
**‘Two-Step Migration’:
The Growing Competition for International Students as
Skilled Migrants in the Asia-Pacific Market**

Lesleyanne Hawthorne
University of Melbourne
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The Context for Intensified Global Competition for International Students: Select Fertility Rates

Mexico: 2.2

US: 2.1

New Zealand: 2.1

France: 1.9

Norway: 1.8

Australia: 1.8

UK: 1.8

Netherlands: 1.7

Canada: 1.5

Switzerland 1.4

Germany: 1.3

Italy: 1.3

Spain: 1.3

Czech Republic: 1.3

Japan: 1.3

Republic of Korea: 1.1

Source: *Health At A Glance 2007 – OECD Indicators* (2008), OECD, Paris

Employer Demand for Migrant Professionals in Australia (2001 and 2006) Compared to Canada (2001)

Occupation	2006 Overseas-Born	2001 Overseas-Born (cf Canada)
Engineering (287,723)	52%	48% (50%)
Computing (109,292)	57%	48% (51%)
Medicine (208,140)	45%	46% (35%)
Science		37% (36%)
Commerce/ business	40%	36% (27%)
Architecture		36% (49%)
Accountancy	44%	36% (35%)
Arts/ humanities		31% (24%)
Nursing (91,337)	25%	24% (23%)
Teaching	25%	20% (15%)

Source: 2001 and 2006 Census data analysis, Australia and Canada; L Hawthorne (2008), *Migration and Education: Quality Assurance and Mutual Recognition of Qualifications – Australia Report*, UNESCO, Paris

Labour Market Barriers in Knowledge Economies (Research Evidence 1990s-Current)

1. **Host country language ability/ effective communication skills** in a 'lean' workforce without 'backroom' jobs
2. **Credential recognition**
3. **Technological 'fit'** (eg IT, engineering, medicine, nursing)
4. **Ancillary professional knowledge:**
 - Management style
 - Industrial relations/union issues
 - Occupational health and safety
 - Duty of care (etc)
5. **Interview style** (type and location of information)
6. **Discrimination, labour market protectionism etc** (challenge of effective measurement)

Impact of Differential University Training Systems (Length of Academic Tradition, Level of Resources)

Ranking of top 500 world universities (Shanghai Jiao Tong 2006):

- **206 in Europe** (overwhelmingly located in North West Europe), including 43 in the UK, and 40 in Germany
- **197 in the Americas** (167 in the US, 22 in Canada, and just 7 in all Central or South America [including 1 in the top 150])
- **92 in the Asia-Pacific** (32 in Japan, 16 in Australia, 14 in China (none ranked in the top 150, and with 2 of the top 4 ranked institutions in Hong Kong), 9 in South Korea, 7 in Israel, 5 in New Zealand, 4 in Taiwan, 2 in Singapore, and just 2 in India (neither ranked in the top 300))
- **5 in the Africas** (4 in South Africa, 1 in Egypt, with no other African or Middle Eastern country listed)

Minimal change evident by 2008



Challenges to Human Capital Transfer: Canadian Data on Skilled Migrant Employment Outcomes (2004-2007)

Skilled migrants =

- 'The new face of the chronically poor' in Canada
- Worse employment outcomes even than Family category migrants (despite selection for 'human capital' attributes)
- 28 years post-migration ('if ever') to secure wage parity with comparably qualified Canadians
- No wage premium for overseas work experience
- Around 60% employed within 6 months of arrival (compared to 83% of comparable migrants in Australia by 2006)

Sources: Eg Thompson, E & Worswick, C (2004), *Canadian Research on Immigration and the Labour Market: An Overview*, Human Resources and Skills Development Canada; Picot, G, Feng, H, & Coulombe, S (2007), 'Chronic Low-Income and Low-Income Dynamics Among Recent Immigrants', *Analytical Studies Research Papers*, Statistics Canada Research Paper Series, Catalogue No. 11F0019MIE, No 294, Ottawa

International Students as a Preferred Source of Skilled Migrants

Human capital attributes:

1. Young
2. Self-funded to meet host country employer demand
3. Advanced host country language ability
4. Full credential recognition
5. Significant acculturation
6. Relevant professional training/ experience

Top 10 Global Destinations for International Students (2006)

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

Source: Adapted from *International Student Mobility: Patterns and Trends*, V Lasanowski & L Verbik, The Observatory on Borderless Higher Education, UK, September 2007

