

Attracting International Talent

May 2017

International students are increasingly setting their sights on Canada. While it's easy to attribute the rise to a so-called Trump Bump, the trend began long before the Trump administration announced its first travel ban early this year. Federal government efforts to boost the number of international students here have coincided with rising middle-class incomes in some emerging-market countries, spurring many prospective students to choose Canada. Helping the country's case: relatively attractive tuition fees and a reputation for quality education. Those factors will bolster Canada's position as a top learning destination despite intense global competition for talent. What matters after that is what Canada does to retain the talent.

Canada takes a bigger slice of the global talent pie

The number of international students enrolled in post-secondary studies in Canada has surged in the past decade. It hit nearly 415K in 2016, up from 350K a year earlier and more than double the 180K recorded in 2007. Canada still absorbs a relatively small amount of global post-secondary students compared to the U.S., the U.K. and Australia. But the growth in international student enrollment here now outpaces that of other countries.

More students come from China and India

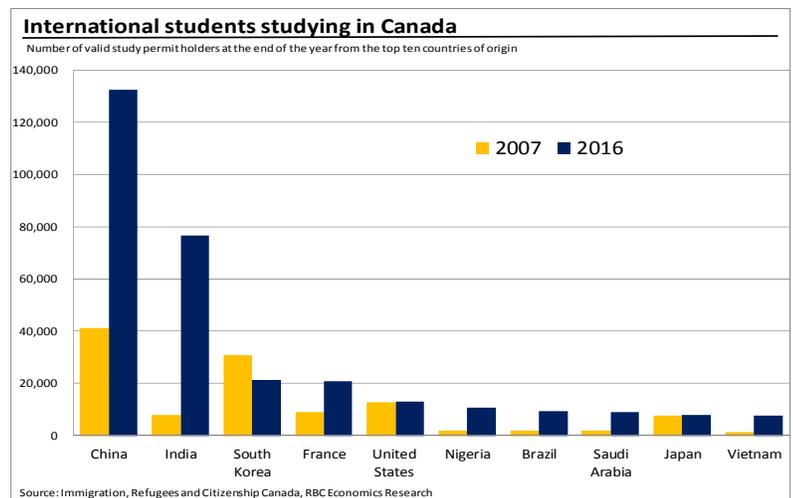
A deeper dive into the overall increase in foreign students shows it has been concentrated among a handful of countries: predominantly China and India. The 132K Chinese citizens studying in Canada in 2016 accounted for nearly one-third of all international students in Canada, and represented a three-fold increase from a decade ago. The number of students from India swelled ten-fold over the decade, reaching 80K in 2016. Much of the remaining increase reflects an influx of students from France—their numbers have more than doubled since 2007—as well as Nigeria, Brazil, Saudi Arabia and Vietnam. Together these countries supplied more than 60% of Canada's foreign students in 2016, up from 35% in 2007.

Meanwhile, the number of students from most other countries has increased more modestly, with the inflow from the U.S. and Japan remaining broadly stable over the past decade. The sharp rise in international students has not come at the expense of Canadian students: enrollment has also risen for the domestic cohort.

Federal government has targeted foreign demand

The influx of students from emerging-market economies suggests that the dividends from the government's International Education Strategy are beginning to meaningfully materialize. The federal government launched an Advisory Panel in 2011 to maximize the economic opportunities associated with international education and to make Canada the "21st century leader" to attract top talent¹. As part of the overarching strategy—of which education was one component—focus was to be directed to where demand for international education was expected to come from, namely China, India, Brazil, Mexico, North Africa and the Middle East and Vietnam—the countries that have provided the greatest growth in foreign students to Canada in the past five years.

With a goal of doubling the size of the international student base in Canada to more than 450K by 2022, the federal government's plan has been an important driver behind the influx of foreign students. But it hasn't been the only factor.



A rising middle class in emerging markets

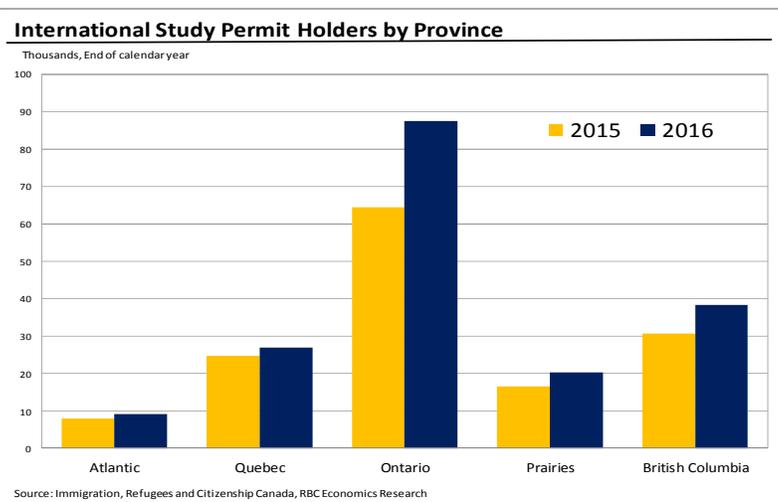
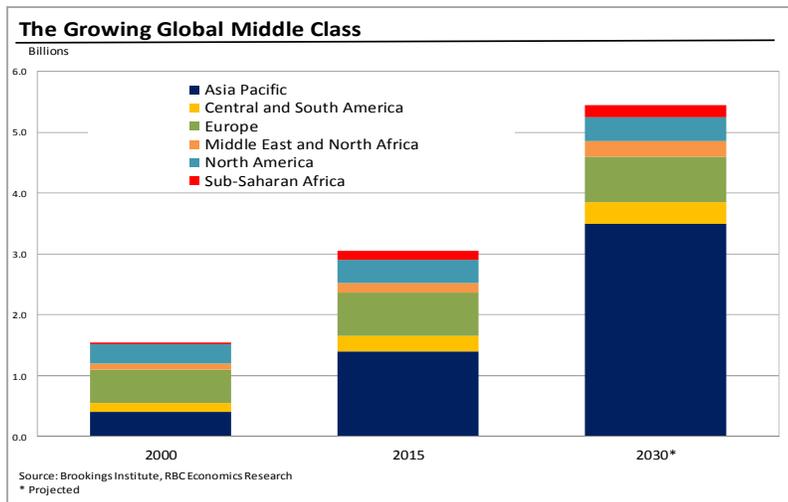
An increase in demand from emerging-market students comes as their economies undergo an income shift. The rise of a global middle class has been most pronounced in Asia Pacific countries and in turn, has underpinned a sharp rise in the number of students from these countries looking to study abroad.

