



Demand remains firm despite uncertainties

World tourism got off to a surprisingly sound start in the first four months of this year, proving the sector's stability. In spite of uncertainties posed by the global economy, growth continued at only a slightly lower pace than in the remarkable year 2007. Overall, between January and April 2008, international tourist arrivals grew at around 5% compared with the same period of 2007.

All sub-regions posted positive results. Growth was fastest in the Middle East, North-East and South Asia, and Central and South America. North-America is set to achieve a very positive year thanks to the strong inbound travel to the USA, while arrivals in the Caribbean recovered well from last year's flat performance. In Europe, growth was more modest, with the best performances coming from Southern and Mediterranean destinations. (Continued on page 14)

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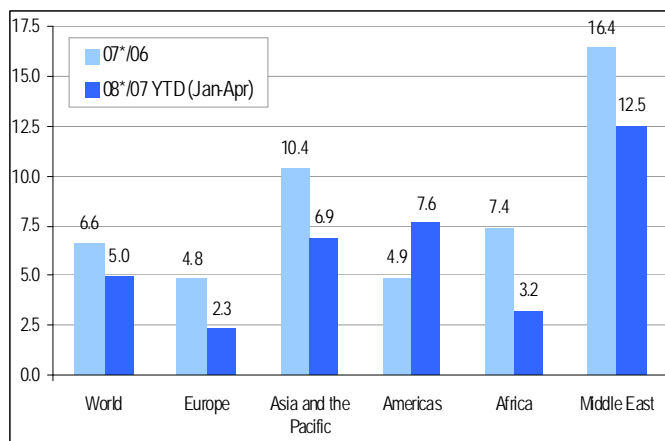
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UNWTO Panel of Tourism Experts

Evaluation and prospects more downbeat

The UNWTO Tourism Confidence Index as measured through the three times yearly survey among the UNWTO Panel of Experts shows a marked decline in this issue, both in the evaluation of the period January-April and the prospects for the period May-August. The scores overall are still positive, however, meaning that the number of experts rating actual or expected performance as '(much) better' still significantly exceed those who rate it as '(much) worse'. This decline is in some ways surprising, given that world tourism demand remained robust in the first months of 2008. But it does clearly reflect the growing concerns about the generalized rise in prices worldwide and the impact this will have on operating costs and disposable incomes. (Continued on page 17)

International Tourist Arrivals (% change over same period of the previous year)

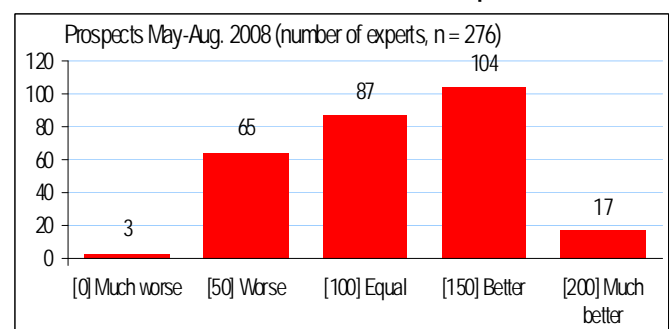


Source: World Tourism Organization (UNWTO) ©

International Tourism Receipts reached US\$ 856 billion in 2007

Besides the regular assessment of preliminary data on International Tourist Arrivals for the first four months of 2008, this issue of the *UNWTO World Tourism Barometer* includes an account of 2007's International Tourism Receipts and Expenditure, as well as the 2007 rankings for top tourism destinations and source markets. (See page 5)

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

The *UNWTO World Tourism Barometer* is a publication of the World Tourism Organization (UNWTO). By monitoring short-term tourism trends on a regular basis, UNWTO aims to provide all those involved directly or indirectly in tourism with adequate up-to-date statistics and analysis in a timely fashion.

The *UNWTO World Tourism Barometer* is published three times a year (in January, June and October). Each issue contains three regular sections: an overview of short-term tourism data from destination and generating countries and air transport; the results of the latest survey among the UNWTO Panel of Tourism Experts, providing an evaluation of and prospects for short-term tourism performance; and selected economic data relevant for tourism. The objective for future editions of the *UNWTO World Tourism Barometer* will be to broaden its scope and improve coverage gradually over time.

The *UNWTO World Tourism Barometer* is prepared by UNWTO's Market Trends, Competitiveness and Trade in Tourism Services Section, with the collaboration of consultant, Nancy Cockerell. The UNWTO Secretariat wishes to express its sincere gratitude to all those who have participated in the elaboration of the *UNWTO World Tourism Barometer*, in particular all institutions that supplied data, and to the members of the UNWTO Panel of Tourism Experts for their valuable contributions.

For more information on the *UNWTO World Tourism Barometer*, including copies of previous issues, please refer to the Facts & Figures section on the UNWTO website at <www.unwto.org/facts/menu.html>.

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Explanation of abbreviations and signs used

* = provisional figure or data
 .. = figure or data not (yet) available
 | : change of series
 mn: million (1,000,000)
 bn: billion (1,000,000,000)

Q1: January, February, March
 Q2: April, May, June
 Q3: July, August, September
 Q4: October, November, December

T1: January, February, March, April
 T2: May, June, July, August
 T3: September, October, November, December

YTD: Year to date, variation of months with data available compared with the same period of the previous year. The (sub)regional totals are approximations for the whole (sub)region based on trends for the countries with data available.

Series International Tourist Arrivals

TF: International tourist arrivals at frontiers (excluding same-day visitors);
 VF: International visitor arrivals at frontiers (tourists and same-day visitors);
 THS: International tourist arrivals at hotels and similar establishments;
 TCE: International tourist arrivals at collective tourism establishments;
 NHS: Nights of international tourists in hotels and similar establishments;
 NCE: Nights of international tourists in collective tourism establishments.

Series International Tourism Receipts and Expenditure

All percentages are derived from non-seasonally adjusted series in local currencies, unless otherwise indicated: \$: US\$; €: euro; sa: seasonally adjusted series.



WORLD TOURISM ORGANIZATION
 ORGANISATION MONDIALE DU TOURISME
 ORGANIZACIÓN MUNDIAL DEL TURISMO
 ВСЕМИРНАЯ ТУРИСТСКАЯ ОРГАНИЗАЦИЯ
 منظمة السياحة العالمية

The World Tourism Organization is a specialized agency of the United Nations and the leading international organization in the field of tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how. Its membership includes 160 countries and territories and more than 350 Affiliate Members representing local governments, tourism associations and private sector companies including airlines, hotel groups and tour operators.

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 Calle Capitán Haya, 42, 28020 Madrid, Spain

UNWTO World Tourism Barometer
 ISSN: 1728-9246

Published and printed by the World Tourism Organization, Madrid, Spain
 First printing: 2008 (version 07/07/08)
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Data collection for this issue was closed on 30 June.

The next issue of the *UNWTO World Tourism Barometer* will be published at the end of October 2008.

UNWTO World Tourism Barometer, June 2008

Quick overview of key trends

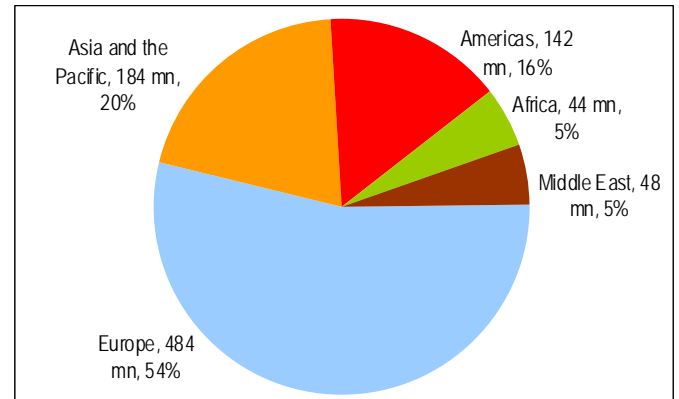
International tourism 2007

- International tourist arrivals reached 903 million in 2007, up 6.6% on 2006 (updated).
- International tourism receipts grew to US\$ 856 billion (euro 625 billion) in 2007, corresponding to an increase in real terms of 5.6% on 2006.
- Receipts from international passenger transport are estimated at US\$ 165 billion, bringing the total of international tourism receipts including international passenger transport (i.e. visitor exports) to over US\$ 1 trillion, corresponding to almost US\$ 3 billion a day.
- The top 10 destinations by international tourist arrivals and international tourism receipts did not show any major changes. In arrivals, France holds to its first position ahead of Spain and the USA, while in receipts the USA ranks first, France third and Spain maintains second place. China and Italy alternate in 4th and 5th position, in both rankings followed by UK and Germany.
- In the top 10 ranking by international tourism spenders, China moved up to 5th position, after Germany, the USA, UK and France. Japan moved down to 7th position after Italy.
- Outbound tourism in the past years has been increasingly driven by emerging source markets.

International tourism January-April 2008

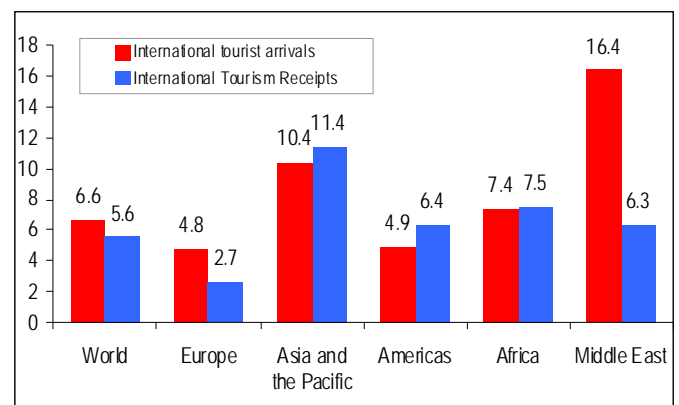
- Worldwide, international tourist arrivals grew at around 5% between January and April 2008, compared to the same period of 2007.
- In absolute terms, the number of international tourist arrivals is estimated to have reached 266 million between January and April, up from 254 million in 2007, corresponding to an additional 12 million arrivals. In 2007 the first four months represented some 28% of the total annual volume.
- Air transport data reported by IATA and various regional air transport associations show traffic growth in all regions of the world except Africa, but at a lower level than in the strong year 2007.

World Inbound Tourism: International Tourist Arrivals, 2007



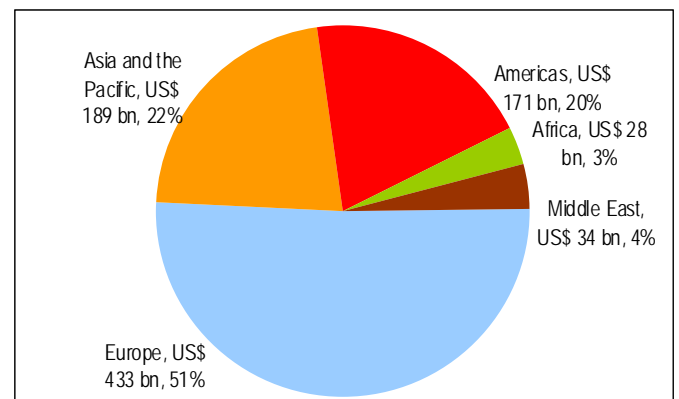
Source: World Tourism Organization (UNWTO) ©

International tourist arrivals and receipts (local currencies, constant prices)
(% change 2007/2006)



Source: World Tourism Organization (UNWTO) ©

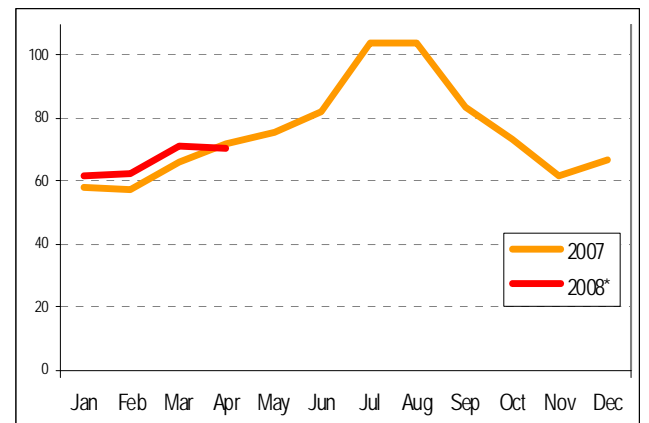
World Inbound Tourism: International Tourism Receipts, 2007



Source: World Tourism Organization (UNWTO) ©

- Hotel performance data for the first four months of the year as reported by Deloitte, indicates growth in average room rates and revenue per available room (revPAR) in all regions, although occupancy was slightly down in Europe, North America and Asia and the Pacific.
- On a month-by-month basis, results appear to have been somewhat irregular, but this is mostly due to calendar effects. February's growth was boosted by the extra leap year day. March was strong because of the early Easter and April was weak for the same reason.
- All regions showed increases, with the fastest growth recorded by the Middle East, Americas and Asia and the Pacific. All subregions also reported positive results.
 - **Europe:** Arrivals up by 2% with higher increases coming from emerging destinations in the various subregions. Overall, the best performer was Southern and Mediterranean Europe (+4%) while results in Northern and Central and Eastern Europe are rather flat (+1% each).
 - **Asia and the Pacific:** Growth slowed compared with 2007, but was still at 7%. South Asia (+10%) has turned in the best performance, while Oceania is still reporting subdued results (+1%).
 - **Americas:** With North America (+8%) on track to achieve a clearly positive year thanks to strong inbound travel to the USA, the overall arrivals to the region increased by 8%. Destinations in the Caribbean (+5%) recovered well following last year's flat performance, while Central (+13%) and South America (+7%) reinforced their 2007 strong results.
 - **Africa and the Middle East:** Both regions saw growth slowdown as compared to last year, particularly Africa (+3%). Middle East (+12%) is still growing at a double-digit rate.

International Tourist Arrivals, monthly evolution
World



Source: World Tourism Organization (UNWTO) ©

Prospects

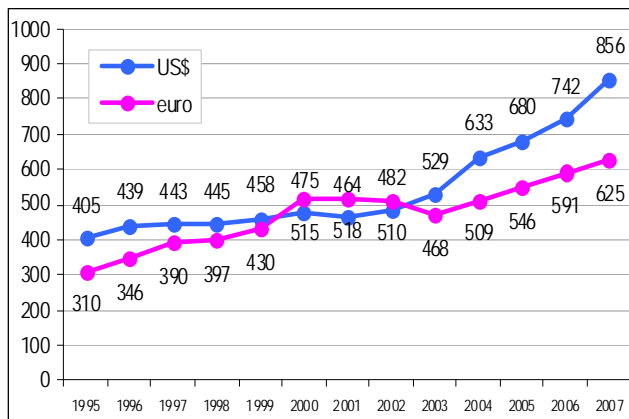
- Uncertainty over the global economic situation is affecting consumer confidence and could hurt tourism demand. The current economic imbalances, in particular the rising energy prices, are very likely to influence tourism spending. But specific demand shifts – determined by disposable income, travel budgets and confidence - will vary from country to country, and from region to region, depending on their local economies, labour markets and consumer confidence.
- The summer season in the northern hemisphere will be critical for the remainder of the year. This is traditionally the busiest period for international travel, with over 100 million arrivals each in July and August 2007.
- For 2008 as a whole, UNWTO expects international tourism growth to be overall positive and maintains its forecast included in the January issue of the *UNWTO World Tourism Barometer* – i.e. that the growth of international tourist arrivals will be positive overall within the range of 3-4%.
- The 280 members of the UNWTO Panel of Tourism Experts confirm this outlook. Though the UNWTO Tourism Confidence Index has weakened, the positive expectations still clearly outnumber the negative ones in the worldwide consultation carried out for this latest *UNWTO World Tourism Barometer*.
- On the whole, while consumer confidence indices show an increasing degree of uncertainty, international tourism has proven to be resilient in similar circumstances in the past and able to cope with various types of shocks, including security threats, geopolitical tensions or natural and man-made crises.
- The anticipated softening of international tourism growth in 2008, although still clearly positive, follows four historically strong years. Between 2004 and 2007 international tourist arrivals grew at an extraordinary rate of 7% a year, well above the 4% long-term average, boosted by a buoyant world economy and pent-up demand after the challenges in 2001-2003 (a period in which a global economic downturn coincided with 11S and various other terrorism attacks, the Afghanistan and Iraq wars and the SARS outbreak).

International Tourism Receipts 2007

Receipts from international tourism rose by 5.6% correlating closely with arrivals growth

With the large majority of destination countries having reported their international tourism receipts for 2007, UNWTO estimates that worldwide receipts from international tourism reached US\$ 856 billion last year, up from US\$ 742 billion in 2006. Last year's substantial increase in absolute terms is of course to some degree a reflection of the further weakening of the US dollar which boosted receipts expressed in dollar terms (in 2007 the US dollar lost 9% against the euro, see further box and table below). Expressed in euros, receipts increased to 625 billion, up from 591 billion in 2006.

World: Inbound Tourism
International Tourism Receipts (billion)



Source: World Tourism Organization (UNWTO) ©

In real terms, i.e. adjusted for exchange rate fluctuations and inflation, growth in international tourism receipts reached 5.6%. With this increase, international tourism revenues maintained the momentum of 2006 (+5.1%) and added to a series of four consecutive years of substantial growth.

About receipts and expenditure data

For destination countries, receipts from international tourism count as exports and cover all transactions related to the consumption by international visitors of, for example, accommodation, food and drink, fuel, domestic transport, entertainment, shopping, etc. They include transactions generated by same-day as well as overnight visitors. Receipts from same-day visitors can be substantial, especially in the case of neighbouring countries where a lot of shopping for goods and services is carried out by cross-border, same-day visitors. However, the values reported as international tourism receipts do not include receipts from international passenger transport contracted from companies outside the travellers' countries of residence, which are reported in a separate category.

With financial data measured in different currencies it is fairly complicated to accurately determine variations in relative terms, as receipts have to be expressed in a common currency like the US dollar or the euro and generally are also reported at current prices, thus not taking account of exchange rate fluctuations and inflation. In 2007 the dollar depreciated 9% against the euro. Over the two years 2005 and 2006, the US dollar and the euro maintained a fairly steady exchange rate, although both currencies did fluctuate against a range of other currencies. On average for the year, in 2007 one euro exchanged at US\$ 1.3705, in 2006 at 1.2556 and in 2005 at 1.2441 (or 1 US\$ to 0.7297 euro on average for 2007, 0.7964 euro in 2006 and 0.8038 euro in 2005).

In order to account for exchange rate changes and inflation, international tourism receipts in US dollar values were computed back to the local currencies of each destination, weighted by the share in the total, and deflated by the corresponding rate of inflation.

Although in this way data are made comparable, care should nevertheless be taken in interpreting the trends, as statistics, in most cases, are still provisional and subject to revision. For the totals, an assessment is made by UNWTO for countries that have not yet reported results, based on the previous year's value and the trend for the (sub)region. Unlike arrivals, where revisions generally more or less balance out, receipts data tends to be revised upwards.

International Tourism Receipts, World

	International Tourism Receipts										Change current prices					Change constant prices					
	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007*	(billion)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
Local currencies												1.0	13.2	6.3	8.5	9.1	-1.4	10.1	3.1	5.1	5.6
US\$	264	405	475	464	482	529	633	680	742	856	9.8	19.6	7.3	9.2	15.4	7.4	16.5	3.8	5.8	12.1	
Euro	207	310	515	518	510	468	509	546	591	625	-8.2	8.8	7.3	8.2	5.7	-10.1	6.5	5.0	5.9	3.5	

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

International Tourism by (Sub)region

	International Tourism Receipts									International Tourist Arrivals						
	Change			US\$			euro			Share	abs.		Change		Share	
	Local currencies, constant prices (%)			Receipts (billion)			Receipts (billion)			(%)	(million)		(%)		(%)	
	05/04	06/05	07*/06	2006	2007*	2007	2006	2007*	2007	2007*	2006	2007*	05/04	06/05	07*/06	2007*
	World	3.1	5.1	5.6	742	856	950	591	625	650	100	847	903	5.4	5.5	6.6	100
Europe	1.7	3.9	2.7	376.9	433.4	890	300.2	316.2	620	50.6	462.2	484.4	4.2	5.0	4.8	53.6
Northern Europe	8.4	7.7	3.9	60.3	69.7	1,210	48.0	50.8	830	8.1	56.4	57.6	7.7	6.8	2.2	6.4
Western Europe	-0.2	3.7	2.1	131.6	149.1	960	104.8	108.8	680	17.4	149.5	154.9	2.4	5.0	3.6	17.1
Central/Eastern Europe	0.1	8.2	8.6	38.2	48.3	510	30.4	35.3	320	5.6	91.5	95.6	2.2	4.2	4.5	10.6
Southern/Mediterr. Eu.	1.4	1.6	1.1	146.9	166.4	940	117.0	121.4	660	19.4	164.8	176.2	5.9	4.7	7.0	19.5
Asia and the Pacific	4.2	11.1	11.4	156.5	188.9	1,020	124.7	137.9	680	22.1	167.0	184.3	7.8	8.0	10.4	20.4
North-East Asia	7.9	12.1	12.5	75.2	89.2	860	59.9	65.1	570	10.4	94.3	104.2	10.3	7.7	10.6	11.5
South-East Asia	0.0	16.0	13.0	43.6	54.0	910	34.7	39.4	580	6.3	53.1	59.6	4.9	9.4	12.2	6.6
Oceania	1.0	2.5	8.1	26.6	32.3	3,020	21.2	23.6	1,970	3.8	10.5	10.7	3.7	0.4	1.7	1.2
South Asia	4.1	10.7	5.4	11.2	13.4	1,370	8.9	9.8	910	1.6	9.1	9.8	6.4	11.8	8.2	1.1
Americas	4.3	1.8	6.4	154.1	171.1	1,200	122.7	124.9	860	20.0	135.8	142.5	5.9	1.9	4.9	15.8
North America	4.5	0.8	7.4	112.5	125.1	1,310	89.6	91.3	940	14.6	90.6	95.3	4.7	0.8	5.2	10.6
Caribbean	3.3	1.9	-0.4	21.7	22.6	1,160	17.3	16.5	890	2.6	19.4	19.5	3.8	3.4	0.1	2.2
Central America	9.3	10.3	8.9	5.5	6.3	810	4.4	4.6	560	0.7	7.1	7.7	12.9	9.9	9.6	0.9
South America	2.0	6.8	8.0	14.4	17.2	860	11.5	12.5	570	2.0	18.7	19.9	11.9	2.8	6.4	2.2
Africa	10.9	10.5	7.5	24.6	28.3	640	19.6	20.6	440	3.3	41.4	44.4	8.9	11.0	7.4	4.9
North Africa	15.3	19.1	8.7	8.7	10.3	640	6.9	7.5	430	1.2	15.1	16.3	8.9	8.4	7.9	1.8
Subsaharan Africa	8.8	6.5	6.9	15.9	18.0	640	12.7	13.1	450	2.1	26.3	28.2	8.8	12.6	7.1	3.1
Middle East	2.5	3.6	6.3	29.9	34.2	720	23.8	25.0	500	4.0	40.9	47.6	5.4	8.2	16.4	5.3

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

International passenger transport receipts

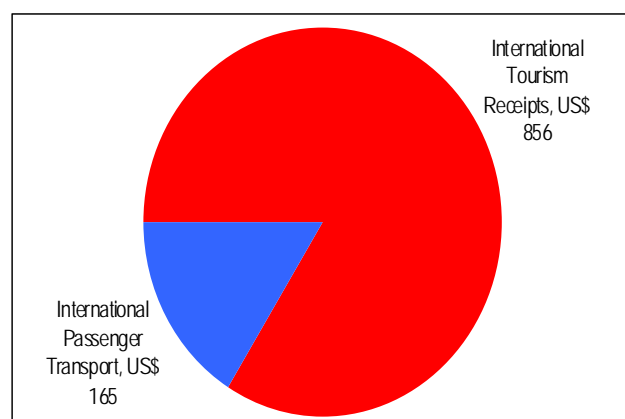
What is reported by UNWTO as international tourism receipts refers to the earnings in destination countries from expenditure by international visitors on accommodation, food and drink, local transport, entertainment, shopping, etc. It does not include, however, earnings from international passenger transport, which are reported separately. In simple terms, the latter category refers to receipts from international passenger transport services by companies registered in the reporting country rendered to residents of another country. It should be realized that it does not relate to all receipts from international passenger transport, but only to its export value, as many people travel with transport companies registered in their own country of residence (which is not included). (See box on page 5)

Although the availability of comparable international data broken down at this level has its limitations, the export value of international passenger transport has in recent years been estimated at some 16% of the sum of international tourism and international passenger transport receipts. For 2007, this corresponds to some US\$ 165

billion, as against US\$ 143 billion in 2006. This takes total receipts from international tourism, including international passenger transport, to over US\$ 1 trillion in 2007. In other words, almost US\$ 3 billion a day is earned by international tourism.

