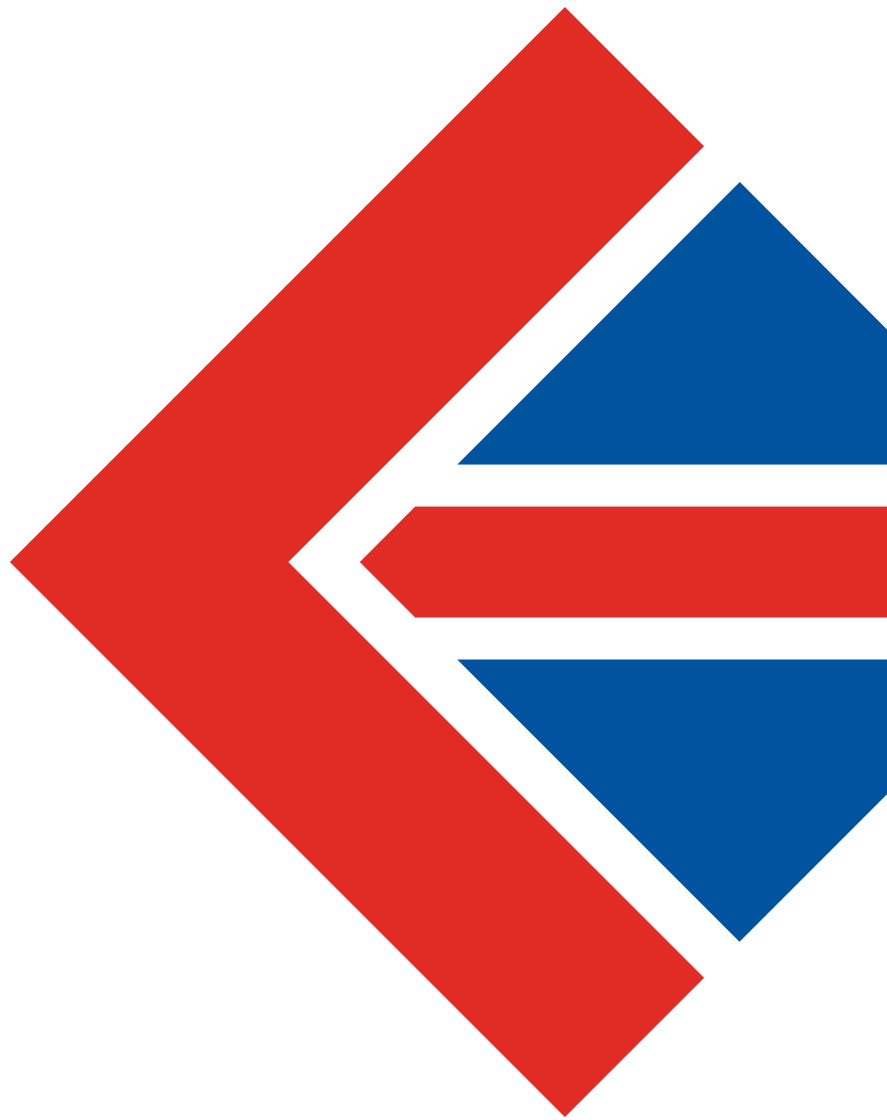


COLOMBIA MARKET REPORT

AUGUST 2008



1. Executive Summary and Key Facts.

- Population: 44, 087, 000 (April 2008 Estimate).
- Area: 1, 141, 748 km².
- Capital: Bogota, over 7 million inhabitants.
- Other Major cities: Medellin: 2.2 million inhabitants, Cali: 2.1 million inhabitants, Barranquilla: 1 million inhabitants, Cartagena: 900,000 inhabitants.
- Key exports: Oil, Coal, Gold, Emeralds.
- Key trading partners: USA (50% of export market), Venezuela and Ecuador (a further 20% of the export market).
- Official Language: Spanish, spoken by 99% of the population.
- Religion: 95% Christian, 90% Roman Catholic.
- Currency: Colombian Peso (COP).
- GDP (Total): \$ 337.298 billion, world ranking: 29th.
GDP (Per Capita): \$ 6,700, world ranking: 81st.

2. Market Background

a) Overview.

Colombia provides a thriving potential market for attracting English Language students to the UK. Under the presidency of Alvaro Uribe, elected in 2002, improvements in the political and economic fortunes of the country have helped to develop the demand for English Language skills in this area. The geographical location of the country, which has Atlantic and Pacific ports and provides a crucial trade link between North and South America, also helps to stimulate the growth in the demand for English Language training. British businesses are held in high regard by their Colombian counterparts, and 'British English' is particularly admired. This gives the UK a degree of advantage over its rivals as a destination for overseas study. Nonetheless, the UK faces serious competition for the language travel industry in Colombia, notably from Australia and the USA.

b) Political and Economic situation.

