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The year 2003 was marred by difficulty, as external factors caused a slowdown in business for many in the language travel business. However, at the same time, industry associations and some governments invested considerable resources into enhancing the perceived quality of their education export industries to make gains in this tough marketplace, where the general concensus is that quality will win out in the end. AMY BAKER reports.

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At the International Languages & Education UK Fair in Brighton this year, organised by Arels, Chairperson, Charles Harrison, summed up how many viewed the year, when he said, 'We were all looking forward to a successful 2003, but again we were suddenly faced with major challenges. The effects of the war in Iraq and the Sars epidemic were real problems, but we have faced similar difficulties in the past and come through them.'

A real stumbling block to growth this year was the outbreak of Severe Acute Respiratory Syndrome (Sars). Although the danger of catching Sars for most

of the world population was minimal - most cases were recorded in China, and in total, just over 4,000 people worldwide are thought to have caught the virus - the global media frenzy it whipped up caused many thousands of people to cancel travel plans.

Canada was one of the language travel markets most severely affected by the 'stay-at-home' factor, because of unrelenting media coverage about Sars and the fact that Toronto was placed on the World Health Organisation's list of places to avoid for non-essential travel. As Robyn Inman from the Pacific Language Institute in Canada, puts it, 'The media had a feeding frenzy and we could not defend ourselves.'

Language teaching centres across Canada reported dips in student enrolment, regardless of whether they were situated near Toronto or not, and summer courses for overseas groups run by universities in Canada were suspended in many areas. Similarly, schools in other countries felt the pinch, especially those reliant on the Chinese market, where Sars was most endemic.

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Sars affected the language travel market for a prolonged period of time, with many agents and schools attesting that the first half of the year was slow because of it. But Sars was not the only culprit causing the market to falter in the first half of 2003. The other major factor was, of course, the war in Iraq. The slow build-up to war at the beginning of the year and then the actual start of the war on March 20 rattled confidence in overseas travel. According to many agents, the Iraqi war and Sars resulted in many of their clients delaying their plans to travel this year.

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'Sars and the war in Iraq has caused so much stress to people all over [the world],' says Juan Tam of D'Oro agency in Panama. 'Both [incidences] caused people to rethink the way they do business and if and when their children should study abroad. Over time, by August, some [parents] let their children go, but with certain conditions.'

Michael Joop, at Intercambio Cultural e Cursos no Exterior (ICCE) in Brazil, backs up Tam's assertion. 'These factors had a great impact on people's states of

mind,' he says. 'The war and the Sars outbreak put a hold on our industry for a few months. Everybody knows that good education is important, but if it comes to the security of their children, Brazilian parents do not risk anything.'

Many agents report that bookings started to move again by the third quarter of the year, but student preference about where to study has changed, perhaps indefinitely. According to Tam, students began to consider study destinations closer to home, and the USA lost out, partly because of the visa interview regulations that came into effect in August, making it more difficult, expensive and time consuming to get a student visa (see page 4).

'The USA increased its security measures, causing a change in view [about] the USA as a peaceful and secure place [to study],' he says. 'The Chinese [looked] to China, Europeans to Europe, while local Central Americans looked to other South American locations, avoiding altogether the USA. Business has changed tremendously.'

In Thailand, Ted Tansiriyakul from Trendsetter Education agency also testifies that the new visa interview process for the USA is causing difficulties for their students applying to study there. 'With the Iraqi question out of the way, the USA did see a marginal increase, for those [students] who could afford it, but its much stricter visa requirements are making the application process much tougher.'

Kelly Franklin, President of the American Association of Intensive English Programs (AAIEP), acknowledges that there have been many reports from agents that difficulties in obtaining a visa and a general perception that they will be treated rudely at embassies and consulates are turning students away. 'I think our government has failed to grasp how the perceptions in other countries are extremely negative about the entire visa process,' he says.

At STA Travel in Thailand, Udom Ditsamroeng forecasts a 30 to 50 per cent drop in the student market going to the USA. 'Suddenly, they [students] need an interview,' he says, 'and the [consulate] doesn't care how long it takes.' He points to Australia and New Zealand, because of their competitive prices, as well as Canada as countries picking up the students that the USA has lost out on.

Alison McGowan of Florence Associations, an international consultancy based in Brazil, also singles out South Africa as a destination experiencing a surge in demand from Brazilians, because of its perceived value for money. With the Brazilian economy in the doldrums (see box, page 25-26), McGowan says, 'What a lot of people are asking for now is value for money. There's tremendous competition [in this respect] and a lot of people fail to understand that when a school is cheap, quite often what you get is not what you need.'



'Given the Iraq war and the Sars virus, there was understandably a drop in bookings. However, I am delighted to say that recently bookings have regained momentum, which I am sure all schools are experiencing. Perhaps the most noticeable drop was the demand for tour groups, with many [being] cancelled. There does appear to be a return to normal patterns.'

Gary Maserow, Geos International Colleges, Australia



'I have been in this business for more than 30 years. These last three years were the hardest to survive. We had to reinvent our agency, selling several other products and working with many more countries than we used to. That meant hard work preparing our professionals and money to develop these new products. A crisis sees a business growing up. The challenge is to sell different products with the same quality.'