World: Inbound Tourism

Receipts from international tourism and passenger transport (billion)



Source: World Tourism Organization (UNWTO) ©

In economic terms, both receipts from international tourism and from international passenger transport count as services exports and for many destinations they are a very important pillar of their economy, creating much needed employment and opportunities for development. Worldwide, as an export category, tourism ranks fourth after fuels, chemicals and automotive products, while for many developing countries it is the number one export category.

Growth of receipts versus arrivals

After including revised and additional data, as well as a few revisions of series, worldwide arrivals growth for 2007 turned out to have been still somewhat higher than reported in the January issue of the *UNWTO World Tourism Barometer*. According to the data currently available, international tourist arrivals rose by 6.6% in 2007 to 903 million – one percentage point above 2006's growth level.

At 5.6%, the growth in international tourism receipts in 2007 measured in real terms was just one percentage point below that of arrivals compared with a difference of 0.5 percentage points the previous year. Also over a longer period there is a fairly close correlation between growth in international arrivals and growth in receipts. Receipts tend to follow the growth in international arrivals but at about one percentage point lower (see graph below).

Regional results

In absolute terms, international tourism receipts increased by US\$ 114 billion in 2007 (only euro 34 billion, though). In dollar terms this amount is equal to the sum of the world's second and third biggest tourism earners, Spain and France.

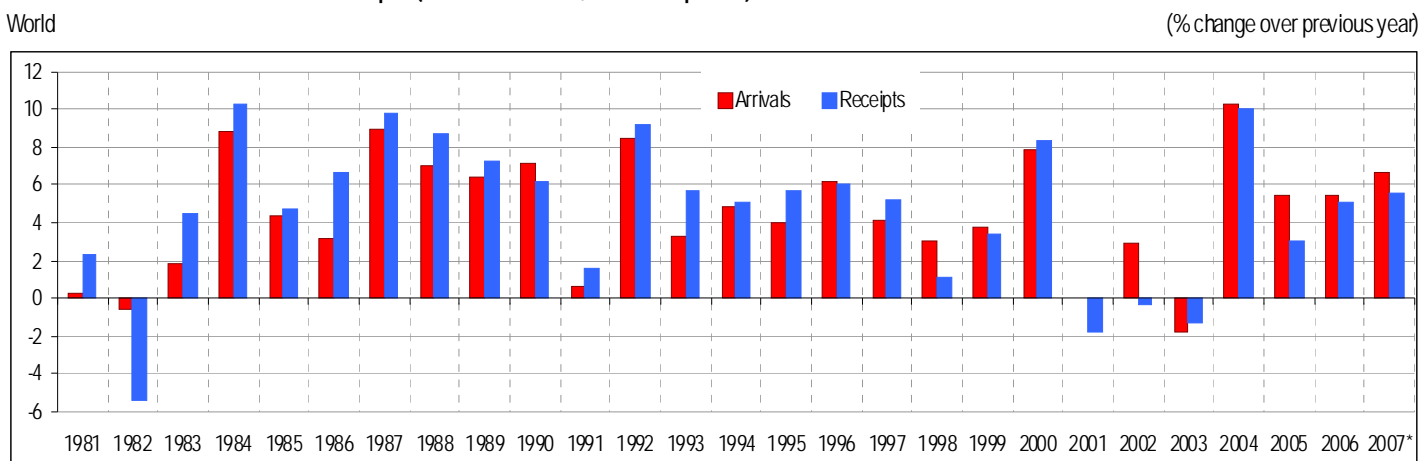
All regions shared in this increase, albeit with varying growth rates. Europe gained an additional US\$ 56 billion,

which represented a growth of 3% in real terms, lifting receipts to US\$ 433 billion (51% of the world total), or 316 billion euros. Asia and the Pacific improved results by US\$ 32 billion, to US\$ 189 billion (a 22% market share), and the Americas added US\$ 17 billion, taking its share of global receipts to 20% (US\$ 171 billion). Africa's receipts, which represent 3% of the world's total, rose by US\$ 4 billion to US\$ 28 billion. The Middle East (4% share), recorded a relative growth of 6% and is estimated to have increased receipts by US\$ 4 billion, to US\$ 34 billion.

By region, the relative growth in real terms (i.e. computed in local currencies at constant prices) was particularly strong in Asia and the Pacific (+11%) – at double the world average –, in Africa (+8%) and in the Americas (+6%). The America's performance was a significant improvement over the previous year's 2% growth. In terms of subregions, the strongest increases came from South-East Asia (+13% both) and North-East Asia (+12% both), followed by Central America, North Africa and Central and Eastern Europe (all three at +9%). Only one subregion, the Caribbean, is estimated to have suffered a decline in receipts in 2007 (-0.4%) following the stagnation of its arrivals.

Also in most of the subregions, there is a reasonable correlation between growth in international arrivals and in receipts, with receipts growth around one to two percentage points below that for arrivals. However, growth in receipts surpassed that of arrivals in Oceania, Northern and Central/Eastern Europe. Southern Mediterranean Europe and Western Europe are exceptions at the other end of the spectrum, as receipts growth lagged somewhat behind arrivals growth. This might be explained by an increase in short-term stays boosted by low-cost airlines. The strength of the euro may also have played a role, with margins reduced to adjust prices in order to stay competitive vis-à-vis destinations with weaker currencies. The Middle East also appears to have grown less sharply in receipts than in arrivals, but data for the region is still seriously incomplete and therefore less reliable.

International tourist arrivals and receipts (local currencies, constant prices)

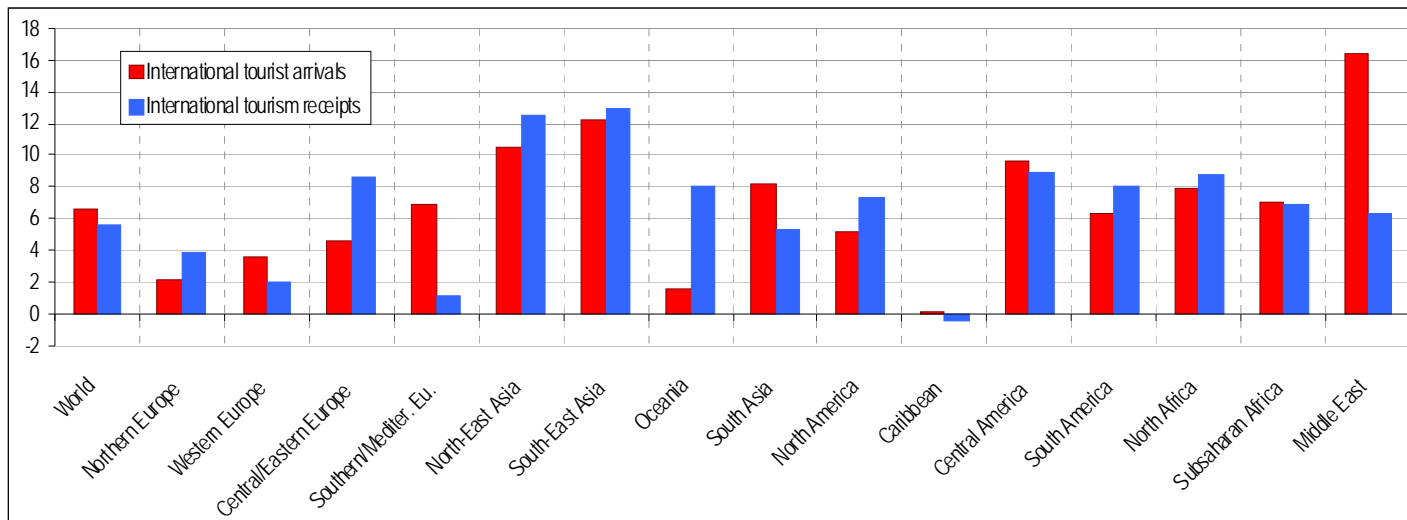


Source: World Tourism Organization (UNWTO) ©

International tourist arrivals and receipts (local currencies, constant prices)

World and subregions

(% change 2007/2006)



Source: World Tourism Organization (UNWTO) ©

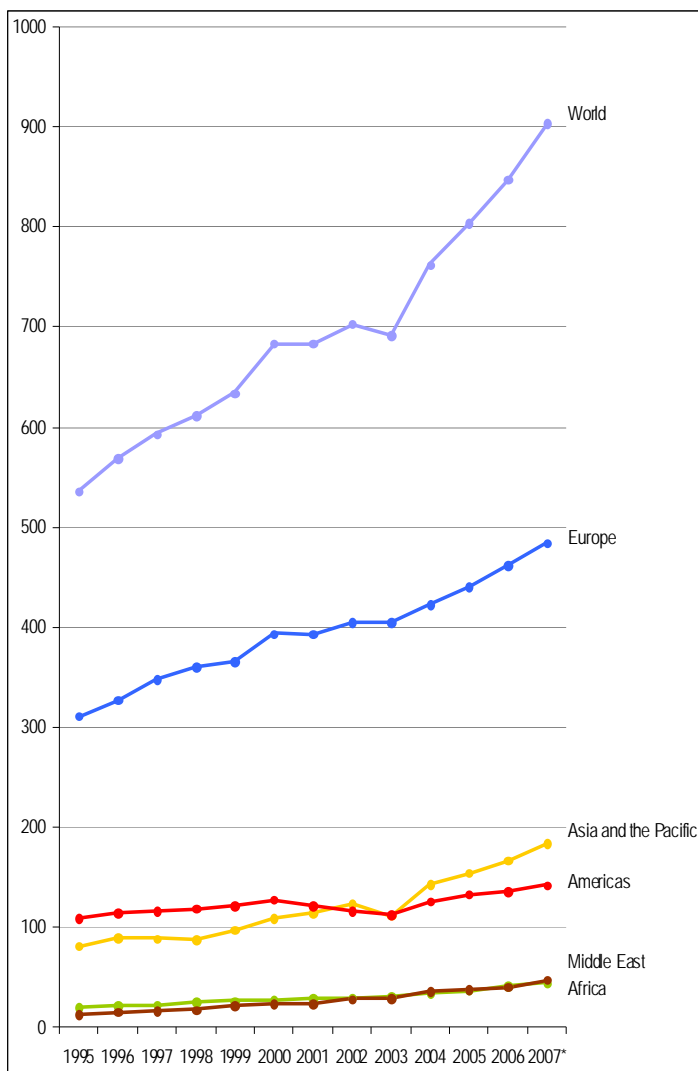
World and regions: Inbound tourism

International Tourist Arrivals

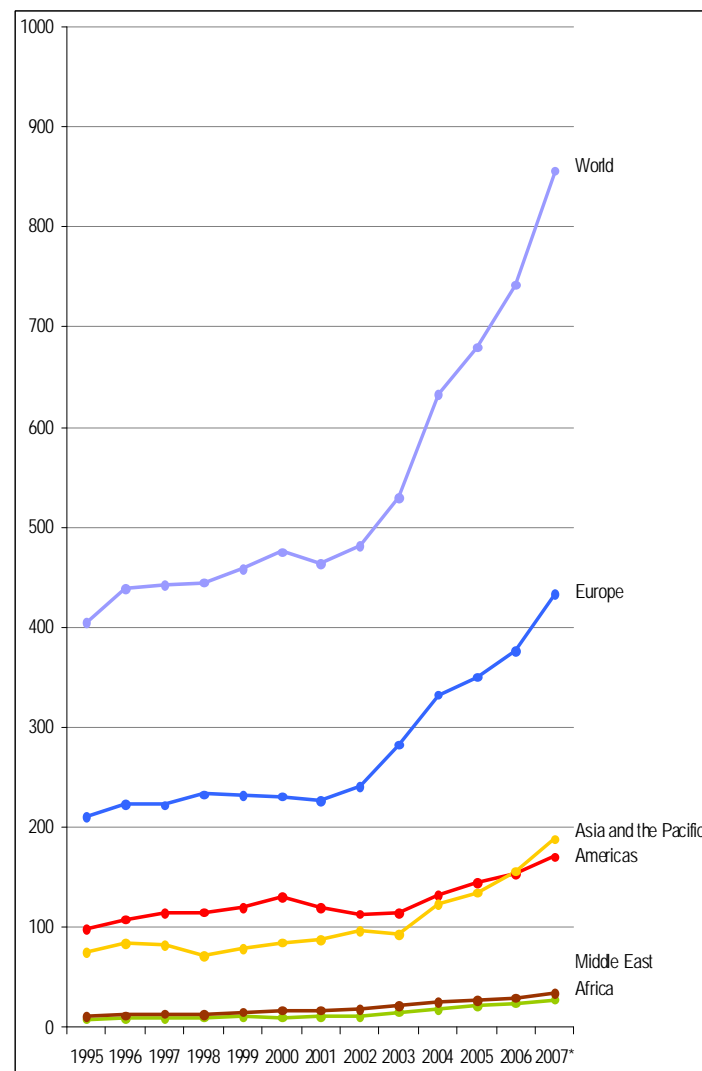
(million)

International Tourism Receipts

(US\$ billion)



Source: World Tourism Organization (UNWTO) ©



Source: World Tourism Organization (UNWTO) ©

World's Top Tourism Destinations 2007

In the ranking of the 'World's Top Tourism' destinations by both international tourist arrivals and international tourism receipts, the first seven and eight destinations maintained their rank in 2007. The top ten ranking of the world's major tourism earners showed only a minor change as Austria overtook Turkey, moving into ninth place. In terms of tourist arrivals, Ukraine and Turkey, now in eighth and ninth positions respectively, ousted Austria and the Russian Federation from the top ten.

Lower down the respective rankings there have been a number of changes as more emerging tourism destinations catch up with the traditional favourites, but the top destinations all sustained their leads, in some cases strengthening their positions.

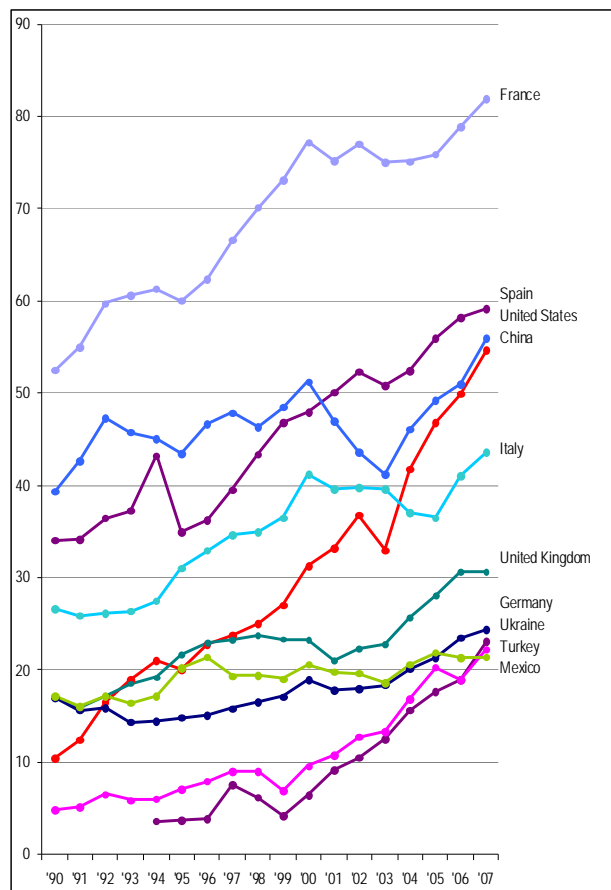
It is interesting to note that eight of the top ten countries in the ranking of international tourist arrivals also appear in the top ten ranking of international tourism receipts, despite attracting different types of tourists – for example, more long-haul than short-haul, or vice-versa, or more business than leisure travel – as well not using always strictly comparable indicators (for instance Germany reports tourist arrivals in all commercial accommodation instead of arrivals at borders). In addition, in the lower ranks differences between countries are often small, which means that any revisions of data can easily change the respective rankings.

In terms of arrivals, France continues to hold onto its number one position ahead of Spain and the USA while, in the ranking for receipts, the same three countries appear in the top three places, but with the USA ranking first and France third, while Spain maintains second place. This highlights the fact that the USA attracts a greater share of higher-spending long-haul tourists than its European competitors, which rely much more on short-haul tourism.

China, fourth in arrivals, remains fifth in terms of receipts, while the opposite is the case with Italy. The UK and Germany rank sixth and seventh, in that order, in terms of both arrivals and receipts, and the eighth to tenth places in terms of arrivals are now taken by the Ukraine, Turkey and Mexico, while Australia, Austria and Turkey close the ranking of the top ten in terms of receipts. Nevertheless, due attention should be paid to the fact that receipts are expressed in US dollars and, due to the considerable depreciation of the US currency during 2007, many destinations' receipts have been magnified in dollar terms.

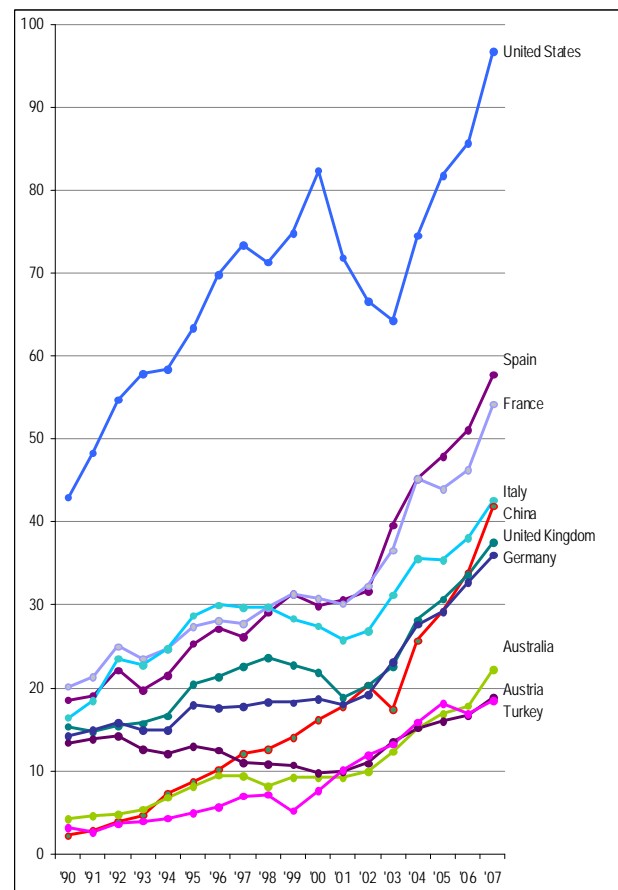
The top ten tourism earners last year accounted for 50% of the total estimated US\$ 856 billion of international tourism receipts. Their respective share of international tourist arrivals was slightly lower, at 46%. (The tables in this section list the first 50 destinations in terms of arrivals and receipts. For values of other countries with data available, see the tables on the regions on pages 20-37.)

