

REPORT

INTERNATIONAL
STUDENTS
AND NET
MIGRATION
IN THE UK

Matt Cavanagh and Alex Glennie

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ABOUT THE AUTHORS

Matt Cavanagh is associate director for UK migration policy at IPPR.

Alex Glennie is a research fellow at IPPR.

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IPPR
4th Floor
14 Buckingham Street
London WC2N 6DF
T: +44 (0)20 7470 6100
E: info@ippr.org
www.ippr.org
Registered charity no. 800065

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INTRODUCTION: THE NET MIGRATION DEBATE

The UK prime minister David Cameron has committed the Coalition government to cutting 'net migration' – immigration minus emigration – from current levels of 250,000 to the 'tens of thousands' by 2015. This was always going to be challenging, particularly given two factors: emigration levels, which are low by recent standards, and net migration from eastern Europe, which remains high. Home secretary Theresa May and the immigration minister Damian Green have been clear that hitting the target will require them to continue to 'bear down' throughout the current parliament on all the major migration categories: work, family and study. The independent Migration Advisory Committee (MAC) has adopted a working assumption that each major migration category will bear a proportionate share of the overall reduction in net migration.

The category of international students is the largest that counts in the net migration figures – defined as those who come for a year or more – peaking at 242,000 in the year to June 2011, the most recent figures available. This represented 40 per cent of total immigration of 593,000 in the same period. If the MAC's assumption is broadly right, then ministers will be looking for a contribution from the study category, in terms of a reduction in net migration, of around 90,000.

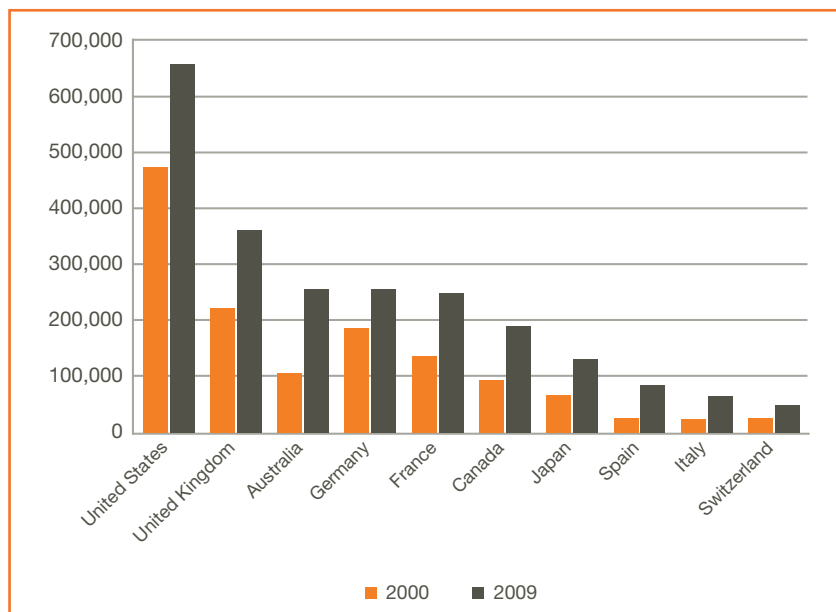
This report looks at the way the UK and other countries track and report student migration flows, how that fits into the wider tracking and reporting of overall net migration flows – and how that relates to the UK government's net migration target. It considers the options for adopting a different method of measuring student migration flows, one which more accurately reflects the contribution of student migration to long-term net migration and would allow a more rational weighing of this contribution against the economic and other benefits which international students bring to the UK. It concludes that the decisive reason why the UK government is sticking with the current method of measuring student migration flows is not a genuine concern with long-term net migration. Instead, it is a desire to 'game' its own net migration target by banking large apparent reductions in 2013 and 2014 which reflect the limitations of the current method of measurement rather than real changes in long-term net migration trends.

1. INTERNATIONAL STUDENTS: THE GLOBAL CONTEXT

International student migration is on the rise across the globe. According to the most recent OECD data, almost 3.7 million tertiary students were enrolled outside their country of citizenship in 2009, representing an increase of more than 6 per cent on the previous year. Just over 77 per cent of these were studying in OECD countries. This continues a broader trend, with the total number of foreign students in tertiary education having increased in every OECD country but Mexico over the past decade (OECD 2011a).

Figure 1.1 below shows increases in the ‘top 10’ destination countries between 2000 and 2009. The UK has continued to punch above its weight in the international student market during this period, with only the US recording a higher number of foreign students enrolled in tertiary education.

Figure 1.1
Number of foreign students in tertiary education, by country of destination ('000s)

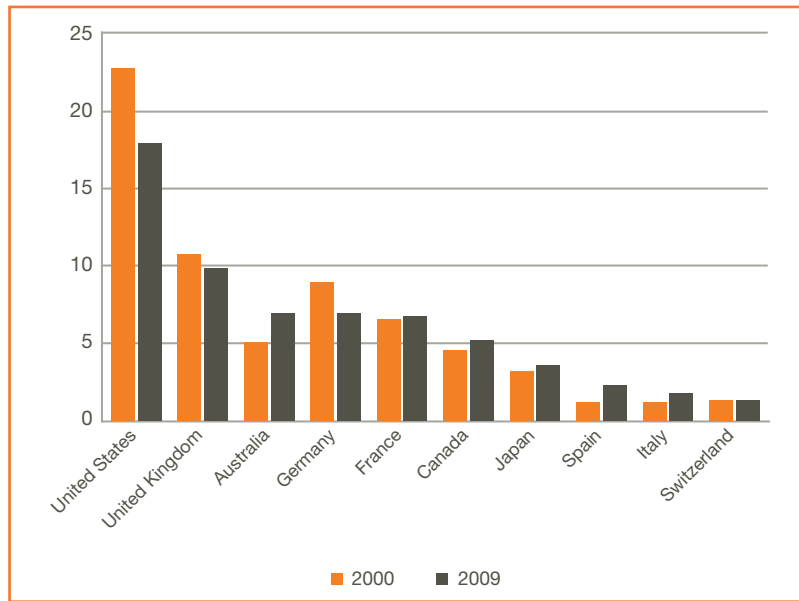


Source: OECD 2011a. Data available at <http://dx.doi.org/10.1787/888932464562>

However, despite this increase in the total number of foreign students in the UK, our overall market share in international student education declined slightly over the same period, falling by nearly 1 percentage point between 2000 and 2009. Of the top 10 OECD destination countries, the US (first) and Germany (third in 2000, fourth in 2009) have seen larger falls in market share, indicating that the market, though growing, is becoming more competitive (see figure 1.2 over).

The reasons for these shifts are complex, but one factor is the migration policies adopted by governments in countries that traditionally receive large numbers of international students. This report will give a short overview of how the UK and the other ‘top-10’ countries deal with the issue of student migration (see section 3 for details of the nine non-UK countries). These are the countries with the largest numbers of international students; they also have migration patterns that are comparable to the UK’s. The particular focus is on how international students are counted in their overall net migration figures, and the employment routes open to foreign students in these countries after they graduate, which is generally accepted to be a major factor in choice of which country to study in, as well as being relevant to net migration.

