



The changing significance of
EU and international students'
participation in Scottish
higher education

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ABSTRACT

This paper examines the significance of students coming from other countries to study at Scottish higher education institutions. Higher education is more important to the Scottish economy than is the sector to England or the rest of the UK. It is for this reason that demographic differences in the student population between Scotland and the rest of the UK are particularly important. Unless there is a large and sustained increase in the higher education participation rate, the number of Scotland-domiciled students studying at Scottish higher education institutions will decline in the future. This means that to maintain the overall size of the student population in Scotland, an increasing share of students will need to come from outside Scotland. This includes students from the rest of the UK, students from countries of the European Union, and students from countries that are not part of the European Union. Such students have largely been responsible for the growth in student numbers over the past decade and are likely to become even more important in the decade to come.

KEYWORDS

International students; immigration policy; student fees; Scottish constitutional change.

EDITORIAL NOTE

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THE CHANGING SIGNIFICANCE OF EU AND INTERNATIONAL STUDENTS' PARTICIPATION IN SCOTTISH HIGHER EDUCATION

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1 INTRODUCTION

This paper examines recent trends in student migration to Scotland. It focusses on the Higher Education sector and the significance of student mobility in the context of the constitutional debate taking place in Scotland and the UK. While student flows from outside the UK are important to the UK Higher Education sector as a whole, we argue that it is especially important to the Scottish Higher Education sector. This is true both in demographic and also in financial terms.

The total number of Scottish domiciled students enrolled at Scottish Higher Education Institutions has declined from a peak in 2006-7. Population projections suggest that the number of young people in Scotland, in the higher education age groups, will continue to decline for a number of years to come. The Scottish Higher Education sector has been fortunate to be able to compensate to some extent for the demographic deficit through recruiting students from elsewhere, especially from beyond the shores of the United Kingdom.

Student migrants from outside Scotland are also important financially to the Scottish Higher Education sector and the Higher Education sector is important to Scotland, making a major contribution to the economy (Hermannsson, et al., 2010, 2013a, 2014; Hermannsson, 2013). The sector is bigger in proportional terms to the Scottish economy than England or the rest of the UK is to its relative economy (Faggian, Li and Wright, 2009). In turn, financial gains from fees paid by international students (those normally domiciled outside the EU) are more important to Scottish Higher Education than is the case South of the border.

Before going further some key terms deserve definition. Three main groups of “student migrants” can be identified from secondary data sources. The first group are students coming to study in Scotland from England, Northern Ireland and Wales. These are described in this paper as students from the “rest-of-the UK”. The second group are students coming from European Union countries, which for simplicity we will refer to as “European Union students”. The third are students coming from countries outside the EU, which are sometimes described in the official higher education statistics as “Non-EU” but more commonly are referred to as “International

students". The key features that distinguish these three groups are the tuition fees paid and the visas required to study in Scotland.

The remainder of this paper is organised as follows. First it considers the demographic significance of student migrant flows to Scotland. Second, the paper offers a cross-sectional analysis of the characteristics of European Union and international students enrolled in Scottish Higher Education Institutions. This is followed by an examination of key trends over time, before offering an evaluation of the financial contribution that European Union and international students make to the Higher Education sector through their payment, or otherwise, of tuition fees. This evidence is then brought together to argue that European Union and international students will become more important to Scottish Higher Education in the years ahead and therefore that this specific dimension of migration deserves particular attention in the current constitutional debate over Scotland's future.

2 THE DEMOGRAPHIC CONTEXT OF STUDENT MIGRATION

Figure 1 shows the number of Scottish-domiciled students at Scottish Higher Education Institutions (HEIs) between 2002/03 and 2012/13 (solid line). Scottish-domiciled students are those that have resided in Scotland for five years previous to entering higher education. On this basis they qualify for financial support through the Student Awards Agency for Scotland (SAAS). The trend over the past decade has been one of stagnation and decline. Figure 1 shows that there was a 9.1% drop in the number of Scottish undergraduate enrolments in Scottish Higher Education Institutions between the peak year of 2009/10 and 2012/13 (the most recent year for which data are available).

Recent population projections suggest that the number of 17-21 year olds will continue to decline in the future (National Records of Scotland, 2011) and that the decline of this cohort will be faster and to a greater extent than elsewhere in the UK (Bell, 2013). Demographic forces will therefore continue to shrink the cohorts of those most likely to make up the future population of Scottish-domiciled students. Figure 1 shows the projected number of Scottish-domiciled students expected to enrol

in undergraduate courses in Scottish HEIs between 2013/14 and 2029/30 (dashed line). This projection is based on the age-distribution of Scotland derived from the 2011 census data. Our analysis shows that, assuming participation rates remain constant over time, there will be future shrinkage in the number of Scottish students attending Scottish universities (up until the academic year 2022/23). This would represent an estimated total loss over the 10 year period of around 5,400 students. In 2022/23, the potential population of Scottish HEIs made up of Scottish-domiciled students could be only 77% of the 2012/13 cohort.

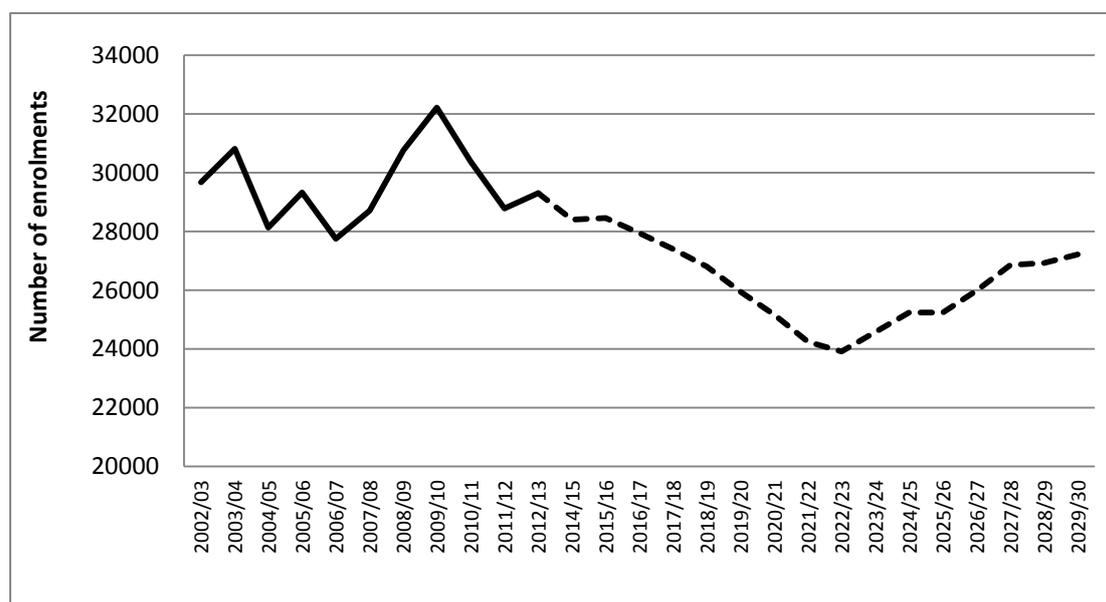


Figure 1: Scottish-domiciled students enrolling in Scottish HEI undergraduate courses (2002/03 to 2012/13) and projections of future population of Scottish-domiciled students (2013/14 to 2029/30).

Source: Authors’ analysis of HESA data 2002/03 – 2012/13 and 2011 Scottish Census.

Note: Projection assumptions: (1) Participation rates in higher education remains constant at the 2012/13 level. (2) Does not account for migration.

