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## POLITICS

# Targeting China, Trump Threatens Student Visas. That Would Hit a Big U.S. Export

U.S. runs big trade surplus in higher education. About one-third of the foreign students generating that surplus come from China



Ailu Xu, a graduate student from China, posts a sign directing Chinese students to new-student orientation at the University of Texas at Dallas in Richardson, Texas, in August 2015. PHOTO: LM OTERO/ASSOCIATED PRESS

By *Josh Mitchell and Melissa Korn*

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WASHINGTON—The Trump administration's proposed crackdown on China's trade practices could hit one sector where the U.S. runs a big trade surplus: higher education.

The White House is considering limiting visas to Chinese students as part of a broad package of measures targeting Beijing, which the U.S. accuses of violating intellectual-property laws and other misdeeds. A White House official said the package, including tariffs, could be unveiled later this month.

The U.S. has long run a large trade deficit in goods and services with China and the rest of the world. In the education industry, the U.S. runs a global trade surplus—in no small part due to China.

China sends more students to the U.S. than any other nation, accounting for roughly one-third of the 1.1 million international students enrolled at American universities in the 2016-2017 academic year. China has long valued access to U.S. colleges and universities, which consistently rank among the best in the world.

When international students and their families spend money at American colleges, it is considered an export for the U.S. because money flows from a foreign country to the U.S.

Foreign students attending American educational institutions accounted for \$39.4 billion in U.S. exports in 2016, Commerce Department data show. That figure mainly reflects the tuition students pay and excludes spending on many other goods and services, such as rent, clothing or food.

By contrast, Americans studying abroad bought \$7.6 billion in education imports that year. That means the U.S. ran a trade surplus of nearly \$32 billion in education, one of the largest of any industry. It is close to the U.S. civilian aircraft industry's \$43 billion surplus in trade last year.

The anti-China package is part of a broader push by President Donald Trump to reduce the nation's overall trade deficit, which reached \$568.4 billion in 2017. Some economists say the effort to crack down on China—along with a separate U.S. push to reduce immigration—could inadvertently hurt the U.S. where it has a comparative trade advantage.

"I'm mind-boggled," said Dick Startz, an economics professor at the University of California Santa Barbara. "Higher education is a place where we have a major trade surplus with the world. Doing something to hurt that is obviously going to make our trade balance worse."

Reducing student visas would also likely hurt American students. International students have become a big source of cash for U.S. colleges, since they generally pay full tuition, with no discounts, Mr. Startz said. They often pay two or three times what American students pay at many public colleges. If colleges lose that income, they could be tempted to offset the losses by raising prices on American students, he said.

The threat of limiting visas to Chinese students could be a negotiating tactic—a way to apply political pressure on Beijing to change its trade practices, said David Dollar of the nonprofit Brookings Institution. Many Chinese students come from elite and politically influential families, Mr. Dollar said. The daughter of China's President Xi Jinping, Xi Mingze, graduated from Harvard University in 2015.

"Limiting Chinese student visas in the U.S. is another way of catching China's attention," said Mr. Dollar, an expert on U.S.-China relations who previously served as a Treasury official in the Obama administration. "In terms of China developing, to have some of their elite students coming to the best universities in the world, that helps their future economy."

Higher education has been an especially successful U.S. export. Since 2008, inflation-adjusted exports have grown 26%, while inflation-adjusted education exports have risen about 80%.

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Mr. Startz estimates overall spending from international students—including room and board and other areas—is near \$50 billion. That estimate puts higher education on par with some of America's biggest traditional manufacturing industries. In 2017, the U.S. exported \$52 billion of passenger cars, \$56 billion of civilian aircraft and \$48 billion of semiconductors.

While some international students have their education paid for as teaching assistants working on federal grants, about 60% primarily pay for their education themselves, and an additional 5.7% have their education funded by foreign governments or universities sending payments to the U.S., according to the nonprofit Institute of International Education.

The number of visas awarded to foreign students fell 17% in the year through last September and were down 40% from a fiscal 2015 peak, State Department data show. Visas for students from China fell 24% in the last fiscal year, but much of that reduction can be traced to a 2014

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change in visa terms for Chinese students. Their visas are now good for five years, instead of one, meaning there are fewer visa renewals but not necessarily fewer students.

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