Figure 1.2
Market shares in international education by country of destination (%)



Source: OECD 2011a. Data available at <http://dx.doi.org/10.1787/888932464562>

Student migration in the UK

According to the most recent estimates from the UK's Long-Term International Migration datasets, estimated long-term immigration to the UK in the year to June 2011 was 593,000, while estimated total long-term emigration from the UK was 343,000, giving an estimated net long-term migration figure of 250,000. This is similar to the final estimate of 252,000 in 2010. Since December 2009, study has been the most common reason for migrating to the UK. As noted above, international students are the largest category of migrants who count in the net migration figures, reaching 242,000 for the year to June 2011. They also represent a considerable financial asset for the UK, with the Department for Business, Innovation and Skills (BIS 2011) having estimated the total value of UK education exports to be £14.7 billion in 2010.

Since the general election in 2010, the UK government has made a number of changes to student visas and the requirements on 'sponsoring institutions', which will have the effect of reducing the number of international students coming to the UK and the length of their stay. One of the major changes is that, from April 2012, the option of non-EEA students staying for up to two years to seek employment after finishing a degree course is being significantly restricted. Only graduates with an offer of a skilled job from a sponsoring employer will be able to stay on, by applying for a Tier 2 visa. The great majority of international students do not in fact stay permanently; but they clearly value the opportunity, and, in a competitive market, will choose countries which provide it. So these measures are likely to reduce numbers of genuine students, as well as those who may have been abusing the student category.

It is difficult to predict the impact that this and other changes will have, given the limited data available. The government's own impact assessment for its early reforms to student visas estimated the effect on net migration as a reduction of 56,000 by 2015 (UKBA 2011), less than a proportionate contribution to hitting the target. But it has made further reforms since then, and has indicated that it will continue to make further adjustments, with the intention of 'bearing down' further on numbers, throughout the current parliament.

Summary of top 10 countries

Our review of the top 10 countries for international students (see section 3) makes two things clear.

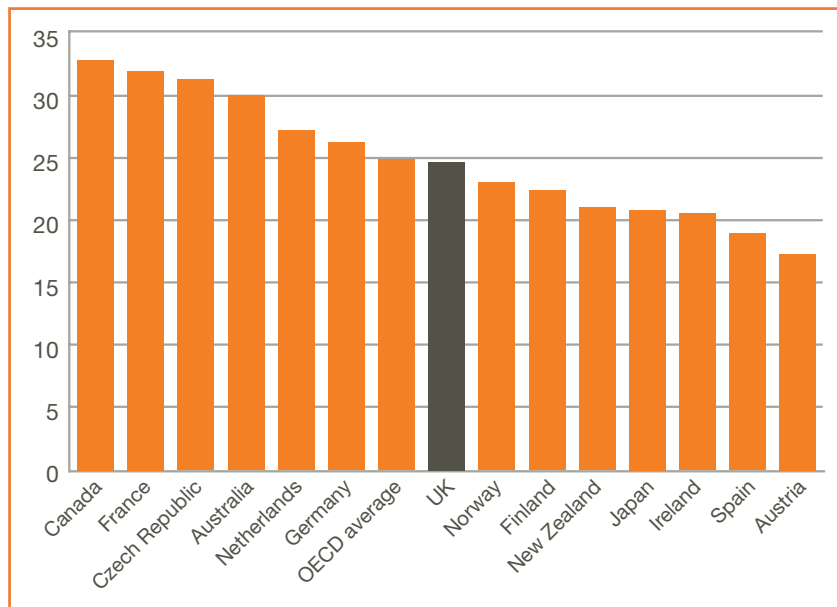
First, the leading countries – apart from the US, which enjoys an exceptional range of ‘pull factors’ attracting international students – and those seeking to move up the league table tend to have less restrictive approaches, in particular on the eligibility of students to stay on and work after their studies.

Second, the top 10 countries, who are all in a broadly similar situation to the UK, measure student migration flows in very different ways. There is no single international standard, let alone requirement. Three of the countries – the US, Australia, and Canada – measure student flows in a way that does not contribute to *permanent* net migration figures, even though they show up in net migration statistics. These are the countries which are the UK’s most obvious competitors in the global market for international students.

2. HOW MUCH DO INTERNATIONAL STUDENTS CONTRIBUTE TO NET MIGRATION?

Recent analysis by the OECD estimates that the ‘stay rate’ of non-EEA students in the UK is currently around 25 per cent. In other words, at the end of their studies, around one in four students renew or change their migration status in order to stay on in the country (mainly to work or marry), while the other three-quarters do not – the great majority of whom are believed to have returned home. This puts the UK in the middle of the OECD group of countries, lower than Canada, France, Australia and Germany. This is shown in figure 2.1 below.

Figure 2.1
Percentage of international students not renewing their student visa and staying on



Source: OECD 2011b. Data available at <http://dx.doi.org/10.1787/888932559980>

Note: The figure illustrates the stay rate, which is estimated as the ratio of the number of persons who have changed their visa status (whether for work, family or other reasons) to the number of students who have not renewed their permits; the latter are not necessarily graduates

Of these 25 per cent who stay beyond their studies, more will leave after a relatively short additional stay. Home Office research in late 2010 estimated that of those who came to the UK on student visas in 2004, only around 20 per cent had by 2009 either gained visa extensions or switched into other routes (mainly employment or marriage); of the other 80 per cent, the great majority are believed to have returned home after five years (Home Office 2010). For the purposes of this report, IPPR estimates that around 15 per cent will stay permanently (for the purposes of this report, beyond seven years).

Should students be treated like other immigration categories in net migration figures?

There are good reasons for asking if international students should really be treated like other immigration categories in the net migration figures. As noted already, they are far more likely to return home after a few years than the other main migration categories of work and family: the evidence suggests that only 15 per cent of students stay permanently, compared to 34 per cent entering through the family route and 32 per cent through the work route (Home Office 2010). Recent surveys also indicate that the public is far less concerned about international students than other kinds of immigration (Cavanagh 2011).

However, clearly it would be wrong for the government to exclude incoming international students from the immigration figures without also excluding from the emigration figures those students who came in earlier years and are now returning home.

The rational answer is to adjust *both* immigration and emigration figures to effectively exclude students: students would not be counted on entry but would be counted if (and at the point that) they stay on after study, for example to work or marry (which already requires them to notify the authorities). Returning students would be excluded from the emigration figures by adding a new question to the emigration element of the survey on which the long-term international migration figures are based, asking people why they originally came to the UK (at present, the survey only asks them their reason for leaving, not their reason for coming to the UK in the first place).

These changes – asking additional questions in the long-term international migration survey, and recording students who switch into other routes and incorporating them at that point into net migration figures – are not trivial, but nor are they particularly onerous or expensive, and nor are they ruled out by international requirements or standards, as is clear from the review of international practice provided in this paper. The survey in any case needs a radical overhaul, and a larger sample size, if it is to continue to be the basis for such an important target, having as it does such profound implications for all areas of migration policy.

