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Demography, Migration and Demand for International Students

Lesleyanne Hawthorne

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1. Demographic Shift and the 'Looming War for Skills'

Striking demographic shifts are underway in developed nations, where fertility decline is fuelling interest in and competition for high-skilled migrants. According to the Chief Economist of the OECD in 2005, 'Over the next couple of decades nothing will impact on (member) economies more profoundly than demographic trends and, chief among them, ageing' (Cotis 2005, p. 1). Within a generation, select OECD nations are at risk of contracting by a third, with severe productivity implications. The majority of members have fertility rates below replacement level (for example Australia at 1.8, the UK at 1.8, and Canada at 1.5), with labour market impacts set to be intensified by 'baby boomer' retirements. Countries with traditionally high birth rates are contracting (Mexico to 2.2), while others are approaching free-fall (Japan, Germany, Italy, Spain, the Czech Republic at 1.3, and the Republic of Korea at 1.1) (OECD 2007). This 'fertility revolution' is being replicated across Asia, where overall population growth is predicted to halve from 2.1 to 1.0. The process is well underway: Indonesia's fertility reducing from 5.1 to 2.4 between 1970 and 2006, China's from 4.9 to 1.6 (0.9 in Shanghai), and Thailand's from 5.0 to 1.7 (Hugo 2007).

Within this context, international students represent an increasingly attractive human resource to governments and employers, with the decision to study overseas often a symbolic first step in global career formation (Salt and Millar 2007). By 2006 North America (the US, Canada), the European Union (UK, Germany, France), and the Asia-Pacific (Australia, China, Japan and Singapore) were the major recipients of international student flows (see Table 1), with China (804,919), India (329,354), the Republic of Korea (306,963), Japan (250,641), Malaysia (173,728) and Indonesia (127,501) the dominant sources (Hugo 2007). Host-country fertility rates seem certain to influence career choice, in particular the opportunity to engage in two-step migration. The 'war for skills' is rapidly intensifying—global employers are competing to attract the best human capital, in a context where international students are characterised by youth, host-country language ability, full credential recognition, significant acculturation, and domestically relevant professional training (Hawthorne 2005). In New Zealand, for instance, 88 per cent of skilled migrants by 2006 had first arrived as students or temporary workers, contributing to 'demographic survival' in a country where 2.3 million arrivals from 1955–2004 had translated to a net population gain of just 208,000 people (Bedford 2006).

Table 1 about here

Migration represents a strong and longstanding motivation for international study. As early as 1994 an Australia-wide survey found 78 per cent of students recruited from China, 64 per cent from Hong Kong, 46 per cent from Fiji, and 43 per cent from Malaysia and Singapore to be motivated by future migration, despite the then existence of a three-year eligibility bar (Nesdale *et al.* 1995). Responding to opportunity for immediate migration since 1999, demand for Australian tertiary courses has soared. Within five years, 52 per cent of Australia's main skilled category consisted of former international students, with an extraordinary 66 per cent of all Indian and 38 per cent of Chinese (PRC) students electing to stay. By 2005 China and India had become Australia's major international student source countries, from a negligible base (Birrell and Rapson 2004). Migration-driven enrolments such as these had become essential to Australia—offsetting sustained decline in Commonwealth–Asian source countries such as Malaysia, Singapore and Hong Kong, in a context where international student fees were required to compensate for severe Federal government funding cuts¹ (see Table 2). By 2008 export education had become Australia's third largest industry, including 370,000 students from 190 countries onshore, and a further 120,000 students studying by distance (Birrell, Hawthorne and Richardson 2006; Australian Education International 2008).

Migration options exist in a growing array of countries. Chinese students, for instance, are vigorously exploring global options: enrolments in France doubled from 8774 in 2003 to 15,963 in 2006, and rose from 35,155 to 50,755 in the UK, compared to 62,582 in the US by 2006, 63,543 in Australia and 74,292 in Japan. At the same time, it is essential to note that China has become a destination as well as a source of supply—ranked sixth in the world by 2006 with 141,000 international students. While the majority of such students were derived from Asia, growing numbers were from OECD nations, attracted by:

[China's status as] the world's largest and fastest growing economy ... a place where leading industrial players want to be doing business ... For this reason, the international students of today understand Chinese higher education as a strategic investment in future employment. As an emerging player in the global education market ... China is in the fortunate position of being able to select from among the more successful practices of other nations ... By channelling as much as \$US4 billion into a select few of its more research-intensive institutions, China is taking great strides to transform the overall quality of higher education in the country (Lasanowski and Verbik 2007, pp. 23–24).

Location of study influences early career choices. By 2005, 8,050,901 foreign workers were resident in Asia, most notably 2,640,000 in Malaysia, 2,300,000 in Thailand, 900,000 in Japan and 620,000 in Singapore. While many were low-skilled, growing numbers are also knowledge workers recruited to work in the expanding Shanghai, Tokyo, Singapore and other global financial and/or biotechnology hubs—many first arriving as international students (Beaverstock and Boardwell 2000; Beaverstock 2002; Appold 2005).