Case Study 1: Competition for International Students for High Skilled Migration - USA

- **Overall numbers (582,984 2006-07), \$US14.5 billion industry**
- **Contemporary policy trends**
 - Claw-back
 - New strategic initiatives: China, Morocco, Chile etc
 - 'Vigorous efforts at the national, state and campus levels...' including high level global promotional visits
 - Research incentive
- **Doctoral student enrolments:**
 - World share (13.5% → 28.3% by 2003)
 - Fee access/ cross-subsidisation
 - China, India
 - Pathways into permanent residence (HIB+)
- **Case study: National Institutes of Health**

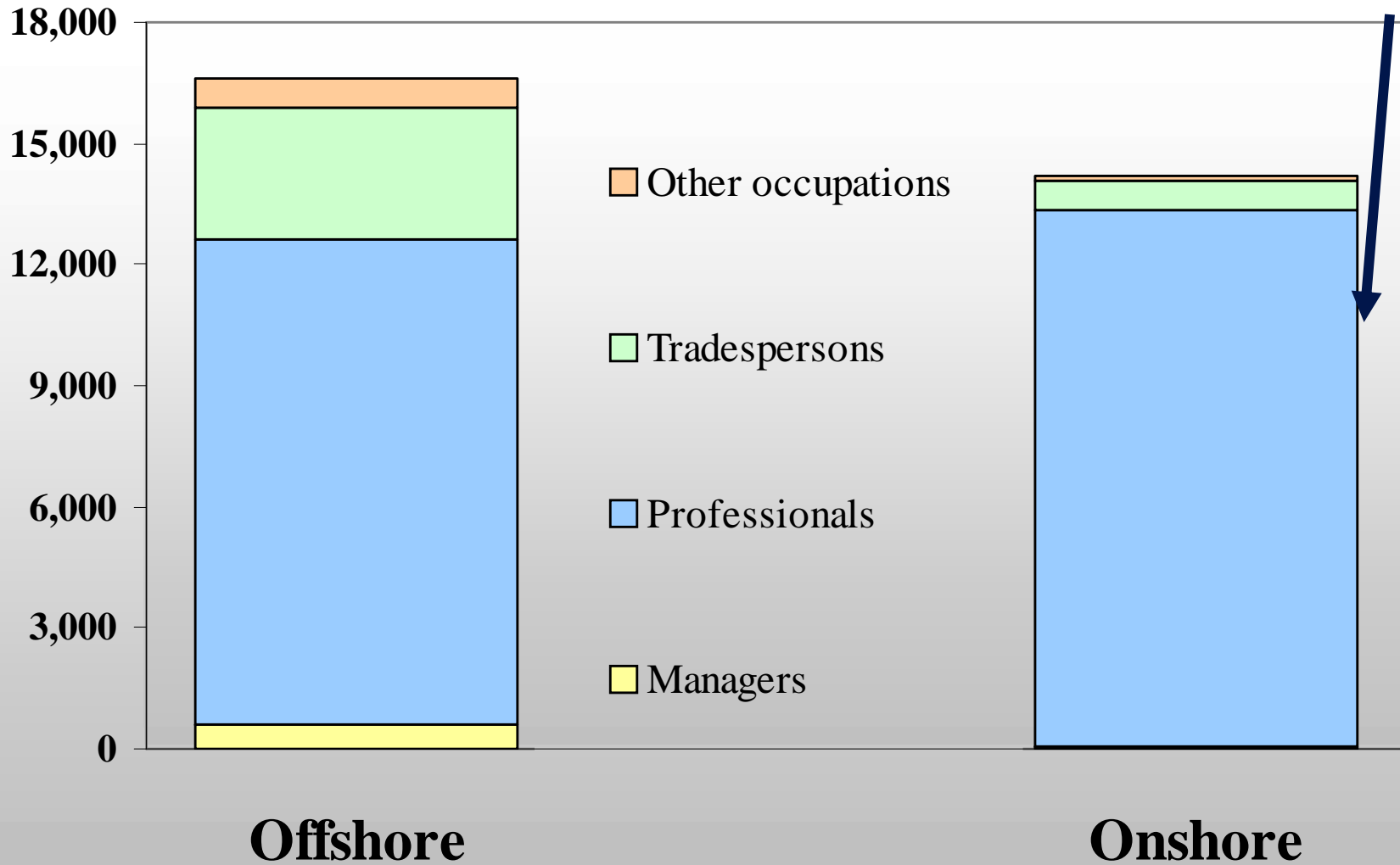
Sources: *Science and Engineering Indicators 2008*, National Science Foundation, February, Washington; Marginson, S & Van Der Wende, M (2007), *Globalisation and Higher Education*, Education Working Paper No 8, Directorate for Education, OECD, Paris; *International Students in the United States*, Open Doors Report 2007, Institution of International Education (IIE), 13 November 2007, Washington DC; 'Foreign Scientists at the National Institutes of Health: Ramifications of US Immigration and Labor Policies', S Diaz-Briquets & C Cheny, *International Migration Review* Vol 37 No 2, Summer 2003; 'Immigration in High-Skill Labour Markets: The Impact of Foreign Students on the Earnings of Doctorates', George J Borjas, Working Paper 12085, National Bureau of Economic Research, March 2006; 'Stay Rates of Foreign Doctorate Recipients From U.S. Universities: 2005', Michael Finn, Oak Ridge, TN: Oak Ridge Institute for Science and Education, 2007