International Tourist Arrivals (million)



Source: World Tourism Organization (UNWTO) ©

International Tourism Receipts (US\$ billion)



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals by Country of Destination

	Series	Full year									Monthly or quarterly data series (% change over same period of the previous year)											
		1995	2000	2005	2006	2007*	04/03	05/04	06/05	07*/06	Series	2008*					2007					
		(million)					%				YTD	Q1	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4	
World		536	683	803	847	903	10.3	5.4	5.5	6.6		5.0	7.6	5.6	9.4	7.9	-1.7	7.6	5.5	6.9	7.1	
1 France	TF	60.0	77.2	75.9	78.9	81.9	0.1	1.0	3.9	3.8	THS	-1.2	5.9	-2.5	9.7	8.8	-14.4	-0.2	2.2	4.0	5.0	
2 Spain	TF	34.9	47.9	55.9	58.2	59.2	3.1	6.6	4.1	1.7	TF	3.5	5.3	0.9	6.5	7.4	-1.0	4.2	4.7	-0.3	1.4	1.6
3 United States	TF	43.5	51.2	49.2	51.0	56.0	11.8	6.8	3.6	9.8	TF(1)	15.3	15.3	10.6	14.9	19.3		9.1	7.8	12.1	15.2	
4 China	TF	20.0	31.2	46.8	49.9	54.7	26.7	12.1	6.6	9.6	TF	5.1	9.6	9.3	11.2	8.7	-0.3	-1.2	10.0	10.6	9.3	8.8
5 Italy	TF	31.1	41.2	36.5	41.1	43.7	-6.4	-1.5	12.4	6.3	TF	-2.2	-2.2	-3.9	-3.4	0.0		17.1	-0.3	8.0	3.9	
6 United Kingdom	TF	21.7	23.2	28.0	30.7	30.7	12.7	9.2	9.3	0.1	VF	0.1	3.7	-0.9	8.8	3.9	-8.6	8.2	2.6	-6.9	-2.4	
7 Germany	TCE	14.8	19.0	21.3	23.5	24.4	9.6	6.0	10.1	3.9	TCE	5.1	5.4	5.0	12.0	0.1	4.4	7.8	-0.3	3.2	5.6	
8 Ukraine	TF	3.7	6.4	17.6	18.9	23.1	24.9	12.8	7.4	22.1	TF											
9 Turkey	TF	7.1	9.6	20.3	18.9	22.2	26.1	20.5	-6.7	17.6	TF	14.8	14.6	8.9	13.8	18.9	8.6	19.3	17.5	15.7	18.4	18.7
10 Mexico	TF	20.2	20.6	21.9	21.4	21.4	10.5	6.3	-2.6	0.3	TF	3.3	6.4	5.9	5.8	7.5	-5.3	-3.7	4.8	2.2	-1.7	
11 Malaysia	TF	7.5	10.2	16.4	17.5	21.0	48.5	4.6	6.8	19.5	TF	1.3	1.2	3.4	5.5	-4.5	-0.3	3.1	20.6	29.3	14.3	14.7
12 Austria	TCE	17.2	18.0	20.0	20.3	20.8	1.5	3.0	1.6	2.5	TCE	8.1	13.7	8.4	10.5	22.4	-21.2	-0.5	0.6	3.5	7.9	
13 Russian Federation	TF	..	..	19.9	20.2	..	-2.7	0.2	1.3	..	VF	1.7	1.7					7.7	-0.4	-1.8	4.7
14 Canada	TF	16.9	19.6	18.8	18.3	17.9	9.2	-2.0	-2.7	-1.8	TF	-2.7	-1.8	-1.9	-1.0	-2.3	-5.0	-3.2	-1.8	-1.7	-1.2	
15 Hong Kong (China)	TF	..	8.8	14.8	15.8	17.2	41.1	8.2	7.1	8.4	TF	5.6	5.3	12.0	-2.1	6.7	6.2	3.9	4.6	11.8	12.7	
16 Greece	TF	10.1	13.1	14.8	16.0	..	-4.7	10.9	8.6	..	TCE	3.4		3.4				13.9	15.4	8.5	-2.3	
17 Poland	TF	19.2	17.4	15.2	15.7	15.0	4.2	6.4	3.1	-4.4	VF	-9.7	-9.7					14.3	4.0	2.0	-10.4	
18 Thailand	TF	7.0	9.6	11.6	13.8	14.5	16.4	-1.4	19.5	4.6	TF							5.8	0.4	2.7	8.8	
19 Macao (China)	TF	4.2	5.2	9.0	10.7	12.9	31.9	8.3	18.5	21.2	TF	16.4	17.4	15.1	13.0	24.0	8.8	21.6	21.4	18.8	23.5	20.9
20 Portugal	TF	9.5	12.1	10.6	11.3	12.3	-9.1	-0.3	6.3	9.2	TCE	11.4	21.1	10.8	23.4	25.6	-4.1		7.6	4.4	8.0	7.0
21 Saudi Arabia	TF	3.3	6.6	8.0	8.6	11.5	17.3	-6.5	7.3	33.8	TF	32.6		14.9	10.5			19.9	46.2	49.5	22.0	
22 Netherlands	TCE	6.6	10.0	10.0	10.7	11.0	5.1	3.8	7.3	2.5	TCE	2.7	2.7	-4.8	2.8	8.8		10.1	-0.8	0.5	4.0	
23 Egypt	TF	2.9	5.1	8.2	8.6	10.6	35.7	5.8	4.9	22.7	VF	25.1	25.1	26.7	25.6	23.6		15.1	17.3	22.6	32.0	
24 Croatia	TCE	1.5	5.8	8.5	8.7	9.3	6.8	7.0	2.3	7.5	TCE	-2.8	29.9	17.3	23.6	38.1	-18.6		19.1	12.3	5.1	9.8
25 South Africa	TF	4.5	5.9	7.4	8.4	9.1	2.7	10.3	13.9	8.3	TF	5.8	11.2	5.3	10.1	19.0	-9.4	10.3	8.2	9.4	5.5	
26 Hungary	TF	2.9	..	10.0	9.3	8.6	..	-18.3	-7.2	-6.7	TF	4.6	4.6					-10.6	-11.8	-4.5	-0.3	
27 Switzerland	THS	6.9	7.8	7.2	7.9	8.4	..	..	8.8	7.4	THS	6.8	9.0	7.7	10.5	8.8	0.3	7.4	7.0	6.8	9.2
28 Japan	VF	3.3	4.8	6.7	7.3	8.3	17.8	9.6	9.0	13.8	VF	10.3	10.6	15.1	10.3	6.9	9.3	13.3	10.7	16.8	14.2	
29 Singapore	TF	6.1	6.1	7.1	7.6	8.0	39.3	8.0	7.2	4.9	VF	5.1	6.6	7.1	7.1	5.8	0.8	5.5	5.0	5.5	6.0	
30 Ireland	TF	4.8	6.6	7.3	8.0	..	2.8	5.5	9.1	..	TF	0.8	4.3	-0.9	2.3	9.9	-7.3	6.4	0.9	5.6	3.3	
31 Morocco	TF	2.6	4.3	5.8	6.6	7.4	15.0	6.7	12.2	12.9	TF	14.4	14.4	11.0	15.3	16.2		7.4	10.0	16.7	13.8	
32 Untd Arab Emirates	THS	2.3	3.9	7.1	..	..	5.5	15.0	..	..	THS(2)	5.7	5.7	-0.2	5.7	11.4		6.0	8.2	5.6	9.4
33 Belgium	TCE	5.6	6.5	6.7	7.0	7.0	0.3	0.6	3.7	0.7	TCE	2.8		-2.0	7.1			2.7	-1.9	1.5	1.3	
34 Tunisia	TF	4.1	5.1	6.4	6.5	6.8	17.3	6.3	2.7	3.2	TF	1.8	6.2	0.4	7.2	9.9	-6.4	6.2	1.3	2.6	5.2	
35 Czech Rep	TCE	3.4	4.8	6.3	6.4	6.7	19.4	4.5	1.6	3.8	TCE	8.5	8.5	9.1	8.9	7.7		8.8	1.7	-0.9	9.7	
36 Korea, Republic of	VF	3.8	5.3	6.0	6.2	6.4	22.4	3.5	2.2	4.8	VF	10.3	12.0	11.1	12.9	11.9	7.2	8.7	2.2	1.4	4.6	10.5
37 Indonesia	TF	4.3	5.1	5.0	4.9	5.5	19.1	-6.0	-2.6	13.0	TF(1)	12.7	15.7	13.3	20.8	13.3	4.5	12.9	10.7	15.8	12.6	
38 Sweden	TCE	2.3	3.8	4.9	4.7	5.2	9.6	4.4	-3.2	10.5	TCE(3)	8.0	8.0	3.5	14.8	5.3		2.1	6.6	14.9	7.3	
39 Bulgaria	TF	3.5	2.8	4.8	5.2	5.2	14.4	4.5	6.6	-0.1	TF	15.5	15.5	20.5	20.4	7.7		-9.4	7.3	1.7	-8.8	
40 Australia	TF	..	4.5	5.0	5.1	..	9.6	5.2	0.9	..	VF	-0.1	0.4	-2.6	5.5	-2.0	-1.7	4.6	3.7	2.7	-2.0	
41 Brazil	TF	2.0	5.3	5.4	5.0	5.0	16.0	11.8	-6.4	0.2	TF							-2.7	-5.4	12.2	-0.5	
42 India	TF	2.1	2.6	3.9	4.4	5.0	26.8	13.3	13.5	11.9	TF	11.9	12.2	9.9	12.4	14.8	10.7	14.4	8.2	13.2	11.0	
43 Denmark	TCE	..	3.5	4.7	4.7	..	27.3	6.3	0.4	..	NCE(1)	4.7		5.2	4.4			17.7	0.5	1.6	-1.4	
44 Argentina	TF	2.3	2.9	3.8	4.2	4.6	15.4	10.6	9.2	9.3	TF	5.4	5.4					7.3	13.6	10.5	7.4	
45 Bahrain	TF	1.4	2.4	3.9	4.5	..	18.9	11.4	15.5	..	VF	10.5	10.5					4.1	7.4	1.6	17.5	
46 Vietnam	VF	1.4	2.1	3.5	3.6	4.2	20.6	18.4	3.3	16.4	VF	17.8	15.8	13.8	16.4	17.3	17.1	25.5	13.5	14.0	27.2	13.3
47 Dominican Rp	TF	1.8	3.0	3.7	4.0	4.0	5.1	7.0	7.4	0.4	TF	6.0	6.8	4.1	11.0	5.6	1.4	8.1	4.0	-4.5	-1.3	3.1
48 Norway	TF	2.9	3.1	3.8	3.9	..	11.0	5.4	3.2	..	THS	-1.3	-1.3	0.5	4.9	-7.9		2.4	1.9	1.2	6.3	
49 Taiwan (pr. of China)	VF	2.3	2.6	3.4	3.5	3.7	31.2	14.5	4.2	5.6	VF	5.0	8.3	8.5	20.4	-0.9	-4.2	2.5	6.0	6.2	7.5	
50 Puerto Rico	TF	3.1	3.3	3.7	3.7	3.7	9.3	4.1	1.0	-0.9	THS(3)	-0.5	-0.5	2.0	1.4	-4.1		-8.5	-6.1	-6.3	-2.0	

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

Outbound Tourism

International tourism expenditure 2007

2007 – Emerging markets reign

With only four of the world's top 50 tourism generating countries still to release full-year data on international tourism expenditure, it is now clear that 2007 was another strong year for emerging markets. Source countries turning in the best performances (measured in local currencies, at current prices) comprised Saudi Arabia (+170%, after a sharp decline in 2006), Brazil (+43%), Egypt (+37%), Malaysia (+30%), Hungary and Argentina (+27% each), China (+23%), the Russian Federation (+22%), Indonesia (+22%), South Africa (+21%), Turkey (+19%), the Czech Republic (+18%), Ireland (+17%) and Ukraine (+16%). A further seven markets also recorded double-digit growth, bringing the total up to 21.

Among the world's top ten spenders, apart from China and the Russian Federation, the strongest growth came from Canada (+14%) and the Republic of Korea (+11%). Only one market, Japan, recorded negative growth (-0.2% in yen). Among the other source countries in the top ten, Germany, the world's top spender, turned in the weakest performance (+3% in euro terms), with the remainder achieving increases of between 5% and 8% for the year.

China outbound from strength to strength

In the 2007 ranking of international tourism spenders the major change comes from China, which overtook Japan, after having overtaken Italy in 2006, and which is now in fifth place. Japan was also overtaken by Italy, taking Italy back into the sixth place. Japan as a result moved from fifth to seventh, after having been the world's third largest spender only ten years ago. The first four places remain unchanged with Germany leading (US\$ 83 billion), followed by the USA, the UK and France. At the bottom of the first ten, Russia now ranks ahead of the Republic of Korea in ninth position.

As usual, it should be noted that, while the absolute volumes of international tourism expenditure are measured in US dollars to facilitate comparative analysis, the year-to-date changes are expressed in local currencies at current prices – so exchange rate fluctuations are accounted for but inflation is not. As stressed before, sharp exchange rate fluctuations in 2007 – particularly between the US dollar and euro – render comparisons in US dollars rather misleading since the weakness of the US dollar over the year makes the growth appear much higher.

Even among the leading tourism spenders, there was no noticeable similarity across different regions in terms of patterns of expenditure growth through the different quarters of 2007. For some markets, such as Germany, the

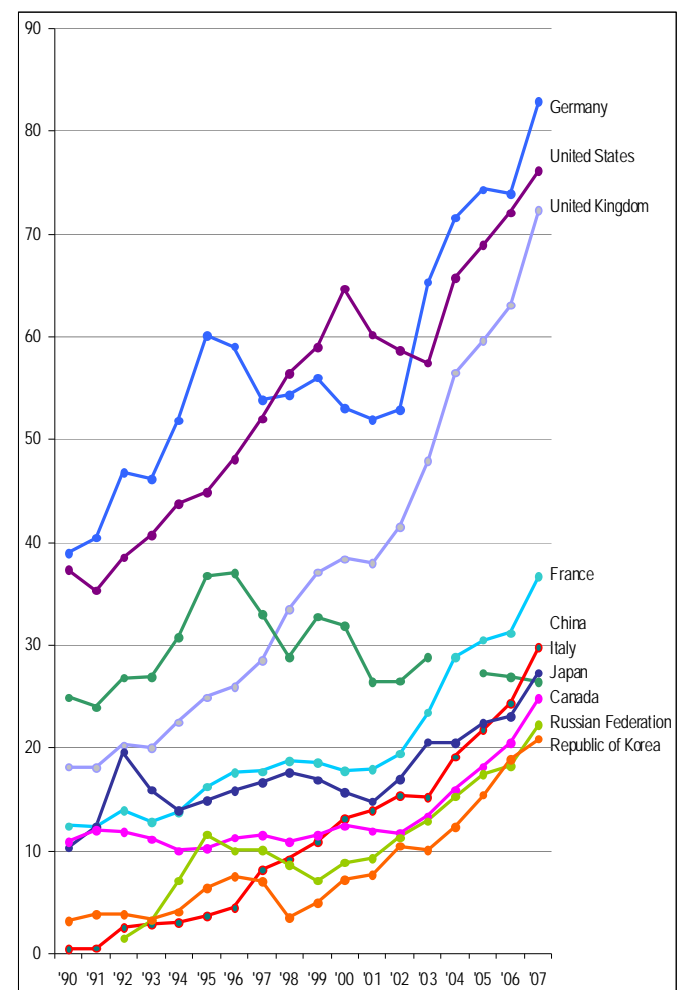
USA and France, spending picked up during the course of the year while, in others – like the UK and Italy – the growth slowed as the year wore on.

Close correlation with outbound trip growth

By way of comparison, figures for outbound trip growth correlate quite closely with that for international tourism spending. The Russian Federation, the Republic of Korea and Spain all registered double-digit increases in their number of outbound trips in 2007, according to different sources – official and private sector surveys – ahead of Italy and China (+8-9%). The UK and Japan were the weakest markets and Germany managed to achieve just a 2% rise. The Office of Travel & Tourism Industries in the US Department of Commerce puts US outbound trip volume in 2007 at 1% above 2006's level (+4% overseas vs. -3% to Canada and -1% to México) and French outbound travel growth is estimated at +6%.

Needless to say, data for outbound trip volume needs to be interpreted with caution as data collection and survey methodologies vary sharply from one country to another and for that reason cannot be easily presented in a simple overview. But it does provide an interesting comparison with international spending trends.

International Tourism Expenditure (US\$ billion)



Source: World Tourism Organization (UNWTO) ©

International Tourism Expenditure

		US\$					Series	Local currencies, current prices (% on previous year)													
		1995	2000	2005	2006	2007*		2008*					2007*								
		(billion)						year					YTD	Q1	Jan	Feb	Mar	Apr	Q1	Q2	Q3	Q4
1	Germany	60.2	53.0	74.4	73.9	82.9		-0.4	3.9	-1.5	2.7	3.2	4.0	5.1	4.1	3.2	1.1	-4.5	-0.5	5.0	9.6
2	United States	44.9	64.7	69.0	72.1	76.2	sa	14.5	4.9	4.5	5.6	10.0	9.6	8.7	9.9	10.2	11.1	5.2	5.0	6.8	5.6
3	United Kingdom	24.9	38.4	59.6	63.1	72.3		5.2	6.2	4.6	5.4	9.9	9.9					7.4	3.8	7.1	3.6
4	France	16.3	17.8	30.5	31.2	36.7		11.9	5.9	1.2	7.8	-0.4	-3.2	-2.5	-1.5	-4.8	5.4	2.0	3.7	15.2	7.2
5	China	3.7	13.1	21.8	24.3	29.8	\$	26.1	13.6	11.8	22.5										
6	Italy	14.8	15.7	22.4	23.1	27.3		-9.3	9.0	2.2	8.4	5.3	5.3	1.4	7.6	7.4		8.1	9.8	11.1	2.5
7	Japan	36.8	31.9	27.3	26.9	26.5		23.9	-27.3	3.8	-0.2	-4.9	-3.8	-3.2	-0.8	-7.0	-8.6	3.5	-2.0	-0.6	-1.6
8	Canada	10.3	12.4	18.2	20.5	24.8		10.8	6.3	5.7	14.4	19.0	19.0					4.8	10.1	19.1	26.9
9	Russian Federation	11.6	8.8	17.4	18.2	22.3	\$	18.7	14.1	4.6	22.1	20.0	20.0					19.3	21.1	25.2	20.7
10	Korea, Republic of	6.3	7.1	15.4	18.9	20.9	\$	22.2	24.7	22.4	10.8	-1.9	-0.8	2.2	5.3	-10	-5.5	14.0	14.5	8.5	7.1
11	Spain	4.5	6.0	15.1	16.7	19.7		22.0	24.1	9.4	8.3	4.1	4.1	3.3	1.4	7.6		11.5	8.6	6.9	6.8
12	Netherlands	11.7	12.2	16.2	17.0	19.1		-2.1	-1.6	4.3	2.6	20.3	20.3					-6.1	8.6	1.3	5.7
13	Belgium	8.1	9.4	15.0	15.4	16.9		4.3	6.9	2.1	0.5	4.0	4.0	1	5	5		-0.8	-3.2	1.5	4.8
14	Hong Kong (China)	10.5	12.5	13.3	14.0	15.1		15.9	0.1	5.4	7.9	15.6	15.6					3.7	9.5	8.0	10.1
15	Norway	4.2	4.6	10.5	12.2	14.7		23.8	13.4	15.7	10.5	9.5	9.5					13.9	13.9	6.0	10.3
16	Australia	5.2	6.4	11.3	11.7	14.2		25.2	5.8	5.2	9.3	12.2	13.2	12.6	17.7	10.2	9.6	5.8	6.6	10.9	13.4
17	Sweden	5.4	8.0	10.8	11.5	13.9		12.3	7.7	5.4	11.0	17.0	17.0					9.7	8.8	12.6	12.9
18	Singapore	4.7	4.5	10.0	11.0	11.8		12.6	7.3	4.7	2.2	14.3	14.3					-1.4	2.8	3.2	3.6
19	Switzerland	6.3	5.4	8.9	9.9	10.9		8.8	9.7	12.0	5.5	6.0	6.0					8.3	3.7	3.7	7.9
20	Austria	7.6	6.3	9.3	9.6	10.6		-2.1	0.4	1.8	0.8	1.7	1.7					-10.6	7.4	1.0	2.5
21	Taiwan (pr. of China)	8.5	8.1	8.7	8.7	9.1	\$	26.1	6.3	0.7	3.7	3.2	3.2					-2.7	3.1	6.2	8.1
22	Untd Arab Emirates	..	3.0	6.2	8.8	..		13.0	38.3	42.7	..										
23	Ireland	2.1	2.5	6.1	6.8	8.8		-0.1	17.1	11.2	17.3	29.6	29.6					15.9	16.9	17.0	19.5
24	Denmark	4.4	4.7	6.9	7.4	8.6		0.0	-6.1	7.5	6.1	6.7	6.7					6.7	3.7	6.8	7.4
25	Poland	5.5	3.3	5.5	7.2	8.5		60.4	2.8	24.9	5.1	-3.5	-3.5					13.9	-9.1	14.1	1.9
26	Mexico	3.2	5.5	7.6	8.1	8.4	\$	11.3	9.2	6.7	3.3	7.6	7.6	3.3	8.7	10.9		0.7	2.1	2.1	7.8
27	India	1.0	2.7	6.2	6.8	8.2		30.7	25.0	13.7	9.6	42.3	42.3					-8.9	14.6	1.4	33.4
28	Brazil	3.4	3.9	4.7	5.8	8.2	\$	27.0	64.4	22.1	42.5	60.2	59.2	69.8	63.0	44.1	67.9	27.9	34.1	42.4	61.9
29	Kuwait	2.2	2.5	4.3	5.3	6.1		9.3	14.5	22.0	14.3										
30	Malaysia	2.3	2.1	3.9	4.0	5.6		8.0	26.1	-0.6	30.1	14.7	14.7					31.2	41	21.9	28.9
31	Thailand	4.3	2.8	3.8	4.6	5.2		49.9	-15.8	13.9	3.7	5.5	5.5					10.1	-7.2	4.5	11.5
32	Indonesia	2.2	3.2	3.6	4.0	4.9	\$	13.8	2.2	12.4	21.7	-3.1	-3.1					15.8	15.9	21.2	32.3
33	Saudi Arabia	..	..	3.8	1.8	4.9		2.3	-11.4	-52.2	170							146	146	146	208
34	Iran	0.2	0.7	4.2	4.6	..	\$	6.5	2.7	9.4	..							12.9	12.9		
35	Finland	2.3	1.9	3.1	3.4	4.0		5.7	8.2	10.7	6.8	-1.9	-1.9					18.1	1.5	-0.6	10.7
36	Argentina	3.3	4.4	2.8	3.1	3.9	\$	3.7	7.1	11.1	26.6	18.6	18.6					26.4	25.6	32.3	22.8
37	Portugal	2.1	2.2	3.1	3.3	3.9		4.4	10.3	8.3	7.5	5.6	9.6	8.3	9.6	10.7	-5.3	6.6	4.0	8.4	11.2
38	South Africa	1.9	2.1	3.4	3.4	3.9	sa	-5.7	5.7	6.6	20.7	20.9	20.9					8.7	25.6	23.8	24.9
39	Qatar	..	0.3	1.8	3.8	..		46.8	155	113											
40	Czech Rep	1.6	1.3	2.4	2.8	3.6		7.4	-1.7	8.4	18.3	8.6	8.6					14.1	11.7	22.7	22.1
41	Luxembourg	1.1	1.3	3.0	3.1	3.6		9.6	2.0	3.9	4.0	11.7	11.7					2.8	3.3	5.0	4.3
42	Greece	1.3	4.6	3.0	3.0	3.4		8.2	5.9	-2.6	4.3	14.2	26.8	30	23.0	26.8	-13	-1.1	3.5	-5.4	19.0
43	Israel	2.1	2.8	2.9	3.0	3.3	\$	9.6	3.6	3.0	10.6							20.5	5.3	12.0	6.6
44	Ukraine	0.2	0.5	2.8	2.8	3.3	\$		13.9	1.0	16.2	8.3	8.3					17.7	17.6	13.1	17.9
45	Turkey	0.9	1.7	2.9	2.7	3.3	\$	19.5	13.8	-4.5	18.8	16.2	19.8	7	28	27.6	7.1	18.3	20.9	-1.2	43.8
46	New Zealand	1.3	1.5	2.7	2.5	3.1		9.6	13.6	3.1	6.5	6.6	6.6					4.2	6.6	6.0	9.0
47	Lebanon	..	..	2.9	3.0	..	\$	7.7	-8.3	3.4	..										
48	Hungary	1.5	1.7	2.4	2.1	2.9	€	0.6	-17.0	-11.7	27.4	21.5	21.5					15.0	38	30.1	25.4
49	Egypt	1.3	1.1	1.6	1.8	2.4	\$	-4.8	29.6	9.5	37.1							12.8	19.5	33.8	73.0
50	Bulgaria	0.2	0.5	1.3	1.5	1.8		20.6	-4.1	11.2	13.7	28.8	28.8	32.4	33.6	20.8		15.9	15.3	7.6	17.8

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

Inbound Tourism: short-term data 2008

World

(Continued from page 1)

In absolute terms, the number of international tourist arrivals is estimated to have reached 266 million between January and April, up from 254 million in 2007, corresponding to an additional 12 million arrivals. In 2007 the first four months represented some 28% of the total annual volume. Care must of course be taken in interpreting the data available so far for 2008, due to assessments made for missing data, since a number of countries have not yet filed results for all four months, and there are significant gaps in coverage for the whole period, in particular in Africa and the Middle East. Also, although the assessment of the January-April 2007 trends carried out by UNWTO this time last year was not too different from the final 2007 results, there is a higher degree of uncertainty this year which should be taken into consideration.