¹ From 1993–2003 Australia reduced public funding per tertiary student by 30 per cent.

According to Hugo while much demographic change is predictable, ‘[a]nticipating and preparing for demographic shifts influencing the future shape of [a] population’ is essential, along with ‘see[ing] population policy not as a freestanding separate policy but as a facilitator in economic, social, environmental and political policy’ (Hugo 2007, slide 9). The student-migration phenomenon is the subject of current OECD research, with trends being assessed across 10 member nations (Australia, Canada, the Czech Republic, France, Germany, Japan, the Netherlands, Norway, the UK and the US).² Indeed, each of these countries is in the process of expanding export education, while introducing new or revised skilled migration policies. In the period ahead this connectivity between export education and skilled migration seems certain to grow.

Table 2 about here

2. The Attraction of International Students as Skilled Migrants

The reasons that international students are increasingly sought as skilled migrants by governments can be demonstrated by two brief Asia–Pacific case studies. As early as 2001 Canada and Australia were dependent on migration for half to one-third of all professional workers, most notably in the fields of engineering, information technology (IT), medicine, accounting, and architecture/building (see Table 3). By 2012 Canada estimates 100 per cent of net growth in all professions will be migration-dependent (Finley 2008). In the recent period, to address workforce supply, both Canada and Australia have prioritised skilled migration, diversified immigrant source countries, utilised points systems designed to improve selection objectivity while maximising employment outcomes, and in particular enhanced scope for ‘two-step’ migration (migrants’ immediate transition from temporary to permanent resident status) (Hawthorne 2008).

Table 3 about here

This process, however, has often failed to deliver the desired economic dividend. In Canada, for instance, the primary recent source countries for skilled migrants have been China, India, the Philippines, Pakistan and Romania—nations associated with poorly resourced education systems and often-disappointing employment outcomes (*Times Higher Education Supplement* 2007; Jiao Tong University 2006). In contrast to the US, UK, French and Australian workers whom Canadian employers choose, Canadian government selection to date has treated all degrees as equal, regardless of likely domestic recognition levels (Sweetman and McBride 2004; Hiebert 2006). Host-country language ability has not been independently screened (Ferrer, Green and Riddell 2004). In consequence, large numbers of skilled migrants have been admitted to Canada with limited English/French fluency and non-recognised qualifications, frequently trained in fields associated with low labour market demand (Hawthorne 2008). The consequence for many has been labour market displacement—the latest available data show economic migrants to be ‘the new face of the chronically poor’ in

² L Hawthorne is engaged in this research while employed by the OECD in 2007–08, including policy fieldwork across member nations.

Canada, securing inferior employment outcomes to Family category migrants, and taking 28 years (if ever) to secure wage parity with comparably qualified Canadians (Picot, Feng and Coulombe 2007) (see Table 4).

Given evidence of similar trends in Australia, since 1999 economic applicants at risk of delayed or de-skilled employment have been excluded from migration at point of entry, through mandatory pre-migration English screening, credential assessment, analysis of labour market demand, and the allocation of bonus points to former international students with Australian qualifications (Birrell & Hawthorne 1999; Department of Immigration and Multicultural Affairs 1999). This process has ensured their growing workforce participation (see Table 5). Australia's 2006 economic migration review (the most extensive since 1988) affirmed the effectiveness of these initiatives in delivering immediate labour market outcomes—83 per cent of skilled migrants secured work within six months, with substantial numbers rewarded by unprecedented remuneration (Birrell, Hawthorne and Richardson 2006). In fine tuning the program further, new measures since September 2007 have included enhanced English language ability, plus a stronger focus on former students' Australian work experience (see Section 4 for the rationale).

Table 4 about here

Table 5 about here

3. Growing Global Competition for International Students

In the context of demographic change, large numbers of APEC and OECD nations are now facilitating this type of 'two-step' migration, targeting students and temporary workers. In particular governments are:

- monitoring successful competitor models;
- developing high-skilled migration policies, including categories designed to attract and retain international students;
- expanding the scale of international student flows, through enhanced global promotion, marketing structures and research functions;
- providing access to 'job search' postgraduate year/s designed to extend student stay;
- expanding this opportunity to all locations and disciplinary fields (following preliminary focus on science and engineering); and
- constructing student pathways from temporary to permanent resident status, supported by priority processing, and/or uncapped migration categories (International Centre for Migration Policy Development 2006; Lasanowski and Verbik 2007).