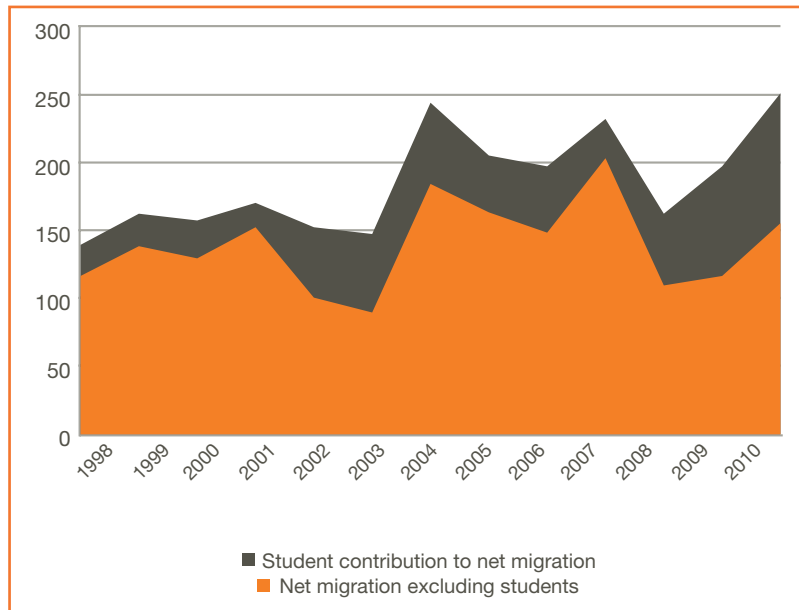
If students were excluded both in and out, what would be the net migration effect?

If student inflows were steady, it would make little difference which measurement method was used. This has led some to argue that the question of whether international students are included in or excluded from overall net migration figures doesn't matter: it will all come out in the wash. However, if there is a rising trend in student inflows then under the current measurement method there is a 'lag' effect before emigration catches up. For example, if international student inflows rise from 100,000 to 150,000, a difference of 50,000 immediately shows up in the immigration figures, and therefore in the net migration figures. Only 15 per cent of this additional 50,000 will actually stay permanently, and add to real long-term net migration – the rest will emigrate, but that emigration is spread over future years. If student inflows rise again the following year, the effect is compounded. This is true to an extent of all immigration categories, but the larger the proportion that eventually returns home in a given category, the more pronounced is the lag effect. Student immigration is the category where the largest proportion eventually goes home, so it is the category where the lag effect is most pronounced – and the potential distorting effect on policy is therefore greatest.

Figure 2.2 (over) represents how international students have contributed to recent net migration figures, based on IPPR modelling. (It does not include the contribution of UK students travelling abroad and then returning.) It reflects student inflows which have been fluctuating around a rising trend since the 1990s.

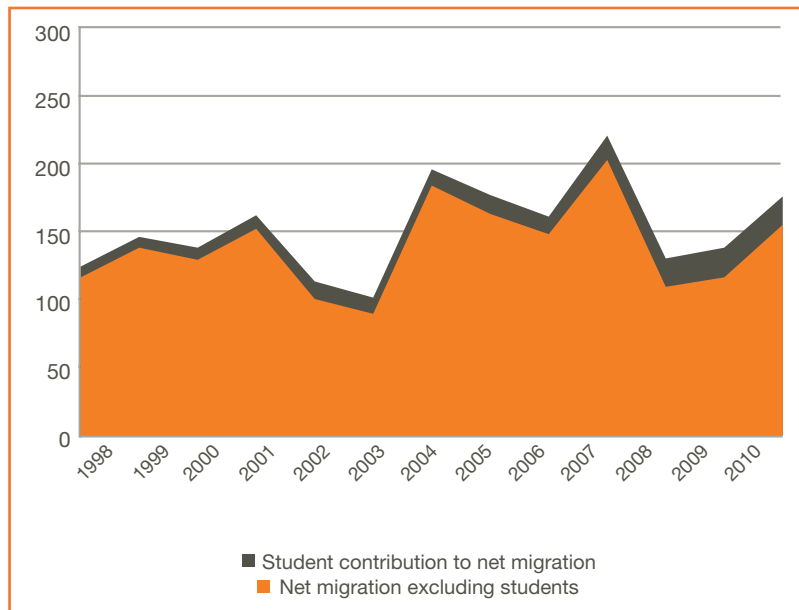
One point worth noting is that it is students, as measured by the current method, which make 2010 the peak for net migration. Figure 2.3 (over) shows that if we adopt the more rational method of effectively excluding both incoming and outgoing international students from net migration figures, 2007 would have been the peak year for net migration. This is not surprising. The main positive contributions to net migration between 2008 and 2010 were students and falling emigration. However, other more permanent categories of immigration, in particular work and family, were falling in the years before 2010.

Figure 2.2
International students
in net migration figures
(IPPR modelling, current
method)



See annex for explanatory note on modelling methodology

Figure 2.3
International students
in net migration, actual
long-term contribution
(IPPR modelling, new
method)



More important, however, is the difference between the two methods of measuring student migration flows over the coming years. Just as the current method of measurement exaggerated the impact of students on increasing net migration figures as student numbers were rising, so it will exaggerate the impact of students on reducing net migration figures as student numbers level off or fall. This is the logical consequence of the lag effect described above.

Figure 2.4 shows the annual contribution of student flows to net migration figures from 2007 for the next decade, if they continue to be measured using the current method,

and in the hypothetical 'scenario A' in which student inflows remain at current levels of 220,000.¹ In other words, even if no further reductions are made in international student numbers, the annual contribution they make to overall net migration figures will fall sharply as student emigration flows 'catch up' with immigration flows, before the net contribution levels off at 33,000 per year (15 per cent of 220,000).

Figure 2.4
Contribution of student flows to net migration figures (IPPR modelling, current method, '000s)

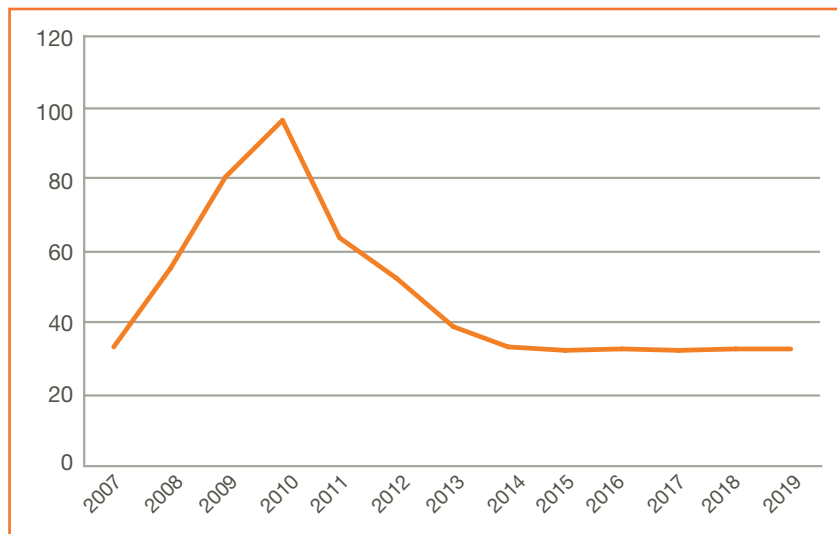
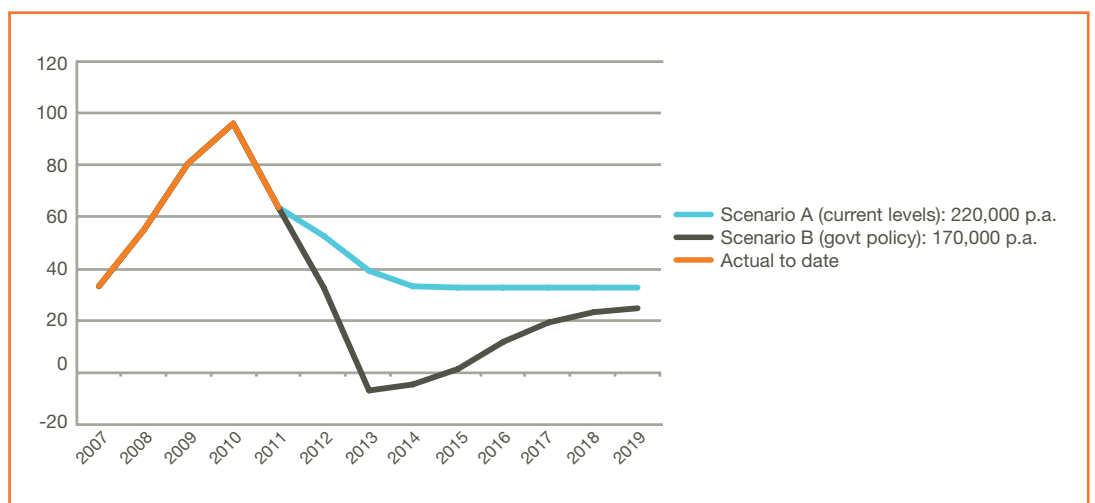