Case Study 2: Australia's Policy Transformation 'Two-Step Migration' 1999+

- Removal of 3 year eligibility and professional experience requirement for international students
- Applications on-shore (at point of course completion)
- 'Win-win' – boost to Australia's export education industry
- **Attraction to employers**: Local qualifications, experience, good English, acculturated, prime workforce age
- Exempted from English language testing – gain maximum points as condition of university entry

Source: *Review of the Independent and Skilled-Australian Linked Categories*, Department of Immigration and Multicultural Affairs, Canberra

International Student Response to Skill Migration Opportunity in Australia



Impact on International Student Demand for Australian Tertiary/ Technical Courses by Major Source Countries

Nationality	2005		2006	
	<i>Enrolments</i>	<i>Growth on 2004</i>	<i>Enrolments</i>	<i>Growth on 2005</i>
China (38% migrate)	81,730	15.8%	90,287	10.5%
India (66-73% migrate)	27,605	33.0%	39,166	41.9%
Republic of Korea (South)	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 of America	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 Media Release (March 2007)

University of Melbourne Decade – 213% Growth in Enrolments

(Source: T Crooks/ F Larkins International Planning Day, University of Melbourne, 2008)

Enrolments:

3121 (1998)

9732 (2007)

International

Student Fee Income:

\$49m (1998)

\$221.7m (2007)

... as % of total income:

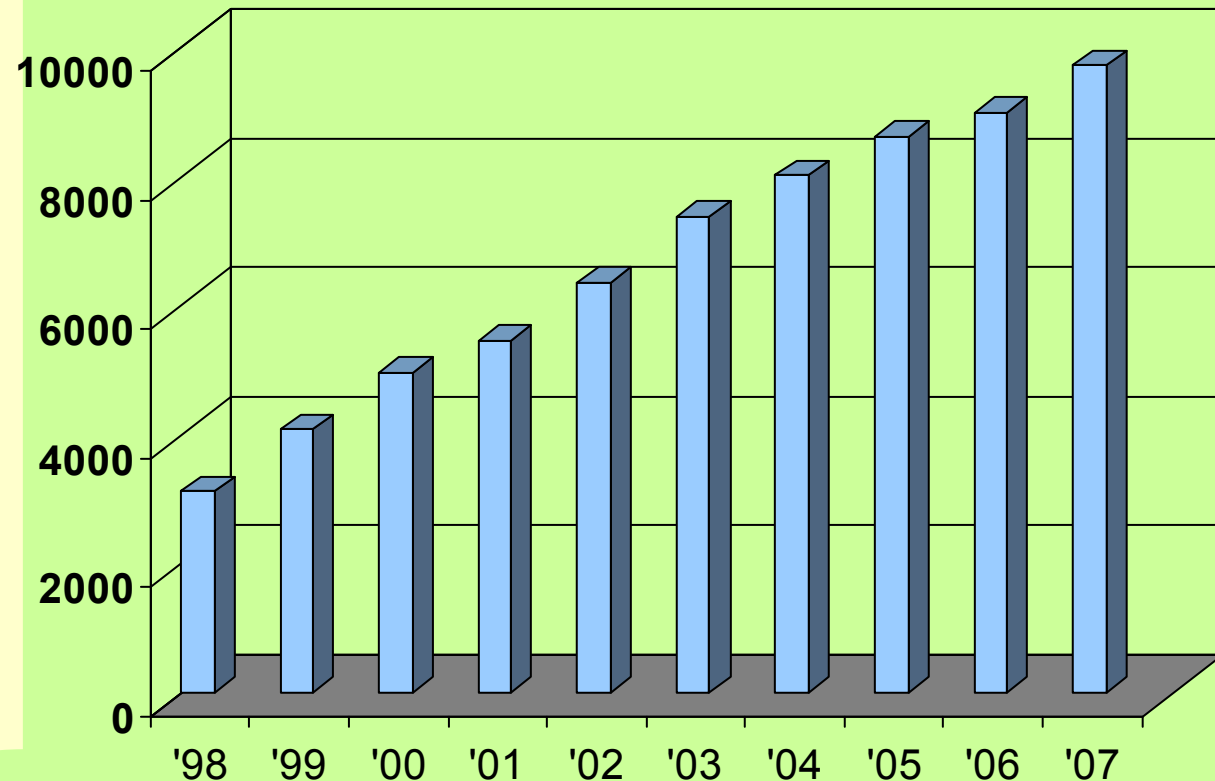
8.26% of \$593.3m (1998)

