputation of UK higher education, and the secondary links with overseas research and business communities which can grow out of university-to-university TNE partnerships.

### **The UK relative to its global competition**

The UK is a world leader in higher education and research, and the second most popular destination for international students after the USA. A Universities UK report based on survey data from over 137,000 students found that 91% of international students across all levels of study (undergraduate, postgraduate taught and postgraduate research) report that they are satisfied with their experience in the UK. International students studying in the UK are also more likely to recommend their chosen destination than those studying in any of our competitor countries.

Despite the UK university sector's inherent quality and apparent competitive advantage, growth in the recruitment of international students to the UK has significantly declined in recent years, typically registering between 0-2%. In the same period, the USA, Australia, Germany and Canada have observed consistent growth of between 6-8% per year. Although there is no cap on the number of international students who can study in the UK, the fact that international students are counted in UK net migration statistics, the limiting of post-study work routes, and the often-negative

rhetoric around immigration policy may be identified as among the factors which have constrained growth.

There could be an opportunity to improve the UK's presentation of its higher education sector to existing markets, but also to diversify sources of student recruitment and improve support for new UK transnational education and research partnerships in Africa, Asia, and Latin America, among others. Currently, more than half of international students attending UK universities come from only ten different countries. One in five international students in the UK are from China. This makes the UK vulnerable to shifting patterns of global student mobility.

As well as doing more to encourage international students to study in the UK, more can be done to increase the number of UK students benefitting from overseas work or study experiences as part of their university degree. 15% of US students, 19% of Australian students and 25% of German students currently experience an international placement as part of their studies, compared with just under 7% of UK students. Globally mobile students can be some of our most powerful ambassadors in demonstrating to the rest of the world that the UK remains a welcoming, dynamic, outward-looking nation. Universities UK recently launched a sector-wide campaign (*'Go International: Stand Out'*) with a target to double the percentage of UK-domiciled undergraduates which participate in outward student mobility programmes by 2020 - to 13%.

### **Recent political developments**

There is growing cross-Whitehall understanding of the opportunities presented by international engagement in higher education and research, both in terms of the direct benefits to the UK, but also the advantages to partner countries. This is reflected in the recent establishment by the Department for International Trade of a national Education Sector Advisory Group, which will be chaired by a government Minister.

However, to maximise the impact of such a group, coordination among government departments will be key. The Department for International Trade, Department for Business, Energy and Industrial Strategy, Department for Education, Department for International Development, Foreign and Commonwealth Office, Home Office, Number 10 and the Treasury all have a vital role to play in the UK higher education sector's future success internationally.

The 2013 UK 'International Education Strategy' was one attempt to set out a vision, though never fully implemented, and discontinued following a change of government. In June 2015, the UK government committed to a £30 billion 'education export target', to be achieved by 2020, but the current status of this objective - and how exactly it is intended to be achieved – is unclear.

One recent political development that may affect the sector and its ability to promote itself is the launch of the government's Industrial Strategy. The industrial strategy has the aim of driving growth across the UK, "using major new investments in infrastructure and research to drive prosperity- creating more high-skilled, high paid jobs and opportunities"; universities are a natural partner to deliver on this through their existing networks and expertise. Much of the research fueling specific projects that form key elements of the industrial strategy, such as those on transport technologies, is already happening at universities across the country and therefore this needs to be articulated to both policy makers, and potential international students, partners and investors.

### **The future, trade deals and Brexit**

Education is already a major service export for the UK but there is substantial room left to grow. The UK will need to invest considerable effort simply to maintain its current position as the second most popular global destination for international students, and as the leading provider of transnational education. One route to this would be for government to commit to an ambitious national strategy for international education, backed by all relevant UK government departments and supported by mechanisms to assure genuine cross-Whitehall policy coordination. This could help to lay the foundations for strong and sustainable longer-term growth.

In the lead up to Brexit there will rightly be renewed interest in how the UK can maximise opportunities to trade and engage with a wider range of international partners. This can be alongside maintaining excellent relationships with European partners, which are essential to the future prestige and prosperity of UK higher education. 6% of students, 14% of research grants and contracts, and 32,000 of the UK's academics are from within the EU, while 13 of the UK's top 20 partner countries in research are European.

The universities sector has been calling for clarity on the UK's future participation in European research programmes such as Horizon 2020. Being part of cross-EU projects strengthens the domestic UK research sector, and makes UK universities more attractive to international partners – certainly within the EU but also far beyond. At present, the UK government has committed to underwriting funding for all successful bids made by UK participants for Horizon 2020 which are submitted before the EU exit date. But universities have reported that the chance that participation may cease post-Brexit remains a serious risk to the health of the UK sector and to the UK's international reputation for excellent research.

Following the UK's vote to leave the EU, Universities UK has been working with UK government departments, academic experts and higher education institutions to develop a better understanding of how the UK's future trade policy agenda may influence the international operating environment for universities. An outline of some of the main issues which the sector will need to take into consideration is provided in a Universities UK report, *Can free trade agreements enhance opportunities for UK higher education after Brexit*, prepared by the UK Trade Policy Observatory at the University of Sussex.

Future trade agreements could potentially lead to substantial opportunities for UK higher education, though care will also need to be taken to ensure that such agreements do not inadvertently close off fertile areas of existing collaboration, expose UK universities to unnecessary risk, or otherwise compromise the world-leading reputation of UK higher education.

Alongside the significant value of higher education exports to the UK economy, the wider benefits of UK universities' international activities are abundantly clear. One in ten world leaders was UK educated. People who have studied in the UK are more likely to trade with British businesses in their future careers. For domestic university students, the chance to study alongside peers from across the world equips them with the intercultural skills required to succeed in an international jobs market and globally-connected workplace. There is much at stake, the challenge now is to emerge from a period of turbulence with a bold ambition and clear strategy for the sector's future growth and prosperity.









# The All-Party Parliamentary **University Group**

## **Future meetings**

### **Tuesday 12 December 2017**

Degree apprenticeships

8:30-10:00, Dining Room B

- Nicola Turner MBE, Head of Skills, Higher Education Funding Council (HEFCE)
- Professor Quintin McKellar, Vice-Chancellor, University of Hertfordshire

### **Tuesday 23 January 2018**

TBC

18:00-19:30, Committee Room 4, followed by dinner

For more information about the group please email [appug@universitiesuk.ac.uk](mailto:appug@universitiesuk.ac.uk) or visit [www.universityappg.co.uk](http://www.universityappg.co.uk).