Figure 2.5 draws a comparison with scenario B, whereby the government continues to 'bear down' on international student numbers, along with other major immigration categories, in line with ministers' stated intentions. It assumes that international student numbers will level off at around 170,000 per year rather than 220,000. In this scenario, the contribution of international students to net migration figures drops sharply to a *negative contribution* in 2013 and 2014, and then recovers to level off at 25,500 after 2018.²

Figure 2.5
Contribution of student flows to net migration figures (IPPR modelling, current method, two scenarios, '000s)



1 This is an estimate for 2011, based on IPPR's assessment of the effects of the government's recent changes so far, and Home Office management information that the number of student visas fell by 4 per cent in 2011 – which is not the same as actual numbers who came, nor is it an exact overlap with students who count in the migration figures.

2 The 'J'-shaped nature of this curve was recognised by the Migration Observatory (2012).

Could targets be distorting policy?

The difference between the two scenarios A and B in terms of the *long-term* contribution of international students to net migration is only 7,500: this is clear from looking at the ‘steady state’ figures from 2019 onwards. However, the difference in net migration figures in the early years is large: in 2013 the difference is 44,000. The official figures for 2013 are published in November 2014, so are likely to be the last official figures before the next general election, and as such will be seen as the ‘test’ of whether the government has hit its target of reducing net migration to the tens of thousands.

This shows how, under the current method of measuring student flows, the ‘lag’ effect – as rising emigration from recent years of high student migration catches up with, and even overtakes, falling immigration – gives the government a perverse short-term incentive to cut international student numbers.

Under the alternative, more rational method of measurement suggested above, the only thing that matters is the *long-term* contribution to net migration, based on the small proportion of students who actually stay.

What are the economic costs of cutting international student numbers?

IPPR estimates that pursuing scenario A – maintaining current levels rather than reducing further – would save the UK from losing around £2–3 billion per year in economic contribution from the reduction of 50,000 international students per year.³ The difference in terms of the dynamic contribution to the economy over 20 years, in terms of losing so many young, highly qualified and motivated migrants is hard to calculate, but would likely be very large.

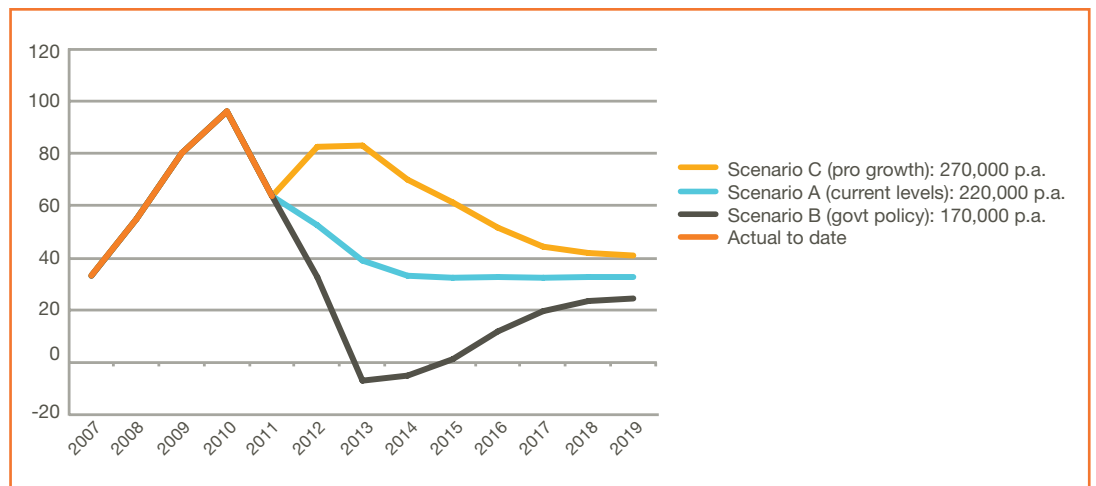
These 50,000 extra international students would also make a significant contribution to the finances of our education sector, at a time when it is facing real challenges.

We suggest that the government also consider a third scenario, scenario C: we call this the ‘pro-growth’ option, and it is modelled in figure 2.6 below. This shows what would happen if the UK government allowed international student numbers to rise back to peak levels and then slightly above: the contribution of international students to the net migration figures would rise slightly this year and next before starting to fall as emigration catches up, but on a much more gradual basis, levelling off at 41,000 after 2018.

Again, the difference this makes to net migration figures in the early years is large: it adds another 40,000 in 2013. The span across all three scenarios in the 2013 figures is 80,000 – a massive difference in terms of the government’s attempt to hit its net migration target in that year. It would be very difficult for the government to switch to this scenario under the current method of measuring of international student flows. But again, it is important to note that the difference between the three scenarios in terms of the true, long-term contribution to net migration is relatively small: another 7,500 a year over and above the status quo, or 15,000 in terms of the span across all three scenarios.

³ Although the data on this is patchy, the best estimates suggest that there are 480,760–530,760 international students in higher education (HE), further education (FE) and the private sector in the UK (see UKCISA 2011). Given BIS estimates of the value of higher education, further education and English-language training education exports to the UK (£11.3 billion in 2010), 50,000 international students staying in the UK for an average of two to three years each could represent £2.4–3.4 billion overall (with the figure for each student calculated by dividing the total value of exports by an average of 500,000 international students and then multiplying by either two or three).

Figure 2.6
Contribution of student flows to net migration figures (IPPR modelling, current method, three scenarios, '000s)



If the government means what it says – that what it truly cares about is long-term net migration – then it should assess the relative merits of the three scenarios based on the difference in ‘steady state’ – at the right-hand edge of figure 2.6 – rather than focusing on the apparent differences to net migration in 2013. In terms of the long-term contribution to net migration, the difference between scenarios A and B, and between A and C, is not 40,000 per year (as appears to be the case in 2013 under the current method of measurement) but 7,500 per year. This is around 3 per cent of current net migration levels, or 7.5 per cent of the government’s stated target of 100,000. This is the difference which should be weighed against the benefits to the UK economy, and the benefits to the education sector.