In addition to the future shrinkage of the cohort size of Scottish domiciled students, a second demographic influence on student numbers in Scotland will be the net balance of inflows to Scotland of student migrants relative to the size of outflows from the country. One of the most sensitive indicators demonstrating the effect of these migration flows is the number of first-year undergraduate students enrolling in HEIs both North and South of the border relative to their place of normal domicile. In 2012/13, 1,475 Scottish students enrolled on undergraduate courses in HEIs¹ in other

¹ These numbers exclude those enrolling in courses at the Open University.

parts of the UK, while 4,915 students from other parts of the UK enrolled in undergraduate courses in Scottish HEIs - a net gain of 3,440 students. Since 2002/03, the number of Scots enrolling in undergraduate courses in HEIs in other parts of the UK has decreased. The number of English students enrolling in Scottish HEIs undergraduate courses has increased over this time. By far the most significant flows of students within the UK are those between Scotland and England.

In 2012/13 the number of Scottish-domiciled students enrolling in English HEIs decreased substantially from the previous academic year. The decline represents the largest drop in any single year in the number of Scottish students enrolling in English HEIs; a decrease of 21.5%. The number of English-domiciled students enrolling in English HEIs also decreased (by 13.1%) in 2012/13 from the previous academic year, indicating that year-on-year trends have been affected by several external drivers (including for example a surge in enrolments in the year before a new fee regime was introduced in England). Nevertheless, it seems safe to conclude that the main cause for the sudden reduction in Scottish-domiciled students migrating to study in England was the raising of the student tuition fees cap in HEIs in England in 2012/13. The new cap on student tuition fees has now risen to £9,000 per annum. In Scotland the government chose not to charge tuition fees to Scottish-domiciled students. The divergence in the cost of study for Scottish-domiciled students between enrolling in Scotland and in England therefore became particularly marked in 2012/13 and it seems highly probable that the change in fee regimes was the main force explaining the reduction in the number of Scottish-domiciled students heading South. Interestingly between 2011/12 and 2012/13 there was a rise in the number of English-domiciled students entering first year undergraduate courses in Scotland, even though this migrant group also had to pay higher fees despite sitting in courses alongside Scottish students receiving free access 'at home' to higher education.

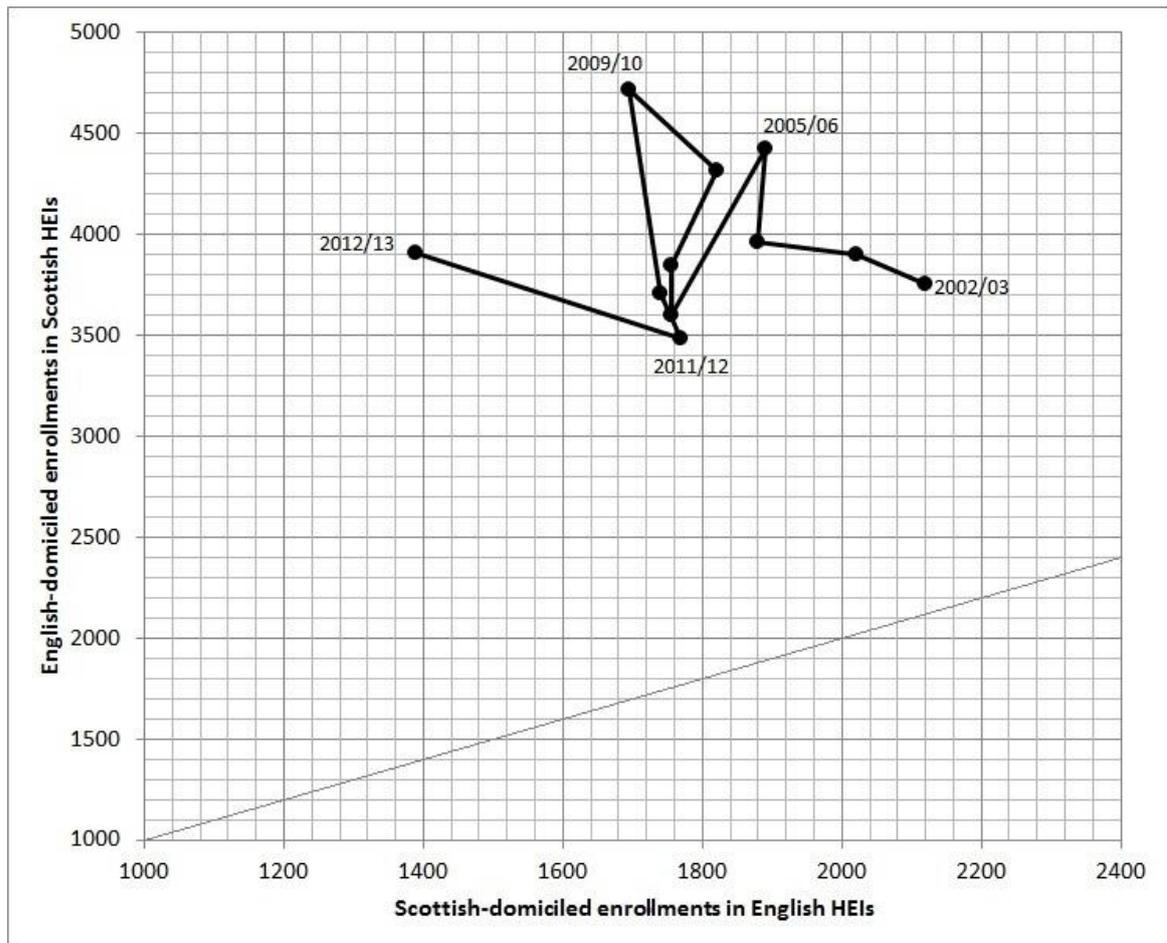


Figure 2: Trends in the first year student enrolments for students moving between Scotland and England from 2002/03 to 2012/13.

Source: Authors' analysis of HESA data 2002/03 – 2012/13.

Note: Those enrolled in Open University degrees have been excluded from the analysis.

More might be written on the trends in student flows between Scotland and the rest of the UK since it is a topic of great interest (Raffe and Coxford, 2014) and importance to the higher education sector, but from the perspective of this paper, the key points to note are a) the distinctive demographic context affecting Scotland and b) the effect of differential fees north and south of the border contributing to a net gain for Scotland by student mobility towards Scottish HEIs.

While figure 2 suggests that Scotland has been net importer of English-domiciled students, the volume of student in-migration to Scotland from England (and other parts of the UK) is significantly less than in-migration from outside the UK (EU plus international students). EU and international student flows have grown

considerably over the last decade and are now much greater than the flows from England, and the UK more broadly.

In 2002/03, students whose normal place of residence was within the EU (but outside of the UK) represented 4.5% of the student body in Scotland. By 2012/13 this figure was 8.7%. Likewise the share of students from outside the EU increased from 8.0% of the total Scottish student population in 2002/03 to 13.2% in 2012/13. In every year of the analysis, with just one exception, the share of students from outside the UK has increased year-on-year.

EU and international students make up a greater share of the student population in Scotland than in other part of the UK. Figure 3 shows the percentage of non-UK students currently studying in each of the four constituent parts of the UK.