Colombia suffered from a tumultuous twentieth century which had left it with a reputation of political instability and guerrilla violence. The most recent upheavals were the result of ongoing conflict between the government and paramilitary groups, raging since the early 1990s. However, levels of violence have gradually been decreasing, particularly in urban areas. The government of Alvaro Uribe (elected in 2002) has worked in collaboration with the USA to tackle the joint problems of domestic security and the drugs trade. This campaign has had a positive impact in Colombia: since Uribe's 2002 election, homicides have fallen by 40%, terrorist acts by over 60%, and extortive kidnappings have been cut by a dramatic 79%. More than 32,000 guerrillas had been demobilised by the end of 2006. The increased levels of stability and security within the country have helped to stimulate the economy of the region, and 2007 recorded the strongest economic growth in recent history. Uribe's government has also made a concerted effort to cut

government spending and reduce the levels of public debt. Significantly, it is also in the process of negotiating a free trade deal with the USA which has important implications for international commerce and the demand for English language speakers within Colombia. Colombia now delivers in excess of 50% of exports to the USA, and trade between the two countries was valued at over \$14 billion in 2006.

c) Social and Cultural situation:

The political and economic developments within Colombia have helped to fuel the growth of the Colombian middle class. The distribution of wealth within the country is more even than in many other South American countries, but still falls well below European levels. This is demonstrated by the fact that it is ranked 29th in terms of total GDP, but only 81st in terms of GDP per capita. The urbanisation of the population resulting from the expansion of the middle class has led to higher levels of students attending further education courses. Colombians have traditionally placed emphasis on education as key to achieving upward mobility. This is reflected in the reasonably high literacy levels which stand approximately 93%, and the government's statutory obligation to invest at least 10% of total government expenditure into the education system annually.

Culturally, Colombia remains relatively conservative and traditional. This is in part due to the widespread adherence to Catholicism. The Catholic Church continues to have particular influence in the rural parts of the country.

d) Internet usage.

Internet usage is steadily increasing in Colombia. 2007 estimates suggest that 22.8% of population have access to the internet. Usage growth increased dramatically between 2000 and 2007 by a factor of 1,050 %, and this continues to rise. Recent data show that there are over 10 million internet users within Colombia. The ETC New Media review indicates that Colombia accounts for 9% of the total internet usage in South America. Internet users in the region are typically from middle and upper class urban environments, and are therefore suitable targets for online marketing. However, research also shows that a deep-rooted skepticism about the security of online purchases and bookings continues to prevail in South America. This can pose problems for those hoping to launch online campaigns.

3. The Education and Training system.

a) Overview

Primary: Compulsory between the ages of 5 and 12, State-funded.

Secondary: Two programmes, one for ages 12-15, and the second for ages 16-17.

University: First degrees last 4-5 years.

b) Primary Education:

Children between the ages of 5 and 13 are obliged to attend school. This is provided free of charge and is compulsory. There are also many private primary schools, and many wealthier parents opt to send their children to these schools from a younger age. In rural areas, however, school attendance even at this compulsory stage can be as low as 80%, with completion levels sometimes falling below 60%. The pupil to teacher ratio for primary schools in Colombia is 28 to 1.

c) Secondary Education.

Children begin their secondary education in Colombia at age 13. Secondary enrolment stands at around 60%, and this is higher in urban areas. Secondary education lasts for six years in total,

and is completed in two cycles: the first 'basic' cycle of four years, followed by a two year programme, at the end of which students are eligible to sit for university entrance examinations.

d) Universities.

Colombia has 24 public Universities, as well numerous private ones. Again, these tend to be found in urban districts, and many are based in Bogota. A standard university degree usually takes four or five years to complete. This can then be supplemented by a further two years of study, considered necessary for those intending to progress to Doctoral level. First degrees completed within the country remain highly respected, particularly those obtained at the Universidad Santo Tomás and the Pontificia Universidad Javeriana, founded in the sixteenth century, and the more modern Universidad de los Andes, founded in 1948. There is an increasing desire amongst students wishing to complete further degrees to do so abroad, and overseas Master's programmes are highly valued. Access to University education is very limited for those who are not from a wealthy background, as there are very few state-funded places available. The current student population stands at just under 1 million, 82% of whom attend Universities, whilst a further 18% attend vocational and technical courses.

4. The English Language Teaching Market.

a) In-Country Provision.