As noted above, scenario A would prevent us from losing around £2–3 billion per year in economic contribution from the loss of 50,000 international students per year; scenario C, the pro-growth scenario, would generate an *additional* £2–3 billion from an extra 50,000 international students per year. So the total amount at stake across all three scenarios is in the range of £4–6 billion per year. Again, the difference in terms of the dynamic contribution to the economy over 20 years, in terms of attracting hundreds of thousands more young, highly qualified and motivated migrants is hard to calculate, but would likely be very large. An extra 100,000 international students would make a very significant contribution to the finances of our education sector, at a time when it is facing real challenges.

These next two to three years are crucial ones not just for the UK economy but also for the global market in higher and further education. This market is likely to continue to expand, representing an important source of global economic growth. The UK’s relative position and market share has been holding up, but is under increasing pressure as the market gets more competitive. The experience of Australia over the last decade shows how market share can be quite vulnerable to policy changes: two or three years of voluntarily sacrificing market share could be hard to recover from (Able and White 2012).

The benefits of additional numbers of international students to the UK economy and education sector should be weighed in political and democratic debate against the contribution to net migration – but it should be weighed against the actual long-term contribution to net migration, not the apparent short-term spike in the net migration

figures which simply reflects the limitations of the current method of measurement. One way of looking at it is to say this: if we switched from current government plans (scenario B) to a pro-growth policy (scenario C), the addition to our population over 20 years (allowing for additional fertility of the new arrivals) would be around 200,000, or less than half of 1 per cent – in exchange for a very significant contribution to growth, enterprise and creativity.

Each of the alternative scenarios A and C could be combined with the government's objective of ensuring that the international students the UK attracts are genuine and high quality. A recent NAO report confirmed that there are still large numbers of students (perhaps as high as 13 per cent in 2008) who are not genuine (NAO 2012). This needs to be addressed. Many of the new, more stringent requirements which the government has introduced on visas and sponsoring institutions could be maintained, but also combined with active support for institutions to attract genuine applicants. Moreover, focusing more closely on bogus students and colleges would arguably have a larger impact on net migration, since bogus students are less likely to go home.

3. DO INTERNATIONAL STANDARDS PREVENT A CHANGE OF METHOD?

Government ministers and officials have been reported as defending the current measurement method by arguing that they are merely conforming to international requirements or standards. However, IPPR's survey has found that out of the top 10 countries in terms of international student numbers, three of them explicitly qualify students as temporary or 'non-immigrant' admissions: the US, Australia and Canada. These countries are also our main competitors in the global market for international students. In terms of international requirements or standards, there is nothing to stop the UK taking a different approach and announcing that it will apply its net migration target (which is a voluntary, political target) to longer-term migrants, counting students only at the point at which they switch into more permanent migration categories.

The following summary highlights the different ways in which the 'other nine' top-10 countries for international students measure and manage this vital category of migration.

United States

As shown in figure 1.1 above, the US is the largest OECD recipient of international students, with more than 660,000 enrolled in tertiary education in 2009. Recent data indicates that these numbers are continuing to rise, with the 2011 *Open Doors* report finding 723,277 foreign students in the US during the 2010–11 school year (IIE 2011).

Until recently, calculations of net international migration (NIM) in the US included separate estimates for temporary migration (a category which included international students). Since the 2010 census, NIM has been based on estimates of immigration of the foreign-born, emigration of the foreign-born, net migration between the US and Puerto Rico, net migration of natives to and from the US, and net movement of the armed forces population to and from the US. This no longer separates out temporary migrants (or students) as a component of the overall figure, although in practice they will be caught up in estimates on immigration of the foreign-born population, which is defined as those who are foreign-born who report having lived abroad in the prior year in their responses to the American Community Survey (ACS)(US Census Bureau 2011).

However, while international students are technically captured in the NIM figures produced by the US Census Bureau, they do not show up in the permanent immigration statistics collected by the Department of Homeland Security (DHS). Instead, foreign students fall under the category of 'non-immigrant admissions', which covers all foreign nationals granted temporary entry into the US (alongside those entering on a short-term basis for business or pleasure, for temporary employment, or as a representative of a foreign government or international organisation).

In 2010, the DHS *Yearbook of Immigration Statistics* recorded 1,042,625 immigrants becoming legal permanent residents. This was just over 0.5 per cent of total non-immigrant admissions to the US, which numbered 159,700,000 in the same year, and was less than the total number of foreign student admissions. Students made up 1,595,078 (or a little under 1 per cent) of these non-immigrant admissions, with 95 per cent of these being academic students, about 1 per cent being vocational students, and the rest consisting of the spouses and children of both groups (DHS 2011).

Working in the US after graduation is a possibility for foreign students, although they have to apply for an optional practical training (OPT) or an 'H1B' visa in order to do so. The OPT visa gives students the opportunity to apply the theoretical knowledge they have acquired through their studies in practical work experience, so long as this is directly related to their field of study. This work can be done part-time or full-time either during the period of study

or after graduation, for a cumulative maximum of 12 months (although extensions may be granted in exceptional circumstances). The H1B system offers a more long-term route for international students, since it gives employers the opportunity to hire foreign nationals to fill a specific post for a maximum period of three years, although this can be extended to a total of six years. The H1B route in particular is heavily over-subscribed: it is more akin to a lottery than a qualification-based system. This makes the US relatively less attractive as a destination, but it has sufficient other educational, economic and social advantages to remain the leading destination for international students.

In contrast to the UK, recent policy announcements affirm the US government's commitment to attracting more economic migrants to work, including foreign students. The President's Council on Jobs and Competitiveness stated in a 2011 report that 'highly skilled immigrants create jobs, they do not take jobs' and, among other changes, the government is planning to adjust its OPT visa system to allow students who graduate in a 'STEM' (science, technology, engineering and math) field to extend their visas for 17 months or beyond (DHS 2012).

Australia

After the US and the United Kingdom, Australia is now the third-most popular destination for international students, although there have been a number of shifts in the policies influencing these flows over the past decade. In the second half of the last decade there was a rapid increase in the number of student visas issued by the Australian Department of Immigration and Citizenship (DIAC): 175,800 of these were granted in 2004–05, rising to a record high of 319,600 in 2008–09 before falling to 270,500 in 2009–10 (DIAC 2012).

Australia keeps a record of international students in its estimates of total net overseas migration (NOM), but these fall within the 'temporary' category (alongside business long-stay migrants, working holidaymakers and long-term visitors) and there are few formal caps on these numbers, although the government is able to exert some control through policy, such as by raising English language requirements. Other components of Australia's total NOM figure include individuals entering through the permanent migration programme and humanitarian programme, which include the skilled, family and humanitarian visa groups.

The net migration contribution of international students hit a peak in 2008–09 along with the number of new visas. With 153,600 student NOM arrivals, and 31,200 NOM departures, international students made up 41 per cent of Australia's total NOM estimate for the year. Australia has estimated that education is its third-most valuable export industry.