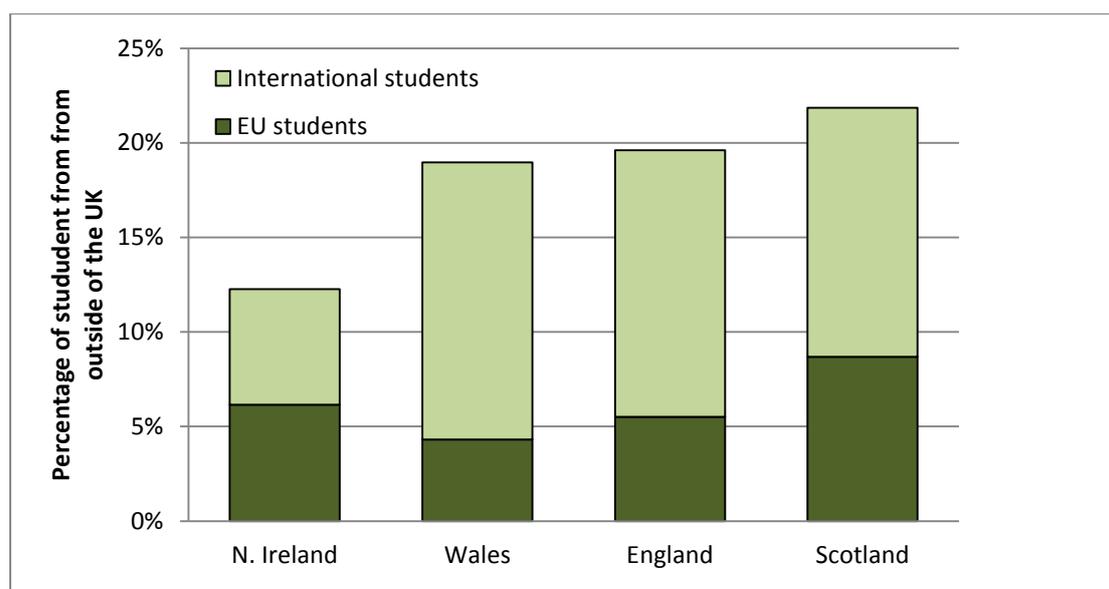


Figure 3: Students from outside the UK as a percentage of all students enrolled at HEIs, by place of study, 2012/13.

Source: Authors' analysis of HESA Data 2012/13.

Note: Open University data excluded from analysis.

In 2012/13, EU and international students from outside the EU made up 21.9% of the student population in Scotland, whereas for England this figure was 19.6%. It has mainly been the growing number of EU and other international students that have helped to boost the size of the student population in Scotland over the last decade.

3 PROFILE OF STUDENTS FROM OUTSIDE SCOTLAND STUDYING AT SCOTTISH HEI'S

Our attention now turns to studying in more detail the characteristics of EU and international students enrolled in Scottish HEIs. European Union students are entitled to the same privileges, discounts, and fee waivers as home students in each part of the UK. International students, in contrast, are not entitled to the same privileges as either European Union or Scottish-domiciled students. They typically pay a premium in tuition fees and are required to have a “Tier 4 (General)” student visa to study in UK HEIs (UK Border Agency, 2014).

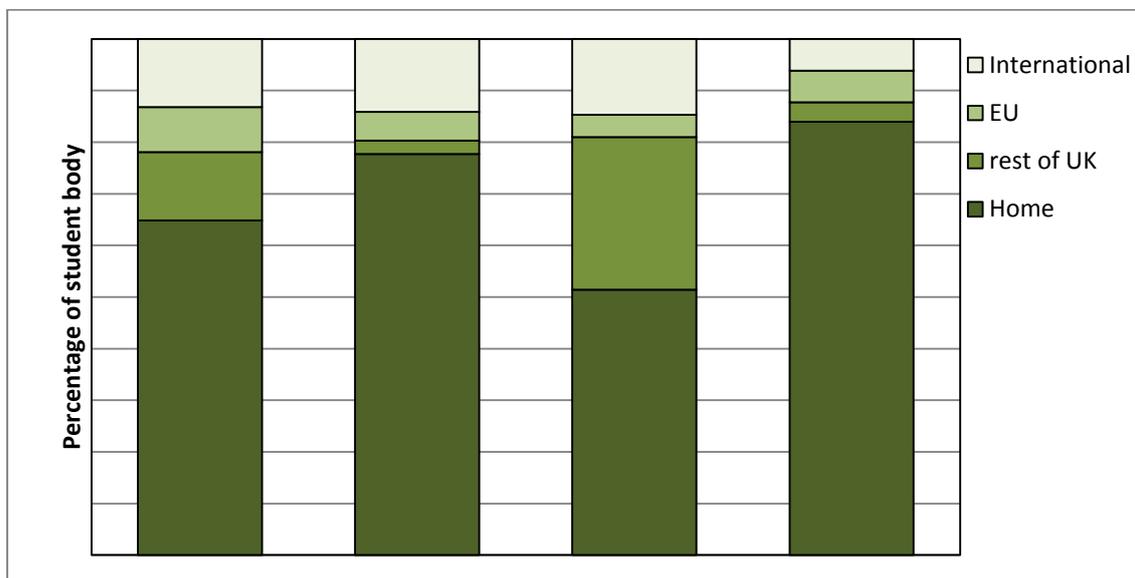


Figure 4: The proportion of students studying in Scotland, England, Wales and Northern Ireland, defined by place of normal domicile, 2012-13.

Source: Authors' analysis of HESA data (2012/13).

Note: shows data as a percentage of the entire student body at all levels. Data from the Open University excluded from analysis.

Figure 4 shows the proportion of each of three “migrant student” groups (rest of the UK, EU and international) as defined in the introduction to the paper, and “home” students across the four parts of the UK. Readers should note that the term ‘home’ students, as used in Figure 4, relates only to students normally domiciled in each of the four parts of the UK. This differs from the definition of ‘home’ students used by the Higher Education Statistics Authority (HESA). HESA classifies all UK and European Union students studying anywhere in the UK as ‘home’ students.

Figure 4 shows that Scotland had the largest share of its student body originating from the EU compared to any other UK home nation. These differences likely reflect differences in tuition fees policies for home students. Since 2008, the Scottish Government (unlike in England) does not charge Scotland-domiciled students tuition fees for undergraduate study. This policy was embodied in law with the Graduate Endowment Abolition (Scotland) Bill. It was designed to allow Scotland-domiciled students to study in Scottish HEIs without having to pay tuition fees in order to increase the higher education participation rate (particularly of those from socially and economically disadvantaged backgrounds). This Bill has an additional consequence relating to the Bologna Accord in which Higher Education across the EU was standardised in terms of organisation and quality of delivery. One of the goals of the Accord was to allow students and staff to move freely between the EU member states for the purpose of study and employment. This Accord required EU students to be treated as ‘home’ students in their access to higher education in Scotland in terms of their conditions of acceptance and liability to pay (or not) home-rate tuition fees. This situation has been further complicated by each part of the UK pursuing different policy paths in terms of student tuition fees.

The Bologna Accord, however, only specifies conditions across entire states of the EU and not within them. Therefore, EU students have been able to choose in which region of the UK to study in relation to the local student fee regime. Scotland has thus come to represent the cheapest place to study in the UK as well as offering a choice of 18 HEIs. The complicated mosaic of EU, UK and devolved policies may explain why EU students in Scottish HEIs make up a greater share of the Scottish student population compared to the rest of the UK.

There are two key questions that arise from these observations. First, what will happen to the number of EU students studying in Scotland if each of the UK countries continues to diverge on policy and funding arrangements in the provision of higher education? Second, what would happen to the number of UK and EU students studying in Scottish HEIs in the event of any constitutional change in the UK? We return to these questions later in the paper.

Turning from EU to international students, one finds that 60% of all non-UK students studying in Scottish HEIs are from outside the EU. When one examines the source and share of international students across the UK, one finds both interesting similarities as well as differences. These are presented in figure 5.