Given developments such as these, there is now unprecedented competition for international students, including across APEC nations. By 2005 Singapore, for

instance, was attracting 2 per cent of the global market (66,000 students), with 13 per cent of its tertiary sector enrolments from overseas (in particular from China (15,000), Indonesia and Malaysia). Marketing itself as ‘the best of East and West ... the Global Schoolhouse’, Singapore aims to attract 150,000 additional students by 2015, a process expedited by strong international academic rankings (in 2007, 33rd-ranked university in the *Times Higher Education Supplement*). Malaysia had secured 55,000 international students by 2006, setting goals to achieve 100,000 by 2010. While Asia remains the dominant source region to date (China, Indonesia, Thailand, Bangladesh, Singapore), growing flows are also being attracted from Saudi Arabia and the Gulf States, supported by Ministry of Education investment of \$US4.8 billion to boost development of the tertiary sector (Lasanowski and Verbik 2007). Malaysian universities have also started to experiment with delivery mode—in their first off-shore initiative opening a private-sector campus in Botswana (Gaborone) in mid-2007.

Global surveillance of competitor strategies is unprecedented, supported by systematic neutralisation of any perceived academic barriers or disincentives. A surprising number of providers now deliver courses in English (including in Norway, the Netherlands, Germany, China and Japan), recognising the attraction of English as the global language (Marginson and van der Wende 2007). The Netherlands, for example, by 2007 was offering 1200+ courses taught wholly in English, including around 900 Bachelor and Masters degrees—a process currently being promoted through seven global offices (including in Mexico, Indonesia and Vietnam). The UK has launched two major international student recruitment initiatives in the past eight years (in 1999 and 2006) designed to challenge Australia’s contestation of key markets (e.g., Malaysia), while reversing past Asian student declines. The new UK migration policy (announced in February 2008, strongly influenced by the Australian model) is designed to expand international students’ scope to stay, including their immediate access to work permits and (if employed) subsequent high-skilled migration. The US is in the process of launching fresh policy initiatives to stem the post-September 11 international student decline, based on an easing of visa regulations, supported by new strategic initiatives favouring flows from China, Chile and Morocco. Germany, having achieved 62 per cent international student growth since 1997, promulgated a skilled migration policy in 2005, targeting students while maintaining a policy of zero international student fees. New Zealand has abolished international PhD students’ fees—an effective step in cultivating doctoral student numbers. Canada is fine tuning a ‘Canadian Experience Class’ intended to facilitate students’ stay, with the Minister for Immigration visiting India to canvass scope for more effective South Asian promotion.

Within this heightened competitive environment, cost represents an important factor and this will impact on many traditional providers. According to a recent US study, raised tuition fees were a primary cause of international student decline post September 11, when the US dollar was high, rather than changed security measures (Lowell, Bump and Martin 2007). Enrolments are rising again with the dollar’s slide. As demonstrated by Table 6, by 2006 US, UK and Australian fees far exceeded those charged by Canada, Germany, France, New Zealand and Japan, as well as emerging Asian competitor nations. Costs may become a decisive issue, once Europe promotes its new English-medium degrees.

Table 6 about here

4. Two International Student Migration Case Studies

4.1 Foreign doctoral students in the US

The rewards of targeted international student migration are significant. According to a recent US study, ‘In the last half of the twentieth century, America was the location of choice for the best and brightest scientific minds in the world ... with 62 per cent of the world’s stars as residents’—many first arriving as international students. Indeed, in the past two decades US share of global doctoral students has risen from 13.5 per cent to 28.3 per cent, with such ‘stars’ frequently trained by ‘the research universities which produce them’ (Zucker and Darby 2007, p. 1; Marginson and der Wende 2007).

By 2006, as we have seen, the US was the main global destination for international students, with 565,000 enrolled across 4000 accredited institutions. Seven of the top 10 source countries were in Asia: India (76,503), China (62,582), South Korea (58,847), Japan (38,712), Canada (28,202), Taiwan (27,876), Mexico (13,931), Turkey (11,622), Germany (8829), Thailand (8765), followed by Indonesia (7575) (Lasanowski and Verbik (2007). By 2007 export education had become the fifth largest industry in the US, with 46.3 per cent of students undertaking graduate courses (up 13.2% over the past year). In 2006/07 enrolments included 108,033 foreign doctoral students compared to 122,385 in Masters degree programs. The global promotion of US education is intensifying, underpinned by a message from the Secretary of State that ‘America’s mission in this new century must be to welcome foreign students to our nation’ (Institution of International Education 2007, p. 2).

Increases in six of the top 10 US source countries have occurred in the past year, particularly from India (10% increase to 83,833), China (8% increase to 67,723) and South Korea (6% increase to 62,392)—an outcome favoured by the US currency slide. Doctoral students from these countries move seamlessly into postdoctoral work, taking positions eschewed by domestic graduates on the grounds of poor remuneration and long tenure-track requirements. Indeed, while enrolled in the US, international students ‘help teach large undergraduate classes, provide research assistance to the faculty, and make up an important fraction of the benchworkers in scientific labs’. Tuition fees vanish once students have achieved part-time employment status (Borjas 2002; 2006). In 1976 international students constituted 11.3 per cent of enrolments in US graduate programs, compared to 24.4 per cent by 2000. Much higher levels prevailed in select fields however: 50.7 per cent of all doctorates awarded in engineering, compared to 36.5 per cent in the physical sciences and 25.7 per cent in the life sciences.