Political concerns about immigration led the Australian government to tighten visa conditions in early 2010. New regulations were introduced that sought to prevent students from acquiring permanent residency status through lower-skilled vocational routes and to restrict the availability of post-study work visas. The list of skilled occupations in demand was also altered (OBE 2012). However, falling numbers of applications for visas from international students then alarmed the government, prompting it to commission a major review of the student visa system as a whole.

The final report of the Knight review, which aimed to identify how Australia could become more competitive in the international student market and to improve the integrity of the student visa system, was released by the government in September 2011 (see Australian Government 2011).

All of the review's recommendations have been accepted, and at the end of 2011 the government announced its decision to expand the opportunities for foreign students to stay on and seek employment in Australia after finishing their degree. These proposals are due to come into effect in 2013 (see DIAC 2011). Graduates who have completed a bachelor's degree or master's by coursework degree in Australia will be eligible to apply for a two-year work visa, while those with a master's by research degree or a PhD earned in Australia will be able to apply for a three- or four-year visa respectively. Unlike in the UK, foreign students who are eligible to apply for these work visas will not have to undergo a skills assessment or apply to work in an occupation on the skilled occupation list.

Germany

Germany was third in the tally of foreign students in 2000, but had slipped to fourth by 2009. Unlike Australia, Canada, the US and other 'settlement' countries, Germany counts everyone who enters the country on a temporary basis as an immigrant. Those with foreign nationalities are a subset of the broader group of people with an 'immigration background', which includes foreigners who were born in Germany as well as anyone born in Germany with at least one parent who is an immigrant or who is considered to be a person with an immigration background (Hossmann and Karsch 2011).

The most authoritative source of data on international education in Germany is provided by the *Wissenschaft Weltoffen*, an annual report funded by the federal and state governments. This defines international students as individuals who are nationals of any country apart from Germany enrolled at a German higher education institution. The report breaks these down into two categories: 'mobile foreign students', who travel to Germany specifically for study, and 'non-mobile foreign students', who possess German secondary school qualifications and who are likely to have German residency status. According to OECD and UNESCO data-collecting methodologies, the first category of students would be considered 'international students' (since they crossed an international border for the specific purpose of study) while the second category would be considered a 'foreign student' or German-educated foreign citizen. Data includes totals for international student enrolments and foreign student enrolments (Clark 2009).

In 2008 (the last year for which full Eurostat data is available), Germany recorded 682,146 long-term immigrants and 737,889 long-term emigrants, representing a negative rate of net migration. It is difficult to estimate what proportion of this can be attributed to international student migration in each year. However, in 2010, the number of foreign students at German higher education institutions hit 244,775, a rise of around 5,600 from the previous year. This represented 11.5 per cent of the total number of students in higher education in Germany, down from the high point of 12.5 per cent in 2006. Of these, 179,353 were university students, while 65,422 were enrolled in *fachhochschulen* (a German type of tertiary education institution specialising in applied sciences)(DAAD 2011).

Until fairly recently, there were limited opportunities for non-EEA students who hoped to stay on and find employment in Germany following the completion of their studies, with most being required to leave immediately after graduation. This changed in 2005, when the German government introduced a 12-month 'grace period' during which foreign graduates could seek work (Hossmann and Karsch 2011). Germany has also made it easier for international students to find employment by removing the need for a resident labour market test. This test is waived for graduates from German tertiary educational establishments, so long as they work in an occupation that corresponds to their level of qualification. In certain cases, the need to pass a labour market test is also waived for

international students taking vocational courses who intend to find employment relating to their training (OECD 2010). If international students succeed in gaining a job related to their studies during the year-long grace period, they are then able to apply for a residence permit to work, although there are some restrictions on the type of job they are able to do.

France

Data on international student migration to France is collected by a number of different statistical bodies and is therefore somewhat patchy. However, statistics compiled by the French Institut National D'Études Démographiques show that in 2008, 40,979 foreign students entered France (representing 26 per cent of all international admissions that year). The most recent OECD data shows just under 250,000 foreign students in total present in France as of 2009.

Official French statistics collects data on four different population categories: those who are French by birth, those who are French by acquisition, immigrants, and foreigners. Immigrants are those who were born abroad as foreign citizens (and they continue to be identified as such even if they acquire French citizenship), while foreigners are those who are not French citizens, even though they may have been born in France, but are potentially eligible to acquire citizenship. Since there are no statistics on temporary admissions, foreign students are included within overall statistics on immigrants and foreigners.

The French position on foreign students has tightened considerably over the past few years, after a decade of relatively liberal policies towards student migrants hoping to stay on and work after their degree. In 2006, the government passed a new law on immigration and integration that made it easier for foreign students to apply for work permits. It required students to receive permission from their country of origin to study in France, and then once they were there, those who received a master's or higher degree would be allowed to seek a 'first professional experience' that would contribute to the economic development of France and the home country (Murphy 2006). These visas were granted on a six-month renewable basis and entitled individuals to work in any job at up to 60 per cent of a full-time working week. Those who found jobs related to their studies and with a salary of at least 150 per cent of the national minimum wage were allowed to work full-time and apply for a change in residence status from 'student' to 'employee' (HAC 2011).

Rising popular concerns about immigration in France have prompted a shift in attitudes over the past few years, and the French debate now compares more closely to the British one, with politicians from across the political spectrum regularly speaking about the need to break the link between opportunities to study and to work. In May 2011, the French interior minister Claude Guéant circulated a memo calling for greater scrutiny of work permit applications by non-Europeans. A few months later, the list of jobs on the official labour shortage list was halved, leading to a rise in the number of international students being turned down in their applications to switch from a student to a work visa (OBE 2012). In late 2011, president Nicolas Sarkozy also announced a proposal to cut legal immigration by 10 per cent, as part of a campaign platform designed to appeal to voters on the political right in advance of presidential elections in May 2012.

These restrictions have provoked a considerable backlash, and while protests have been led by students they have received strong backing from a coalition of big business (such as L'Oreal and Ernst & Young), elite universities, the socialist party and the communist-dominated unions (Symons 2011). There has subsequently been some backpedalling

on the part of the government, and in January 2012 the French authorities announced some easing of the restrictions on foreign graduates from French universities switching into a work permit category. The French Labour Office has also been told to consider the impact of work permit refusals on both the reputation of French universities and on French companies that need skilled workers (PwC 2012).

Canada

Canada has seen a large increase in its international student population over the last five years: along with Australia, it saw the largest rise in market share over the decade. In 2011, the provisional estimate of foreign student entries was 98,378, compared to 73,777 in 2005. In this same period, the total stock of foreign students in Canada has risen from 175,690 to 239,131 (CIC 2012a).

Canadian figures for net international migration are calculated by subtracting the total number of emigrants and net temporary emigrants from the combined number of immigrants, returning emigrants and net non-permanent residents. In this formula, non-permanent residents are individuals who are legally in Canada under the authority of a temporary resident permit and include foreign students (as well as foreign workers, the humanitarian population and other temporary residents). The effect of this is that while international students are present in net migration calculations, they are not considered to be long-term immigrants in Canada in the same way that they are in countries like the UK.

Compared to the UK, Canada is much more permissive when it comes to issuing post-study work visas, and since 2005 it has been moving towards a migration system that makes it easier for international students to seek work (and potentially to settle on a more permanent basis) after they have graduated. The post-graduation work permit programme currently allows students who have graduated from a participating Canadian post-secondary institution to apply for a work permit that lasts for the same length as the programme of study, from a minimum of eight months to a maximum of three years (CIC 2012b).

