

Economic Impact of Chinese Students in Canada

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Executive Summary

In recent years, international education services have significantly influenced the economy of major study destination countries, including Canada's. In 2009, the total number of international students in Canada was nearly 200,000, and they have contributed more than \$6.5 billion to the Canadian economy.¹

Chinese students, as the largest group of international students in Canada, have played an important role in the Canadian economy. In 2008, a total of 42,154 Chinese students² spent more than \$610 million on education, and they were estimated to contribute over \$1.3 billion into the Canadian economy.³ In the long term, the Canadian government can retain these Chinese students as immigrants to continue contributing to the Canadian economy, and they can also fulfill the future labour shortage as the population ages in Canada.

Because of the economic importance of Chinese students in the Canadian economy, Citizenship and Immigration Canada has cooperated with Association of Canadian Community College to implement Student Partners Program in China this year, and the program is to help more Chinese students to get Canadian student visas in shorter processing time with greater possibility.

¹ Citizenship and Immigration Canada (CIC). "Government of Canada works to welcome more Chinese students to Canadian colleges." September 14, 2010. <<http://www.cic.gc.ca/english/department/media>> (September 30, 2010)

² Citizenship and Immigration Canada (CIC). "Facts and figures 2009 Canada - Total entries of foreign students by source country." August 01, 2010. <<http://www.cic.gc.ca/english/resources/statistics/facts2009>> (October 12, 2010)

³ Roslyn Kunin & Associates Inc. "Economic Impact of International Education in Canada Final Report" Foreign Affairs and International Trade Canada. July 2009. <<http://www.international.gc.ca/education>> (October 10, 2010)

Due to the implementation of Student Partners Program in China and the huge potential demand of studying abroad in China, I can predict that the program will bring over 32,000 Chinese students in 2011, and they will contribute over \$990 million to the Canadian economy. In addition, Canada's Approved Destination Status has allowed easier access for Chinese parents visiting their children, and some of them may also invest in Canadian real estate in order to give their children a better living and studying environment. Eventually, the increased inflow of Chinese students in the future will boost the Canadian economy at a rapid pace.

Background

In order to attract more Chinese students to come and study in Canada, on September 14, 2010, in Beijing, Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism, and James Knight, President of the Association of Canadian Community Colleges (ACCC) announced that Students Partners Program has been officially launched for Chinese students in 2010, and the goals of the program are to accelerate student visa processing time and to increase application approval rate.⁴ Although Student Partners Program is only for the Chinese students who intend to study in the 42 participating ACCC member institutions, it creates an opportunity for Canada to attract more Chinese students to come for studying. Since Student Partners Program achieved a huge success in India in 2009, the expansion of the program to China will certainly attract more Chinese students to come and study in

⁴ CIC.<<http://www.cic.gc.ca/english/department/media/releases/2010/2010-09-14.asp>>

Canada.⁵

Studying Abroad Market in China

In recent years, China's economy has grown rapidly, and national economy growth essentially needs more highly educated people. China is a developing country and Chinese students still need to learn more advanced technology from Western developed countries, such as United States, United Kingdom, and Canada. Besides, the national higher education entrance examination in China has prevented a lot of Chinese students from studying in high quality Chinese universities, or in certain cases acceptance into higher education in China. Therefore, studying abroad becomes a solution for Chinese students to obtain higher education.

Although studying in foreign countries costs Chinese families a lot of money, more Chinese families can afford their children studying abroad due to rising of household incomes in China and appreciation of Chinese currency RMB in recent years. According to the statistics from Ministry of Education China, a total of 229,300 Chinese students went to study overseas in 2009 and it increased 27.5 percent (49,500 students) comparing with 2008. Until the end of 2009, over 1.12 million Chinese students study in overseas countries.⁶ Nowadays, China is the top source country of international students in the world.⁷

⁵ Government of Canada. "Student Partners Program" September 29, 2010. <<http://www.canadainternational.gc.ca/china-chine>> (October 2, 2010)

⁶ The Central People's Government of the People's Republic of China. "A total of 229,300 Chinese went to study overseas in 2009." March 12, 2010. <http://www.gov.cn/gzdt/2010-03/12/content_1554230.htm> (September 30, 2010)