José Gustavo Tanus, BIL- Brazilian International Living, Brazil



'The threat of war and terrorism in early 2003 was not a factor in registrations for Canada. If anything we probably attracted students as a safe, neutral destination. Sars, however, was a totally different story. Sars has probably had the biggest impact I have ever seen on Canadian schools. We have weathered all kinds of other crises over the years but nothing has been felt this pervasively. Business looked up slightly in May until the second wave hit and then most nationalities seemed afraid to come to Canada and registrations went through the basement.'

Robyn Inman, Pacific Language Institute, Canada

McGowan adds that, in the Brazilian market, the USA also suffered from an anti-American sentiment due to the war in Iraq as well as the problems associated with immigration legislation. McGowan highlights Canada, followed by Australia, the UK and New Zealand as other destinations that are gaining students at the expense of the USA. Joop at ICCE agrees, adding that the Brazilian market remains slow because of the country's own economic problems. 'I would say only 30 to 40 per cent of business has returned [since Sars and the war],' he says. 'Only when the economy picks up will we see more people risking the investment in education abroad.'

Despite the redirection of many potential US-bound students to other language travel destinations,

students' economic and safety concerns still meant difficult times for many operators around the world this year. Linda Svedborg at Swedish agency STS, which sends students from many European countries overseas on language travel trips, underlines that business in Europe was also slow this year.

'We have, as many other companies in this business, suffered a cutback in volume for all student travel from our European countries,' she says. 'This is the same for both the high school business as well as for the language school [sector].' Svedborg points to 'security and economic aspects' as the most common

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reason. 'Regarding the economic factors, we can see that the recession in Europe has had an effect on sales - people are finding investment in language travel too expensive at the moment.'

Another country particularly hard hit by the general slowdown this year was New Zealand. Some years ago, New Zealand introduced some of the most liberal visa regulations for the Chinese market. This, together with its low currency, led to a huge influx of Chinese students. However, this year, because of the rising New Zealand dollar, coupled with the drastic slowdown in Chinese numbers because of Sars, the country's language travel market experienced a substantial drop in student numbers.

Adding to New Zealand's woes - which led to redundancies and school closures - were reports in the

Chinese press about Asian students turning to crime against other Asians and not assimilating well into the New Zealand or Australian lifestyle.

The New Zealand government took such concern seriously, and organised a China mission earlier in the year, during which key representatives from the country's education industry met with China's Education Minister. New Zealand's Education Minister, Trevor Mallard, said, 'I told the minister that our emphasis has to be on raising quality, not on increasing numbers.' He said discussions confirmed the long-term potential of China as a student market and the education industry as a facilitator for inter-cultural relations.

Mallard added that there was a clear message for all New Zealand educators. 'This message was that we would stand or fall by our quality. Long-term benefits would only accrue if providers were totally committed to ensuring that international students succeeded in our system and could live in a safe and secure environment.'

The importance of underlining, and improving, the quality of education products available was taken to heart by a number of governments and national associations around the world during 2003. New Zealand's efforts included enhancing standards in the Code of Practice for the Pastoral Care of International Students, which sets out comprehensive regulations for education providers to guarantee best practice. As part of this overhaul, it introduced an age limit on students coming alone to study in the country without parental supervision.

In Australia, the government introduced a new rationale designed to 'protect and support' the education export industry when it unveiled its Federal Budget earlier in the year. It promised more than AUS\$41 million (US\$27 million) would be spent on services for the industry over four years, including AUS\$10.4 million (US\$7.1 million) earmarked for quality assurance of Australia's education products delivered off-shore and AUS\$5.1 million (US\$3.5 million) on ensuring continued compliance with its Education Services for Overseas Students (Esos) Act, which sets out standards for education providers.

'Because of [the industry's] value, the Federal Government will continue to work to protect its [world-class] reputation, by ensuring that only bona fide, quality education and training providers remain in the industry,' said a spokesperson from the Department of Education, Science and Training. One drawback was that registration charges for education providers increased as part of the raft of measures ushered in under the Federal Budget.

In Canada, which has never had government-endorsed national regulations for its language training sector, efforts were made by various industry players to band together and promote quality provision in the marketplace. Under the umbrella of the Council of



'Like others, we have felt the impact of Iraq, Sars, and the troubled times of Latin America. European markets are proving resilient however, and despite growth from China, our schools are more noticeably European than they were a year ago. Sweden has shown strikingly healthy growth and Middle Eastern numbers are good. We have noticed an increased demand for IELTS and a general sense of students being more 'determined' and focused on a specific outcome, whether this be entry to university, success in the workplace, or English exams in their own country.'

Shelan Rodger, Embassy CES, UK



'The year of the goat started off slow enough with the suspended impact of Sars indirectly pulling down the figure of people studying abroad. The monsoon rain since June brought along change for the better. Mid-year intake for the southern hemisphere resumed to the level of previous year whereas the North American and British markets inched forward. We are all keeping our fingers crossed that no untoward political/terrorist incident or recurrence of deadly disease will ever surface again. It is hoped that the coming of the year of monkey will usher in a more lively, playful and productive time.'