On a month-by-month basis, growth appears to have been somewhat irregular, but this is mostly due to calendar

effects. January at +6% was just above the average of the first four months in 2008. February was the strongest (up 9%). This result, however, was boosted by the fact that 2008 is a leap year and the month contained an extra day, representing around 3% of growth. March (+8%) was especially strong in Western markets boosted by the early Easter holidays. For the same reason, though, volumes in April were well down (-2%) in comparison with the 2007 Easter month. In order to allow for this Easter effect, the two months should be considered together, and this results in a growth rate of 3% for March and April combined. Results for May already reported by various countries suggest there has been no drastic change in growth patterns.

The tourism industry's continued healthy performance in the early part of 2008, which was anticipated to a large extent by UNWTO and the Panel of Experts at the beginning of the year, will come as a surprise to many. From the time the Panel's early-year evaluations and the forecasts for 2008 were prepared to the actual publication of the Barometer, a whole new host of uncertainties had dampened the prognoses. And these uncertainties have prevailed through the first half of 2008, no doubt having an impact on plans if not on actual trends.

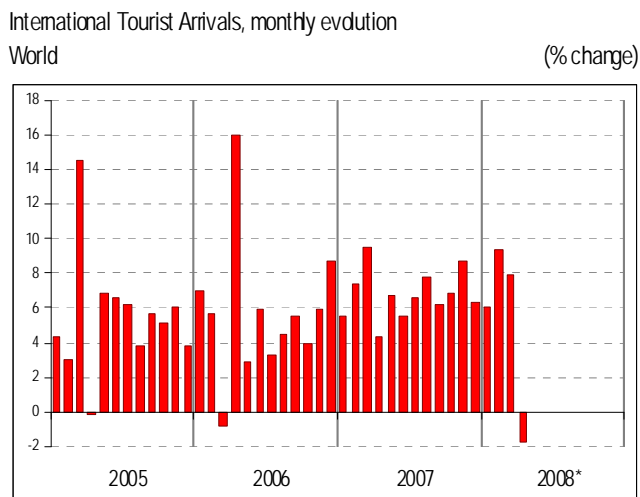
International Tourist Arrivals by (Sub)region

	Full year			Share 2007	Change			Monthly or quarterly data series (% change over same period of the previous year)													
	2000	2006	2007		05/04	06/05	07/06	2008*						2007							
	(million)			(%)	(%)			YTD	Q1	Jan	Feb	Mar	Apr	Q1	Q2	Q3	Q4	Sep	Oct	Nov	Dec
World	683	847	903	100	5.4	5.5	6.6	5.0	7.6	5.6	9.4	7.9	-1.7	7.6	5.5	6.9	7.1	6.1	6.9	8.7	6.4
Europe	393.5	462.2	484.4	53.6	4.2	5.0	4.8	2.3	5.2	1.8	7.2	6.2	-4.1	7.0	3.5	5.0	4.4	3.6	4.9	6.1	2.5
Northern Europe	43.7	56.4	57.6	6.4	7.7	6.8	2.2	1.1	4.1	0.4	8.3	4.0	-6.1	8.6	2.9	-0.1	0.2	-1.7	3.6	-0.4	-3.1
Western Europe	139.7	149.5	154.9	17.1	2.4	5.0	3.6	2.2	7.3	1.6	9.7	9.6	-9.5	2.5	1.9	4.2	5.8	2.9	5.8	7.3	4.8
Central/Eastern Europe	69.4	91.5	95.6	10.6	2.2	4.2	4.5	0.9	1.4	2.9	3.8	-2.2	-0.2	9.2	4.1	3.4	2.9	3.1	3.7	3.0	1.9
Southern/Mediterr. Eu.	140.8	164.8	176.2	19.5	5.9	4.7	7.0	3.8	6.0	1.9	6.2	8.7	-0.4	10.1	4.7	8.1	5.8	5.9	5.1	10.3	2.8
Asia and the Pacific	109.3	167.0	184.3	20.4	7.8	8.0	10.4	6.9	8.3	8.7	9.1	7.2	2.7	10.2	10.4	10.5	10.5	11.8	9.3	11.3	11.0
North-East Asia	58.3	94.3	104.2	11.5	10.3	7.7	10.6	8.1	10.1	11.0	9.3	9.9	2.9	9.6	9.7	11.4	11.4	12.9	9.3	12.5	12.5
South-East Asia	35.6	53.1	59.6	6.6	4.9	9.4	12.2	5.4	6.3	6.7	9.5	2.8	2.6	12.8	14.0	11.1	11.1	13.7	10.9	10.5	11.8
Oceania	9.2	10.5	10.7	1.2	3.7	0.4	1.7	1.0	2.0	0.4	4.9	0.5	-2.2	3.1	2.0	2.6	-0.7	1.0	-2.0	1.3	-1.5
South Asia	6.1	9.1	9.8	1.1	6.4	11.8	8.2	10.1	10.9	8.3	10.6	14.2	6.6	9.8	5.1	5.6	10.9	-0.2	12.6	15.3	9.4
Americas	128.2	135.8	142.5	15.8	5.9	1.9	4.9	7.6	9.9	8.2	10.1	11.2	1.2	2.6	3.5	6.1	7.3	6.1	7.9	8.6	5.8
North America	91.5	90.6	95.3	10.6	4.7	0.8	5.2	7.9	10.7	7.7	10.1	13.6	1.0	2.9	4.3	5.8	7.5	5.9	8.3	8.7	5.8
Caribbean	17.1	19.4	19.5	2.2	3.8	3.4	0.1	5.1	6.6	6.9	9.0	4.3	0.6	-0.5	-3.5	1.1	5.3	3.0	6.4	6.1	3.7
Central America	4.3	7.1	7.7	0.9	12.9	9.9	9.6	12.7	13.1	10.4	13.3	15.6	11.3	6.3	7.3	12.3	12.8	9.8	11.5	12.7	13.7
South America	15.3	18.7	19.9	2.2	11.9	2.8	6.4	7.1	9.2	9.6	10.1	7.9	-1.8	3.5	6.2	10.4	6.6	8.6	6.1	8.8	5.3
Africa	27.9	41.4	44.4	4.9	8.9	11.0	7.4	3.2	6.7	2.8	5.4	11.9	-6.2	10.8	5.6	7.7	6.1	4.2	9.1	8.8	5.6
North Africa	10.2	15.1	16.3	1.8	8.9	8.4	7.9	6.2	10.6	6.2	11.6	13.3	-3.2	6.6	5.7	7.4	12.4	-2.7	14.7	14.8	9.2
Subsaharan Africa	17.7	26.3	28.2	3.1	8.8	12.6	7.1	2.0	5.2	1.7	3.1	11.2	-7.9	12.5	5.5	8.0	3.5	8.6	6.3	6.7	4.1
Middle East	24.4	40.9	47.6	5.3	5.4	8.2	16.4	12.5	16.6	11.9	30.0	10.7	-0.2	15.5	17.9	23.2	16.6	21.5	12.1	17.9	19.4

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

A variety of destination countries all around the globe reported double-digit growth rates in the first three to five months of 2008, among which in Asia and the Pacific: Japan, the Republic of Korea, Macao (China), Cambodia, Indonesia, Vietnam, Fiji, India and Nepal; in the Americas: the USA, Cuba, Curaçao, Jamaica, Costa Rica, El Salvador, Panama, Chile, Peru and Uruguay; in Europe: Finland, Bulgaria, Latvia, Lithuania, Slovakia, Bosnia and Herzegovina, Israel, Malta, Montenegro, Portugal and Turkey; and in Africa and the Middle East: Bahrain, Egypt, Saudi Arabia and Morocco.



Source: World Tourism Organization (UNWTO) ©

Clearly, these results are only provisional. However, there appear to be more than a few clouds on the horizon and it is interesting to note that the better than expected global performance is only partially reflected in the evaluation given by UNWTO's Panel of Experts, which is also showing clear signs of a fall in confidence as to the industry's prospects for the short term.

Detailed results for arrivals and receipts by country are included in the 'Regions' section (pages 20-37).

Prospects

For the remainder of the year, a lot depends on the summer season in the northern hemisphere, which is traditionally the busiest period for international travel (July and August 2007 accounted for over 100 million arrivals each). Even though the overall economic climate has deteriorated, prospects are still fairly positive. For 2008 as a whole, UNWTO maintains its forecast included in the January issue of the *UNWTO World Tourism Barometer* – i.e. that the growth of international tourist arrivals will be positive overall within the range of 3-4%. With the exception of Africa and Asia and the Pacific, all regions matched or exceeded their growth expectations in the first four months of this year. The Middle East's performance (+13%) justifies the continued, widespread optimism about the region's increasing contribution to global tourism, while

the Americas (+8%) has surprised many sceptics who were not confident of prospects for US tourism, despite the continuing weakness of the dollar.

The development causing the most concern at present is the continued rise in energy prices and, in particular, oil – now at over US\$ 140 a barrel. Coupled with the increase in food prices and higher interest rates in some markets – not to mention the weakness in the real estate market in the USA, UK and Spain (to name the markets where the situation is most acute) – this has had a serious impact on consumer and industry confidence around the world. It is not a coincidence that the private sector members of the UNWTO Panel of Experts were less positive about tourism's performance from January through April, as well as prospects for the current four-month period, than those in the public sector.

The sector that has generated the most media coverage this year is air transport. Airline fuel costs have escalated to such a point that the industry is almost in panic mode, closing routes, cutting capacity, mothballing aircraft, suspending or postponing orders, looking for mergers, raising fuel surcharges and introducing new charges for things like checked and/or hand baggage, inflight meals and drinks – services taken for granted until now on legacy airlines. These different factors are bound to influence demand, if they have not already, although the greatest impact is likely to be from late 2008.

The outlook for the economic situation is still uncertain – in particular whether or not the USA moves into recession and whether there is a possibility the same could happen with the UK. Inflation is increasing in many key source markets – not just in Europe and North America, but also in many parts of Asia, like India. And salaries are generally not keeping pace.

The erratic weather patterns all over the world – such as severe floods in southern China and the USA – do not appear to have affected tourism demand this year so far. In fact, the better than expected snow conditions in Europe contributed to very healthy visitor growth for some destinations during the winter months at the start of this year. But demand has undoubtedly been affected by the continuing weak US dollar, as well as by exchange rates in other parts of the world – e.g. the depreciation of the Pound sterling (against all key currencies except the US dollar), and the strength of the Australian dollar.

As far as outbound travel markets are concerned, there are clear signs of weakness in international travel demand in the US market, but some believe the UK market is also faltering (although in both cases this is contradicted by the data available for the first three-four months of the year). In Asia, Japan outbound is down – but this is not new and has a lot to do with capacity cutbacks on key routes – e.g. to Hawaii and Australia – and the growth out of China is reported to be slowing, partly due to a reduction in the May Golden Week holiday. This was due to the revised Chinese holiday legislation, which came into force on 1 January, 2008. The new labour calendar increases the number of national holidays from 10 to 11 days at the same time as

spreading these holidays better through the year in an effort to prevent congestion during the 'Golden Weeks'. There will be three further national holidays (three traditional festivals – Tomb-Sweeping Day (Qingming Festival), Dragon-boat Festival and Mid Autumn Festival) but one less 'Golden Week' (the May Day holiday, which itself has now become a one-day holiday). This slowdown trend could well intensify during the summer as a result of the Olympic Games discouraging foreign travel.

In general terms, the current economic imbalances, in particular the rising energy prices, are very likely to influence tourism spending. Nevertheless, actual demand shifts will vary from country to country, and from region to region, depending on their local economies, labour markets and consumer confidence.

On the whole, while consumer confidence indices show an increasing degree of uncertainty, international tourism has proven to be resilient in similar circumstances in the past and able to cope with various types of shocks, including security threats, geopolitical tensions or natural and man-made crises.

UNWTO highlights that the anticipated softening of international tourism growth in 2008, while still clearly positive, follows four historically strong years. Between 2004 and 2007 international tourism grew at an extraordinary above average rate of 7% a year, boosted by a buoyant world economy and pent-up demand after the difficult years of 2001-2003, in which world tourism was plagued by a global economic downturn, 11S and various other terrorism attacks, the Afghanistan and Iraq wars and the SARS outbreak.

In spite of all the 'doom and gloom' about the overall economic outlook and oil and food prices, in particular – exacerbated by the widespread media hype – different international events over the current four-month period should have a beneficial impact, at least on some countries' tourism. The 2008 UEFA European Football Cup is one example, and preliminary indications are that the returns have been excellent for Austria and Switzerland, both directly in arrivals and indirectly in terms of image enhancement. The Olympics Games are set to be a major attraction, and may well affect tourist flows, encouraging add-on trips to neighbouring destinations.

Different countries are also counting on blockbuster movies and consequent media impact to enhance their images abroad this year and attract new tourists. The film *Australia*, starring Nicole Kidman, which showcases Darwin in the Northern Territory and depicts the town during the Second World War, is forecast to boost demand from the UK, at least, according to different experts. Another Australian movie due out in 2008 is *The Cup*, which stars former James Bond actor Pierce Brosnan and which features Australia's famous horse race, the Melbourne Cup. *Love in the Time of Cholera*, shot in Cartagena, Colombia, promises to help put Colombia on the map of must-see destinations (although premiered in the last quarter of 2007, it was only recently released in

some markets). Another country likely to benefit from big screen exposure – this time on television – is Botswana, which is the setting for the *No. 1 Ladies' Detective Agency*, a creation of novelist Alex McCall Smith. *Mamma Mia! The movie*, set in Greece, might also help feeding the appetite for Greek islands' holidays.

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Evaluation by UNWTO's Panel of Tourism Experts

UNWTO Tourism Confidence Index reflects current uncertainties

(Continued from page 1)

After five years of scores of 125 or higher, the 280 or so specialists from around 100 countries and territories who constitute UNWTO's Panel of Tourism Experts gave a rating of 119 to their evaluation of world tourism performance during the first four months of 2008, down from 129 for the last four months of 2007. In the context of UNWTO's World Tourism Confidence Index, the score is still positive – implying that the number of experts who rated tourism performance against what reasonably could be expected for this time of year as '(much) better' still outpaces those who evaluate it as '(much) worse'. Nevertheless, it is still a ten-point drop over the previous four months' rating and the lowest since May-August 2003 (112), when the world was wracked with concerns over the SARS epidemic.

Expectations for the current May through August period, meanwhile, are even less optimistic, with the period only scoring 112 in terms of 'prospects' – the lowest ever rating since the *UNWTO World Tourism Barometer* was first launched at the beginning of 2003, and 12 points down on the prospects' rating of four months ago for January-April 2008. This decline is in some ways surprising, given that world tourism demand remained robust in the first months of 2008 and that, despite increased concerns over the economy in developed countries, and the sharp rise in oil prices, tourism growth forecasts are still relatively positive for the year overall. But it does clearly reflect the growing concerns about the generalized rise in prices worldwide and the impact this will have on operating costs and disposable incomes.

Evaluation: January-April 2008

On a scale of 0 to 200, on which 100 implies 'equal' or 'no change', tourism experts from around the world gave an average score of 119 to their evaluation of tourism performance in the first four months of 2008, with a more positive assessment from representatives of the public sector (125) than from the private sector (115).

The UNWTO Tourism Confidence Index

The UNWTO *Tourism Confidence Index* is based on the results of an email survey conducted by the UNWTO Secretariat among selected representatives of public and private sector organizations participating in the UNWTO *Panel of Tourism Experts*. The survey has been repeated every four months since May 2003 in order to keep track of actual performance, as well as perceived short-term prospects, of the tourism sector. This allows performance and prospects to be compared over time, as well as providing a comparison of the actual performance of the past four months with prospects forecast for the same period four months earlier. Results are also broken down by region and by sector of activity. These breakdowns should, however, be interpreted with caution as they may in some cases be based only on a relatively small number of responses.

The UNWTO Secretariat's aim is to continuously expand and improve the Panel sample. Experts interested in participating in the survey, in particular from countries still not included in the listing below, are kindly invited to send an email to <barom@unwto.org>.

How to read this data

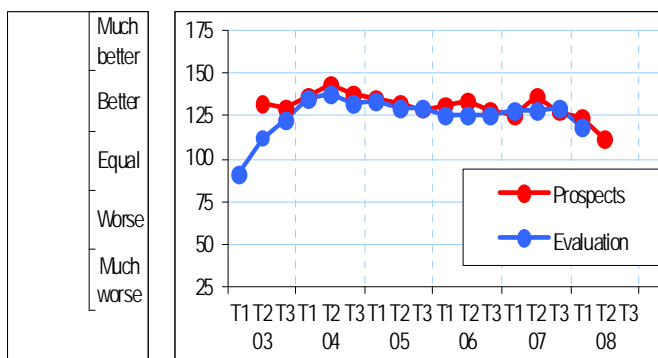
For the UNWTO *Tourism Confidence Index* members of the UNWTO Panel of Tourism Experts are asked once every four months by email to answer the following two simple questions:

- *What is your assessment of tourism performance in your destination or business for the four months just ended (or about to end) as against what you would reasonably expect for this time of year?*
- *What are the tourism prospects of your destination or business in the coming four months compared with what you would reasonably expect for this time of year?*

Participants should select one of the following five options: much worse [0]; worse [50], equal [100]; better [150], much better [200]. Results are averaged and broken down by region and by activity. A value above 100 means that the number of participants who evaluate the situation as "better" or "much better", outnumber the participants who reply "worse" or "much worse".

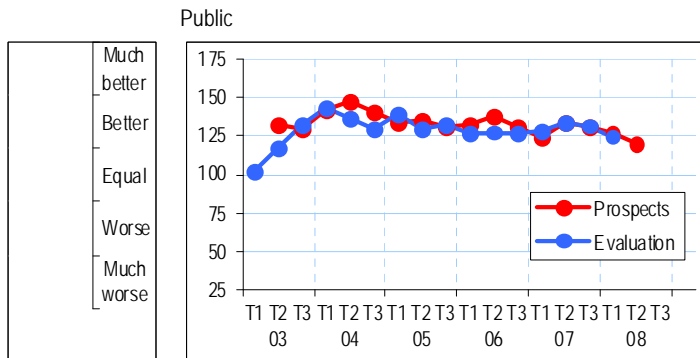
In addition, participants are also invited to include a qualitative assessment in their own words. The analysis contained in the *UNWTO World Tourism Barometer* is in large part based on their comments.

