

COMPREHENSIVE HIGHER EDUCATION
STRATEGY SERVICE

TRANSNATIONAL EDUCATION IN CHINA TODAY

HISTORY, TRENDS & THE LATEST INITIATIVES
SEPTEMBER 2022

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FOREWORD

We are delighted to launch our Comprehensive Higher Education Strategy Service (CHESS).

Education partnerships and relationships with China are of strategic importance to many UK higher education institutions. CHESS will provide those institutions with the external expertise, resources, and guidance to help shape and implement a future-proofed China strategy in an increasingly complex policy context.

CHESS will provide this through a range of practical workshops, insights, and reports designed for UK higher education institutions. The programme's insights into the key discussion points and policies affecting exchanges and cooperation in education will be relevant whether your institution already has an advanced China footprint with a dedicated team on the ground through CBBC's Launchpad or your own office; your focus is on partnerships driving marketing, student recruitment, and transnational education (TNE); or you are seeking to expand your China activities.

Despite the challenges to the sector caused by the COVID-19 pandemic, the number of Chinese students attending UK universities has continued to rise, growing by 34% over the last five years. In 2021 alone, undergraduate applications via UCAS from Chinese students grew by 12% to 28,930. With over 200,000 Chinese students currently enrolled at UK universities, Chinese students remain one of the largest international student cohorts in the UK, making a significant contribution to the UK's higher education sector and regional economies. In 2021, Chinese students contributed £2.1 billion (7% of all revenue) to the UK's education sector.

The UK's academic institutions continue to thrive whilst developing partnerships with Chinese academic institutions. There are currently 950 TNE programmes available in China, enabling over 60,000 Chinese students each year to study towards a UK qualification.

Drawing upon sector insights and perspectives from CBBC's Education Team in the UK and China, together with expert advice from professional institutions, Chinese partners, and CBBC's member organisations, CHESS will enable you to interpret significant policy changes in the sector and manage changing circumstances impacted by evolving social, economic, and political developments.

This report puts into context the background and current landscape of TNE and higher education policies in China. We include trends, cooperative frameworks, and revenue and tax considerations, enabling you to evaluate your approach to developing effective TNE partnerships in the China market. Future CHESS reports and workshops will take a deeper dive into the wider issues impacting higher education in China, informing your strategy and supporting you to maximise both the commercial and societal impact of your work in China.



Andrew Seaton

Chief Executive
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INTRODUCTION

The UK is home to some of the world's leading and most widely respected educational institutions, and this soft power advantage has led the country to become a top study destination for students from all over the world. With as many as 144,000 Chinese students currently pursuing higher education in the UK, they have become one of the country's largest international student cohorts, making significant contributions to the UK's higher education sector and regional economies. The importance of Chinese students is unlikely to change in the near future and UK universities must align their recruitment strategies accordingly. One way to do so is by further developing a presence in China's transnational education (TNE) sector.

TNE has a long history in China, having grown over the past 20 years and now enrolling half a million students. Furthermore, at the start of the Covid-19 pandemic, when many students' study plans were disrupted, TNE became, and remains, a viable option for students seeking a safe and affordable alternative to going abroad, and it has continued to appeal to students even as the return to in-person learning and international travel both become possible again.

The China-Britain Business Council's (CBBC) Education Team has extensive experience of helping CBBC member universities develop their understanding of China's latest policies and market landscape, so as to find the right approach when navigating the country's education industry.



Divided into three main parts — 'Overview of Transnational Education in China', 'Transnational Education Practices in China', and 'Opportunities and Challenges' — this report discusses contemporary TNE in China with an emphasis on partnerships with UK institutions. By highlighting the latest trends in UK-China higher education collaboration and addressing the impact of Covid-19 and regulatory change, this report will help member universities devise a reliable and trustworthy approach to the China market.

Collaboration in higher education plays an important role in international relations and trade, making this the right time for educational service providers to review and drive forward their China strategies.

CONTENT SUMMARY

Serving as a guide to international universities working with China, this report on TNE in China in 2022 covers the following topics:

- The evolution of TNE policies in China and the impact of the changes to collaboration models over time
- Data and trends related to joint educational programmes (JEPs) and joint educational institutes (JEIs) in China
- The impact of the Double First-class initiative on TNE
- The operational processes of JEPs and JEIs
- Quality control within JEPs and JEIs
- The financial strategies for TNE in China
- Opportunities, challenges, and suggestions

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EXECUTIVE SUMMARY

Transnational education (TNE) is a long-established industry with about twenty years of history in China. The Double First-class initiative, which began in 2017, has had one of the largest impacts on the sector, and the study of this policy development can help explain the shift among JEPs and JEIs to using a fully in-country model rather than having students spend a portion of their studies abroad. Government focus on innovation has led to the prioritisation of STEM subjects, which has consequently influenced TNE to move in the same direction.

Covid-19 has only further entrenched the fully in-country model, with the travel restrictions in place having had a significant impact on TNE in China. And it is not just students that are affected: Covid-19 restrictions have made it difficult for academic and administrative staff alike to move to and from China. This report on TNE in China arrives during challenging times, but these times are not without their silver linings.

Beginning with an overview of TNE in China by defining TNE and underscoring the mutual importance of the UK and China within the sector, the first part of this report lays out the development history of TNE. In order to understand the major steps in its development, we examine the policy frameworks and regulations which govern it. Finally, it raises the potential benefits for UK universities to partner with Chinese Double First-class universities when establishing joint educational programmes and institutions (JEPs and JEIs). The second part of this report delves deeper by detailing how tuition fees are set and how foreign partners can gain a return on investments. For example, oversight of the TNE sector in China is not entirely centralised: though some regions are not transparent with how tuition fees are set, others more clearly set their fees based on market-regulated prices. Finally, the costs and tax considerations are detailed in order to facilitate informed financial decisions. The third part of the report then presents the opportunities and challenges of setting up and developing a JEP or JEI in China.