17.4% of \$1.274b (2007)

C'wealth Grants Scheme +

\$193m (2007 prelim)

Full degree international enrolments 1998-2007



Case Study 3: Competition for International Students for High Skilled Migration – United Kingdom

- Overall numbers (330,000 2005-06)

- Contemporary policy trends

Fiscal incentive (IS funding compared to UK/ EU student grant)

1999 and 2006 Blair initiatives (1999+ 116,300 new IS within 5 years, 2006: 100,00)

British Council promotion (110 offices)

February 2008: New 5 tier labour migration policy, focused on ‘two step migration’ (Tier 4→Tier 1 or Tier 2), influence of ‘the Australian model’

New strategic initiatives: eg India initiative, Working in Scotland, Science & Engineering Graduates Scheme...

‘Launching of the UK-India Education and Research Initiative... to enhance the UK’s competitive position by surpassing similar recent investments made by Australia, New Zealand and the Netherlands...’

- Structures and research

VC Advisory Body, and institutional investment

- 5 Tier Managed Migration Program (February 2008)

OECD Competition for International Students as High Skilled Migrants: Select Additional Trends

Canada: Canadian Experience Class 2008+

Japan: Goal set for 1 million additional students

Netherlands: 1300 courses taught wholly in English (c950 @ Masters or Bachelor level)

Skill migration policy formation (2006 trial, 2008 'Blueprint')

Germany

Skill migration policy 2005+; 2007+: Students defined as 'high potential group'; access to PR after 5 years residence (likely further fast-tracking); prioritisation of 'scientists with particular and outstanding knowledge' plus Masters and PhD IS; extension of priority fields (eg politics, economics)

Czech Republic

Skill migration policy 2003+; 2008: 'Going global', targeting tertiary and secondary level students

Norway

2005+: Access to PG residence and work access for students

Contemporary Trends: International Students in Skilled Migration

1. Facilitating student entry
2. Language of instruction
3. Certainty of access to postgraduate stay
4. Cross-subsidisation of study
5. Global promotion (British Council, IDP Australia, IOM)
6. 'The total package' (speed of processing, certainty of outcome, access to PR/ citizenship, employment outcomes)

International Students: Global Fee Differentials

Destination Country	Course/ University	Fees in \$US
Australia	University of Sydney	
	Business/ Management	\$US18,383
	Mechanical Engineering	\$US20,164
Canada	Laval University	
	Business/ Management	\$US10,634
	Mechanical Engineering	\$US11,852
China	Shanghai Jiaotong 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
New Zealand	University of Otago	
	Business/ Management	\$US12,120
	Mechanical Engineering	\$US13,687
United Kingdom	Oxford University	
	Business/ Management	£10,360
	Engineering	£11,840
United States	University of California	
	General UG course per year	\$US27,335

Source: Adapted from *International Student Mobility: Patterns and Trends*, V Lasanowski & L Verbik (op cit), with extra data sourced from Oxford University and University of California websites (Nov 2007)