⁷ Douglass, J., & Edletein, R.. "Whither the Global Talent Pool?" 36-44. Page 42. Retrieved from Academic Search Premier Database. 2009. <<http://search.ebscohost.com>> (September 30, 2010)

Canada's Opportunities and Threats

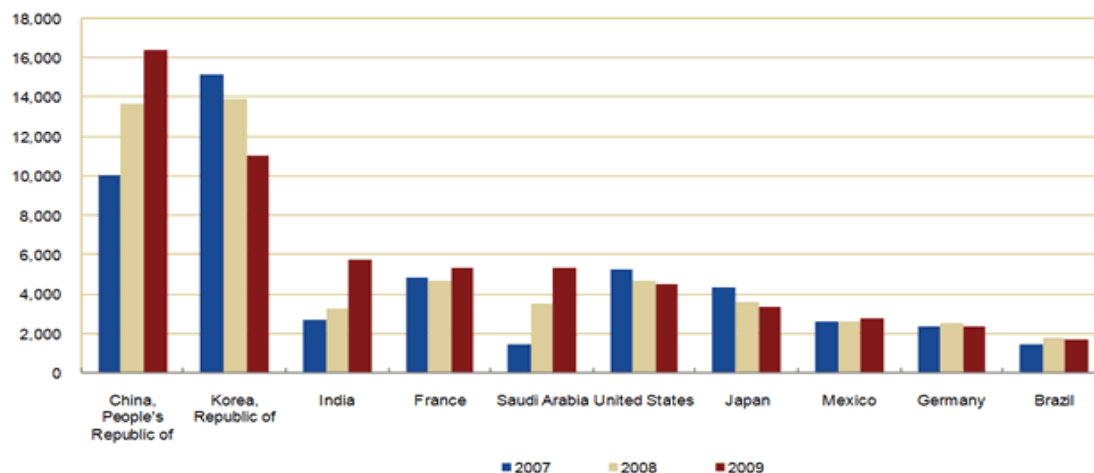
Facing the huge studying abroad market in China, Canada has competed with other countries. Canada, one of the major popular destinations for Chinese students, has many advantages compared with other countries. First, Canada has a good reputation in education system, and the quality of the Canadian education is at a very high level. The latest "The World's Best Countries" from Newsweek shows that Canada scored 96.72 points to rank as second best country in the world under the education category.⁸ Second, high standard of living has made Canada be the fourth best country to live in the world, according to the Human Development Report 2009 from United Nations Development Programme.⁹ Third, the off campus work permit policy allows Chinese students to gain valuable Canadian work experience while studying in Canada. Finally, the multi-cultures in Canada help Chinese students learn more about other cultures and also make them easier to integrate into Canada society.

According to the statistics from Citizenship and Immigration Canada, the total annual entries of Chinese students to Canada continuously increased from 10,035 in 2007 to 16,375 in 2009.¹⁰ As we can see from Table 1, Chinese students have significantly increased since 2007 in Canada compared with other top source countries.

⁸ Newsweek. "The world's best countries." August 15, 2010. <<http://www.newsweek.com/2010/08/15>> (October 12, 2010)

⁹ United Nations Development Programme (UNDP). "Human Development Index (HDI) – 2009 Rankings." 2009. <<http://hdr.undp.org/en/statistics/>> (October 29, 2010)

¹⁰ CIC. <<http://www.cic.gc.ca/english/resources/statistics/facts2009/temporary/13.asp>>

Table 1 Total entries of foreign students by top 10 source country, 2007-2009

Source: Citizenship and Immigration Canada (CIC)

Although Canada has many advantages to be a popular study destination, there are some threats for Chinese students coming to study in Canada. Approval rate of student applications is always an important consideration for Chinese students. According to the statistics from Citizenship and Immigration Canada, Canadian Embassy in Beijing received 13,886 student applications and issued 9,260 student visas in 2007,¹¹ and the approval rate was about 66.68%. Although the approval rate for student applications changes from time to time, it maintains relatively stable every year unless a big change from the Canadian government. Besides, the long application processing time also influences Chinese students. In Beijing's visa office, as of September 29, 2009, only about 27% of total received applications were processed within 28 days.¹² These two main factors psychologically influence more Chinese students to choose Canada as their study destination in the first