Japan

The best source of international student data in Japan is the government-sponsored Japan Student Services Organization (JASSO). JASSO defines an 'international student' as an individual from a foreign country who is receiving education through any Japanese university, graduate school, junior college, college of technology, professional training college or university preparatory course, and who lives in Japan with 'college student' visa status (Clark 2009). As of May 2011, 138,075 international students were recorded as being resident in Japan, a 2.6 per cent drop from the previous year. This figure included 39,749 graduate students, 71,244 students who were undergraduates in universities or studying at junior colleges or colleges of technology, 25,463 students at professional training colleges and 1,619 students on university preparatory courses (JASSO 2011).

Japan has historically had a very closed immigration system, the most restrictive of all OECD countries, being reluctant to allow its social model of strong ethnic homogeneity to be affected by large migration flows. Legislation and policy have supported this goal, classifying most foreigners in Japan as immigrants and permitting few routes to permanent settlement or the acquisition of Japanese citizenship. However, the pressures created by an ageing population and a stagnant labour market have gradually persuaded successive governments of the need to open up the system to some degree and to encourage the circulation of economic migrants, including foreign students.

Since the 1980s in particular, government policy has shifted towards encouraging more student migration to Japan. In 1983, the Japanese prime minister introduced a 'Plan to Accept 100,000 International Students' which, as the name would suggest, aimed to increase the number of foreign students in Japan to at least 100,000 by the beginning of the 21st century. After this target was hit (in 2003), the government set its sights on a new goal of 300,000 foreign students by 2020, introducing a new 'global strategy' of policy reforms designed to achieve this in 2008 (Shao 2008).

However, while for 30 years Japan has been keen to increase the number of foreign students passing through its educational establishments, for most of this time it remained much less keen on allowing these students to stay on as permanent residents. Between 1990 and 2004, very few foreign students made the switch from study to work visas, with between 1,000 and 1,500 doing so every year. After 2004 there was a rapid increase in these numbers from this very low base, and 10,262 students were recorded as having changed their visa status in 2007 (ibid).

Official attitudes appeared to shift at this point, and the underlying assumption of the '2008 plan' described above was that more students would stay on and work after graduation, a major change from the 1983 student migration plan. However, recent data suggests that the impact of this changed approach has been less than impressive. In 2008, only 11,000 of the 130,000 foreign students at Japanese universities and technical colleges secured jobs in Japan. And in 2009 the number of registered foreigners in Japan actually fell for the first time since annual tracking records began, shrinking by 1.4 per cent from 2008 levels (Tabuchi 2011).

Spain

Spain has only become a net recipient of immigrants in the past two decades, after a long period when outward migration flows were much larger than inward flows. In 2000, there were around 895,720 foreigners legally resident in Spain; by 2008, this number had increased to 4,274,821 and it surpassed 5,000,000 by 2010. Similar patterns have been observed in the education system, and Spain now has large numbers of foreign students at most levels. In 2007, foreign pupils represented a total of 8.4 per cent of all non-university students, an increase of almost tenfold from a decade earlier.

OECD data shows the number of foreign students enrolled in tertiary education having risen from 25,502 in 2000 to 84,990 in 2009 (OECD 2011a). The numbers in other educational programmes are much lower, with data suggesting that between 0.4 per cent and 4.3 per cent of students in special education, in Programs of Social Guarantee, the formative cycles of the FP (vocational training) and in baccalaureate are from another country (Maiztegui-Oñate and Santibáñez-Gruber 2007).

The recent change in status from a net emigration country to a net immigration country prompted the Spanish government to move towards more systematic collection of data on immigrants. In 2006, the Spanish Statistical Office carried out a large survey of foreign-born persons currently living in Spain, published in 2008 as the *National Immigrant Survey* (ENI). For the purposes of the ENI, an immigrant is a foreign-born resident of Spain, irrespective of his or her nationality, while a resident is a person who is present in the country, and so is a designation which has nothing to do with their legal status. Persons born abroad with Spanish citizenship from birth and who moved to Spain before the age of two are exceptions to this definition.

Non-EU students are required to apply for a national 'study visa' if they wish to attend a Spanish educational institution, which remains valid for the duration of their course, training programme or research. New legislation has made it easier for some international students to acquire residence and work permits when they finish their degree, namely, foreign students or researchers who have had a student residence card for at least three years and who have not received any scholarships or subsidies from any public or private organisations as part of cooperation or development agreements in their home country.

Italy

Like Spain, Italy has recently had to come to terms with a shift from net emigration to net immigration. Before the mid-1970s, Italy experienced large and regular population outflows, mostly to the US and other European countries. However, as migration policies started to tighten up in these traditional recipient countries, Italy's migration flows started to even out and subsequently moved in the other direction. In 2010, Eurostat data recorded 458,856 long-term immigrants to Italy and just 78,771 long-term emigrants. According to Italy's national statistics Institute, ISTAT, 'resident foreigners' in Italy totalled 4,570,317 as January 2011, an increase of 7.9 per cent from the previous year. The percentage of foreign citizens in the total resident population has also risen: in January 2011 it was 7.5 per cent, up from 7 per cent the previous year (ISTAT 2011).

Most non-EU students will be captured in the statistics on resident foreigners in Italy, given the difficulties involved in acquiring Italian citizenship – current legislation requires all non-EU residents to wait 10 years before applying for naturalisation, compared to four years for EU nationals (Zincone and Basili 2010). Other data comes from municipal population registers, statistics on 'stay visas' issued to foreigners, and from the decennial population census. These suggest that foreign students do not make up as large a share of immigrants as in some other European countries. At the time of the 2001 census (the most recent for which data is currently available), around 3.1 per cent of the 1,175,800 foreign residents stated that the main reason for their move had been to study (compared to 46.6 per cent for work, 36.5 per cent for family reunification and 13.8 per cent for other reasons).

In 2007, entry permit data suggested that these proportions might be falling, with just 2.7 per cent citing 'study' as the individual's main purpose for acquiring a visa. However, there has been an increase in the absolute numbers of foreign students in Italy at all levels. The number of foreign students enrolled in Italian tertiary education establishments has more than doubled over the last decade, from 24,929 in 2000 to 65,873 in 2009 (OECD 2011a).

Similar to existing regulations in the UK, the permit of stay for study allows foreign students to work in Italy on a part-time basis for no more than 20 hours per week, up to a maximum of 1,040 hours per year. In terms of opportunities for working in Italy after they have graduated, non-EU citizens can convert study permits into work permits when they finish their degree, although this is subject to numbers permitted by the 2010 quota agreement, which favours particular groups and nationalities (Statewatch 2011). In 2010, the government set an overall figure of 98,080 people to be allowed entry into Italy as employees – 86,080 of these spots were for new arrivals, and 12,000 were for the conversion of permits issued for other purposes (such as study or seasonal employment).

Switzerland

Foreigners make up a large proportion of Switzerland's population. In 2006, foreigners accounted for around one-fifth of its total population, 21 per cent of the total student body, and 43 per cent of individuals at the postgraduate and doctoral levels (SER and

OPET 2006). In absolute terms, Switzerland attracts fewer foreign students than the other 'top 10' countries, but these numbers are growing. In 2000, there were 26,003 foreign students enrolled in tertiary education in Switzerland; by 2009, this number had risen to 49,407 (OECD 2011a).