The challenges facing the TNE sector in China, while real and potentially affecting the viability of the China market for some UK institutions, are not insurmountable. A number of trends indicate that there is room for TNE to grow. Opportunities remain in the TNE sector for UK institutes that have laid out a long-term strategy for success.

PART I

OVERVIEW OF TRANSNATIONAL EDUCATION IN CHINA

The first part of this report introduces the history of TNE in China, details the current market landscape, and explains the various avenues through which foreign higher education institutions cooperate with Chinese partners.

Section 1

What is transnational education in China?

Transnational education (TNE) is education provided either in person or online through an institution located in a different country. More broadly, TNE can come not only in the form of courses taken at overseas institutions, but also in that of international credit transfers, degree validation, joint or dual degree programmes, and distance learning.

TNE in China works in the same way, albeit with a number of characteristics specific to China due to differences in the market, laws and regulations, and history. Indeed, China has a large and rapidly growing TNE sector, and foreign higher education institutions (HEIs) are well aware that setting up a presence in the China market significantly increases the ease with which they can attract Chinese students to their main campuses outside of China.



The background of TNE in China

China has been the largest source of international students globally for just over a decade. The UK's Higher Education Statistics Authority (HESA) estimates that every year over 700,000 Chinese students leave their country to study abroad, with around 144,000 of them choosing to do so in the UK. [1] British HEIs have distinguished themselves in China's TNE sector not only by wielding their first-mover advantage following the setting up of two of the first joint universities, but also by maintaining deep, long-term roots in the country, such that as many as 49,000 students in mainland China were pursuing British higher education qualifications in the 2019-2020 academic year. [2] More widely, Chinese students have become an important source of income for British universities because international students pay fees up to two to three times as high as those of domestic students, hence competition to recruit them is fierce.

“As many as 49,000 students in mainland China were pursuing British higher education qualifications in the 2019-2020 academic year.”

That a particular type of Chinese student considers a foreign education to be worth a significant premium has been well documented in academic literature outlining why there is growing demand from within the country for a more diverse educational experience. [3] Analysts have found that such Chinese students commonly consider a British or other Anglophone education to be more “legitimate” than what may be perceived as the “utilitarian” education available to them in China. [4] This is on top of a GBP-RMB exchange rate that has favoured Chinese students in recent years, the fact that master's courses usually only last a year on the UK, and rising household incomes in China making studying in the UK generally more affordable. These factors all combine to create a sustainable demand for a UK-style education ready to be tapped into.

To cater to this demand, foreign universities have, since the turn of the century, sought to establish a physical presence in China. Predominantly structured through China-foreign joint ventures, the number of foreign-branded HEIs in China has dramatically increased since the University of Nottingham opened the first such campus in Ningbo in 2004: the University of Nottingham Ningbo China.

Overview of TNE partnership models and other forms of collaboration

TNE's early development in China

Internationalisation has played a significant role in the development of China's higher education system for many years. The expansion of TNE has been a core growth area alongside other forms of international cooperation, and the rapid expansion of China-foreign joint programmes and institutes over the last two decades has helped to stimulate in-depth collaboration and further develop teaching activities and student management in the country.

However, this rapid expansion since the first China-UK joint programme was established in 2000 has not been without difficulties. The so-called 'chain store' phenomenon, in which a foreign university cooperates with numerous Chinese universities to operate as many as several dozen China-foreign cooperative education programmes, often in relatively less resource-intensive subject areas such as business management and accounting, had become increasingly common in China by the middle of the 2010s. By way of example, one Australian university alone had over 44 different **joint educational programmes (JEPs)** in China, with most of the programmes on offer being joint 'x+y' articulation programmes, through which students would spend 'x' years at their home institution in China and then 'y' years at an overseas partner institution. This became an issue in the early stages of China-foreign cooperative education as rapid and relatively unchecked growth led to concerns that foreign partners were being driven by profit generation to the extent that they then lacked the motivation to provide high-quality higher education to Chinese students. China's Ministry of Education (MoE) subsequently suspended approval of these partnerships in 2006. Although the MoE resumed approving partnerships four years later, tighter regulations were put in place, with an increased focus on quality and ministerial oversight in order to reduce the prevalence of 'chain stores'.

China's State Council made efforts to more strictly regulate TNE and improve the quality of JEPs when it published a piece entitled 'Several Opinions on the Continued Opening Up of Education in the New Era'. [5] New measures have since been introduced whereby institutions need to demonstrate the quality of the education being delivered and periodically have it audited by the MoE to ensure standards are being met. Institutions now need to successfully pass the audit process before being able to apply for permits for new **JEPs or joint educational institutions (JEIs; i.e., an institution usually consisting of three or more JEPs that received approval at the same time)**, in order to ensure that only high-quality providers can expand their operations in China and prevent the potential re-emergence of 'chain stores'.

“China's State Council made efforts to more strictly regulate TNE and improve the quality of JEPs when it published a piece entitled 'Several Opinions on the Continued Opening Up of Education in the New Era'.”

Ever since TNE first appeared in the China market, the MoE has continued to formulate and revise the relevant legal framework in order to better guide the positive development of this type of education. For a list of these regulations, please see [page 11](#) of this report.

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