¹¹ Citizenship and Immigration Canada (CIC) & Internal Audit and Accountability Branch. "Audit of the Immigration Program at the Canadian Mission in Beijing." October 2008. <<http://www.cic.gc.ca/english//resources/audit/>> (October 15, 2010)

¹² Kenny Zhang. "Flows of People and the Canada-China Relationship." Page25 Asia Pacific Foundation of Canada. May 2010. <<http://www.asiapacific.ca/sites/>> (October 19, 2010)

place.

In order to attract more potential Chinese students, the Government of Canada decided to expand Student Partners Program to China. The program can help more Chinese students who intend to study in the participating institutions to get student visas in two weeks with greater possibility.¹³ Although Student Partners Program is for selected institutions, the flexible university transfer system and the credential recognition in Canada allow Chinese students to graduate from these institutions, transfer course credits to universities or even upgrade to higher levels of education. Therefore, the implementation of Student Partners Program in China provides almost all Chinese students an opportunity to come and study in Canada.

Economic Impact of Chinese Students in Canada

Chinese students have contributed significantly to the Canadian economy. In Canada, China has been the top international student source country and the population of Chinese students has increased continuously since 2002. Till December 2009, the total number of international students in Canada achieved 196,138, and 49,905 of them were from China.¹⁴ Chinese students took up to 25.44% of international education service market in Canada. Chinese students bring their RMB from China, convert RMB to Canadian dollar, and spend on education, living, and other related goods and services in Canada.

¹³ Government of Canada. "Student Partners Program Application Kit for a Study Permit." 2010. <<http://www.canadainternational.gc.ca/china-chine>> (October 25, 2010)

¹⁴ Citizenship and Immigration Canada (CIC). "Facts and figures 2009 Canada - Foreign students present on December 1st by source country." August 01, 2010. <<http://www.cic.gc.ca/english/resources/statistics/facts2009>> (October 12, 2010)

- **Direct Impact to Regional Economy**

The major expenditure of Chinese students is tuition fees. Chinese students, same as other international students in Canada, pay higher tuition fees than domestic students. In 2008/2009 academic year, Canadian full-time undergraduate students paid \$4,724 on average, but international undergraduate students paid \$14,487,¹⁵ which is over three times than what domestic students paid. Based on a total number of 42,154 Chinese students studied in Canada in 2008,¹⁶ we can estimate that Chinese students spent over \$610 million on tuition in total in that year. The revenue from Chinese students' tuition not only helps colleges and universities to generate their financial situations and also contributes to the regional economy.

Chinese students not only spend their money on tuition but also on accommodations, living, and other related products and services in their provinces. The average spending of every Chinese student was about \$30,860 in 2008.¹⁷ The international education services for Chinese students help the provinces to raise their GDP, create more jobs, and generate government revenue. Although all economic values (total expenditure, GDP, employment, government revenue) of each Canadian province were based on the total number of international students in 2008, we can assume that about 23.65% of those values were made by Chinese students because they represented the same percentage of total international students in Canada at that time. Therefore, the customized table can be

¹⁵ Statistics Canada. "University tuition fees 2008/2009 (Correction)" October 9, 2008.
<<http://www.statcan.gc.ca/daily-quotidien>> (October 20, 2010)

¹⁶ Citizenship and Immigration Canada (CIC). "Facts and figures 2008 Canada - Foreign students present on December 1st by source country." August 25, 2009.
<<http://www.cic.gc.ca/english/resources/statistics/facts2008>> (October 05, 2010)

¹⁷ Roslyn Kunin & Associates Inc., July 2009.

estimated as Table 2.