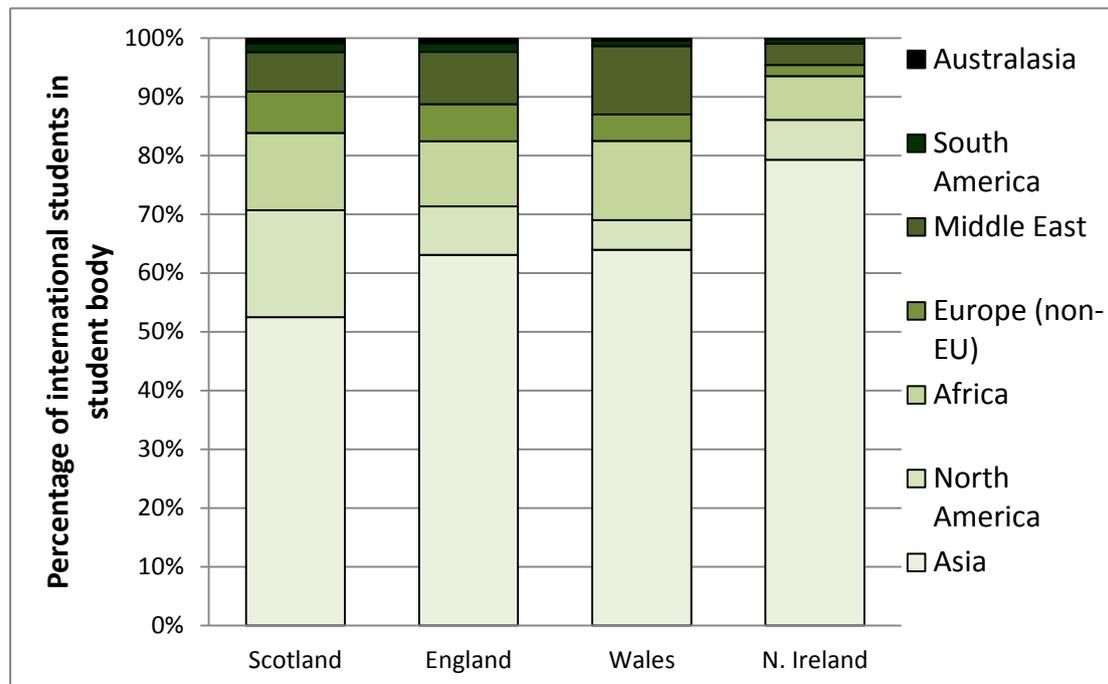


Figure 5 Origin of non-EU (international) students as a proportion of all non-EU students in HEIs, by UK country of study, 2012-13.

Source: Authors' analysis of HESA data (2012/13).

Note: Open University students excluded from analysis.

In 2012/13 Asia was the major source of non-EU students for HEIs across all parts of the UK both in terms of numbers and share. The share of Asia-domiciled students was a little smaller in Scotland compared to the other three UK countries. In contrast Scotland had more students in proportional terms from North America than any other part of the UK.

When examining specific countries of origin one finds that China was the single most important origin country for non-UK students studying in Scotland (16.7% of the total international student population). This was more than three times the size of the largest EU student population (Germany). The list of the 'top 5' (by number) sources of EU and international students in Scottish HEIs in 2012/13 are presented in Table 1.

Non-EU country	No. of students	EU country	No. of students
China	7795	Germany	2515
United States	3790	Ireland	2340
Nigeria	2000	France	1480
India	1665	Greece	1400
Malaysia	1295	Bulgaria	1265

Table 1: Top 5 sources of EU and non-EU students in Scottish HEIs, 2012/13 (absolute numbers)

Source: Authors' calculations from HESA data (2012/13).

Note: It is interesting to note that the number of Irish students in Scottish HEIs decreased in 2012/13 while the number of German students increased. The number of Polish students in Scottish HEIs has decreased in 2012/13 while the numbers of Bulgarians and Lithuanians have increased.

The evidence in this section of the paper supports the argument that non-UK students have been proportionally more important to Scottish HEIs than HEIs in other parts of the UK. Non-EU students are a particularly significant source of potential students for the future of Scotland's HEIs; and particular global regions and specific countries have been identified as important sources of students for Scotland. Greater connections to these countries, particularly in terms of recruitment strategies and exploiting already existing social networks, could help Scottish HEIs recruit greater numbers of students from these countries in the coming decade.

4 TRENDS IN THE NUMBER OF STUDENT MIGRANTS TO SCOTLAND

4.1 TRENDS IN STUDENT MIGRATION TO SCOTLAND, 2002/3 – 2012/13

In section three the paper examined the source and share of non-home students studying in Scottish HEIs, and compared these across the UK. In this section, trends over the last decade are examined in more detail in relation to the distribution of EU and international students from outside the EU in Scottish HEIs.

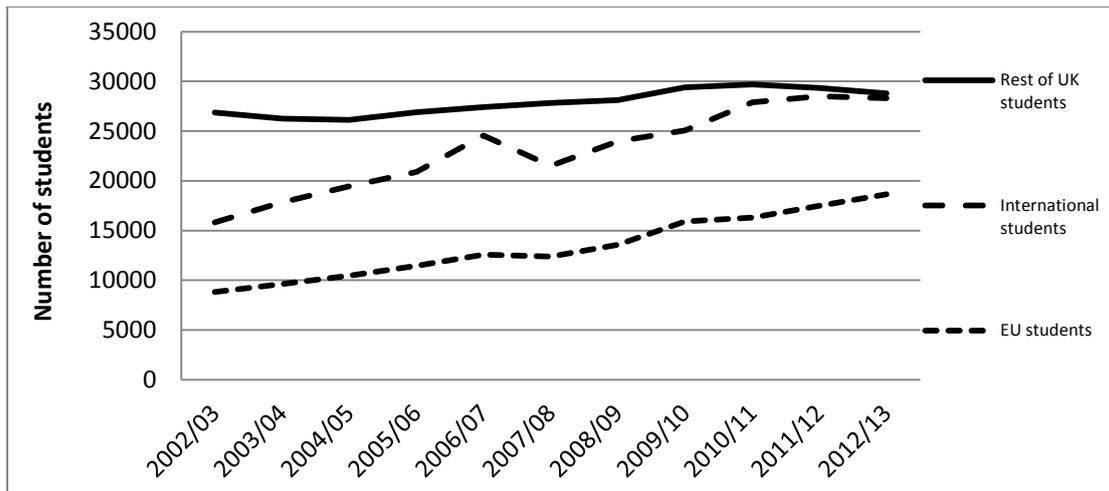


Figure 6: Trends in EU, International and rest of UK students in Scottish HEIs over the last decade, by student origin, 2002-13.

Source: Authors' analysis of HESA data 2002/03 – 2012/13.

Figure 6 shows the total number of student migrants in Scottish HEIs by origin country between 2002/03 and 2012/13. The number of students studying in Scotland from other parts of the UK has varied only a little (between around 26,100 and 29,700 students), while there has been a progressive increase in EU and international students from outside the EU.

In 2002/03, there were only 8,800 EU students studying in Scotland compared with 18,600 a decade later. It seems that unless there is a significant change in the constitutional position of Scotland within the EU, it is highly probable that in the next few years EU students will continue to grow in number and to remain an important part of Scotland's student body. International (non-EU) student numbers have also increased rapidly. In 2002/03 there were 15,800 non-EU students enrolled in Scottish HEIs. By 2012/13 the figure was 28,305 (a 78% increase). Since 2010/11, the increase in the number of international students in Scottish higher education has slowed, and the 2012/13 data shows there has been a small drop in the number of students for the first time since 2007/08. This probably reflects current UK government policy towards capping non-EU migration which includes international students. The same conclusions emerge from analysing trends in terms of the percentage growth in student numbers relative to the student population in 2002/3 (Figure 7).