International Student Enrolments in Select OECD Tertiary Sectors (2006)

US (2006)	UK (2006)	Australia (2006)	Japan (2006)	New Zealand (2005)
India (76,503)	China (50,755)	China (63,543)	China (74,292)	China (26,546)
China (62,582)	India (19,205)	India (36,078)	S Korea (15,974)	US (2,480)
S Korea (58,847)	Greece (17,675)	Malaysia (18,074)	Taiwan (4,211)	India (1,886)
Japan (38,712)	Ireland (16,790)	HK (16,558)	Malaysia (2,156)	S Korea (2,094)
Canada (28,202)	US (14,755)	Indonesia (13,025)	Vietnam (2,119)	Japan (2,040)
Taiwan (27,876)	Germany (13,265)	S Korea (12,352)	US (1,790)	Malaysia (1,329)
Mexico (13,931)	France (12,455)	US (11,901)	Thailand (1,734)	Thailand (654)
Turkey (11,622)	Malaysia (11,450)	Thailand (10,934)	Indonesia (1,553)	Fiji (644)
Germany (8,829)	Nigeria (9,605)	Japan (9,110)	Bangladesh (1,456)	Hong Kong (432)
Thailand (8,765)	HK (9,455)	Singapore (8,906)	Sri Lanka (1,143)	Taiwan (425)

France: 15,963 China students by 2006 (compared to 2,111 in 2000)

Germany: 27,390 by 2006 (compared to 6,256 in 2000)

Source: Prepared by L Hawthorne based on data in a range of tables included in *International Student Mobility: Patterns and Trends*, V Lasanowski & L Verbik, The Observatory on Borderless Higher Education, UK, September 2007

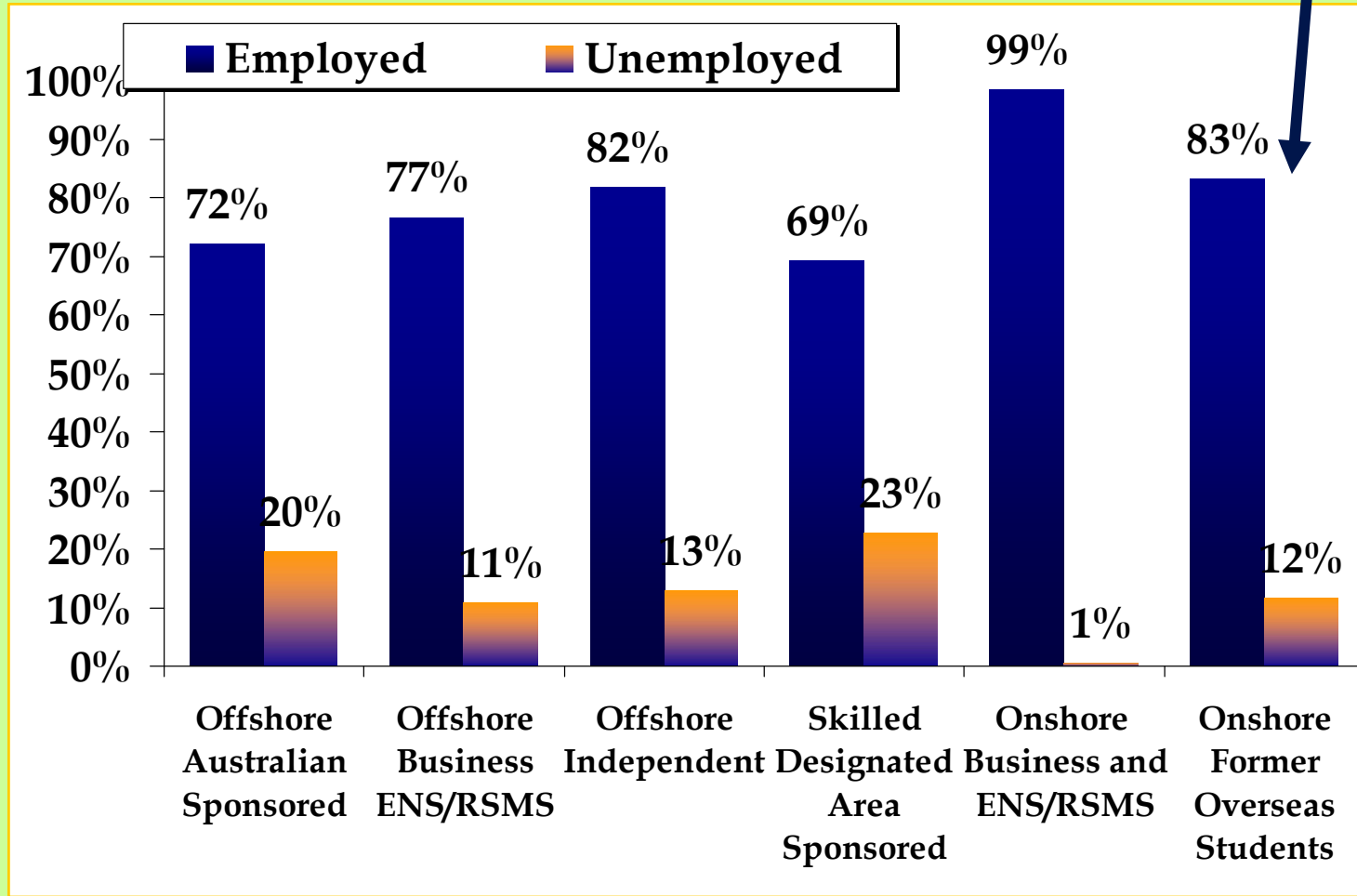
Case Study - Australia's Economic Category Operational Principles (1999+)