Table 2 Estimated Direct Economic Impact of Chinese Students in Canada by Province and Territory, 2008

Province	Total Expenditure	GDP	Employment	Government Revenue
Newfoundland and Labrador	\$9,021,293	\$6,54,566	104	\$335,121
Prince Edward Island	\$3,042,336	\$1,020,025	17	\$98,597
Nova Scotia	\$39,812,410	\$29,006,252	558	\$1,560,782
New Brunswick	\$21,028,398	\$16,123,388	281	\$765,030
Quebec	\$242,422,433	\$176,319,974	2,800	\$17,155,544
Ontario	\$511,372,598	\$378,079,306	5,775	\$24,282,401
Manitoba	\$27,388,356	\$19,586,221	355	\$1,335,326
Saskatchewan	\$23,577,868	\$16,759,336	298	\$1,085,701
Alberta	\$86,224,116	\$62,124,766	1,003	\$2,076,636
British Columbia	\$336,577,577	\$249,937,930	4,165	\$9,666,299
Territories *	\$287,111	\$87,505	2	\$2,696
Grand Total	\$1,300,754,494	\$955,639,267	15,358	\$58,364,132
*Yukon, Northwest Territories and Nunavut				

Note: Customized Table based on the report from Roslyn Kunin & Associates Inc., July 2009.

- **Direct Impact to National Economy**

Nationally, the total expenditure of Chinese students is a very huge amount because of the large population of Chinese students in Canada. In 2008, the total expenditure of 42,154 Chinese students was over \$1.3 billion.¹⁸ Comparing with other exported goods to China, the value of Canada's export in international education services to China was even higher than the value of any of top exported goods to China.¹⁹

¹⁸ Roslyn Kunin & Associates Inc., July 2009.

¹⁹ Roslyn Kunin & Associates Inc., July 2009.

Table 3 Comparison of International Education Services with other Top Exports in Goods from Canada to China, 2008

Rank	Export	Value
1	EDUCATION SERVICE	\$1.301 Billion
2	ACYCLIC ALCOHOLS	\$869.5 Million
3	CHEMICAL WOODPULP	\$858.5 Million
4	RAPE OR COLZA SEEDS	\$782.5 Million
5	UNWROUGHT NICKEL	\$703.9 Million
6	SULFUR	\$686 Million
7	FERTILIZERS	\$534.9 Million
8	SEMI-CHEMICAL WOOD PULP	\$409.8 Million
9	IRON ORES	\$315.6 Million
10	RAPE, COLZA OR MUSTARD OIL	\$269 Million

Source: Roslyn Kunin & Associates Inc., July 2009.

Table 3 illustrates the importance of the Canadian international education services to China, with the number of Chinese students as the main contributor to this cause.

In addition, Chinese students also influence other factors of Canada's national economy. In 2008, Chinese students contributed over \$955 million to national GDP, created 15,358 jobs, and helped the Canadian government to generate about \$58 million in revenue.

- **Additional Benefits from Tourism Activities**

Canada gains additional benefits from tourism activities due to family and friend visits while Chinese students study in Canada. According to the estimated data from Roslyn Kunin & Associates Inc., every 10 international students bring Canada additional two visitors.²⁰ Since there were a total of 49,905 Chinese students in Canada in 2009²¹ and the average spending of Chinese tourists was \$1,648.51,²² we can estimate that the total number of

²⁰ Roslyn Kunin & Associates Inc., July 2009.

²¹ CIC.<<http://www.cic.gc.ca/english/resources/statistics/facts2009/temporary/14.asp>>

²² Prime Minister of Canada. "China grants Canada Approved Destination Status." December 03, 2009. <<http://pm.gc.ca/eng>> (October 30, 2010)

Chinese family and friend visitors could be nearly 10,000, and Canada could gain additional \$16.48 million from the tourism activities by Chinese families and friends.

- **Future Economic Impact to Canada**

In recent years, Chinese students contribute greatly to the Canadian economy. However, more importantly, Chinese students can contribute to the economic health of Canada in the context of a work-force development policy.²³ The report from Statistic Canada shows that most of the baby boomers which count as the largest population in Canada are part of the 45 to 64 age group. At the beginning of 2011, baby boomers will progressively leave the working-age population.²⁴ Due to the aging population and the low birth rate in Canada, Canada essentially needs more labours, especially high skilled labours. Although the Canadian government can recruit immigrants from foreign countries, Chinese students who are well educated in Canada with Canadian work experience will be better than any other skilled immigrants from other countries. According to a survey conducted by Asia Pacific Foundation of Canada, about 51% of Chinese students plan to stay in Canada after graduation.²⁵ In the long term, the Canadian government retains those Chinese students as immigrants, and let them continue to contribute to the future Canadian economy.