The presence of these foreign postdoctoral students is viewed as essential—major US employer groups are now lobbying Congress for automatic provision of Green Cards (i.e., permanent residence) to all international students completing US doctoral degrees. Recent studies estimate extended stay rates to include up to 85–95 per cent of Indian and Chinese graduates, allowing for substantial scientific contributions to be made in select fields (see, e.g., Finn 2003; Borjas 2006; Regets 2001, 2007; National Science Foundation 2008). According to the National Science Foundation (Regets 2001, p. 17), the ‘availability of foreign students may allow many graduate departments to expand or maintain graduate programs. In other cases, foreign students may allow more elite programs to maintain very high standards by choosing among

the best of both foreign and native applicants' in a context where 'graduate programs are also important sources of new knowledge and research' and student participation boosts the US competitive advantage in the production of knowledge, goods and services.

The National Institutes of Health (NIH), for instance, each year hosts over 2000+ foreign postdoctoral students 'to receive training and conduct biomedical research'. Such ex-students are attracted to NIH appointments by 'international prestige, its clout in financing biomedical research, and its many research opportunities'. Their presence is deemed vital:

As fewer American students select biomedical careers, US training institutions are forced to increasingly rely on the admission of foreign students to maintain enrolment levels (and hence, ensure the survival of graduate academic departments) and satisfy labour market demand [The program has become] a de facto seamless and efficient recruitment mechanism whereby American academe can, at minimal cost, indirectly evaluate, select and hire biomedical scientists from a large and constantly-renewing pool of foreign candidates that includes talented and promising young biomedical scientists from around the world (Diaz-Briquets and Cheny 2003, pp. 433, 438, 430).

According to the American Council on Education (2006, p. 9), foreign doctoral students are filling precisely the science and technology fields that US graduates are vacating, at a time when domestic shortages are rising. Within this context, alternative global destinations are viewed as a threat, in particular Europe's growing dominance (the destination now for close to half of all international students), with recent French and Japanese gains described as 'phenomenal'. A range of papers confirm the US government's determination to maintain its export education lead, taking all necessary steps to achieve this. A Congress-commissioned report outlines the immigration reform that was sought in 2007, one major aim being to 'ease the restrictions on foreign students in scientific and technical disciplines' (Matthews 2007, p. 1). While in theory just 65,000 HIB visas are available each year to temporary degree-qualified foreigners, in practice one million workers are annually resident by this means, with great latitude afforded doctorally qualified former students.

According to Testimony to the House Subcommittee on 21st Century Competitiveness and Education, future US 'security and quality of life' will depend on continuing to attract 'the most capable students and scholars of other countries' (Matthews 2007, p. 18). Access to permanent residence for foreign graduates is viewed as central to this process, as outlined in the recently released *Science and Engineering Indicators 2008* report:

Consider a hypothetical case of a bachelor's level engineer who enters the United States with a student F visa to pursue a doctorate, who spends 6 years completing the doctorate, followed by 2 years in a postdoc position, and then is hired by an employer for a permanent job on a temporary work visa. The employer applies for a permanent work visa for their new worker, who receives it 2 years after starting work. Now, 10 years after entering the United States, a 5-year waiting period begins after receiving a permanent visa, before the engineer can apply for citizenship. The engineer applies soon after becoming

eligible, and after 1 year, becomes a US citizen, 16 years after entry to the United States (National Science Foundation 2008, p. 3–52).

In an increasingly competitive environment, there are risks associated with uncertain and/or elongated migration processes.

4.2 Australia

Australia, in contrast to US practice, from 1999 facilitated immediate access for international students to permanent residence status. Since 2001 they have been eligible to apply for skilled migration onshore, with virtual certainty of selection (unless they fail health or character checks). In redesigning its selection criteria, the Australian government affirmed the program's original intent—to select migrants deemed able to make an immediate economic contribution. A parallel goal was to reduce skills wastage among recent arrivals, together with the level of government investment required to support migrants' labour market adjustment. The previous model of selection had proven flawed—delivering principal applicants lacking the 'knowledge economy' attributes employers seek (sophisticated English language ability, recognised credentials, and qualification in fields associated with buoyant labour market demand).