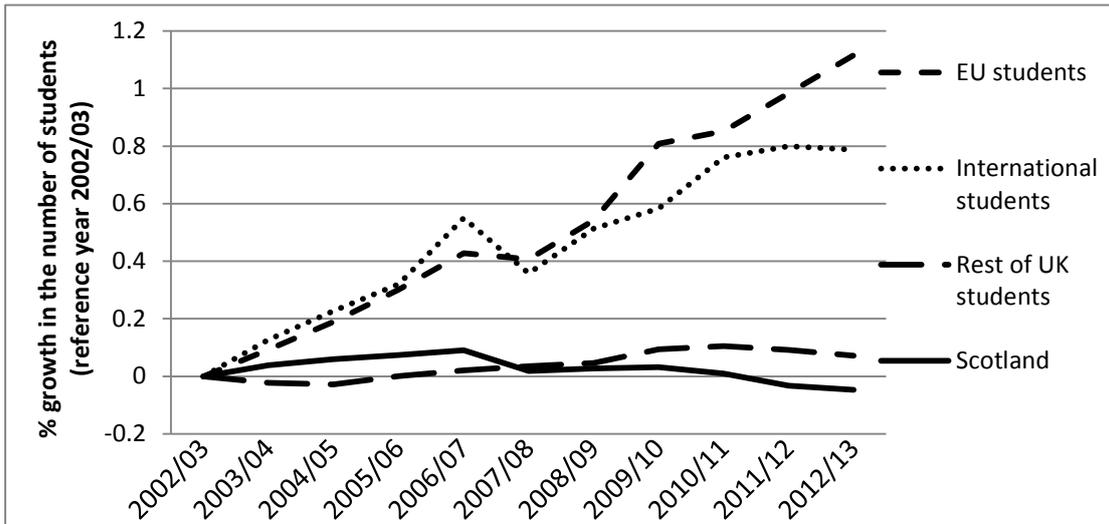


Figure 7: Percentage growth in the number students in Scottish HEIs, by student origin.

Source: Authors' analysis of HESA data 2002/03 – 2012/13.

Note: Reference year: 2002/03.

On a similar basis, taking 2002/03 as the reference year, it is possible to examine which global region supplied the greatest growth in international student numbers to Scottish HEI's by 2012/13 (Figure 8).

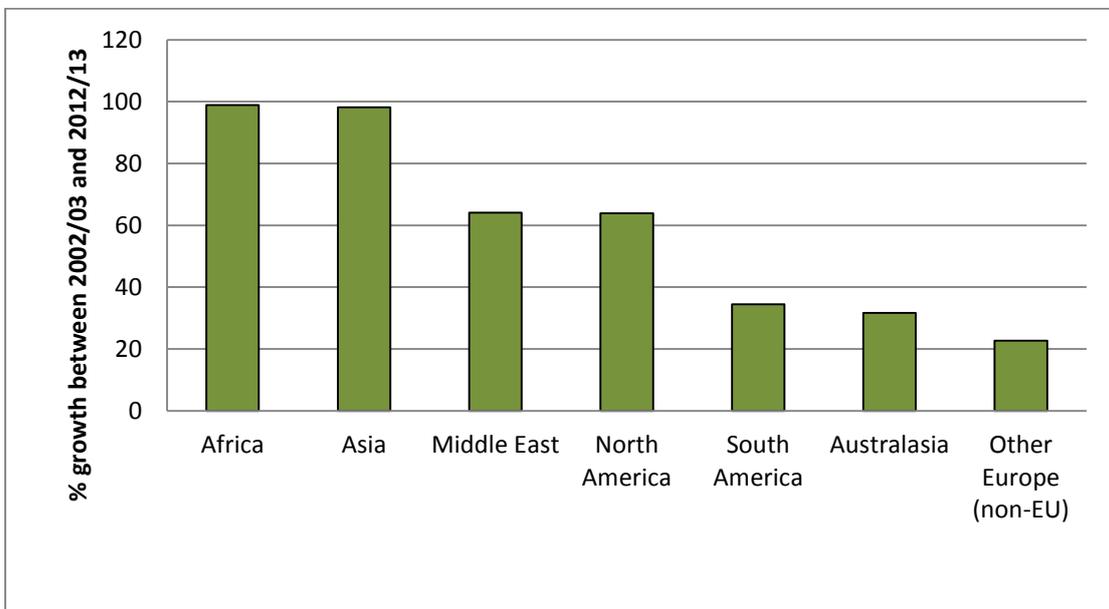


Figure 8: The percentage growth in the number of students from non-EU global regions to Scottish HEI's between 2002/03 and 2012/13.

Source: Authors' analysis of HESA data 2002/03 – 2012/13.

Note: Reference year: 2002/03

Africa and Asia stand out as having the strongest growth. Figure 9 translates this into absolute numbers. Significantly the HESA statistics record a small drop in the number of Asian and African students enrolled in Scottish HEIs in 2012/13, with fears expressed in many quarters that current UK government immigration policy will produce further reductions in international student numbers in the coming years (House of Commons Scottish Affairs Committee, 2014; Royal Society of Edinburgh, 2014; The Scottish Government, 2013; Universities Scotland, 2012).

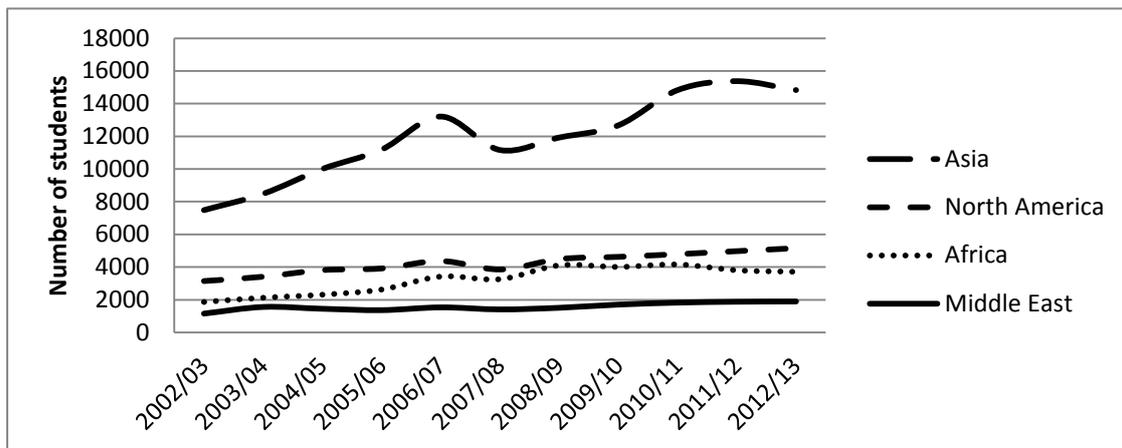


Figure 9: Trends in student numbers from the four most important global regions to Scottish HE, 2002/3-12/13.

Source: Authors' analysis of HESA data 2001/02 – 2012/13.

In summary, as this section has demonstrated, any future growth in student numbers in Scottish HEIs is likely to come, not from applicants from within the UK, but from the EU and from international students from the rest of the world. Yet the future of the latter group in particular remains uncertain with regard to future of UK or Scottish immigration policy. This could have significant consequences for the international student population entering Scottish higher education.

4.2 THE GEOGRAPHY OF SCOTLAND'S EU AND INTERNATIONAL STUDENT POPULATION

As well as changes in the trends in the source countries from which people have come to study in Scotland, there have also been marked variations in which HEIs have been chosen by these students. The share of EU students in Scottish HEIs ranges from 1.3% to 16.1%; while the share of international (non-EU) students ranges from 0.5% to 33.7% (figure 10).

The implications of such variations as shown in Figure 10, imply a greater vulnerability of some HEIs to fluctuations in immigrant student numbers. Thus, any change in the conditions or number of student visas issued by the UK government will impact much more on some institutions than others. Conversely, any relaxation of immigration rules could increase the number of non-EU students enrolling in Scottish HEIs, but is likely to do so in an uneven fashion.