1. Speed
2. Efficiency and integrity
3. Certainty of outcome
4. No backlog (pool = maximum 2 years)
5. Points rising (110→115→120); e-based 2005+



Labour Market Outcomes: Skill Migrants' Employment in Australia 6 Months Post-Arrival by Category 2006

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



Select Issues: Global Demand for International Students in Skill Migration

1. **Stability as a source of supply** (eg China and New Zealand: 139→30,000→half!)
2. **Educational providers/ graduate calibre** (eg Australia and trade courses – ‘The Silver Trowel’)

International Student Enrolment Trends in Australia by Education Sector (September 2007 cf September 2008)

Growth trends:

- Higher education: +4.5% (179,903 by September 2008)
- VET: + 46.9% (155,927)
- ELICOS: + 23.8% (101,865)
- School: +9.1% (27,653)
- Other: + 10.7% (29,159)
- **Total = 494,507**

Growth trends by field:

- **Top 4** = Management/ commerce, Food, hospitality and personal services, Society and culture, Engineering

Trends by level (2007):

- 59% of IS enrolled @ UG, 28% @ Masters CW, 3.6% @ RHD

Case study: India

Australian Skill Migration Review Findings: Employment @ 6 Months for On-Shore Versus Off- Shore PA's

On-shore migrants (former students):

- Annual salaries of around \$33,000 (compared to \$52,500 for offshore arrivals);
- Average weekly earnings of \$641 (compared to \$1,015);
- Lower job satisfaction, with 44 per cent liking their work (compared to 57 per cent); and
- Far less 'often' use of formal qualifications in current work (46 per cent compared to 63 per cent)

Source: B Birrell, L Hawthorne & S Richardson (2006), *Evaluation of the General Skilled Migration Categories*, Canberra

Australian Outcomes from Skill Migration (2006) and 2007-9 Policy Changes

Skill migration outcomes:

Australia:

- 83% of skilled migrants working 6 months post-arrival (compared to 60% in Canada)
- Only 4% unemployed 18 months post arrival (lower than 4.7% national average)

September 2007 changes:

- Stronger English skills † (IELTS 6.0 minimum, not 5.0)
- Recent work experience (onshore and offshore applicants)
- Advanced Australian tertiary qualifications (eg PhD, Masters)
- Immediate access to temporary post-study visa (to gain points)
- Professional year in Australia for former students (if needed)

March 2009:

- **Reduced** skill migration numbers (from 133,500 to 115,000 2008-09)
- **Re-focus on professions** (rather than trade courses)