In terms of qualifications, applicants in regulated fields are now required to apply for pre-migration screening by the relevant Australian national or state licensing bodies (typically a three-month postal process)—a strategy designed to avoid years of forced labour market displacement resulting from non-recognition. Priority processing and up to 20 bonus points are awarded to people in high-demand fields, a measure associated with clearly beneficial outcomes. Recognising the importance of host-country language ability, candidates are required to achieve 'vocational' or higher level scores on the independently administered International English Language Testing System (or equivalent), provided globally and monthly by the British Council for a modest fee. The level set has not been draconian—the minimum standard for economic eligibility until September 2007 was defined as 'Has partial command of the language, coping with overall meaning in most situations, though is likely to make many mistakes. Should be able to handle basic communication in own field.'

In terms of impact, it is important to note that these 1999+ policy changes have not discouraged or distorted skilled flows to Australia. Intakes rose to 97,500 in 2005–06 from 77,800 in 2004–05 (compared to one-third that level in the mid-1990s), with the 2007–08 target set at 102,500. Racial and ethnic diversity have been maintained—in 2006–07 the top five source countries were the UK (18%), India (15%), China (11%), Malaysia (4%) and the Philippines (3%). Most importantly, improved employment outcomes have been secured by traditionally disadvantaged groups. While labour market integration for all source countries had improved by 1999/2000, in the case of economic principal applicants from Eastern Europe, the Middle East/North Africa, India, the Philippines and China, the scale of this improvement had been dramatic. For example, 79 per cent of economic principal applicants from East Europe had found work within six months of arrival by 1999/2000, compared to 31 per cent in 1993–95. The comparable rate for the Philippines was 76 per cent (versus 57%), with such gains further improving by the time of Australia's skilled migration review (2006).

Former international students had become strong program participants (as noted earlier, 52 per cent of the total within five years). By definition, they had self-funded to meet employers' English language and credential requirements, boosting the development of Australia's export education industry in the process. At the same time, the 2006 skilled migration review uncovered emerging problems in relation to student flows, which required addressing (Birrell, Hawthorne and Richardson 2006).

From 1999 to September 2007 former students seeking two-step migration were exempted from English-language testing when applying for permanent residency, the assumption being that their English and acculturation levels would be strong by the point of migration (Department of Immigration and Multicultural Affairs 1999). The skilled migration review provided compelling evidence that this was not always the case. A range of Australian providers appeared to have compromised their declared academic entry standards while developing international student flows—a finding endorsed by subsequent studies (Baas 2006, 2007; Birrell, Healy and Kinnaird 2007; Watty 2007). Despite the majority of Australian universities publicising English entry levels of IELTS Band 6.0 or above for tertiary courses, post-course testing by the Immigration Department provided unambiguous evidence that many graduates fell well short of this standard (captured at their point of transition to skilled migration following a minimum of two years' Australian residence and tertiary study). In 2004–05, 43 per cent of recent international student graduates from China gained scores of IELTS Band 5, along with 36 per cent of those from Vietnam and 29 per cent from Thailand (Birrell, Hawthorne and Richardson 2006). A year later the proportion of graduates scoring IELTS 5 rather than 6 or higher had become significantly worse, including an extraordinary 56 per cent of former students from South Korea, 51 per cent from Thailand, 47 per cent from Taiwan, 43 per cent from both China and Hong Kong, and 42 per cent from Bangladesh (see Table 7.) The latest available data, derived from the 2006 Census, confirms just 22 per cent of 20- to 29-year-olds had secured professional or managerial work in the first five years post-migration—the great majority of these certain to have been accepted as former international students (Birrell 2008). This outcome stands despite the strength of current labour market demand in the booming Australian economy.

Table 7 about here

In accounting for such outcomes, the skilled migration review identified serious risks in relation to Australia's export education industry, most notably evidence of:

- *institutional conflict of interest*, leading to potentially compromised academic entry and progression standards;
- *unrealistic assumptions* concerning the speed and certainty of students' post-arrival IELTS gains (given the capacity of short English courses to deliver guaranteed access to degree and diploma courses via packaged visas);
- *inadequate surveillance or quality control* of the rapidly emerging registered training organisation providers, providing training for the vocational sector; and
- *the high level of cultural and linguistic enclosure* experienced by many

international students, particularly those located in the Sydney and Melbourne ‘campuses’ of select regional universities, who were at risk of academic segregation.

Such results were the reverse of those anticipated by the Australian government in 1999. Moreover, a key finding of the 2006 review was that recent onshore applicants achieved significantly worse than offshore Principal Applicants in terms of professional work. Despite near-identical proportions being employed within six months of arrival (82–83%), former students were found to be characterised by:

- annual salaries of around \$A33,000 (compared to \$A52,500 for offshore arrivals);
- average weekly earnings of \$A641 (compared to \$A1015);
- lower job satisfaction, with 44 per cent liking their work (compared to 57%); and
- far less ‘often’ use of formal qualifications in current work (46% compared to 63 per cent) (Birrell, Hawthorne and Richardson 2006, p. 97).