Swiss population statistics distinguish between the 'permanent resident population' and the 'resident population'. The permanent resident population refers to all people who live in Switzerland for the whole year, including Swiss citizens domiciled in Switzerland, foreign citizens holding a permanent residence permit or a residence permit valid for at least one year, international civil servants, diplomats and their family members. Meanwhile, the resident population includes all those who officially reside in Switzerland over a given time period, irrespective of their citizenship, the duration of their residence and the type of permit they hold. People who do not live in Switzerland on a regular basis (such as cross-border commuters working in Switzerland, tourists, visitors or business travellers) are not included in this category. However, asylum applicants, diplomats and international civil servants and their family members are.

Swiss net international migration figures are based on statistics related to the immigration and emigration of Swiss nationals and foreigners. This latter category is then broken down by the category of permit held by each foreigner. Therefore students do not show up as a distinct group of temporary immigrants, but are included in other categories.

There are different regulations for different types of foreign students wishing to stay on and look for employment in Switzerland after completing their studies. Citizens of the old EU states (EU17) and other EFTA nationals (from Norway, Iceland and Liechtenstein) can stay in Switzerland for up to 90 days without any permit. During this time they are allowed to search for a job. After 90 days, they can apply for a stay of another three months for the purpose of looking for employment. EU-8 nationals can stay in Switzerland for up to six months for the purpose of looking for a job, after applying for a 'job seeker' permit. However, non-EU/EFTA nationals are unable to remain in Switzerland without a visa or permit and must leave the country at the latest three days after the expiration of their student permit, if they have not yet acquired a subsequent permit. This does not preclude them from switching into another permit category, but there is a quota system in place and there is an annual limit of 7,000 'type L' permits for working stays of up to one year and 4,000 'type B' permits for working stays of up to five years.

CONCLUSIONS

The government faces real policy choices on numbers of international students. The difference these choices make to the economy, and to funding of the education sector, would be very significant. The difference they would make to long-term net migration is relatively small.

The net migration target is distorting these policy choices.

The current method of measuring student migration flows gives the government a perverse incentive to cut international student numbers in the short term, rather than focusing on what it states is its real aim: controlling long-term net migration.

The government should switch to a more rational method of measuring student flows, which would enable a clearer focus on controlling long-term net migration while also giving a true picture of the actual trade-offs between long-term net migration and the benefits of international students to the economy and the education sector.

Government ministers and officials have privately defended the current method of measuring migration flows by arguing that they are merely conforming to international requirements or standards. This is refuted by our examination of our main competitors in the market for international students. Among the top 10 countries, six include students as part of their overall net migration figures, while three do so while also making clear that these are temporary or ‘non-immigrant’ admissions: the US, Australia, and Canada. These countries are also our main competitors in the global market for international students. Even those countries that do count students as part of permanent net migration figures do so in slightly different ways. In terms of international requirements or standards, there is nothing to stop the UK taking a different approach. That different approach would have little effect on the government’s ability to control net migration over the medium to long term, or on its ability to target bogus students or colleges.

The rational approach, advocated in this report, is for only those students who stay on to work (or marry or form partnerships with residents) to be included in the net migration figures, and only at the point they make this switch. Changes should be made to the survey on which emigration estimates are based to exclude students who arrived in previous years and are now returning home at the end of their studies. In terms of planning for the effects on net migration over the longer term, the government could use a planning assumption – based on recent UK history and international comparisons – that 15–20 per cent of students will stay permanently. (This figure could be reduced through policy changes, though that would likely have knock-on effects on the UK’s ability to attract international students, especially the best, and we would not recommend it.)

This report has also demonstrated that while it is true that there is little difference between the two methods of measurement in the very long term, or if numbers are stable, the choice between the two methods matters very significantly for the next two to three years. The current method does not increase the government’s control over long-term net migration trends, but does make it much easier for the government to show progress against their net migration target before the next election.

This report suggests that the decisive reason why the UK government is sticking with the current method of measuring student migration flows is not a genuine concern with long-term net migration but a desire to ‘game’ its own net migration target by banking large apparent reductions in 2013 and 2014 which reflect the limitations of the current method of measurement rather than real changes in long-term net migration trends.

This policy stance is likely to have real and damaging consequences for the UK education sector, and the wider economy. It prevents a more honest debate in which the real and relatively modest increases to long-term net migration would be weighed against the benefits to the UK economy. These benefits are in the range of £4–6 billion per year plus much-needed additional income to universities and colleges in a period when many of them are facing funding challenges and uncertainties, as well as wider dynamic economic benefits which are hard to model but likely to be very significant.

The next two or three years are crucial ones not just for the UK economy but also for the global market in higher and further education. The market will continue to expand, representing an increasing share of global growth; the UK's relative position and market share has been holding up, but is under increasing pressure as the market gets more competitive. This report has shown that our competitors in the international market for higher and further education are moving in the opposite direction in policy terms – not least because they have realised the value of the education sector, particularly in a global downturn when other sectors of the economy are suffering. The experience of Australia over the last decade shows how market share can be quite vulnerable to policy change, and two to three years of voluntarily sacrificing market share may be difficult to recover from.

It is true that there has been abuse of student visas, and the government is right to take action in this area, but cutting down on abuse of the system and cutting down on numbers are fundamentally different objectives. Given the shrinking resources at the UK Border Agency, the logical solution is tighter regulation, self-policed wherever possible by universities and colleges. Better-targeted action against abuse would restore public faith that the great majority of those arriving on student visas are genuinely here to study. Provided the public believe international students are genuine, surveys suggest they do not support cutting their numbers (Cavanagh 2011).

This report confirms that government needs to take international students out of the immigration 'numbers game', which is damaging our universities and colleges, our economy and our international standing. This would enable the government to move back to a policy that supports rather than penalises one of our most important industries and sources of future growth and global influence – without in any way hampering its stated objective of controlling long-term net migration.

If the government ignores these arguments and persists with the current method of measuring students for the purposes of its net migration target, and therefore continues to regard a reduction in international students as an objective in its own right, it must stop hiding behind the excuse of international requirements or standards, and admit that it is placing short-term political considerations above a genuine concern with long-term net migration – and so above the health of the UK's higher education and further education sectors, and the economy as a whole.

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ANNEX: NOTE ON MODELLING

Modelling in this report does not include the contribution of UK students travelling abroad and then returning.

The contribution of international students to net migration is calculated by taking the numbers of international students arriving each year (those who are counted in the net migration figures, that is, those intending to stay for more than a year) and then subtracting an estimate of the number of students who arrived in earlier years, who are emigrating.

The numbers of incoming international students are taken from the ONS long-term international migration figures up to 2010, when they reached a high of 238,000; the 2011 figure of 220,000 is an IPPR estimate (see note 1).

The numbers of outgoing students are estimates, based on IPPR modelling, using the government's published research which shows that around 20 per cent of students are still in the country after five years, and assuming that a further 5 per cent leave after five years, leaving a total of 15 per cent remaining as permanent residents. This is broadly in line with the OECD study cited in the report, which estimated that 25 per cent stayed beyond their initial student visa (often less than five years). The emigration figures are spread over seven years from the point of entry.

Full details of the modelling, and references, are available on request.