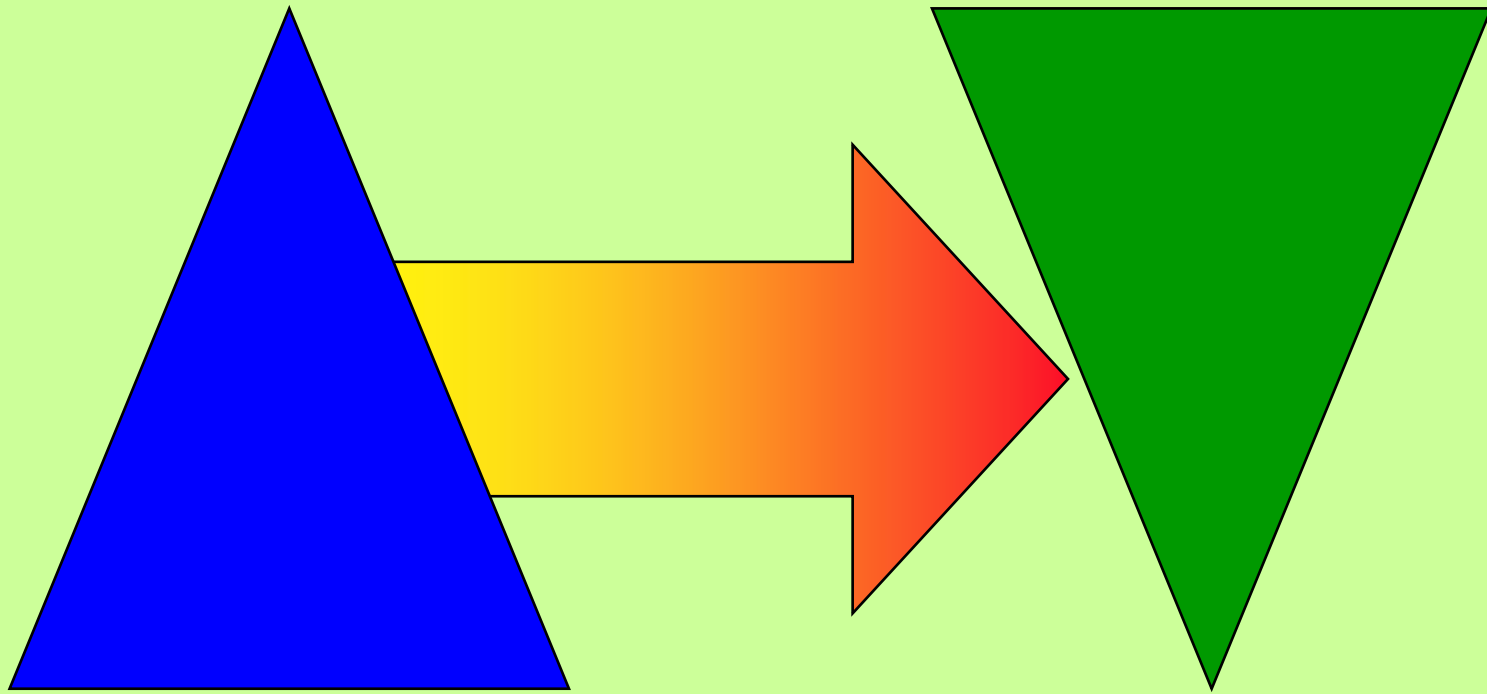
Select Issues: Global Demand for International Students in Skill Migration

3. **Competition from source country providers** (China, Singapore, Malaysia)
4. **Growing future competition from OECD nations** (eg US HIB pathway; foreign doctorates – case study = India and China)
5. **‘Work readiness’ and employment outcomes** (eg Australia)
6. **The Global Financial Crisis:**
 - **1997-99 Asian currency crisis** (scholarship cancellation, destination change, regional supply)
 - **Current: Brutalisation of savings reserves**
 - **Short terms vs longer term impacts?**

Likely Impact of Global Financial Crisis: % Decline in G20 Stock Markets (Year to October 2008)

G20 Stock Markets	Decline
China Shanghai Composite	-66%
Russia RTS	-61%
Japan Nikkei 225	-52%
Italy MIBTEL	-52%
Turkey ISE Nat 100	-50%
France CAC 40	-46%
Argentina Merval	-46%
Indonesia JCI	-45%
India BSE Sensex	-43%
Brazil Bovespa	-43%
German DAX	-43%
British FTSE 100	-42%
Australian All Ordinaries	-42%
US DJIA	-40%
South Korea KOSPI	-39%
Mexico Bolsa	-39%
Canadian S&P/TSX	-37%
South Africa JSE	-34%
Saudi Arabia Tadawul	-26%

The Case for Continued Flows - The Demographic Transformation in OECD Nations



Traditional population structure

Emerging population structure