Since September 2007 decisive steps have been taken to address these issues. Exemption from English language testing is no longer allowed for former international students, given the impossibility of the Department of Immigration and Citizenship policing education providers’ academic entry and progression standards. International English Language Testing Scheme (IELTS) Band 6 has been declared the threshold ‘competence’ score for all economic migrants, across the four language skills³ (significantly up from Band 5). Liberalised access to post-course visas will facilitate former students’ stays, allowing them an additional 18 months (if required) to ‘gain skilled work experience; improve their English language skills; or undertake a Professional Year’ related to their field of study. Only passport holders from the UK, Ireland, the US, Canada and New Zealand will be exempt from English testing on transition to economic migration, given the problem of defining which candidates should be waived. Significant bonus points will also reward ‘proficient’ English speakers (25 points for candidates rated IELTS 7 or above), a major determinant now of selection. The practices of educational providers will be better monitored, in particular those operating in the fast-growing migration-driven vocational training sector. Higher migration points will be provided to Australian graduates who have completed postgraduate study, most notably former students possessing doctoral degrees (25 points) or three-year qualifications (15 points) (Department of Immigration and Citizenship 2007c).

Such steps are viewed as essential to maintaining the integrity of Australia’s skilled migration program. In terms of language measures, they are justified by the review’s

³ Speaking, listening, reading and writing; with the threshold score required to be reached on all four skills by independently validated language testing.

finding that English language ability represents the major determinant of professional employment outcomes:

We conclude that in most dimensions of labour market success, the key is to have a level of English language competence that enables the respondent to report that they speak English at least ‘very well’. [Those who do not] were much more likely to be unemployed; about half as likely as those with better English to be employed in a job commensurate with their skills; and about twice as likely to be employed in a relatively low skilled job (Birrell, Hawthorne and Richardson 2006, pp. 86–87).

5. International Student Migration: Select Policy Challenges

Despite the attractiveness of international students as skilled migrants, a number of policy challenges clearly exist. First, the level of future competition for students will be unprecedented—the US’s determination to expand foreign student recruitment is a prime example, but one replicated across many policy sites.

Second, the stability of international students as a migration source of supply must be questioned. In New Zealand, for example, the number of Chinese students surged from 139 in 1998 to a peak of 21,580 in 2004 (58% of the international student total). Demand has since halved, at a reported cost to New Zealand’s education industry of \$US500 million. This rapid reduction represents a skilled migration setback as much as an export industry blow (Lasanowski and Verbik 2007).

Third, there is clear potential for migration-driven flows to rapidly distort international student enrolments by sector and discipline. For example Australia’s addition of multiple vocational fields to its ‘Migration Occupations in Demand List’ has led to extraordinary recent growth in demand for vocational and technical education courses (see Tables 8 and 9), at serious cost to university faculties that had expanded to address anticipated demand, e.g., in IT (Birrell, Hawthorne and Richardson 2006; Australian Education International 2007).

Table 8 about here

Table 9 about here

Finally, questionable educational providers may respond to migration-driven flows—for instance, select private training providers in Australia were described to the skilled migration review panel as ‘wily entrepreneurial players who exist solely to funnel students into migration’. Education-linked migration policy requires vigilance, including the establishment and oversight of quality assurance systems adequately resourced for the task.

Unquestionably in the period ahead, a growing number of APEC nations will choose to recruit and retain international students as skilled migrants. This process must involve:

- ongoing surveillance of export education and migration policies, in order to address distortions or abuses as they occur;

- developing pro-active measures designed to ensure that student flows have the capacity to address national workforce needs;
- factoring source-country demography into export education and skilled migration planning (for example, the rapid fertility decline occurring in key Asian source countries); and
- accepting the contemporary transformation of key migration-related international student markets to global export education providers (for example China, Singapore and Malaysia).

Within the dynamic period of competition that lies ahead, there should be potential to maximise the promotion of 'brand APEC' while expanding the region's reputation for producing skilled, flexible and exportable global workers. Though the ethics of student migration remain a matter of debate, parents rather than source countries have typically resourced these students' education. From an ethical perspective, their recruitment thus seems less problematic than the OECD migration norm—selection of mature-age professionals fully trained by their countries of origin.

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Table 1: Top international student destination countries by 2006 (share of world's higher and vocational education market)

Top 10 International Student Destination Countries	International Students Enrolled in Higher/Vocational Education	World Market Share
US	565,000 (2006)	22%
UK	330,000 (2005–06)	12%
Australia	281,633 (2005–06)	11%
Germany	248,000 (2006)	10%
France	201,100 (2006)	10%
China	141,000 (2005)	7%
Japan	118,000 (2006)	5%
Singapore	66,000 (2005)	2%
Canada ⁴	62,000 (2006)	2%
Malaysia	55,000 (2006)	2%
New Zealand	42,700 (2006)	3%

Source: Adapted by L. Hawthorne from V. Lasanowski and L. Verbik 2007, *International Student Mobility: Patterns and Trends*, The Observatory on Borderless Higher Education, London, and 'Citizenship and immigration data on international students in Canada', 2007.