Teaching of English in primary schools is compulsory from the age of 8, but many schools in the private sector choose to introduce it at an earlier stage. In terms of studying a second language, English is usually considered to be a priority, and in several of the top Colombian Universities fluency in English is a prerequisite for graduation.

b) The current situation.

English is currently the second most spoken language in Colombia. Increasingly important trade links, particularly with the USA, have increased the demand for English language training. The British Council in Colombia has the largest teaching centre in South America. The centre focuses on ELT and holds an annual exhibition, 'Education UK', which has been running for the past seven years and attracts over 1,000 visitors annually.

The US currently stands as the most popular destination for Colombian students to study abroad, largely due to its proximity to the country and the recent weakening of the dollar. America's closest rival is Australia, and Britain is ranked as the third most popular destination for English language students.

In 2007, Colombian students accounted for 84,034 student weeks out of a total of 1,639,289 student weeks that were spent by students on ELT courses at member centres in 2007. (A student week is defined as one student taking 10 or more contact hours in one week.)

This is equivalent to a UK market share of 5.17% of all student weeks. Colombia was therefore ranked 8th.

This was an overall increase in market share of 1.54% since 2006, and a move up of five places in terms of overall rankings.

5. Visas: Key Facts

UK visa statistics for the academic year 2006/7 show that there were 3,773 applications for Student Visas. Of this number, 2,559 visas were issued, whilst 1206 were turned down. This represents a 68% issue rate.

Similar statistics for 2007/8 demonstrate that there was a 66% increase year on year in the number of Colombians issued with a UK Student Visa. The British Council points to the stability of the economy and the expansion of the middle classes within the country to explain the rise in the number of applications processed.

The British Council has also recently led a campaign in cooperation with English UK and UK Visas in order to help local agents and educators to improve the quality of the Student Visa applications being submitted. As part of this programme, agent briefings have been held in various Colombian cities including Bogota, Cali and Medellin. An education supplement was also published bi-annually by the British Council and distributed with *El Tiempo*, the leading Colombian newspaper. Such schemes have contributed to the rise in Visa approval rates to 90%, which correlates with general growth patterns in the market for overseas study.

The British market faces major competition from Australia, where a high profile campaign designed specifically to attract Colombian students has also been very successful. Australia issued record numbers of Visas to Colombians during 2007/8, with a 91% growth in the number of Colombian students choosing to study English in Australia. The rate at which the number of students visiting Australia is increasing annually is significantly higher than the increase in the number of students visiting Britain.

Calendar Year	UK Student Visas	Australian Student Visas
2005	2587	550
2006	2836	1150
2007	4295	2295

6. SWOT Analysis

a) Strengths:

The improvements in the security levels within Colombia since the election of President Uribe have helped to stabilise the country and enhanced economic growth. This has led to an increase in demand for English language skills.

Colombia has a well-established education system. English is taught in schools from a young age and is often compulsory for those wishing to study at University.

The UK is a popular destination for English Language training, as 'British English' is particularly admired amongst the Colombian population.

The campaign to improve the standard of Student Visa applications was successful in that recent years have shown an increase in the number of Visas issued to Colombian Nationals.

b) Weaknesses:

The country suffers from a relatively uneven distribution of wealth. This limits the market focus to the middle and upper class urban dwelling population.

The geographical location of Colombia gives Australia and the USA a significant market advantage over the UK in terms of proximity to the country.

The value of the pound is floundering in relation to the UD dollar and the Australian dollar.

c) Opportunities:

The economic improvements in Colombia have helped to increase the size of the urban middle classes, who provide ideal market opportunities for the English Language sector.

Internet usage is steadily increasing within the Country, particularly amongst the growing urban population.

The British Council has run a successful campaign to improve the quality of Visa applications which has resulted in an increase in the number of Visas issued to Colombian students.

d) Threats:

Rising travel costs and high rates of inflation within the UK may deter potential students, and increase the comparative advantage of the USA and Australia.

The success of the Australian campaign to attract Colombian students indicated that based on trend growth, Australia would overtake the British market within two years.

The worldwide economic downturn has negative implications for international travel costs and overseas study.

Conclusions:

In spite of worldwide economic instability, the Colombian economy continues to expand. As a result, the potential market for English Language learning, notably the urban middle classes, is simultaneously growing.

Whilst the UK faces tough competition from its rivalry with the USA and Australia, this is not impossible to overcome. The desire to learn 'British English' specifically provides UK educators with a particular advantage. The increase in the number of successful Student Visa applications in the past few years following a campaign by the British Council, and the notable success of a similar Australian scheme, indicates that the expanding Colombian language sector is highly responsive to marketing.



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