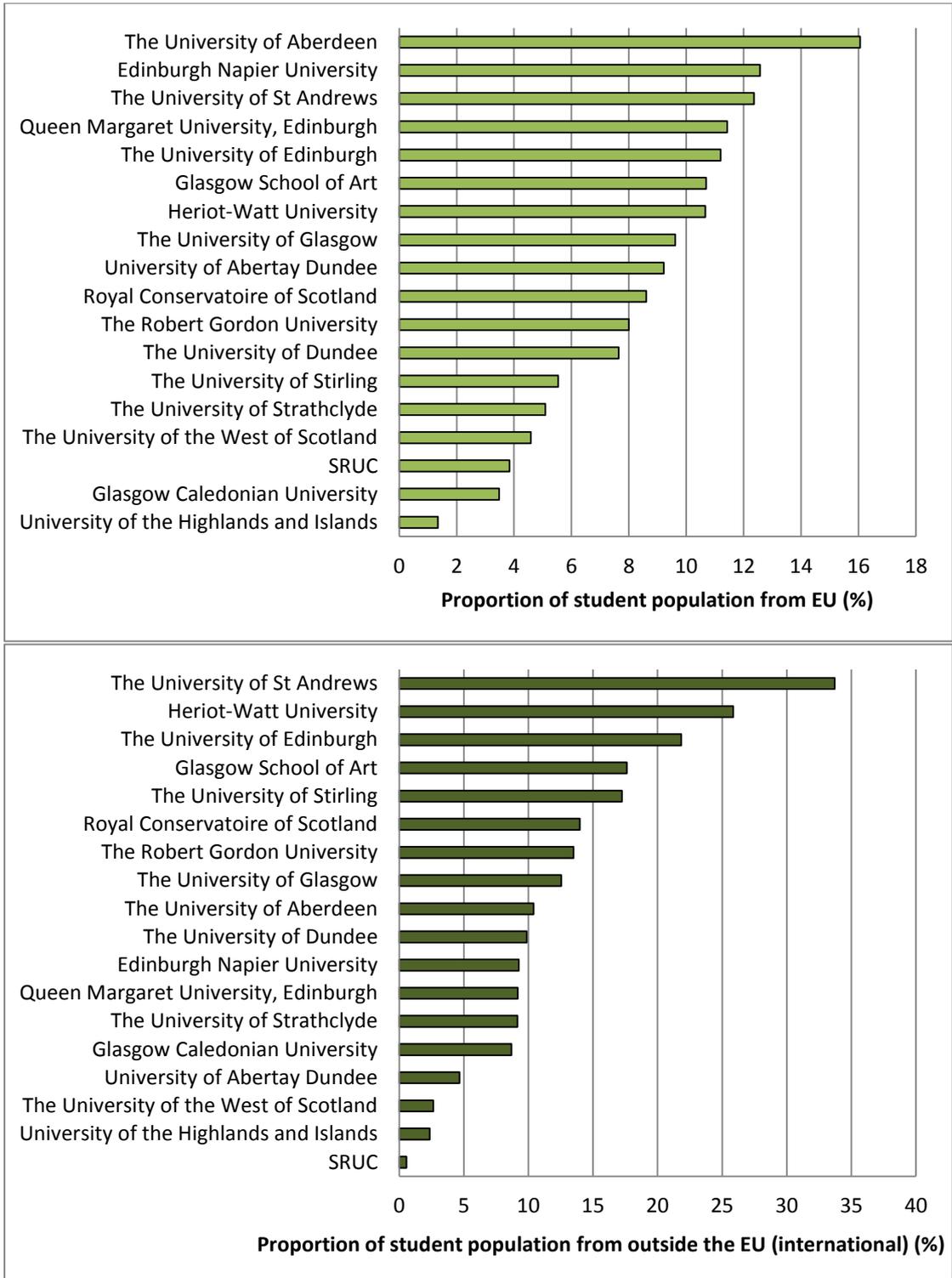


Figure 10: Proportion of EU and international (Non-EU) students in Scottish HEIs.

Source: Authors' analysis of HESA data (2012/13).

5 FINANCE

The 2010 Scottish Government Green Paper described higher education as a “vital component in a global knowledge community and the sector is a major direct and indirect earner for Scotland in the world” (The Scottish Government, 2010: 1). Part of the earnings came from fees paid by students coming to Scotland from other parts of the UK and the rest of the world. Figure 11 shows the percentage share of income generated from major sources for HEIs in Scotland and the rest of the UK. It demonstrates that teaching and research income combined make up a similar share of the total income; 82.5% for Scotland and 80.0% for the rest of the UK. However, there are differences in where the income has come from, and how much. University funding body grants make up a greater share of Scottish HEI income (35.3%) than in the rest of the UK (22.5%). The reverse is true for tuition fees, where the rest of the UK received 41.5% of its income from this source in 2012/13, compared with Scotland (26.0%). While the rest of the UK has consistently raised a higher percentage of its total income through tuition fees compared with Scotland, this disparity has become particularly marked in the data for 2012/13 (the first year in which UK undergraduate students were liable to pay up to £9,000 in tuition fees).

Scottish universities have been more successful in raising a greater share of their total income from research than the rest of the UK. Scotland raised 21.1% of its income from research grants and contracts, whereas the figure for rest of the UK was only 16.0%.

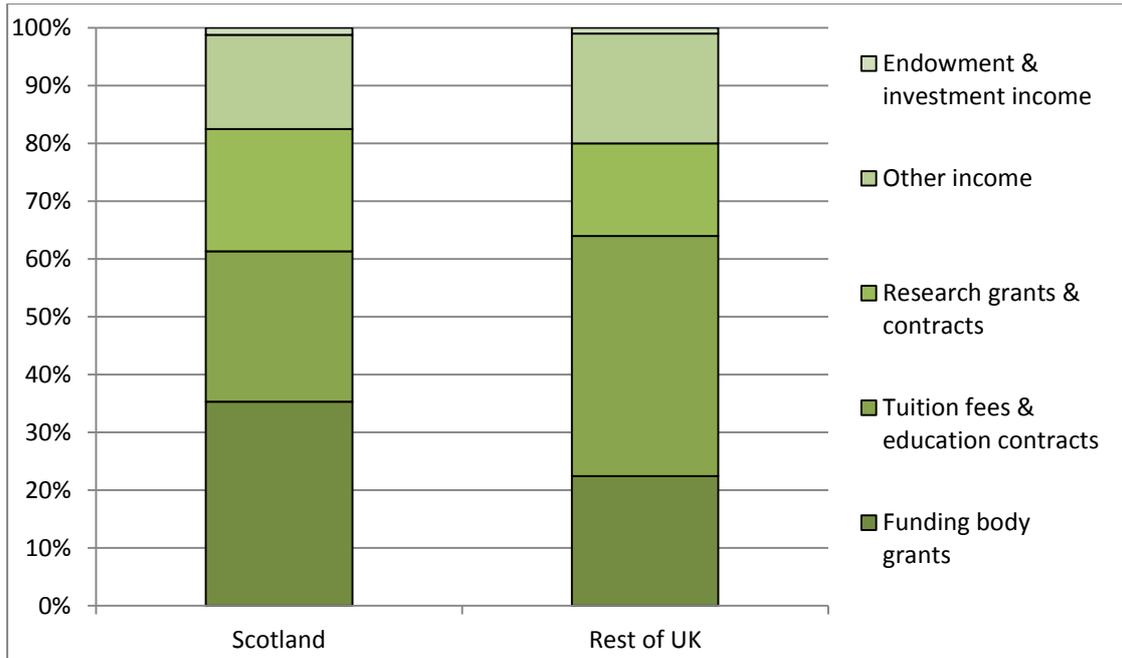


Figure 11: Share of total HEI income from different sources, Scotland and the rest of the UK.

Source: Authors' analysis of HESA data (2012/13).