⁴ Estimates of international student numbers in Canada have declined in recent years as a result of the decision to waive visa applications for students enrolled for less than six months. A December 2007 Canadian government report suggests the total number to be far higher: around 160,000 in all.

Table 2: International student enrolments in Australia by top 10 source countries (2005–06)

Nationality	2005 Enrolments	2005 Growth	2006 Enrolments	2006 Growth
China	81,730	15.8%	90,287	10.5%
India	27,605	33.0%	39,166	41.9%
South Korea	26,319	10.5%	31,257	18.8%
Hong Kong	21,343	–7.1%	20,523	–3.8%
Malaysia	19,362	–3.2%	19,166	–1.0%
Thailand	16,514	1.2%	17,889	8.3%
Japan	19,053	–4.9%	17,804	–6.6%
Indonesia	16,121	–11.1%	15,038	–6.7%
United States	12,585	–1.6%	12,045	–4.3%
Brazil	7,081	49.7%	10,190	43.9%
Other nationalities	98,366	3.3%	110,453	12.3%
Total	346,079	6.4%	383,818	10.9%

Source: Australian Education International statistics, March 2007, Canberra

Table 3: The proportion of migrant professionals in Canada and Australia by select field (2001)

Professional Field	Canada Overseas-Born	Australia Overseas-Born
Engineering	50%	48%
Computing	51%	48%
Medicine	35%	46%
Science	36%	37%
Commerce/business	27%	36%
Architecture	49%	36%
Accountancy	35%	36%
Arts/humanities	24%	31%
Nursing	23%	24%
Teaching	15%	20%
Engineering	50%	48%

Source: Adapted by L. Hawthorne from Canadian (Statistics Canada) and Australian (Australian Bureau of Statistics) 2001 Census data.

Table 4: Employment outcomes for degree-qualified migrants in Canada by 2001 (1996–2001 arrivals)

Arrival Date	Source Country	Own Profession	Other Prof/Management	Any work S/Total	Unemployed	Not in Laborforce	Number
	Canada	33.6	27.5	84.7	3.9	11.4	1,888,276
1996/2001	South Africa	39.5	30.5	86.6	5.2	8.2	1992
	Australia/New Zealand	29.9	36.5	80.0	6.3	12.1	855
	USA	26.5	31.0	76.1	5.3	18.6	5696
	UK/Ireland	25.8	37.3	83.2	5.5	11.3	4219
	North West Europe	25.0	33.8	80.0	7.9	12.1	8701
	HK/Malaysia/Singapore	19.1	22.1	65.1	11.2	23.8	6436
	Central & South Americas	17.9	19.0	68.1	13.8	18.1	11803
	Eastern Europe	17.7	22.6	70.5	13.8	15.7	31622
	South Eastern Europe	16.0	20.1	67.3	16.7	16.1	6710
	China (exc. Taiwan)	14.9	20.7	58.3	18.7	23.0	48952
	Other Middle E/N Africa	14.3	19.1	56.6	21.2	22.2	16059
	India	12.2	18.9	71.5	12.8	15.7	29059
	Other South/Central Asia	11.5	16.8	60.5	16.6	23.0	35659
	Taiwan	10.3	18.0	44.9	14.5	40.6	7955
	Iraq	8.8	15.5	50.6	20.7	28.7	2116
	Philippines	8.3	10.3	77.1	9.1	13.8	17869
	Other	15.5	21.6	65.0	14.8	22.9	22010
TOTAL MIGRANT							257714

Source: 2001 Census (Canada), reported in *Labour Market Outcomes for Migrant Professionals – Canada and Australia Compared*, L Hawthorne (2007)

Table 5: Top 10 countries of citizenship for skilled migration applicants to Australia 2003/04 to 2005/06

2003–04	No.	%	2004–05 (July–June)	No.	%	2005–06 (July–Nov)	No.	%
India	7103	19%	UK	5959	18%	India	2363	19%
China	5506	15%	India	5145	15%	China	2258	18%
UK	4698	13%	China	4338	13%	UK	2071	16%
Malaysia	2029	6%	Malaysia	1947	6%	Malaysia	536	4%
Indonesia	1990	5%	Indonesia	1525	5%	Philippines	431	3%
Singapore	1490	4%	Hong Kong	1439	4%	Indonesia	430	3%
Hong Kong	1199	3%	Singapore	1242	4%	Hong Kong	404	3%
Korea	1033	3%	Sri Lanka	1028	3%	Korea	391	3%
Sri Lanka	925	3%	Philippines	986	3%	Sri Lanka	331	3%
Philippines	919	3%	Korea	856	3%	Singapore	291	2%

Source: B. Birrell, L. Hawthorne and S. Richardson 2006, *Evaluation of the General Skilled Migration Categories*, Commonwealth of Australia, Canberra.