Prediction

Due to the growth of Chinese family income and the most likelihood of appreciation of the

²³ Douglass, J., & Edlestein, R.. Page 39.

²⁴ Statistics Canada. "Canada's population estimates: Age and sex." July 01, 2009. <<http://www.statcan.gc.ca/daily-quotidien>> (November 1, 2010)

²⁵ Asia Pacific Foundation of Canada. "Intention after Graduation: A Survey of International Students in Canada from P.R. China." May 10, 2010. <<http://www.asiapacific.ca/sites>> (November 2, 2010)

Chinese currency RMB, more Chinese families will be able to send their children to study overseas with stronger financial support in the future. In 2009, a total of 229,300 Chinese students went to study overseas and it rose up 27.5% from 2008,²⁶ and about 7.14% of these students (16,375 Chinese students²⁷) chose Canada as their study destination. Therefore, I can predict that in 2011, the total number of Chinese students to study overseas will reach 373,000, and Canada will attract over 26,000 of them to come if the total numbers keep growing at the same percentage. If the Student Partner Program increases the approval rate for Chinese student applications from 66.68% to approximately 80% and shortens the processing time to two weeks, I believe it will help at least an additional 6,000 Chinese students to come and study in Canada in 2011 via student visa. Therefore, the Student Partners Program will help the total entries of Chinese students in Canada to achieve 32,000 by the end of 2011.

According to the data from Statistics Canada, in 2010/2011, the average tuition fee for international undergraduate students is \$16,768, and the university tuition fees are also expected to increase continuously in future years.²⁸ The 32,000 newly arriving Chinese students will pay Canadian institutions a sum of \$536 million for their tuition fees in 2011, and their total expenditure including accommodations, living costs, and other goods and services will achieve almost \$990 million by the end of 2011. The huge amount of money will contribute into regional economy and national GDP, and the international education services for Chinese students will also create more employment for Canadians and increase

²⁶ The Central People's Government of the People's Republic of China.

²⁷ CIC. <<http://www.cic.gc.ca/english/resources/statistics/facts2009/temporary/13.asp>>

²⁸ Statistics Canada. "University Tuition Fees 2010/2011" September 16, 2010.
<<http://www.statcan.gc.ca/daily-quotidien>>(October 30, 2010)

Canadian government revenue in 2011.

In addition, the Student Partners Program will not only attract more Chinese students to contribute into the Canadian economy, and also influence their parents' decisions to travel and invest in Canada. On one hand, Canada's Approved Destination Status granted by the Government of China this year makes it much easier for more Chinese parents to come to visit and stay with their children in Canada for a short period of time. Based on my prediction of 32,000 Chinese students studying in Canada in 2011 and the average spending of Chinese tourists and parents being \$1,648.51 in 2008,²⁹ those Chinese students' parents will spend over \$105 million in Canada in the future. On the other hand, China's one-child policy has made Chinese students much more important in their families than before. In order to give their children a better environment for living and studying in Canada, some Chinese parents are planning to invest in Canadian real estate market for their children. The more Chinese students come to study in Canada, the more Chinese parents are likely to travel and invest in Canada. In short, travelling and investment of Chinese parents in Canada will also positively influence the Canadian economy.

Overall, the Student Partners Program not only helps more Chinese students to come to study in Canada, and it also attracts more money from Chinese students and their parents to contribute to the Canadian economy. During the recovery from the recent world recession, the revenue from international education services and related goods and services has been very important to the Canadian economy, and it is worth putting more effort into it. China is the top source country for international students in Canada now, and the future demand of

²⁹ Prime Minister of Canada.

Chinese students will keep growing fast. As more Canadian institutions join the Student Partners Program, the program will help Canada to attract more Chinese students to study in Canada. The presence of more Chinese students will eventually boost the Canadian economy in the future.

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