UNWTO Panel of Tourism Experts

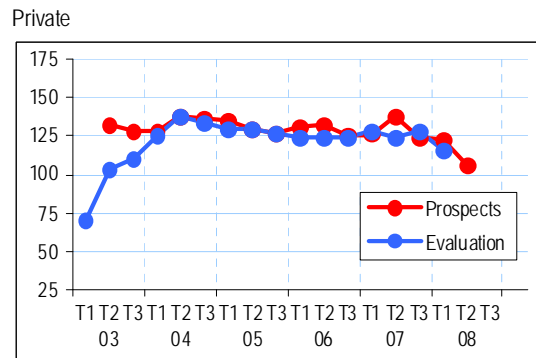


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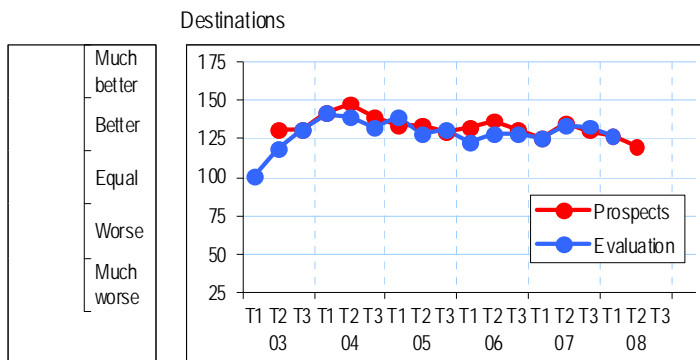
UNWTO Panel of Tourism Experts



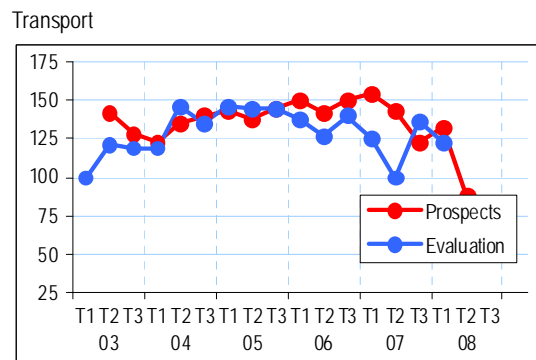
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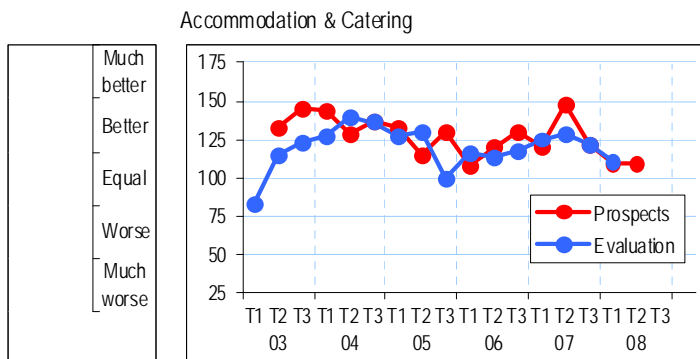
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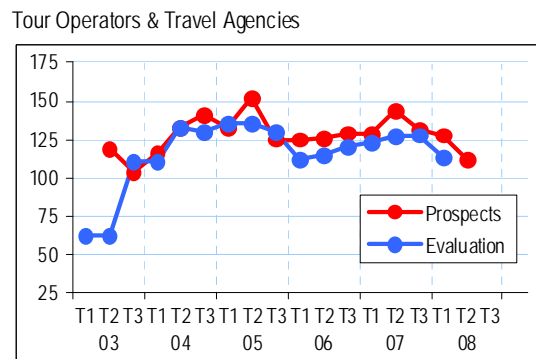
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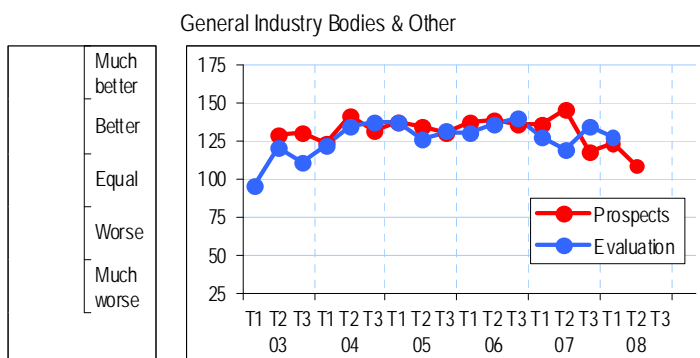
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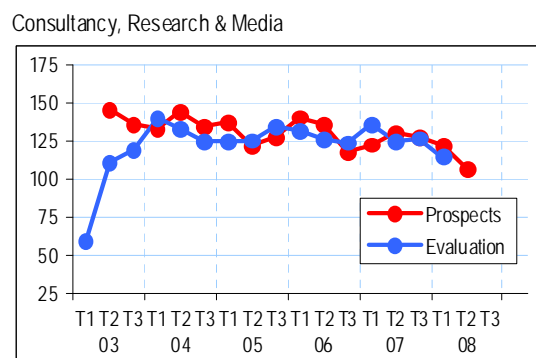
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For this edition responses have been received from experts based in Albania, Algeria, Andorra, Anguilla, Argentina, Armenia, Aruba, Australia, Austria, Bahamas, Bangladesh, Belgium, Bermuda, Bhutan, Bolivia, Brazil, Bulgaria, Cambodia, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Curaçao, Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Georgia, Germany, Ghana, Greece, Guatemala, Guinea, Hong Kong (China), Hungary, India, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Macao (China), Malaysia, Maldives, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Morocco, Myanmar, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Peru, Philippines, Poland, Portugal, Puerto Rico, Republic of Korea, Reunion, Romania, Russian Federation, Serbia, Seychelles, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Tanzania, Thailand, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela, Vietnam and Zimbabwe.

Tourism experts in the Middle East (154) were the only ones to score the last four month period more highly than they rated September-December 2007 (142). Experts in Africa were the second most optimistic, in terms of their assessment of tourism performance in the first four-months of this year, although their score of 132 was well down on their previous evaluation (145 for September-December 2007). The respective scores from Panel members in the Americas (122) and Europe (118) were close to the global average, with experts in Asia and the Pacific (100) being the more pessimistic. Global Operators (those operating in more than one, or all, regions of the world) were also among the most negative, evaluating global tourism performance in January-April 2008 at 111, well below the world average from experts of 119.

In terms of evaluation by activity, the same score was given by representatives of the Accommodation & Catering sector (111). Perhaps not surprisingly – since they have been closer to overall trends related to their respective countries during the first months of this year – Destinations were the most positive (127). Scores from the other sectors varied quite significantly: Transportation (122), General Industry Bodies & Other (127), Consultancy, Research & Media and Tour Operators & Travel Agencies (both at 114).

Prospects: May-August 2008

If the first four months of 2008 were perceived as only somewhat better than average for global tourism, panellists

have rated the short-term prospects for tourism over the four months May-August 2008 as even less bullish. With an average score of 112, as against 136 only a year ago, industry confidence has clearly taken a beating. As might be expected, the averages nevertheless mask some fairly significant variations from one region and one sector to another, as highlighted by the following overview of responses.

For the current four-month period, May-August 2008 – the peak tourism season for the world's leading regions in the northern hemisphere – prospects are perceived as more downbeat. Among the different Panel Experts, those in the Middle East (138) are the most optimistic overall, followed by experts from the Americas (115), Africa (114) and Europe (112). The more pessimistic prospects come from experts in Asia and the Pacific (104). Global Operators (89) are the only category going below the 100 mark.

By activity, all categories show lower scores (in some cases, much lower) for the forthcoming period compared with their respective evaluations of the previous period. As might have been expected, given the impact of rising oil prices on operating costs, the most pessimistic prospects have been voiced by the Transport sector (88, down from an evaluation of 122 for the first four months of the year). Other sector scores range from a high of 120 for Destinations to 107 for Consultancy, Research & Media. General Industry Bodies & Other, Accommodation & Catering (both at 109) and Tour Operators & Travel Agencies (113) complete the listing.

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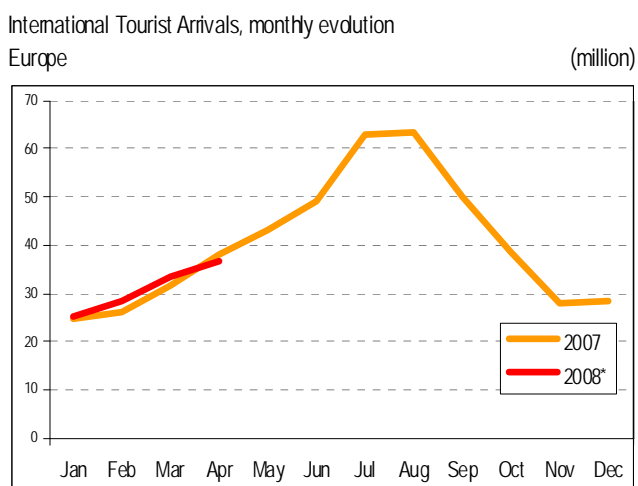


Regions

Europe

Results

Although the recent financial and economic crisis is described as a 'Western' phenomenon, the early effects of that crisis have so far passed most European countries by. GDP growth and forecasts of GDP growth in the region have been scaled back relatively modestly, and not at all in some countries (especially in Central and Eastern Europe). Strong currencies have contributed somewhat to helping people cope better with the effects of rising oil and international commodities prices – until now, at least.



Source: World Tourism Organization (UNWTO) ©

Nonetheless, tourism growth was more modest as reflected in the preliminary figures for European tourism in the first four months of 2008, up 2% in terms of arrivals overall. The region continues to see a continuing boom in emerging markets which contributed in part to offset weaker demand from the USA and other markets more seriously affected by the crisis. The increases are all the more impressive because they build, more often than not, on strong base figures from last year. Anecdotal evidence nevertheless suggests that arrivals from Japan are down this year, and growth from China has slowed at best.

At a more detailed level, however, the figures show some very large differences. In Northern Europe (+1%), Finland continues to show very strong growth (+10%), with continued strong growth from Russia (+18%) and a surprising +36% from the UK (nights from January through April for both figures). An important factor in the increase from the UK seems to have been the introduction of Finland as a winter holiday destination in the brochures of big tour operators. Sweden (+8%) also reports a very strong increase, while growth for Denmark (+5% in overnight stays in the first two months) was more moderate, albeit still above average. Both Norway and Iceland are down on their 2007 results for the same period.

The monthly or quarterly statistics included in this issue have been compiled by the UNWTO Secretariat based on preliminary data as disseminated by the institutions (e.g. National Tourism Authorities, Statistics Offices, Central Banks) of the various countries and territories through websites, news releases, and bulletins, or provided through direct contacts with officials or through international organisations such as the Caribbean Tourism Organization (CTO), the European Travel Commission (ETC), Eurostat, the Pacific Asia Travel Association (PATA) or the South Pacific Tourism Organization (SPTO). Information in this issue reflects data available at the time of preparing the *UNWTO World Tourism Barometer*. Whenever necessary, updated data will be included over time as it becomes available and without further notice.

In the tables on International Tourist Arrivals for the various UNWTO regions, series are chosen that can serve as an indicator of trends in tourism development to selected destinations. The monthly series represented do not coincide in all cases with the annual series usually reported for the various countries (e.g. visitor arrivals or nights instead of tourist arrivals) and sometimes only relate to a part of the total tourism flow (e.g. air traffic, specific entry points). Please refer to the notes on page 2 for further explanations. The (sub)regional totals are approximations for the whole (sub)region prepared by UNWTO based on trends in the countries with data available.

The data on International Tourism Receipts offers additional information on the development of inbound tourism, while the data on International Tourism Expenditure serves as an indicator of trends in outbound tourism. Both series correspond to the respective Travel Credit and Travel Debit items in the Services section of the Balance of Payments. And both cover all transactions related to the consumption by international visitors of, for instance, accommodation, food and drinks, fuel, transport in the country of destination, entertainment, shopping, etc. Data includes transactions generated by tourists (overnight/same-day visitors) as well as by same-day visitors (excursionists, including cruise passengers). It does not cover expenditure on international transport contracted outside the traveller's country of residence, which is included in the Balance of Payments under the separate item 'Transportation, passenger services'. The institutions responsible for the Balance of Payments generally estimate travel expenditure from a visitor survey or outbound survey and/or bank records of international transactions (exchange of foreign currencies in and outside the country, credit card payments, transactions between tourism businesses, etc).

So as not to be influenced by exchange rate fluctuations, the percentages included in the tables are based on values in local currencies, except where otherwise indicated.

Countries that are not included in this overview, but which have monthly data at their disposal, are kindly requested to contact the UNWTO Secretariat at barom@unwto.org.

International Tourist Arrivals by Country of Destination

	Full year		Change			Monthly or quarterly data series													
	Series	2006	2007*	(% change over same period of the previous year)															
				05/04	06/05	07/06	Series	2008*				2007*							
		(1000)			(%)	YTD	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4
Europe		462,176	484,407	4.2	5.0	4.8	2.3	5.2			1.8	7.2	6.2	-4.1		7.0	3.5	5.0	4.4
<i>Northern Europe</i>		56,391	57,623	7.7	6.8	2.2	1.1	4.1			0.4	8.3	4.0	-6.1		8.6	2.9	-0.1	0.2
Denmark	TCE	4,716	..	6.3	0.4	..	NCE(1)	4.7			5.2	4.4				17.7	0.5	1.6	-1.4
Finland	TF	3,375	3,519	10.6	7.5	4.3	TCE	9.8	8.8		8.1	16.3	3.2	13.5		16.4	4.1	2.9	6.6
Iceland	TCE	971	1,054	4.2	11.4	8.6	THS(2)	-4.1	-2.8		10.6	8.8	-17.4	-7.0		32.8	16.4	5.2	4.8
Ireland	TF	8,001	..	5.5	9.1	..	TF	0.8	4.3		-0.9	2.3	9.9	-7.3		6.4	0.9	5.6	3.3
Norway	TF	3,945	..	5.4	3.2	..	THS	-1.3	-1.3		0.5	4.9	-7.9			2.4	1.9	1.2	6.3
Sweden	TCE	4,729	5,224	4.4	-3.2	10.5	TCE	8.0	8.0		3.5	14.8	5.3			2.1	6.6	14.9	7.3
United Kingdom	TF	30,654	30,677	9.2	9.3	0.1	VF	0.1	3.7		-0.9	8.8	3.9	-8.6		8.2	2.6	-7	-2.4
<i>Western Europe</i>		149,539	154,892	2.4	5.0	3.6		2.2	7.3		1.6	9.7	9.6	-9.5		2.5	1.9	4.2	5.8
Austria	TCE	20,269	20,766	3.0	1.6	2.5	TCE	8.1	13.7		8.4	10.5	22.4	-21.2		-0.5	0.6	3.5	7.9
Belgium	TCE	6,995	7,045	0.6	3.7	0.7	TCE	2.8			-2.0	7.1				2.7	-1.9	1.5	1.3
France	TF	78,900	81,900	1.0	3.9	3.8	THS	-1.2	5.9		-2.5	9.7	8.8	-14.4		-0.2	2.2	4.0	5.0
Germany	TCE	23,498	24,420	6.0	10.1	3.9	TCE	5.1	5.4		5.0	12.0	0.1	4.4		7.8	-0.3	3.2	5.6
Liechtenstein	THS	55	60	2.6	10.2	8.7	THS	4.9	6.1		4.1	13.8	1.4	1.2		9.6	8.1	7.1	10.6
Luxembourg	TCE	908	917	4.0	-0.5	1.0	TCE									6.1	-0.5	-0.8	2.8
Monaco	THS	313	328	14.2	9.6	4.8	THS												
Netherlands	TCE	10,739	11,008	3.8	7.3	2.5	TCE	2.7	2.7		-4.8	2.8	8.8			10.1	-0.8	0.5	4.0
Switzerland	THS	7,863	8,448	..	8.8	7.4	THS	6.8	9.0		7.7	10.5	8.8	0.3		7.4	7.0	6.8	9.2
<i>Central/Eastern Europe</i>		91,492	95,649	2.2	4.2	4.5		0.9	1.4		2.9	3.8	-2.2	-0.2		9.2	4.1	3.4	2.9
Armenia	TCE	381	450	21.1	19.6	18.1	TF									56.0	43.1	22.2	-21.3
Belarus	TF	90	105	34.6	-0.6	16.7	TF												
Bulgaria	TF	5,158	5,151	4.5	6.6	-0.1	TF	15.5	15.5		20.5	20.4	7.7			-9.4	7.3	1.7	-8.8
Czech Rep	TCE	6,435	6,680	4.5	1.6	3.8	TCE	8.5	8.5		9.1	8.9	7.7			8.8	1.7	-0.9	9.7
Estonia	TF	1,940	1,900	9.5	1.2	-2.1	TCE	0.0	5.9		-0.5	11.0	6.3	-10.3		1.9	-3.9	-5.0	-2.8
Hungary	TF	9,260	8,638	-18.3	-7.2	-6.7	TF	4.6	4.6							-10.6	-11.8	-4.5	-0.3
Latvia	TF	1,535	1,653	3.4	37.5	7.7	VF	14.0	14.0							12.0	17.2	5.7	16.9
Lithuania	TF	2,180	..	11.1	9.0	..	TCE	10.2	10.2		8.0	21.0	4.0			27.6	12.0	6.7	14.7
Poland	TF	15,670	14,975	6.4	3.1	-4.4	VF	-9.7	-9.7							14.3	4.0	2.0	-10.4
Rep Moldova	TF	13	13	-4.2	-43.5	0.0	TF												
Romania	TCE	1,380	1,551	5.2	-3.5	12.4	TCE	6.4	8.1		7.6	11.7	5.6	2.7		9.0	17.4	13.1	7.4
Russian Federation	TF	20,199	..	0.2	1.3	..	VF	1.7	1.7							7.7	-0.4	-1.8	4.7
Slovakia	TCE	1,612	1,685	8.1	6.4	4.5	TCE	12.5			12.7	12.2				-2.4	-0.9	6.6	15.7
Turkmenistan	TF	6	8	-21.5	-51.8	46.4	TF												
Ukraine	TF	18,936	23,122	12.8	7.4	22.1	TF												
<i>Southern/Mediter. Eu.</i>		164,754	176,243	5.9	4.7	7.0		3.8	6.0		1.9	6.2	8.7	-0.4		10.1	4.7	8.1	5.8
Albania	THS	60	57	50.0	25.0	-5.0	THS												
Andorra	TF	2,227	2,189	-13.4	-7.9	-1.7	TF	-5.6	-0.2		-5.4	0.7	3.7	-20.2		-3.6	-4.2	1.2	0.0
Bosnia & Herzg	TCE	256	306	14.2	17.7	19.8	TCE	9.5	12.2		14.4	13.0	9.7	4.2		16.7	17.2	21.0	23.9
Croatia	TCE	8,659	9,307	7.0	2.3	7.5	TCE	-2.8	29.9		17.3	23.6	38.1	-18.6		19.1	12.3	5.1	9.8
Cyprus	TF	2,401	2,416	5.2	-2.8	0.6	TF	0.6	4.4		-2.3	11.2	3.7	-3.8		-3.9	-3.3	5.8	-1.4
F.Yug.Rp.Macedonia	TCE	202	230	19.3	2.6	13.7	TCE	8.0	15.5		32.0	16.2	4.4	-7.1		5.7	7.3	19.4	20.0
Greece	TF	16,039	..	10.9	8.6	..	TCE	3.4			3.4					13.9	15.4	8.5	-2.3
Israel	TF	1,825	2,268	26.4	-4.1	24.3	TF	43.3	44.4		56.9	45.7	36.1	40.8		-3.9	-3.4	68.2	63.7
Italy	TF	41,058	43,654	-1.5	12.4	6.3	TF	-2.2	-2.2		-3.9	-3.4	0.0			17.1	-0.3	8.0	3.9
Malta	TF	1,124	1,244	1.3	-4.0	10.6	TF	16.5	22.0		23.4	13.4	27.0	3.0	20.5	7.0	6.0	11.9	16.8
Montenegro	TCE	378	984	44.6	38.9	160.5	TCE(3)	20.8	32.4		20.5	72.7	12.1	6.8		115	120	190	56
Portugal	TF	11,282	12,321	-0.3	6.3	9.2	TCE	11.4	21.1		10.8	23.4	25.6	-4.1		7.6	4.4	8.0	7.0
San Marino	THS	50	..	19.0	0.0	..	VF	-0.5			-5.7	5.4				12.5	-1.3	2.2	-3.7
Serbia	TCE	469	696	15.5	3.6	48.5	TCE(3)	-7.4	-3.7		16.9	0.9	-22.9	-16.2		50.8	36.1	59.6	46.7
Slovenia	TCE	1,617	1,751	3.7	4.0	8.3	TCE	1.6	5.6		-1.3	7.5	10.2	-13.1	8.5	10.6	10.6	9.7	0.6
Spain	TF	58,190	59,193	6.6	4.1	1.7	TF	3.5	5.3		0.9	6.5	7.4	-1.0	4.2	4.7	-0.3	1.4	1.6
Turkey	TF	18,916	22,248	20.5	-6.7	17.6	TF	14.8	14.6		8.9	13.8	18.9	8.6	19.3	17.5	15.7	18.4	18.7

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

(1) Including holiday dwellings

(2) Hotels only

(3) From 2007 on, arrivals from Montenegro / Serbia are included as foreign

Given that the UK has been battered by the financial crisis and a weaker currency this year, and that many outbound tour operators are complaining of declining demand, consumer spending and outbound travel demand have so far held up surprisingly well. Expenditure on international tourism was still up 10% in the first three months of 2008. Few European destinations have so far reported a strong downturn in arrivals from the UK. Conversely, the exchange rate might have been expected to encourage trips from the eurozone to the UK, yet overall visitor arrivals have fluctuated from month to month, with arrivals growth stagnant over the first four months of the year.

The tigerish expansion in the Irish economy also seems to be coming to a halt, with a corresponding effect on outbound travel. As for inbound tourism, being a member of the eurozone with comparatively high costs, the exchange rate is doing the local tourism industry no favours in a destination having the UK and the USA as major source markets. Arrivals were up only slightly in the first four months of 2008 (+0.8%). Experts from both the UK and Ireland are expecting downturns in arrivals from the USA, Australia and New Zealand, and from each other – all very important markets – although the USA-EU open-skies agreement, the introduction of the A380 super-jumbo and the opening of Terminal 5 at Heathrow might help buck the trends to some extent. But new visa requirements involving biometrics have clearly had a negative impact on demand from some markets for the UK.

Western Europe's best performers so far this year have been Austria (+8%) and Switzerland (+7%), both well above the subregion's average of 2%. Austria reports an excellent winter 2007/2008 and a 14% increase in arrivals in the first three months of the year. Switzerland also reported an excellent winter season, with arrivals in hotels up 9% in the first three months of 2008, and demand holding up in April.

In Germany, growth was also fairly positive (+5%), with reported strong demand for meetings and business, individual travel, city trips and touring. There was also plenty of interest in low-cost and online offers and a good flow of early bookings. In France, arrivals at hotels were unchanged in the first four months (-1%) as were nights (+1%), in spite of the reported excellent season for winter sports and of strong demand for leisure and business travel from traditional European markets and emerging markets (especially Russia). However, arrivals from China are reported to be down – the result of a fall in demand for Chinese tourist visas to France amid anger over anti-China protests during the Paris leg of the Olympic torch relay.

While the preliminary results for Central and Eastern Europe (+0.9%) are well below average, several individual destinations have shown very good performances. Among the Baltic States, both Latvia and Lithuania recorded double-digit growth. The strongest growth in arrivals in the subregion during the first quarter of the year was for Bulgaria (following a flat 2007) at +16%. The Czech Republic also achieved a healthy increase of 9%, while Hungary was up 5% for the same period, a very positive

result after three consecutive years of decreases. This positive trend was in some ways offset by the results of two of the major subregional destinations: Poland (-10%) and the Russian Federation (+2%). It is worth noting that the recent extension of the Schengen Area with Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia and Malta, has moved the outer border of the common area to the East, allowing easier access for most visitors, but causing difficulties for visitors from the Russian Federation, Belarus and the Ukraine.