Table 6: Comparative fees by select undergraduate course, OECD/APEC nations (2007)

Destination Country	Course/University	Fees in \$US
Australia	University of Sydney	
	Business/Management	\$US18,383
	Mechanical Engineering	\$US20,164
	Philosophy	\$US16,204
Canada	Laval University	
	Business/Management	\$US10,634
	Mechanical Engineering	\$US11,852
	Philosophy	\$US11,852
China	Shanghai Jiao Tong University	
	One fee for all courses	\$US3,300
France	University of Paris (Sorbonne)	
	One fee for all courses	\$US235
Germany	University of Heidelberg	
	No fees for courses at this stage (policy under review)	Nil
Japan	University of Tokyo	
	One fee for all courses	\$US4,652
Malaysia	University of Malaya	
	Business/Management	\$US1,704
	Mechanical Engineering	\$US1,464
	Philosophy	\$US1,656
New Zealand	University of Otago	
	Business/Management	\$US12,120
	Mechanical Engineering	\$US13,687
	Philosophy	\$US11,050
United Kingdom	Oxford University	
	Business/Management	£10,360
	Engineering	£11,840
	Philosophy	£10,360
United States	University of California	
	General UG course per year	\$US27,335

Source: Adapted by L. Hawthorne from V. Lasanowski and L. Verbik 2007, *International Student Mobility: Patterns and Trends*, The Observatory on Borderless Higher Education, London, with extra data sourced from Oxford University and University of California websites (accessed November 2007).

**Table 7: Language scores of former international students approved
2004–05 and 2005–06 (sub-class 880) by major country of origin**

Source Country	ESL Points: 15 (IELTS 5) 2004–05	ESL Points: 15 (IELTS 5) 2005–06	ESL Points: 20 (IELTS 6) 2004–05	ESL Points: 20 (IELTS 6) 2005–06	Total Tested 2004–05	Total Tested 2005–06
China	43%	43%	56%	57%	2,655	4,209
India	5%	17%	94%	82%	2,433	2,169
Indonesia	16%	32%	84%	68%	1,408	749
Malaysia	16%	24%	84%	76%	1,113	797
Hong Kong	17%	43%	83%	57%	863	683
South Korea	23%	56%	76%	44%	474	449
Singapore	10%	18%	90%	82%	440	258
Bangladesh	23%	42%	77%	58%	436	479
Sri Lanka	10%	25%	90%	75%	360	346
Japan	18%	37%	82%	63%	248	174
Taiwan	24%	47%	76%	53%	231	133
Pakistan	9%	25%	90%	75%	224	141
Thailand	29%	51%	70%	49%	200	175
Vietnam	36%	33%	64%	67%	200	152

Source: Adapted by L. Hawthorne from data provided in B. Birrell, L. Hawthorne and S. Richardson 2006, *Evaluation of the General Skilled Migration Categories*, Commonwealth of Australia, Canberra, and B. Birrell 2006, 'Implications of low English standards among overseas students at Australian universities', *People and Place*, 14(4), pp. 53–64, Table 5, p. 59.

Table 8: New international student commencements by Australian education sector (August 2006 and 2007)

Sector	August 2006	August 2007	Change %
Higher education	64,230	69,238	7.8%
VTE	38,023	57,328	50.8%
ELICOS	38,190	53,446	39.9%
Schools	9,790	12,241	25.0%
Non-award and other	20,608	21,224	3.0%
Total	170,841	213,477	25.0%
Higher education	64,230	69,238	7.8%

Source: 'Monthly Summary of International Student Enrolment Data—Australia', Australian Education International, Department of Education Science and Training, September 2007 (Media Release)

Table 9: Visas issued by major occupation group and subclass of visa, 2005–06, General Skilled Migration Program (GSM)—Principal Applicant only

Occupation Group	Visa 880, 881, 882 (Onshore)	Visa 136 (Offshore)	All Other GSM Visas	Total GSM Visas Issued
Accountants, auditors, corporation treasurers	6595	2619	488	9702
Computing professionals	3589	2755	729	7073
Building/engineering professionals	1484	1745	811	4040
Food tradespersons	952	394	154	1500
Nursing	229	1136	107	1472
Miscellaneous business/information professionals	432	96	897	1425
Mechanical engineering tradespersons	4	1057	325	1386
Sales, marketing and advertising professionals	186	94	779	1059
Structural construction tradespersons	3	543	306	852
Other occupations	1884	3367	4413	9664
Total	15383	14593	9400	39376

Source: B. Birrell 2006, 'Implications of low English standards among overseas students at Australian universities', *People and Place*, 14(4). pp. 53–64, adapted data from Table 1, p. 54.