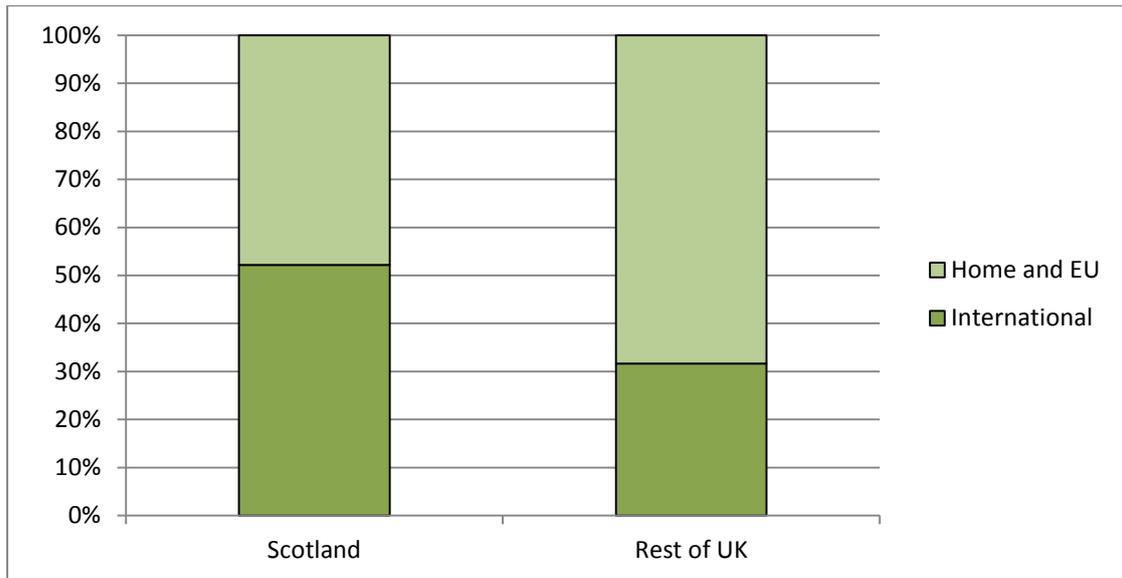


Figure 12: Percentage of HEI income raised by tuition fees income, by student type

Source: Authors' own analysis of HESA data (2012/13).

Figure 12 examines the 'tuition fees' element more closely, showing the source of student fees. HESA records both 'home and EU' students together because, as noted earlier, the Bologna Accord requires that all EU students be treated the same fees as 'home' students, including their liability (or exemption) for paying fees. In Scotland, home students who are resident in Scotland and the EU do not pay tuition fees, but

'home' students who are resident outside Scotland, but within the UK, do. This makes comparison between Scotland and the rest of the UK difficult. However, the graph demonstrates that Scotland is different to the rest of the UK when it comes to how much income it generates from tuition fees from international students. For the rest of the UK 31.6% of all tuition fee income comes from international students. In Scotland this figure is considerably higher at 52.2%; meaning more than half of all income raised through tuition fees came from international students. This makes non-EU students a highly significant source of income for Scottish HEIs. However, this income is not distributed evenly across all Scottish HEIs.

Figure 13 shows the distribution of income from international students and 'home & EU' students. One institution in particular does extremely well from international student tuition fees, raising over £90 million in 2012/13 from this source. Any changes in tuition fees charged to EU students or to international students, or indeed to students from the rest of the UK, would therefore impact unevenly across Scottish HEIs.

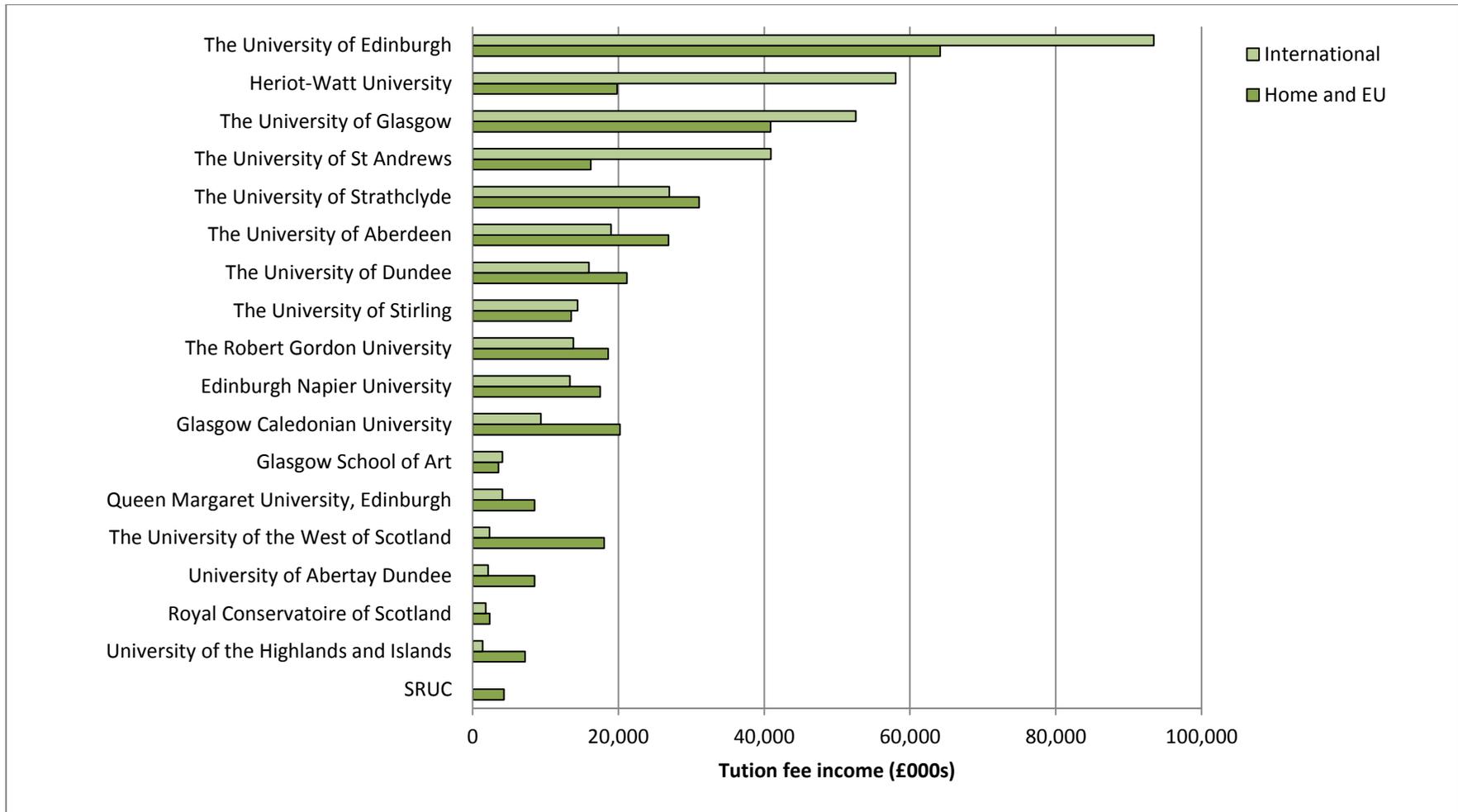


Figure 13: Tuition fee income from International, Home and EU students, by HEI (2012/13).

Notes: Authors' analysis of HESA data 2012/13.