In Southern and Mediterranean Europe (+4%), the Western Balkans (i.e. largely the countries of the former Yugoslavia) continue to report increases in arrivals – 10% for Bosnia-Herzegovina, 21% for Montenegro, 8% for Macedonia and a more modest 2% for Slovenia in the first five months of the year. The exception was Serbia, where the declaration of independence by Kosovo and the resulting demonstrations might have contributed to a 7% decline in arrivals. Croatia (-3%), which is joining the ranks of the major tourism players in Europe, though reporting an exceptionally positive first quarter (+30%), saw growth offset by the sharp 19% decline in arrivals during the month of April (due to the fact that Easter, as mentioned, was in April in 2007).

Reports from Cyprus suggest little growth in the first months of the year, but Turkey continued to build on last year's recovery, with the help of an exchange rate which is very competitive against the euro and Commonwealth of Independent States (CIS) currencies. Arrivals were up 15% in the first five months, and there was only a relatively modest slowdown in this expansion in April.

Results for the Western Mediterranean show a mixed picture. After the promising upturn in 2006 and 2007, arrivals in Italy in the first three months of the year were down 2%. Malta enjoyed a 22% rise in the first quarter, but with the now familiar downturn in April, resulting in a 17% increase over the January through May period. Arrivals in Spain through May grew by 4% while overnight data for tourist arrivals in all accommodation establishments in Portugal suggests an 11% increase in demand: neither Spain nor Portugal has noticed a downturn in the UK source market as yet, while in Scandinavia the market is reported to have increased.

Prospects

The score of 112 given by UNWTO's Panel of Experts in Europe for their evaluation of the region's prospects from May through August – the second lowest of all regions and the lowest in the history of the Barometer's European Panel of Experts members – says it all. Industry confidence has fallen and the atmosphere can only be summed up as one of 'wait and see'. While some tour operators report that advance bookings for the summer peak have gone well (in the Netherlands, for example, the ANVR-linked Dutch tour operators have booked 4% more summer season travellers to the month of June than last year over the same

International Tourism Receipts

	US\$			Local currencies, current prices (% on previous year)																
	2000	2006	2007*	Series	2008*					2007*										
					05/04	06/05	07/06	YTD	Q1	Jan	Feb	Mar	Apr	May	YTD	Q1	Q2	Q3	Q4	
	(million)																			
Europe	231,306	376,945	433,404																	
<i>Northern Europe</i>	36,051	60,269	69,658																	
Denmark	3,694	5,569	6,141		-6.8	4.6	0.9	8.5	8.5							0.9	4.2	-0.1	0.9	-0.1
Finland	1,411	2,375	2,823		5.3	7.6	8.9	5.3	5.3							8.9	16.9	10.8	6.0	4.2
Iceland	229	443	633		-1.3	20.7	30.5	72.7	72.7							30.5	35.4	28.8	19.8	57.0
Ireland	2,633	5,346	6,066		9.2	10.2	3.9	1.8	1.8							3.9	10.3	5.1	0.3	4.4
Norway	2,163	3,760	4,377		6.5	7.1	6.4	7.2	7.2							6.4	7.6	7.1	5.3	6.0
Sweden	4,064	9,081	12,002		21.5	21.1	21.1	5.3	5.3							21.1	41.6	29.6	12.4	6.9
United Kingdom	21,857	33,695	37,617		9.5	8.5	2.7	-1.5	-1.5							2.7	10.8	1.9	0.6	-2.1
<i>Western Europe</i>	81,495	131,612	149,053																	
Austria	9,784	16,643	18,887		5.7	2.7	4.0	15.0	15.0							4.0	0.6	4.0	5.6	8.6
Belgium	6,592	10,226	10,662		6.9	2.7	-4.5	-11.6	-11.6	-9.1	-16.7	-8.9				-4.5	-5.4	-5.7	5.4	-14.7
France	30,757	46,345	54,228		-2.8	4.3	7.2	-0.6	-1.4	-1.3	-1.5	-1.5	0.8			7.2	8.6	-0.4	17.1	-2.4
Germany	18,693	32,801	36,029		5.4	11.4	0.6	1.8	1.3	0.8	3.5	-0.2	3.2			0.6	7.7	-7.2	3.9	0.0
Luxembourg	1,806	3,614	4,001		-1.2	-0.9	1.4	8.4	8.4							1.4	-1.1	1.0	2.1	3.3
Netherlands	7,217	11,348	13,428		1.4	7.3	8.4	6.0	6.0							8.4	18.9	4.0	3.4	10.5
Switzerland	6,645	10,635	11,818		5.1	6.3	6.4	7.2	7.2							6.4	7.6	5.5	5.8	6.7
<i>Central/Eastern Europe</i>	20,348	38,186	48,323																	
Armenia	38	271	265	\$	28.7	23.2	-2.2													
Azerbaijan	63	117	178	\$	20.0	49.9	52.0	5.0	5							52.0	160	136	11.5	8.9
Belarus	93	278	306	\$	-6.3	9.7	10.1									10.1	17.7	6.4	3.4	16.9
Bulgaria	1,076	2,588	3,130		9.3	5.5	10.8	14.8	14.8	18.1	15.7	11.2				10.8	12.2	14.5	8.7	11.2
Czech Rep	2,972	5,520	6,618		3.7	11.7	7.7	9.3	9.3							7.7	8.4	8.9	4.8	9.1
Estonia	508	1,024	1,029		9.4	4.5	-7.8	32.4	32.4							-7.1	-5.6	-9.0	-9.6	-1.4
Georgia	97	313	385	\$	36.7	29.5	23.3									23.3	9.0	9.0	26.9	47.1
Hungary	3,757	4,233	4,728	€	1.2	2.0	2.3	10.4	10.4							2.3	0.6	5.5	5.0	-3.2
Kazakhstan	356	838	1,013	\$	-2.4	19.6	20.9	4.8	4.8							20.9	23.0	25.4	16.0	21.7
Kyrgyzstan	15	167	..	\$	-3.9	128.8	..									92.3	154	85.9	80.9	
Latvia	131	480	671		33.6	39.5	28.3	24.8	24.8							28.3	24.9	21.7	29.7	34.8
Lithuania	391	1,038	1,153		18.4	11.8	1.8	12.4	12.4							1.9	-23.3	8.6	15.3	-5.3
Poland	5,677	7,239	10,627		-4.9	10.7	30.9	-6.3	-6.3							30.1	36.9	11.5	39.1	33.9
Rep.Moldova	39	112	164	\$	13.1	8.3	47.0	25.8	25.8							47.0	52.6	48.3	42.6	46.4
Romania	359	1,298	1,464	€	109.9	21.4	3.3									3.3	5.6	-9.0	-15.3	28.7
Russian Federation	3,429	7,628	9,607	\$	6.1	30.0	25.9	48.5	48.5							25.9	19.3	28.9	21.6	34.3
Slovakia	433	1,513	2,013		29.1	19.8	10.6	8.8	8.8	12.1	18.1	-1.3				10.6	9.0	14.6	9.5	9.6
Ukraine	394	3,485	4,597	\$	22.1	11.5	31.9	46.5	46.5							31.9	35.9	27.3	33.9	30.3
<i>Southern/Mediterr. Eu.</i>	93,411	146,877	166,369																	
Albania	389	1,010	1,367	€	18.3	16.3	24.0									24.0	-14.7	15.8	63.0	27.7
Bosnia & Herzg	233	604	728		7.7	15.1	10.4									10.4	9.0	9.2	12.5	9.6
Croatia	2,782	7,902	9,254	€	9.0	4.9	7.3	17.3	17.3							7.3	40.0	14.0	4.0	3.5
Cyprus	1,941	2,400	2,685		2.5	1.8	3.8	5.2		4.9	5.5					5.9	-1.0	3.1	11.1	0.7
F.Yug.Rp.Macedonia	38	129	185	€	24.6	41.5	31.8									31.8	25.7	19.8	32.3	46.9
Greece	9,219	14,259	15,513		6.7	2.9	-0.3	2.8	7.8	24.2	9.1	-3.4	-3.8			-0.3	4.7	0.0	-1.1	0.7
Israel	4,114	2,777	3,250	\$	15.1	-0.7	17.0									17.0	-6.7	-2.4	41.8	49.1
Italy	27,493	38,130	42,651		-0.7	6.7	2.5	3.2	3.2	8.8	3.0	-0.8				2.5	4.4	-4.2	4.7	7.0
Malta	590	765	915		-1.6	-0.6	9.4									9.4	11.0	4.2	11.4	11.3
Montenegro	..	362	658			34.0	66.5													
Portugal	5,243	8,377	10,132		0.1	7.6	10.8	7.0	11.5	9.3	13.5	11.7	-2.7			10.8	13.0	9.1	11.2	10.4
Serbia	..	398	531	\$	40.0	29.3	33.5	15.2	14.2	29.0	0.7	13.1	17.9			56.6	168	59.1	24.4	32.4
Slovenia	965	1,789	2,219		5.2	3.3	13.6	-1.8		-1.7	-2.0					13.6	18.0	16.3	14.7	4.4
Spain	29,967	51,122	57,795		6.0	5.6	3.6	5.0	5.0	2.6	6.8	5.8				3.6	5.7	1.6	3.3	4.5
Turkey	7,636	16,853	18,487	\$	14.2	-7.2	9.7	21.9	28.4	21.7	28.4	34.4	6.5			9.7	8.0	0.9	8.6	23.9

Source: World Tourism Organization (UNWTO) ©

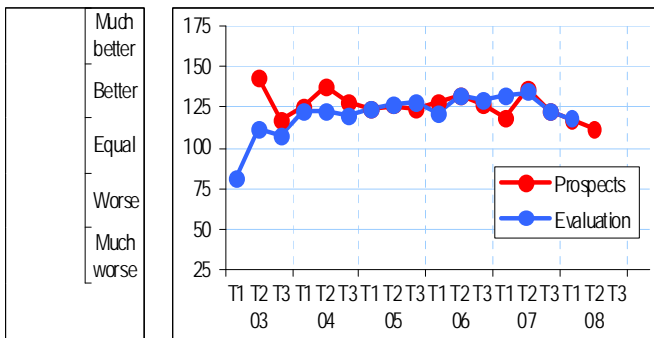
(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

period) and that there is little last-minute capacity available (many have in fact reduced capacity for the upcoming peak season), operators in destinations used to handling individual travel, such as France, are complaining of late bookings, which is making trends difficult to discern.

UNWTO Panel of Tourism Experts

Europe



Source: World Tourism Organization (UNWTO) ©

The relative resilience of Europe's economy so far gives some hope that the growth in travel, including travel within the region, will be sustained, but the strength of the euro leads to fears that summer outbound travel (from the eurozone as well as from non-euro markets) and long-haul inbound travel will be diverted to comparatively cheaper destinations. The effect of fast-rising fuel surcharges is also being watched with some anxiety.

As far as long-haul travel from Europe is concerned, the USA-EU open-skies agreement is expected to drive demand for the USA thanks to competitive airfares (despite the higher surcharges), and the cheaper US dollar, although experts say there is still lots of red tape discouraging travel to the country.

With the higher fuel surcharges, there is a sense that the boom in low-cost airline travel might be coming to its end, but so far this is not the case for some destinations. Experts from destinations in Southern Europe – such as Portugal and Malta – and some in Central and Eastern Europe continue to report increases in LCC demand and capacity.

Some believe that the results of the forthcoming period might show a 'stay-at-home' effect due to the Summer Olympics in China and the UEFA Euro 2008 football championship, and it is also suggested that good weather may persuade holidaymakers uncertain about the economic prospects to stay closer to home this summer. Austria and Switzerland will, of course, benefit from the football cup – Austria reports that local accommodation has been fully booked – and Switzerland expects much of a rejuvenated portfolio of summer alpine products, including hiking, mountain biking, spas and relaxation. Economic prosperity and the weaker Swiss franc are also helping to sustain conference business. Meanwhile, France might see extra flows during the year due to the 150th Anniversary of the Lourdes Apparitions.

Among the more optimistic are experts from Finland, Germany, the Netherlands, Switzerland, Turkey, Malta,

Spain, Portugal and most countries in the Western Balkans. The new regulatory regime for tourism in the Russian Federation promises that a country with plenty of potential may begin to see faster growth in inbound tourism. However, there are also plenty of reports of expected imminent slowdowns in arrivals, or even contractions. Experts from Finland suggest that the country's burgeoning tourism industry is running up against capacity constraints. Denmark reports slower bookings for summer-houses (its principal summer product). Respondents from France, the Netherlands, Belgium, Spain and Portugal are worried about consumer confidence in major markets (especially the USA, the UK and Japan) and about the increases in travel and destination costs. The growth in demand from China also appears to have stalled, due – as indicated elsewhere in this report – to a number of different factors.

Respondents from euro-denominated destinations in Southern and Mediterranean Europe in particular are worried by relative exchange rates, the rise in fuel prices and the more general rise in operating costs associated with the recent trends in inflation. These worries add weight to concerns about a diversion of travellers to more price-competitive destinations.

Allied with the certainties of higher household bills, higher airfares and higher motoring costs, and the possibilities of higher interest rates and more serious downturns in economic growth, the prospects for continuing short-term growth in European tourism remain uncertain for some. For the moment, given that many Europeans have already firmed up on annual holiday plans for 2008, the outlook would seem to be worse for 2009. But one market segment that seems likely to buck the trend is the cruise market, which continues to go from strength to strength. Many cruises in the Mediterranean – the most popular destination for cruises – are already sold out for 2009.

ETC/UNWTO Joint Seminar on Tourism Forecasting and Strategic Planning

Vienna, Austria, 12 September 2008

The World Tourism Organization (UNWTO) and the European Travel Commission (ETC) will host a Joint Seminar on Tourism Forecasting and Strategic Planning in Vienna 12 September 2008. The seminar aims at presenting the forthcoming ETC/UNWTO *Handbook on Tourism Forecasting Methodologies* and will feature an overview of forecasting methodologies and the presentation of various case studies in this area. The event is organised jointly with the partners European Cities Marketing (ECM) and MODUL University, and sponsored by the Austrian National Tourist Office (ANTO) and the City of Vienna.

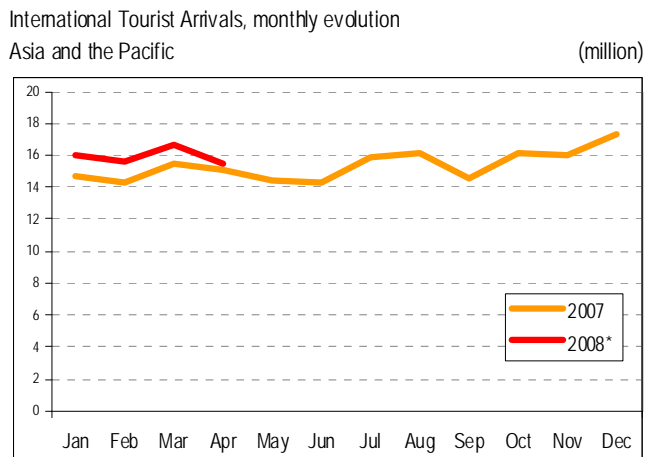
For more information please contact marketing@unwto.org

Asia and the Pacific

Results

Asia and the Pacific enjoyed a record tourism year in 2007 – both in terms of arrivals and receipts – and preliminary results for the first four months of 2008 point to a continuation of the trend at only a moderately lower pace (+7%). Yet UNWTO's Panel of Experts in the region were particularly morose about the January through April period – evaluating it with a score of just 100 – thus balancing positive and negative evaluations, and they gave a rating of only four points higher (104) for 'prospects' over the May-August period.

Experts attribute the widespread pessimism to the fact that the industry has suffered from increasing business costs, driven by record high fuel prices and rising inflation throughout the region. Natural disasters have also contributed to the depressed mood. There is also some evidence to suggest that travellers are looking to economize by downgrading flights and accommodation or reducing their length of stay. And while intraregional travel has grown and is likely to continue to grow, long-haul travel into the region appears to be softening.



Source: World Tourism Organization (UNWTO) ©

South Asia (+10%) has turned in the best performance so far this year, slightly ahead of North-East Asia (+8%), followed some way behind by South-East Asia (+5%) and even further behind by Oceania (+1%). While growth for South Asia and North-East Asia was somewhat close to last year's level (for the full 12 months), the relative increase for South-East Asia was fairly down on 2007's growth.

Oceania has reported subdued results for the past two years and 2008 looks to be no exception. Stagnation in Australia's arrivals (-0.1%) and a 2% rise in New Zealand's were the main contributory factors to Oceania's flat results in the first four months of this year. These trends are attributed to unfavourable exchange rates, high airfares and a continued reduction in airline capacity from some key markets such as Japan and the Republic of Korea. The aviation constraints have also been exacerbated by increased numbers of Australians and New Zealanders travelling abroad. In addition, however, the meltdown in

global financial markets and increasing interest rates for housing and consumer credit appear to have had a negative impact on demand from some key long-haul markets, compounding the already high airfares due to the rising price of fuel. Airline route and frequency cuts have also been a major factor in the performance of the Pacific islands, a number of which have reported declines in arrivals. The two destinations showing the best results so far this year have been Vanuatu (+29%, but only for January) and Fiji (+14% through the month of April).

South Asia owes its strong performance this year in large part to India's 12% increase through April. The growth could have been even stronger, some experts noted, if it had not been limited by capacity constraints (airports and hotels). Nepal also reported an 11% rise – no doubt due to renewed confidence in the destination. In contrast, Sri Lanka's arrivals (+1%) were again affected by a resurgence of instability due to the Tamil conflict. However, following an aggressive marketing and promotional campaign in key markets by Sri Lanka Tourism, arrivals rebounded strongly in the month of May (+18%). This is positive news after the 12% decline of 2007.

The Maldives (+4%) has attracted strong demand from emerging markets but this is still constrained by a shortage of airline capacity, and the opening of the country's second international airport on the island of Gan in January does not appear to have eased the situation so far. Although no data is available for Bhutan, the country's tourism appears to be booming as local operators are complaining of congestion in tourist numbers. But this situation should be relieved by a US\$ 50 increase in the daily tariff for tourists entering Bhutan in the peak season, to US\$ 250 (the fee was originally designed to limit tourist numbers in an effort to ensure a controlled development of tourism to safeguard the country's rich natural environment and culture).

A lack of statistical data from Thailand, one of South-East Asia's leading destinations, makes trends for the subregion overall harder to assess fully. The situation in Thailand seems to be better than it was last year since the political pressures have eased and sustained promotions abroad have generated renewed interest in visiting the country. Vietnam (+18% through May), Cambodia (+14% for the first four months) and Indonesia (+13% also to April) have all recorded strong growth this year, but current high inflation in Vietnam may affect prices during the remainder of 2008. Indonesia's healthy performance owes much to Bali's continued recovery (+26% for the first four months of 2008), which should contribute to record numbers this year – despite Australia's travel advisory, which has been in place since November 2000 (the USA's was lifted earlier this year). In contrast, after a bumper *Visit Malaysia Year 2007*, Malaysia showed only 1% growth in arrivals in the first five months of 2008. Demand may have been affected by the March elections, experts say, but intense competition between low-cost carriers and even full-service airlines has stimulated demand. It is also

The cyclone that hit Myanmar on 2 May has devastated parts of the country, also affecting the former capital city of Yangon, where most tourism business is based. Tour groups and flights have been cancelled and tourist attractions and services suspended. While the cyclone cannot be blamed for most of the 29% decline recorded in the first four months of 2008, it is bound to exacerbate the situation, especially give shortages of basic goods.

Since some countries in North-East Asia achieved double-digit growth in the first months of 2008, the 6% increase for Hong Kong (China) and 5% for both China and Taiwan (Province of China) seem almost modest by comparison. But the new Taiwan (Province of China) policy has lifted expectations of tourism flows between China, Taiwan (Province of China) and Hong Kong (China), and direct flights are due to start at the end of June.

China (+5% through May), meanwhile has had more than its fair share of difficulties since the beginning of the

year, starting with heavy snow during Chinese New Year (which had a massive impact on domestic tourism, in particular, but also on travel to the Special Administrative Regions of Hong Kong and Macao), severe floods in the south of the country, and the Wenchuan earthquake in May. But these have had a greater impact on outbound and domestic tourism than inbound flows. On the positive side, preparations for the Olympic Games are increasing awareness of China (though, with occasional negative impacts, in particular in the media, such as the ones that originated from the protests related to Tibet), and the Chinese National Tourism Administration (CNTA) continues to adopt more open policies (despite stepped up security and tightened visa restrictions in the run-up to the Olympics). Mainland travel agencies are now allowed to establish branches all over China, while travel agencies in Hong Kong (China) and Macao (China) are allowed to establish joint-venture or independently owned travel agencies on the mainland with low requirements in terms of operating revenues.