Ted Tansiriyakul, Trendsetter Education, Thailand



'The one rule every business person knows well is that the rules of business are impossible to understand. In 2003 in New Zealand, it is easy to understand why our Korean and Chinese numbers dropped - so did everyone's. But why did our Japan numbers rise by 29 per cent and our Swiss number by one per cent? Why, when the China and Korea markets dropped, did our Italy market soar? I think the only rules that mean anything in business are: diversify, keep small and manageable, have a reserve of money in the bank, keep honest, and pray often to the Goddess of Luck.'

John Langdon, Dominion Schools, New Zealand



'In 2003, we saw a significant growth in study and work programmes, mainly in Canada, and we increased strongly our academic and athletics scholarships programmes, allowing a large number of students to get financial support from American universities for undergraduate studies, with our innovative and successful proposal. Creativity and more effort were our answers to 2003's new challenges.'

Jorge Taboada, Universities & Schools of America, Argentina

Economic overview of 2003.

In economic terms, 2003 was downbeat. According to the Economic Policy Institute in Washington, DC, in the USA, the global economy was 'fundamentally weak' this year, with industrialised countries having idiosyncratic reasons for their lacklustre performance, while emerging economies remained vulnerable to

financial instability, therefore their policies were accordingly restrictive.

Particularly hard hit this year were the Latin American economies including Brazil, Argentina and Venezuela. In Venezuela, the government introduced tight controls on foreign currency exchange, making it extremely difficult

to buy US dollars, which meant the bottom fell out of the study abroad market in the first half of the year.

Tyler Willson, Regional Sales Manager of Latin America for Aspect ILA, comments, 'For Latin America in 2003, we saw the traditional markets struggle, but we have also seen young markets develop and new markets emerge. It's a shame [that] a country like

Second Language Programs in Canada (CSLPC), state-sector and private-sector language schools joined forces, paving the way for a truly national association with quality ideals to prosper. CSLPC welcomed the new members into its ranks after its own improved membership standards were finalised. The expanded association is rebranding and the most likely name under consideration - Canada Language Council - is to be finalised by the membership in January.

In the UK, similar discussions have been taking place this year, with members of the Association of Recognised English Language Services (Arels) and the British Association of State English Language Teaching (Baselt) voting to join forces to create one of the largest quality associations for English language

teaching in the industry. Tony Millns at Arels explained that the new super-association would aim to increase professionalism throughout the industry.

In Europe too, efforts continued to be directed

towards establishing a quality framework for providers of language travel products, which encompasses both

schools and agents selling their products. A draft set of required standards was agreed upon by the Comité Européen de Normalisation, which encompasses many European Union member states, in May. The results are now subject to consultation, and it is hoped that a voluntary set of agreed standards might be

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Venezuela [had] so many obstacles this year.'

Economic observers in Brazil were hopeful that the situation was improving, as President Lula da Silva announced the beginning of economic recovery for the second time in the year in October. The central bank cut its forecast for GDP growth from 1.5 per cent to 0.6 per cent, but inflation was brought under control.

In recession-hit Europe, the outlook was mediocre, and the International Monetary Fund (IMF) lowered its forecasts for European Union (EU) growth by 1.8 per cent down to 1.1 per cent. France and Germany looked set to break the EU's stability and growth pact for a third successive year in 2004 with budget growth deficits, although both countries' economies

are predicted to improve next year.

In Asia, once Sars was brought under control, the region's economy was said to be performing well, and IMF Managing Director, Horst Kohler, forecast growth of six per cent for the year. However, he cautioned that many economies in the region were dependent upon the US economy and individual countries fared

differently in terms of prosperity. For example, Japan was predicted growth of just 0.8 per cent this year, with real private consumption expenditures at a low.

The IMF also revised its predictions of growth for the USA's economy downwards, with the latest forecast at the time of going to press 2.2 per cent, with rising unemployment expected.

published and in place in two years, allowing European consumers to identify quality-endorsed products more easily.

It was certainly a testing time for agencies and schools throughout the world this year, but as Tyler Willson, Regional Sales Manager of Latin America for Aspect ILA, comments, 'With bad situations also arrive good ones, as we have developed stronger relationships with our key partners, [exploring] how we can support each other when times are tough.' School associations moved closer together, while agencies recognised the value of collaboration for the good of all their businesses.

In Argentina, 11 agencies got together to form a new association, the Argentine Association of Educa-

tion Agents and Consultants (AAEAC). Masaru Yamada, President of global agency group, the Federation of Education and Language Consultant Associations (Felca), adds that a goal of Felca for next year will be to help and encourage other fledgling agency associations to establish.

Looking ahead to 2004, many in the industry are positive that their business will pick up again, as political, social and economic factors ease their grip on the study abroad marketplace.

Julio Monsalve García, of EBI Idiomas agency in Spain, sums up, 'Hopefully, the market will be more confident and reservations will be made at an earlier stage, but the results of next year, like the past years, will be unexpected.'

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