6 POSSIBLE IMPACTS OF CONSTITUTIONAL CHANGE ON EU AND INTERNATIONAL STUDENT FLOWS

The impact of constitutional change following a ‘yes’ vote in the 2014 referendum on Scottish independence could have many different effects on Higher Education in Scotland, and much has been written on the subject (Riddell et al, 2013, 2014; Whittaker, 2014). In this section comments are restricted only to the impacts on flows of students to and from the EU as it is currently constituted and to other countries outside the EU. Thus, we do not speculate on the future of flows of English students to Scotland in the event of Scotland becoming a separate member state of the EU (a topic already tackled by other related ESRC-funded projects – see Wiśniowski et al, 2014; Raffe et al, 2014). Some have suggested that if an independent Scotland was to become a member of the EU and if it was unable to continue its current policy of charging fees to students in the rest of the UK (a matter of debate – see Briggs, 2014, 12), it would create a financial hole for Scotland’s Higher Education sector. This remains a matter of political contention, but what is certain is that Scottish HEIs currently earn more from fees from international students than from students from the rest of the UK as shown in Figure 12. Since only the position of the Scottish Government had been published at the time of writing the current paper, it is impossible to evaluate the position of the ‘better together’ campaign other than to note that currently the position of the UK government on immigration policy with respect to the number of student visas seems likely to be maintained in the immediate future.

The current Scottish Government has explicitly linked immigration with population and economic growth, and framed net-immigration as a non-fiscal lever for stimulating Scotland’s economy (The Scottish Government, 2011, 2013). The Scottish Government has consistently argued that they wish to attract and retain skilled migrant groups, and have placed a particular emphasis on attracting and retaining EU and international students. The Scottish Government stated that if the electorate returns a ‘Yes’ vote in September 2014, they would seek to implement an immigration policy that, in their view, better meets the needs of Scotland (2013). A key component of this strategy would be to actively seek to attract and retain international students to Scottish HEIs. This is part of the Scottish Government’s long-term economic and demographic objectives (*ibid*). The evidence presented in

this paper shows that both EU and international student are an important component of Scottish Higher Education, and more so compared to any other part of the UK.

The Scottish Government has insisted that in the event of independence it intends to remain a full, but independent, member of the EU (2013). Under EU law, member states are not permitted to discriminate, on the basis of nationality, EU-citizens' access their higher education system. The Scottish Government has also stated that it intends to continue to provide free tuition fees for all undergraduate courses in Scottish HEIs for Scottish-domiciled students (2013: 182), and by extension EU students. Therefore, assuming that Scotland's relationship with the EU remains the same after a vote for independence, the evidence presented in this paper would suggest that the number of EU students enrolling in Scottish HEIs will continue to rise in the near future, with Scotland remaining an attractive destination for EU students. Given the increased cost differences in the tuition fee liability for EU students between Scotland and England, one could argue that Scotland may benefit from an even greater increase in the numbers of students from within the EU in the future. However, this assumes that Scotland would be able to maintain its current policy of free undergraduate tuition fees for EU citizens in an independent Scotland. Yet in the absence of any major policy changes in tuition fee policy, EU regulation, or changes in Scotland's relationship to the EU, it would seem likely that Scotland would remain a very desirable destination of study for EU students in the future.

Of course, this situation is further complicated by the uncertainty over Scotland's relationship with the rest of the UK in the context of the EU which, as mentioned above, is beyond the scope of this paper, and is discussed elsewhere (Royal Society of Edinburgh, 2014; Beaumont, 2013; Shuibhne, 2013).

Turning to international students from outside the EU, the evidence presented in this paper shows that the growth of international students in Scottish Higher Education has been stronger than that of any other student group over the last decade. The growth in the number of international students in Scotland has significant direct and indirect financial impacts on Scottish HEIs, and the economy more broadly (Hermannsson *et al* 2013a; Universities Scotland 2013). However, our analysis shows that the distribution of international students in Scottish HEIs is highly uneven,

meaning that some Scottish HEIs, and the geographic locations that they are located in, benefit more than others.

The UK government currently has a policy to cap non-EU net-immigration to 100,000 per annum which includes international students (May, 2012). The Scottish Government described the UK Government's current position on international student visas as 'a direct threat to Scotland's universities and colleges' (2013: 184). Universities Scotland has been consistent in arguing that current UK immigration policy does not work in the interests of the sector (Universities Scotland, 2012), claiming that the current visa regime is one of the biggest dangers faced by the sector with impacts on the economic, social, cultural and educational benefit derived from hosting international students (Universities Scotland, 2012, 2013). Indeed, as the evidence in this paper suggests, since 2010/11 the growth in the number of international students enrolling in Scottish HEIs have levelled off, and in 2012/13 the data shows that there has been a drop in the number of international students in Scottish Universities.

The 2013 White Paper argues an independent Scotland would seek to implement a less restrictive immigration policy for international students so that Scotland can 'compete' in the global higher education market. While the direct short-term economic gains can be significant for countries attracting significant numbers of international students, there is a more long-term strategic interest. The Scottish Government, much like the universities themselves (Universities Scotland, 2012, 2013), have an international outlook and seek to use international student mobility as a strategy for economic growth and competitive advantage.

Aside from the issue of attracting international students, an area of particular concern is the inability of international postgraduates who have undertaken their studies in Scotland to remain here. The Scottish Government views the removal of the Post-Study Work (PSW) visa as an opportunity lost to increase the pool of global talent living in the country as well as a failure by current immigration policy to meet the needs of Scottish business (2013). The Royal Society of Edinburgh echoes this argument, by suggesting that the removal of the PSW visa has been particularly problematic in discouraging potential international students from enrolling in Scottish

Universities (and the UK more generally) as many students view the opportunity to work post-graduation as part of a package enhancing their studies and gaining valuable work experience (2014: 1). Immigration policies in many states, including the US and Australia, have also been proactive in shifting their stance from one that assumes that opportunities within their advanced economies attracts talent, to one that is aimed at retaining specific skilled groups such as international students (Martin *et al*, 2006). Such countries with globally attractive HE sectors have developed international outlooks to attempt to gain an economically strategic advantage. International students also have the added advantage of understanding the wider cultural practices before entering the labour market (*ibid*). More widely, such countries with desirable HE sectors for international student can also excerpt a ‘soft power’ over countries from which they came (Royal Society of Edinburgh, 2014; The Scottish Government, 2013). Furthermore, an independent Scotland would re-instate a post-study work visa so that international students could remain in Scotland and contribute to the economy and culture of Scotland (2013: 184).

If an independent Scotland was successful in implementing a less restrictive immigration policy for international students, and assuming that the UK maintains its current position on maintaining restrictive immigration policies, the result would almost certainly be a rise in the number of international students who would otherwise have chosen to study elsewhere in the UK (and specifically England). Scotland would remain an English-speaking country with high-quality HEIs attractive to many international students. If this were the case, one would expect to see the stagnation in the rate of growth of international students in Scottish HEIs being reversed in the coming years.

If constitutional change resulting in independence would give Scotland an opportunity to develop a distinctive immigration policy, including one tailored to attract more students to the Higher Education sector, it is important to conclude by noting that Scotland does not need to leave the UK in order to implement a less restrictive immigration policy for international students. Canada and Australia are examples of nation states which have developed immigration policy at the provincial level (Rose and Desmarais, 2007; Collins, 2007, Wright 2013). Given Scotland’s reliance on international students in supporting the overall number of students in

Scottish HEIs, and their financial contribution to the system, one could argue that Scotland simply requires the UK to allow it under devolved powers to adopt a slightly different and less restrictive policy, allowing it to issue international student visas.

The general devolution of immigration policy to Scotland has been argued for ardently by Wright (2013). Even if wider devolution of immigration were not granted because of ongoing concerns about the impact on the UK labour market and worries over border controls, then devolution of immigration powers for this one specific type of migration might be politically acceptable since EU and international students are rarely the focus of hostility in wider debates over immigration. International students are in general perceived as temporary and talented movers. It would be relatively easy to make an economic case for this specific group of migrants given the potential to identify the direct financial contribution that they make to the Scottish Higher Education sector.

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