The prestige of Canadian education

Canada has consistently performed well in world university rankings, with three schools placing in the top 50 for consecutive years². But greater recognition for the quality of education has come from other measures including the OECD’s Programme for International Student Assessment³. Canada ranked 7th globally for education performance in 2015, up from 13th in 2012 and ranking above Australia (14th), the U.K. (15th) and the U.S. (25th).

(Relatively) more affordable

The high quality of Canadian post-secondary education comes at an attractive price when compared to other advanced economies, notably the U.S. Tuition fees for international students vary significantly by program and institution in Canada, but the average fee of C\$22K in 2015/16 compares to fees in excess of US\$33K to study south of the border⁴.



Canadian schools promoting institutions abroad

Canadian post-secondary institutions have also ramped up their recruiting efforts abroad. There were close to 17.5K international students studying at the University of Toronto in 2016/17, a 10% increase from the year prior and more than double the 7.4K students in 2007⁵. Close to 60% of these students came from China in 2016 followed by India and the U.S. Nearly 30% of the student population at McGill was from abroad in 2016/17 compared to 20% only five years ago⁶. An influx of students from China and France largely contributed to the upswing.

Ontario saw the largest increase in the number of international students at its institutions in the past year, although all regions have experienced growth in foreign student enrollment, indicating that the gains are broad based.

Sign of things to come: Immigration policy and the Trump Bump

One-third of applicants to Canada’s Express Entry immigration stream are international students and recent changes to Canada’s immigration system are expected to bolster Canada’s attractiveness as a destination for top global talent. Starting in November 2016, greater weight has been placed on Canadian post-secondary education credentials under the Express Entry system, directly benefitting international students hoping to remain in Canada after graduation. These changes come amid signs of increased anti-immigrant sentiment in the U.S., which in turn, may lure prospective students to Canada.

Some Canadian universities have moved to capitalize on the shifting sentiment in the U.S., for instance waiving application fees for potential students coming from countries that were subject to the immigration ban imposed in the U.S. earlier this year. Several schools are reporting that they have seen a surge in applications for the upcoming school year which is being attributed anecdotally to a Trump effect⁷. It is too early to gauge the overall impact that these changes could have collectively, although they are likely to provide a further boost to Canada as a destination of choice for foreign students.

Why the time is now

The number of post-secondary students studying internationally is projected to grow to 6.4 million by 2025 from 3.7 million a decade ago⁸. As advanced economies increasingly compete for top talent, marketing Canada as a source of affordable, high-quality education in a tolerant setting underpins the government's push to promote our system abroad.

The mix of cultures, backgrounds and perspectives provided by international students contributes to the diverse landscape of Canada. It also provides significant economic benefits. A foreign post-secondary student spends an average of \$31.7K on tuition, books, accommodation, meals, transportation and discretionary spending each year. Under the government's strategy to double the international student population, it anticipates expenditures could rise to above \$16 billion by 2025, providing a lift to overall economic activity⁹.

Canada is showing success in attracting foreign talent. But over the longer term, the key will be its ability to retain talent, international and domestic. Canadians studying abroad has been declining as a share of total international students, suggesting some are choosing to pursue post-secondary studies in Canada. Tapping into the talent produced by our institutions will be an important part of securing Canada's current and future prosperity.

Notes

1. Canada's International Education Strategy, Global Affairs Canada, 2013.
2. Times Higher Education World University Rankings.
3. OECD Programme for International Student Assessment, 2015.
4. Statistics Canada, University Tuition Fees, 2015/16; 'The Value of Education: Foundations for the Future', HSBC 2016.
5. University of Toronto: Facts and Figures.
6. McGill Enrolment Reports, Fall 2011 & Fall 2016.
7. <https://www.insidehighered.com/news/2017/03/20/canadian-universities-post-large-gains-international-applications>
8. Canada's International Education Strategy, Global Affairs Canada, 2013.
9. Ibid

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