International Tourism Receipts

	US\$			Local currencies, current prices (% on previous year)															
	2000	2006	2007*	Series	05/04	06/05	07/06	2008*							2007*				
	(million)				YTD	Q1	Jan	Feb	Mar	Apr	May	YTD	Q1	Q2	Q3	Q4			
<i>Asia and the Pacific</i>	85,335	156,537	188,934																
<i>North-East Asia</i>	39,428	75,231	89,174																
China	16,231	33,949	41,919	\$	13.8	15.9	23.5	4.8	10.0	10.0	15.5	5.8	1.8	-5.2	23.5	12.7	13.5	10.3	54.2
Hong Kong (China)	5,907	11,638	13,766		14.2	12.9	18.8	14.3	14.3						18.8	16.2	13.1	18.7	25.8
Japan	3,373	8,469	9,334		-40.1	34.8	11.6	7.4	9.2	16.3	6.3	5.5	2.8		11.6	11.2	7.4	14.7	12.9
Korea, Republic of	6,834	5,788	5,797	\$	-4.3	-0.3	0.2	39.1	40.0	23.0	23.5	70.9	36.3		0.2	-0.5	-9.0	-5.2	15.6
Taiwan (pr. of China)	3,738	5,136	5,137	\$	22.8	3.2	0.0	-1.3	-1.3						0.0	0.4	1.2	-4.1	2.6
<i>South-East Asia</i>	26,826	43,574	54,006																
Cambodia	304	963	1,400	\$	39.1	14.7	45.4												
Indonesia	4,975	4,448	5,346	\$	-5.8	-1.6	20.2	15.7	15.7						20.2	20.0	17.7	23.2	19.7
Malaysia	5,011	10,424	14,047		7.5	14.1	26.3	0.2	0.2						26.3	28.0	37.1	21.0	19.9
Philippines	2,156	3,501	4,931	\$	12.3	54.6	40.8	5.9	5.9	36.6	-24.0	13.1			40.8	67.3	24.3	70.6	18.6
Singapore	5,142	7,194	8,664		11.5	16.1	14.2	15.5	15.5						14.2	9.8	13.7	17.9	15.0
Thailand	7,489	13,401	15,573		-4.8	31.8	5.9	27.8	27.8						6.1	8.0	2.9	6.2	6.5
Vietnam	..	3,200	3,461			71.7	9.4												
<i>Oceania</i>	14,285	26,567	32,337																
Australia	9,274	17,840	22,244		6.9	7.3	12.2	5.1	5.9	4.7	7.5	5.4	2.9		12.2	12.4	11.9	13.4	11.2
Fiji	184	433	..		2.0	1.1									-7.2	-10.1	-7.7	-4.8	
New Zealand	2,272	4,750	5,427		-4.4	6.0	0.8	-3.6	-3.6						0.8	2.6	3.2	0.0	-2.7
Palau	53	93	99	\$	0.3	-4.4	6.9												
Solomon Is	4	4	..		-25.7	26.8									-11.9	45.2	15.3	18.8	
<i>South Asia</i>	4,797	11,165	13,416																
Bangladesh	50	80	76		12.9	22.8	-4.8								-4.9	-5.2	-4.4		
Bhutan	10	24	..	\$	48.6	29.4	..								22.0	81.8	-7.0	26.2	
India	3,460	8,634	10,729		18.2	18.4	13.4	8.8	8.8						13.7	18.9	10.9	9.4	13.6
Iran	467	1,194	..	\$	2.4	11.7	..								2.3	2.3	2.3		
Maldives	321	434	494	\$	-39.1	51.3	13.8												
Nepal	158	128	198		-44.5	-1.1	41.8								41.8	21.3	15.1	78.9	55.0
Pakistan	81	255	276	\$	1.7	40.1	8.2	-7.7	-7.7	-4.0	-17.9	0.0			8.2	21.9	13.6	4.8	-5.7
Sri Lanka	248	410	385		-16.9	-1.2	0.0								0.0	-4.6	-25.4	-0.9	36.1

Source: World Tourism Organization (UNWTO) ©

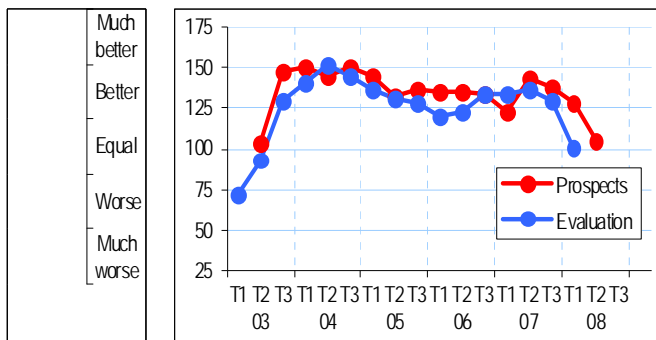
(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

Macao's tourist arrivals (+16% to May) have no doubt been boosted by the opening of the much-heralded Venetian hotel in 2007, but the February snow in China had a negative impact on demand from the mainland. Its main growth markets were the Republic of Korea and the Philippines, which have now overtaken Japan. Japan, like Korea (+10% each), has seen steady growth in inbound tourism despite the recovery of the yen. But outbound travel demand is down. As far as travel to China is concerned, experts attribute the trend to an incident of food poisoning from Chinese dumplings in December 2007, with subsequent negative news reports about food product safety and air quality in China's cities.

UNWTO Panel of Tourism Experts

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

Prospects

The mood of 'doom and gloom', which appears to be prevalent in many parts of the region, would seem to undermine the growth potential of Asia and the Pacific over the four months from May through August. During this period the world's eyes will be focused on China and the summer Olympics, which should enhance China's image and may boost domestic and inbound tourism numbers. However, in the run-up to the Games a certain nervousness is evident with intensified security and more restrictions on visa approvals. Admittedly, many tour operators have suspended leisure tours into the country for the period of the Games because of the expected lack of hotel capacity. In fact, rooms are still available but prices are high and visas are harder to get. Neighbouring destinations are also concerned that they will lose tourism business to China this summer, although some have developed pre- and post-Olympics tour packages to try to attract Olympics visitors. The likelihood is that traditional tourists will stay away during the period of the Games – a symptom of the usual 'Big Event Blues', – but that demand will rise sharply after they close, not least because the additional hotel capacity will need to be filled and competition and aggressive marketing will result in increasingly attractive pricing.

Nevertheless, in addition to fears about a slowdown from long-haul markets (especially the USA), there is growing concern in the industry in Asia and the Pacific

about short-term prospects from some key intraregional markets, notably Japan, China and the Republic of Korea.

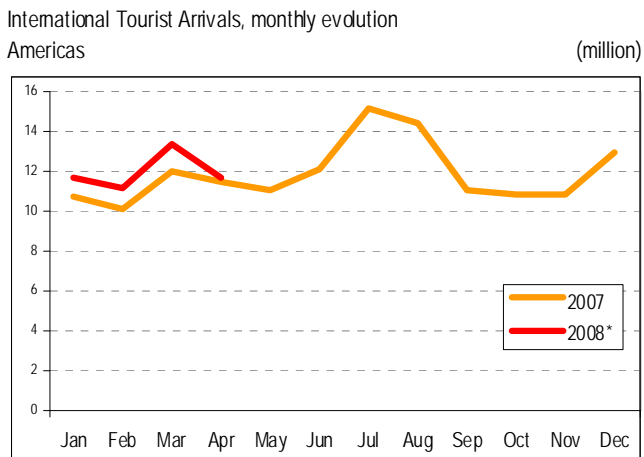
Ever rising fuel surcharges on airfares are discouraging outbound travel from Japan, and the Olympics in Beijing are unlikely to generate significant travel demand due to concerns over obtaining tickets and Japanese travellers' worries about food safety and pollution. The traditional major destinations of the US mainland, Hawaii, Canada and Australia all saw decreases from Japan in the first four months of 2008, and this trend is expected to persist as airlines continue to reduce services and the number of available seats for leisure travellers. Europe is the only large destination holding steady for now. But Japanese travel to South-East Asia should be less affected by the worsening economic conditions because the flights are shorter, allowing for shorter stays and smaller fuel surcharges.

Meanwhile, India, China and Indonesia have announced they are all expecting sharp slowdowns in domestic passenger growth this year after a decade-long surge in demand. IATA warned that Asian international traffic markets are also slowing. It stated slower growth in the passengers carried by Asia Pacific airlines "is of concern, since this is a region where travel demand is expected to continue to grow, even in the face of a US recession". Whether it is a spill-over from the USA, or the impact of the rising costs of travel – or a combination of the two – it seems more and more likely that Asia's big emerging air travel markets will have a soft year, which is of concern to the airlines based in these countries and serving them.

The Americas

Results

In spite of all the uncertainties surrounding the economic situation and the fast-rising price of oil, international arrivals in the Americas seem to be growing faster this year than in 2007 – and faster than was forecast in January. The available preliminary figures for the first four months of 2008 suggest an increase of 8%, compared with 5% reported for last year as a whole.



Source: World Tourism Organization (UNWTO) ©

The principal factor in this growth is clearly the surge in arrivals in the USA, which registers nearly two fifths of the total arrivals count in the Americas. Already up 10% in 2007, they rose a further 15% in the first three months of the year (April's results, though, might slow this growth due to the 'Easter effect'). Spending in the country is also up – international tourism receipts were up 22% in the first four months including April. The low exchange rate of the US dollar against the Canadian dollar, the euro, the Pound sterling and other major currencies has made the USA a more attractive destination, and the state travel offices have boosted their marketing budgets to take advantage of this opportunity. New York is reporting especially good figures – for international as well as domestic arrivals. The city seems set to attract 50 million visitors a year by 2012, three years ahead of Mayor Bloomberg's target of '50 by 15'.

The Canadian tourism industry, by contrast, continues to suffer. Arrivals declined by 3% in the first four months of 2008 – much the same as in each of the last three years. The unfavourable exchange rate against the US dollar remains the principal problem, but the imposition of the Western Hemisphere Travel Initiative (WHTI) and other border restrictions by the US Government and the increase in automotive fuel prices have also contributed (automobile trips from the USA dropped by 14% in the period January-April 2008). The strength of the euro is bringing some relief from European markets, but the weakness of the Japanese yen, the scarcity of capacity on some trans-pacific air routes, and the lack of an Approved Destination Status Agreement (ADS) with China are limiting growth from Asia.

In Mexico, tourist arrivals were up 3% in the first four months of 2008 – a distinct improvement on 2007. The refurbished Cancun/Riviera Maya region is offering extremely competitive prices, and Oaxaca – the town which was blockaded by protesters from May to November 2006 – is making a gradual recovery.

With the varied experiences of these three markets – which together account for two thirds of arrivals in the Americas – overall arrivals in North America are estimated to be up 8%, compared with 5% in the Caribbean, 13% in Central America and 7% in South America.

After a flat 2007, the Caribbean seems to be doing much better in 2008. Most of its currencies are linked to, or track, the US dollar, and their weakness is pulling in travellers from Europe and South America. At the same time, it is close enough to the USA to be attracting US holidaymakers deterred by economic uncertainty, exchange rates or other concerns from travelling further afield.

The largest Caribbean destinations have mostly reported strong increases for the first part of 2008. Cuba (+15%) reports increased demand from Spain, expanded air capacity and heavy investments in new and refurbished accommodation. As an example, a memorandum of understanding has been signed with Qatar to build a five-star hotel costing US\$ 70 million in Cayo Largo del Sur. The Dominican Republic (+6% till May) continues to prosper and the interest of 'big players' in investing in the country is extending the range of markets on which it can draw. Jamaica (+10%) reports an increase in room capacity and has advertised heavily in the USA to reverse the decline in arrivals from that market, apparently to good effect.

Preliminary figures for the smaller islands show diverse results. Curaçao reports a 44% increase for the first two months, with a continuing surge in arrivals from Venezuela. Strong figures are also reported by Saint Lucia (+10%) and Antigua & Barbuda (+9%). Dominica reports increased air capacity and the development of niche attractions (e.g. diving, hiking and other nature-based activities) and the successful marketing of these attractions in North America and Europe. By contrast, other small islands such as the French-speaking Martinique (-5%) and Montserrat (-8%) show some decline.

Central America (+13%) remains the fastest growing subregion in the Americas, as it has been for the last five years. It is clearly benefiting from the greater social and economic integration resulting from the implementation of the free-trade area, DR-CAFTA (which links five of the seven countries of Central America with the members of NAFTA – the USA, Canada and Mexico – and the Dominican Republic). Four of them have reported substantial increases in arrivals for the first three to four months of the year, led by Costa Rica's +16%.

But the fastest growth of all is reported by Panama at 25%, which is not a member of DR-CAFTA. This year's growth follows increases of 20% in 2006 and 31% in 2007. And these figures are for tourist arrivals – i.e. they do not include the burgeoning numbers of day visitors generated by the cruise industry. Panama has one of Latin America's

International Tourist Arrivals by Country of Destination

	Full year		Change			Monthly or quarterly data series														
	Series	2006	2007*	05/04	06/05	07/06	(% change over same period of the previous year)													
							Series	2008*	2007*											
		(1000)			(%)	YTD	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4	
Americas		135,846	142,494	5.9	1.9	4.9	7.6	9.9				8.2	10.1	11.2	1.2		2.6	3.5	6.1	7.3
North America		90,595	95,341	4.7	0.8	5.2	7.9	10.7				7.7	10.1	13.6	1.0		2.9	4.3	5.8	7.5
Canada	TF	18,265	17,931	-2.0	-2.7	-1.8	TF	-2.7	-1.8			-1.9	-1.0	-2.3	-5.0		-3.2	-1.8	-1.7	-1.2
Mexico	TF	21,353	21,424	6.3	-2.6	0.3	TF	3.3	6.4			5.9	5.8	7.5	-5.3		-3.7	4.8	2.2	-1.7
United States	TF	50,977	55,986	6.8	3.6	9.8	TF(1)	15.3	15.3			10.6	14.9	19.3			9.1	7.8	12.1	15.2
Caribbean		19,439	19,462	3.8	3.4	0.1		6.6				6.9	9.0	4.3	0.6		-0.5	-3.5	1.1	5.3
Anguilla	TF	73	78	15.0	17.5	6.4	TF	-17.6				-17.6					22.2	-0.2	5.9	-4.0
Antigua, Barb	TF	273	..	-0.4	2.2	..	TF(2)	9.2	8.7			11.1	22.3	-4.1	10.8		1.6	-4.4	3.0	13.4
Bahamas	TF	1,601	1,528	3.0	-0.5	-4.6	TF(2)	0.5	0.5			6.3	6.6	-7.1			-5.5	-9.2	1.6	-3.1
Barbados	TF	563	575	-0.7	2.7	2.1	TF	-0.8	11.1			4.6	10.5	18.3	-27.6		-6.8	13.6	0.7	2.3
Bermuda	TF	299	306	-0.7	10.9	2.2	TF	-8.9	-8.9			-13.1	2.5	-13.8			17.8	-1.5	1.3	-0.1
Bonaire	TF	64	74	-1.0	1.6	16.9	TF										20.1	7.6	16.5	23.0
Br. Virgin Is	TF	356	358	11.0	5.7	0.5	TF	-1.1	3.6			9.8	-0.3	2.3	-14.2		3.0	-3.3	0.3	2.4
Cayman Islands	TF	267	292	-35.4	59.3	9.1	TF	9.5	9.0			8.9	8.7	9.3	11.0	9.8	13.3	3.3	10.2	9.8
Cuba	TF	2,150	2,119	12.1	-4.9	-1.4	VF	14.5	15.2			12.3	19.2	14.3	12.1		-7.2	-10.8	-2.4	11.2
Curaçao	TF	234	300	-0.6	5.5	28.0	TF	43.9				33.5	54.4				8.3	17.1	29.3	55.8
Dominican Rp	TF	3,965	3,980	7.0	7.4	0.4	TF	6.0	6.8			4.1	11.0	5.6	1.4	8.1	4.0	-4.5	-1.3	3.1
Grenada	TF	119	129	-26.4	20.4	8.8	TF	-1.0	14.2			4.9	10.3	30.2	-34.3	-4.1	0.5	22.1	9.6	6.2
Jamaica	TF	1,679	1,704	4.5	13.5	1.5	TF	10.1	13.3			10.1	18.0	12.0	1.1		-2.1	-3.6	4.9	8.1
Martinique	TF	503	503	2.8	4.0	-0.1	TF	-4.5	-2.3			-3.3	-3.7	0.1	-10.9		6.2	-0.4	-6.4	0.3
Montserrat	TF	8	8	-4.4	-17.8	-2.7	TF	-8.4	-5.7			-10.3	14.8	-14.8	-17.1		-9.9	1.7	5.6	-4.5
Puerto Rico	TF	3,722	3,687	4.1	1.0	-0.9	THS(3)	-0.5	-0.5			2.0	1.4	-4.1			-8.5	-6.1	-6.3	-2.0
Saba	TF	11	12	4.1	-3.9	6.0	TF	1.5	2.3			2.5	-3.5	8.2	-0.9		5.5	-7.8	11.3	19.8
Saint Lucia	TF	303	287	6.5	-4.9	-5.0	TF	9.5	17.7			14.0	18.2	20.4	-12.7	10.2	-10.5	-5.2	-4.5	1.3
St. Kitts-Nevis	TF	133	117	7.9	4.7	-12.0	TF										-4.4	-18.2	-17.1	
St. Maarten	TF	468	469	-1.5	0.0	0.3	TF(2)										1.9	-3.7	0.7	2.3
St. Vincent, Grenadines	TF	97	101	10.1	2.0	3.7	TF										6.3	-14.4	-5.2	
US. Virgin Is	TF	570	510	7.0	-2.1	-10.5	VF(2)	6.3	6.3			7.3	10.9	2.2			-3.0	-4.5	15.0	12.1
Central America		7,064	7,746	12.9	9.9	9.6		12.7	13.1			10.4	13.3	15.6	11.3		6.3	7.3	12.3	12.8
Belize	TF	247	252	2.5	4.5	1.8	TF	-0.9				-2.7	0.7				3.2	0.9	-0.1	2.5
Costa Rica	TF	1,725	1,973	15.6	2.7	14.4	TF	15.6	17.7			13.1	18.9	21.6	9.8	14.3	3.6	17.0	21.7	18.8
El Salvador	TF	1,279	1,339	18.5	13.5	4.7	TF	11.4	8.8			0.4	1.4	24.0	19.3		3.6	3.7	8.8	2.5
Guatemala	TF	1,482	1,448	9.8	14.2	-2.3	VF	6.3	6.2			6.9	3.3	8.2	6.4		14.5	5.0	6.0	7.8
Honduras	TF	739	831	5.0	9.8	12.6	TF										12.5	4.9	14.6	19.4
Nicaragua	TF	749	800	15.9	5.2	6.8	TF	7.1	9.0			12.2	14.4	2.5	0.7		0.7	-1.0	17.7	10.8
Panama	TF	843	1,103	13.0	20.1	30.8	TF	24.8	25.8			24.4	32.1	21.3	21.8		20.6	25.9	27.5	39.5
South America		18,748	19,945	11.9	2.8	6.4		7.1	9.2			9.6	10.1	7.9	-1.8		3.5	6.2	10.4	6.6
Argentina	TF	4,173	4,562	10.6	9.2	9.3	TF	5.4	5.4								7.3	13.6	10.5	7.4
Bolivia	TF	515	556	9.2	-1.7	7.9	THS										8.4	1.0	7.8	3.9
Brazil	TF	5,017	5,026	11.8	-6.4	0.2	TF										-2.7	-5.4	12.2	-0.5
Chile	TF	2,253	2,507	13.6	11.1	11.3	TF	11.3	14.7			11.6	15.1	18.8	-4.4		10.3	10.6	14.6	10.5
Colombia	VF	1,053	1,193	18.0	12.9	13.2	VF	3.2	4.5			7.5	5.1	1.1	-1.7	4.1	18.8	15.2	7.7	12.4
Ecuador	VF	841	953	5.0	-2.2	13.4	VF	4.0	6.1			9.1	2.7	6.1	-3.1		12.0	18.2	11.5	12.5
Guyana	TF	113	131	-4.4	-2.7	15.9	TF	-25.8	-24.4			-13.1	19.5	-50.2	-35.1	-18.1	11.8	16.9	58.9	-15.6
Paraguay	TF	388	416	10.2	14.0	7.0	TF	-14.5	-12.0			-7.9	-7.2	-21.7	-22.7		-4.1	-2.5	23.1	11.5
Peru	TF	1,635	1,812	16.4	10.0	10.9	TF	12.3	12.3			15.6	15.7	5.8			9.5	7.8	11.7	14.2
Suriname	TF	..	163	16.1	..	..	TF										21.8	-10.1	3.8	3.8
Uruguay	TF	1,749	1,752	2.9	-3.2	0.2	TF	13.1	18.0			16.9	18.5	19.3	-11.6		-7.8	-0.1	2.3	9.4
Venezuela	TF	748	771	45.2	5.9	3.0	TF	4.3	4.3								7.7	17.7	-6.7	-3.5

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

(1) Excluding Mexican visitors not travelling beyond the 25 miles U.S. border zone

(2) Non-resident air arrivals only

(3) Non-resident hotel registrations only

most dynamic and fastest growing economies, with large investments in both the private and public sector, among which the expansion of the Panama Canal (with the aim of doubling its capacity and enabling it to take much larger ships, both cargo and cruise). According to the World Bank Chief Economist for Latin America and the Caribbean, Panama, with its privileged geographical location, has the potential of becoming a sort of Singapore for the Americas. Panama City's Tocumen International Airport is promoted as the 'Hub of the Americas'. At the end of March, KLM started three weekly direct flights between Amsterdam and Panama City, connecting with the over 60 regional flights of its SkyTeam Alliance member COPA Airlines.

The numbers for South America (+7%) show how the subregion as been prospering, on the basis of stronger commodity export prices and continued financial and economic stability. Outbound and intraregional tourism (both leisure and business) has been growing strongly.

Brazil, where a very strong exchange rate and an economy which is prospering enough to allow larger numbers of people to travel on holiday, reports continuing booms in domestic and outbound travel, but inbound tourism might be less bullish due to exchange rate and airline capacity constraints.

Argentina (+5%), in contrast, with a favourable exchange rate for inbound tourism, reports excellent growth in international and domestic flows. Institutional reforms to the tourism industry are backing up the success of a wide range of tourism products, including ocean cruises, winter sports, alpine, equestrian (polo and 'pampas' horse-riding), and special-interest 'thematic routes' (e.g. wineries and gastronomy).

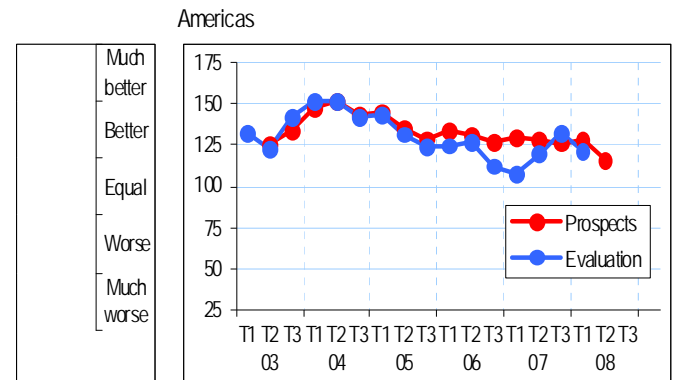
Overall arrivals in Uruguay in the first four months of 2008 were up 13%. This included increases of 34% from Paraguay and 27% from Brazil. These markets have compensated for the fact that due to the blockading of bridges over the river Uruguay that connect with Argentina, the numbers of Argentines taking family holidays in the traditional beach resorts continue to decline. Nevertheless, overall arrivals from Argentina were up by 10% for the period. Paraguay (-14%) suffered from the road blockages in Argentina, its main source market, as well as from a yellow fever outbreak.

Though in some cases the political situation has had an effect on tourism flows, in general, prosperity and economic integration are driving large increases in intra-regional travel between most countries in South America, and indeed to countries in Central America and the Caribbean, as well as to the more traditional destinations in North America. Chile (+11%) and Peru (+12%), like Argentina, also report great success in long-haul markets (especially Europe, in view of the strong euro) for a widening range of products. The improvement of conditions in Colombia is illustrated by the decisions of hotel chains like Royal, Accor and Marriott to invest in the country.

Prospects

Responses from UNWTO's Panel of Expert on the outlook for the next four months and the rest of the year are a mix of optimism and pessimism. Most are very aware of the threats posed by the weaker US economy and the loss of confidence among consumers, tighter credit conditions, the large increases in aviation and automotive fuel prices, and the unsatisfactory 'air travel experience' as airlines cut back on capacity and impose further penalties on passengers – such as charges for baggage, drinks and food.

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

Many respondents in the USA are, of course, heavily exposed to the pressures on domestic tourism. The Travel Industry Association (TIA) has already noted a slowdown in the growth of domestic travel and expects a decline in vacation travel of 1.0-1.5% in the summer season. Air transport data already indicated a decrease by 1% in domestic traffic between January and April. The US economy has so far avoided an actual contraction in GDP, but house prices are falling fast, inflation is rising, and travel prices are rising even faster (TIA's travel price index is up 7.5% over the last year), payrolls are falling and unemployment growing.

The same pressures are exerted on US outbound travel, and many destinations in the region depend heavily on visitors from the USA. The Caribbean derives some comfort from the idea that US citizens, determined not to sacrifice their vacations, may be diverted to destinations closer to home, and that the weak US dollar is maintaining its competitive edge in European markets in spite of the increase in transatlantic airfares. It is interesting to note that the figures for the first part of the year in fact point out a rather buoyant US outbound market. US outbound trip volume rose by 5% in the first quarter of 2008, with most destinations showing increases: Mexico and the Caribbean +8%, Central and South America +7% and Asia +7%. Exception were Europe (unchanged), Oceania (-3%) and Canada (-4%). Another positive indicator of the strength of the US outbound market is expenditure on international tourism, which increased by as much as 10% in the period January-April.

As for inbound tourism, the prospects for travel from Canada, Mexico and overseas markets to the USA remain

good. The arrival of the first tour group from China in June following the signing of the Approved Destination Status (ADS) agreement is seen as extremely positive. The recently implemented USA-EU 'open skies' agreement, the ADS agreement with China, and the introduction of new aircraft on long-haul routes are among the most positive developments. The final phase of implementation of the WHTI has been deferred until 1 June 2009 (but a new controversy is brewing over the proposal to fingerprint foreigners entering and leaving the country). Experts from Canada express no such optimism in view of the stronger Canadian dollar, the increasing impact of the gasoline price hike on motor traffic from neighbouring USA and the overall slowdown in the US economy.

Respondents from Central America are in two minds. Some reckon the economic uncertainty and increase in long-haul airfares represent an opportunity for attracting holidaymakers from the USA. Others believe these same factors pose a threat. Some also refer to the continuing political, institutional and security issues that undermine prosperity in some destinations. In general, the Panel's ratings are not quite as upbeat as the arrivals data would suggest.

Similarly, in South America, there is a general sense of optimism, but there are also concerns about the state of the US economy (which always has strong repercussions throughout the subregion), the persistent increases in fuel prices and the more general increases in inflation. On the positive side, both Argentina and Chile will surely start benefiting from extra media attention drawn from the 2009 Dakar Rally which will cross over to the other side of the Atlantic Ocean for its next edition. Peru might see positive results from the May Latin-America, Caribbean, EU summit, both in volume and image.

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2008

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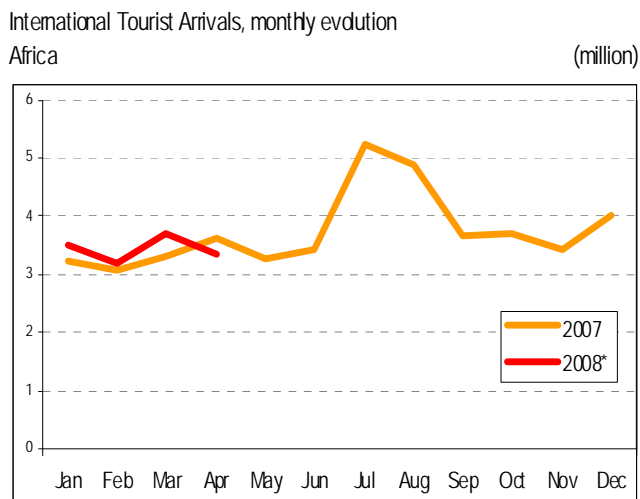
UNWTO - Committed to Tourism, Travel and the Millennium Development Goals

Africa and the Middle East

Results

The usual gaps in data for Africa and the Middle East means that current trends may change over the course of the next few months as more comprehensive statistical information becomes available, so trends need to be interpreted with caution.

In Africa, economic conditions vary significantly across the continent, with some countries enjoying relative prosperity thanks to oil and minerals, often with Chinese or other foreign investment – which, in turn, is generating increased business travel. The modest 2% growth estimated over the first four months for Subsaharan Africa, for example – not to mention the 3% for the region overall – was significantly influenced by Kenya's 46% decline in arrivals from January through April, due to the severe impact of the post-election turmoil on foreign tourism demand. Tanzania, meanwhile, appears to have been fairly active in terms of marketing abroad, with roadshows and participation in several travel fairs – in traditional source countries as well as new markets such as Japan, China and Russia. The destination also hosted several meetings such as the Africa Travel Association (ATA) Conference and the Leo Sullivan Summit. Data available for January shows an increase in nights in hotels by 5% compared to the same month a year ago.



Source: World Tourism Organization (UNWTO) ©

There are some positive signs for Uganda and from Ghana (despite a lack of statistical data). In Uganda, tax and duty exemptions for construction in the hospitality sector were extended by at least another year, which will help developers offset some of the cost increases caused by steadily rising energy costs, soaring prices of building materials, steel and cement, and other inputs like transport. The Ugandan airline industry has also been exempted from income tax, while withholding tax on aircraft leases has been waived. It is, however, not considered likely that this will translate into lower ticket prices any time soon, as more fuel surcharges on tickets are imminent. The strong

appreciation of the Uganda shilling against most key currencies is also having a negative impact on demand, as well as making it difficult for the industry to meet its production costs. Meanwhile, Ghana claims good results for the first few months thanks to expanded air capacity, and its hosting of the football Africa Cup of Nations and the 12th United Nations Conference on Trade and Development (UNCTAD).

The Indian Ocean islands of Mauritius and Seychelles, have turned in healthy tourism performances, both showing a 6/7% growth in arrivals from January through April/May 2008. In the case of Mauritius, this is attributed largely to new airline services – Virgin Atlantic from London and Air Mauritius from Bangalore – while increased cruise ship calls have benefited the Seychelles (not counted as tourist arrivals but contributing significantly to tourism revenue), helping the sector to compensate for reported disruptions to scheduled airline operations and the closure of several tourist establishments due to refurbishment.

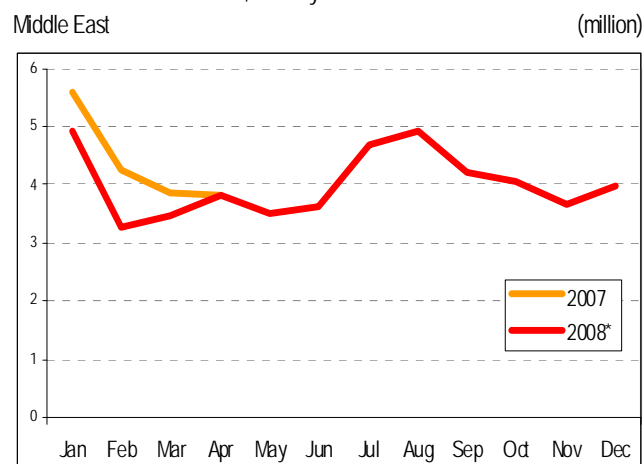
In Southern Africa, while Swaziland's arrivals fell 8% from January through April, South Africa achieved an 6% increase in the first four months. Growth was boosted by the weakening rand, although Panel experts pointed out that this has made marketing and promotions in overseas markets much more expensive. Despite the good growth, a number of concerns were voiced by members of the Panel – from the possible impact of the fragile political situation in Zimbabwe to environmental concerns, intensified competition from Asia, Australia and Latin America in European markets, increased fuel costs and airline capacity. Nevertheless, the South African Government's decision to open its skies to increased competition from foreign airlines in the run-up to 2010 will begin to pay dividends. The recently concluded UK-South Africa agreement on air transport, which has added 28 new flights a week between the two countries over the next three years, is clear evidence of this. Discussions regarding added capacity are taking place with other governments. So far, in addition to the UK, agreements have been firmed up with Qatar, the United Arab Emirates (UAE), the Republic of Korea, Gambia and New Zealand, and Australia should be added soon. Further discussions are planned between South Africa and the Netherlands and the government is also in discussion with India on further liberalizing the existing bilateral agreement. Talks last December with the UAE resulted in Emirates adding daily flights between Dubai and Cape Town in March this year.

Preliminary data suggests that North Africa (+6%) has performed much better than Subsaharan Africa so far this year – a trend mainly due to Morocco's results (+14% in the first quarter, a rate that is expected to slow down once April data is available). Tunisia, on the other hand, achieved +2% through the month of April. Morocco continues to benefit from low-cost airline services that have opened up new markets, although average length of stay appears to have fallen as more tourists now come for short breaks than long trips. Overnight volume in classified accommodation has reportedly fallen by 4% and average

hotel occupancy also fell from 48% in the first three months of 2007 to 42% in the same period this year.

The 12% estimated growth in arrivals for the Middle East so far in 2008 is largely due to excellent increases reported for Saudi Arabia (+33%) and Egypt (+25%), although data for these two countries only covers two and three months respectively. Egypt owes its strong performance to consumer confidence in the destination, to its price competitiveness and continued aggressive marketing in major and emerging markets.

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals by Country of Destination

Series	Full year		Change			Monthly or quarterly data series													
	2006	2007*	05/04	06/05	07/06	(% change over same period of the previous year)													
	(1000)	(1000)			(%)	Series	2008*								2007*				
						YTD	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4
Africa	41,369	44,430	8.9	11.0	7.4	3.2	6.7				2.8	5.4	11.9	-6.2		10.8	5.6	7.7	6.1
<i>North Africa</i>	<i>15,074</i>	<i>16,263</i>	<i>8.9</i>	<i>8.4</i>	<i>7.9</i>	<i>6.2</i>	<i>10.6</i>				<i>6.2</i>	<i>11.6</i>	<i>13.3</i>	<i>-3.2</i>		<i>6.6</i>	<i>5.7</i>	<i>7.4</i>	<i>12.4</i>
Algeria	VF	1,638	1,743	17.0	13.5	6.4	VF									13.4	8.9	-8.4	44.4
Morocco	TF	6,558	7,408	6.7	12.2	12.9	TF	14.4	14.4		11.0	15.3	16.2			7.4	10.0	16.7	13.8
Tunisia	TF	6,550	6,762	6.3	2.7	3.2	TF	1.8	6.2		0.4	7.2	9.9	-6.4		6.2	1.3	2.6	5.2
<i>Subsaharan Africa</i>	<i>26,295</i>	<i>28,167</i>	<i>8.8</i>	<i>12.6</i>	<i>7.1</i>	<i>2.0</i>	<i>5.2</i>				<i>1.7</i>	<i>3.1</i>	<i>11.2</i>	<i>-7.9</i>		<i>12.5</i>	<i>5.5</i>	<i>8.0</i>	<i>3.5</i>
Angola	TF	121	194	8.0	-42.2	59.8	TF												
Cape Verde	TF	242	267	26.0	22.2	10.4	TF												
Chad	THS	16	25	13.3	-45.5	56.3	THS												
Gambia	TF	125	143	19.8	15.7	14.3	TF									36.5	-1.7	-6.0	7.5
Kenya	TF	1,644	..	28.8	7.0	..	VF(1)	-46.5	-49.2		-4.4	-57.4	-46.6	-35.5		12.3	15.5	13.8	2.2
Lesotho	VF	357	300	0.0	17.6	-15.9	VF												
Madagascar	TF	312	344	21.3	12.4	10.4	TF												
Malawi	TF	638	714	2.4	45.8	11.9	TF												
Mali	TF	153	164	26.8	6.9	7.4	THS												
Mauritius	TF	788	907	5.9	3.6	15.1	TF	6.4	7.2		3.2	7.5	11.5	3.6		16.6	24.7	14.4	8.3
Reunion	TF	279	381	-4.9	-31.8	36.5	NHS									-7.4	2.6	7.3	17.3
Seychelles	TF	141	161	6.5	9.3	14.7	TF	6.8	7.0		14.6	2.2	5.9	2.4	12.4	15.7	16.7	11.0	15.6
South Africa	TF	8,396	9,090	10.3	13.9	8.3	TF	5.8	11.2		5.3	10.1	19.0	-9.4		10.3	8.2	9.4	5.5
Swaziland	THS	873	870	82.8	4.1	-0.4	VF	-8.3	-3.7		-8.3	-7.2	4.4	-20.0		7.0	10.2	-2.1	-3.6
Tanzania	TF	628	692	4.2	6.4	10.2	NHS	4.6			4.6					13.4	10.3	24.9	6.5
Togo	THS	94	86	-2.3	16.5	-8.6	THS												
Uganda	TF	539	642	-8.7	15.1	19.2	TF									34.8	14.0	30.3	1.4
Middle East	40,930	47,633	5.4	8.2	16.4	12.5	16.6				11.9	30.0	10.7	-0.2		15.5	17.9	23.2	16.6
Bahrain	TF	4,519	..	11.4	15.5	..	VF	10.5	10.5							4.1	7.4	1.6	17.5
Egypt	TF	8,646	10,610	5.8	4.9	22.7	VF	25.1	25.1		26.7	25.6	23.6			15.1	17.3	22.6	32.0
Jordan	TF	3,547	3,431	4.7	18.8	-3.3	TF	-7.7	-14.9		-22.6	-10.1	-10.9	0.1	5.6	19.3	4.1	-12.1	-15.1
Kuwait	THS	185	292	14.3	77.9	57.8	THS									60.5	35.0	45.3	113
Lebanon	TF	1,063	1,017	-10.9	-6.7	-4.3	TF	-1.8	7.3		18.7	10.9	-2.3	-7.0	-17.9	-26.8	-39.8	75.1	9.2
Palestine	THS	123	264	57.1	39.8	114.5	THS									50.7	63.3	220	143
Saudi Arabia	TF	8,620	11,531	-6.5	7.3	33.8	TF	32.6			14.9	105				19.9	46.2	49.5	22.0
Utd Arab Emirates	THS	..	..	15.0	..	..	THS(2)	5.7	5.7		-0.2	5.7	11.4			6.0	8.2	5.6	9.4
Yemen	THS	382	379	22.8	13.8	-0.8	THS									1.2	0.9	-15.5	18.1

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

(1) Tourist arrivals in the International Airports of Jomo Kenyatta, Mobassa and Moi, as well as by Cruise Ships

(2) Dubai only

Lebanon's tourism (-2% in the first five months) was dealt another serious setback this year after the Beirut's Rafik Hariri International Airport was virtually closed following the blockade of access roads – a year after its tourism was hit by the conflict with Israel. Jordan's tourism, meanwhile, has shown an even greater decline than Lebanon's this year (-8% through the month of May), in contrast to that of Israel (part of Europe in UNWTO's regional division), which has rebounded strongly (+43%). The political strife continues to create headlines, but it has not deterred tourism. Growth in package tours and in pilgrimages has been boosted by the fact that Israeli prices are in US dollars, making the country very competitive vis-à-vis European destinations.

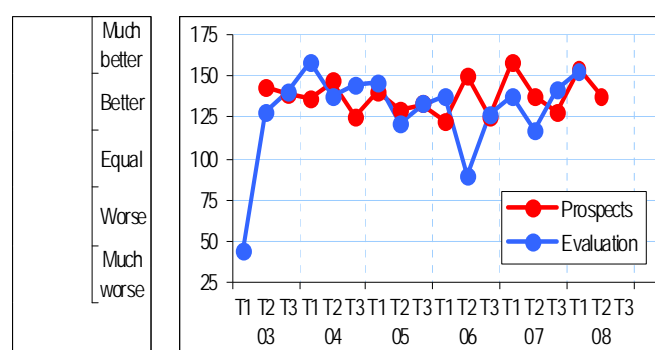
Prospects

Although it is logical to assume that the Middle East's tourism will be less affected by the overall economic slowdown and by high oil prices (a high percentage is after all intraregional, from source countries where oil is a source of increasing income), the region will not remain immune to their impact because of the cost of travel from

key source countries. Nevertheless, experts in the region proved the most bullish by far in terms of tourism prospects over the May-August period (with a score of 138). Indeed, it was the only region in the world in which the Panel showed greater optimism for the upcoming period than four months ago for the period January through April. Experts in Africa are less bullish in their projections, but they gave the third highest regional rating for May to August (after the Middle East and the Americas).

UNWTO Panel of Tourism Experts

Middle East



Source: World Tourism Organization (UNWTO) ©

International Tourism Receipts

	US\$			Local currencies, current prices (% on previous year)																				
	2000	2006	2007*	Series	2008*					2007*														
					05/04	06/05	07/06	YTD	Q1	Jan	Feb	Mar	Apr	May	YTD	Q1	Q2	Q3	Q4					
	(million)																							
Africa	10,411	24,602	28,292																					
<i>North Africa</i>	3,822	8,710	10,332																					
Morocco	2,039	5,967	7,264		17.7	28.1	13.4	-2.3	-3.0	-9.9	6.2	-2.3	-0.1	13.4	15.1	2.6	15.8	18.6						
Sudan	5	252	262	\$	324.4	183.2	3.7							3.7	60.9	4.5	-12.9	-13.8						
Tunisia	1,682	2,275	2,555		13.3	8.9	8.1	10.2	10.2					8.1	1.7	13.6	9.3	5.3						
<i>Subsaharan Africa</i>	6,589	15,893	17,960																					
Botswana	222	537	546		11.4	9.2	6.9																	
Cape Verde	41	228	344		28.3	77.5	38.4	22.7	22.7					38.4	50.2	29.0	24.3	50.8						
Ethiopia	57	162	177	\$	-3.3	-3.6	9.2							9.2	21.3	-26.2	-8.9	54.6						
Kenya	283	688	909	\$	19.2	18.7	32.2							32.3	29.9	43.4	34.6	21.8						
Madagascar	121	159	176		25.1	-7.4	-2.7																	
Mauritius	542	1,007	1,299		9.6	24.3	27.4	15.3	15.3					27.4	19.0	40.4	31.0	24.3						
Mozambique	74	140	..	\$	36.0	7.8	..							2.3	-13.9	22.0								
Namibia	160	384	434		-15.1	17.6	17.6							17.5	70.1	36.1	-12.0	-3.0						
Reunion	296	309	446	€	-1.3	-30.8	32.3																	
Sao Tome Prn	10	7	3	\$	6.3	-50.7	-49.3																	
Seychelles	139	228	285		11.9	19.0	51.7							18.6	9.5	10.4	35.6							
South Africa	2,675	7,875	8,418	sa	14.8	14.4	11.2	7.9	7.9					11.2	14.3	14.4	8.7	7.9						
Middle East	17,457	29,881	34,212																					
Bahrain	573	1,048	1,105		6.4	13.9	5.5																	
Egypt	4,345	7,591	9,303	\$	11.8	10.8	22.6							22.6	16.1	9.5	16.1	48.8						
Jordan	723	2,060	2,312		8.3	43.0	12.2	-4.2	-4.2					12.2	75.5	53.9	-10.6	-14.4						
Kuwait	98	203	222		-7.7	22.9	6.8																	
Saudi Arabia	..	4,961	5,228		-16.5	-8.5	5.4							5.3	2.7	2.7	2.7	19.3						

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2008)

See box at page 2 for explanation of abbreviations and signs used

While statistical information on trends in Gulf tourism this year is still thin on the ground, there is plenty of anecdotal evidence to support the bullish forecasts – at least for the medium to longer term. The region's governments are investing some US\$ 30 billion in airport construction projects, with the UAE accounting for nearly three quarters of the total – a development that augurs well for tourism over the next few years. The outlook for the hotel industry is positive for the short to medium term, although with approximately 120,000 new rooms coming on line, according to HVS International, a market correction is likely to happen as the new supply is absorbed, with lower occupancy and a decline in average rate expected, especially in the UAE and Qatar.

The Abu Dhabi Tourism Authority (ADTA) has nevertheless raised its hotel guest projections for the coming five years from the original targets set in 2004. The upgrade, revealed in the recently released ADTA's five-year plan 2008-2012, puts projected annual hotel guests at 2.7 million by the end of 2012 – 12.5% more than initially envisaged. The new target also calls for the emirate to have 25,000 hotel rooms by the end of 2012 – 4,000 up on the original forecast. This would increase hotel stock by 13,000 rooms on its current available inventory – no doubt causing a major headache in terms of qualified human resource availability.

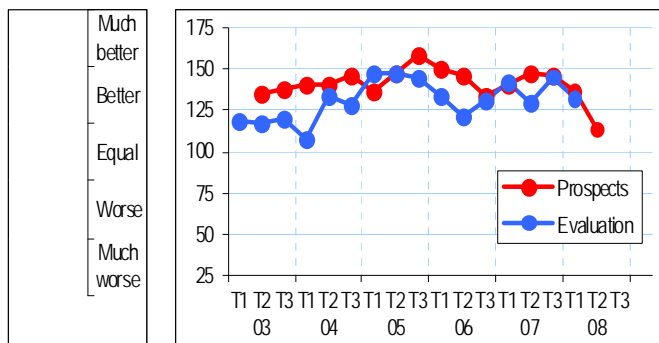
Middle East – notably in Egypt which is more dependent on the European source markets – about the likelihood of a market slowdown due to the current economic situation, but this has not slowed the pace of new tourism developments in Egypt or other parts of the Arab world.

The Lebanese expatriate community around the world, together with the intraregional source markets, especially those in the Gulf area, are expected to contribute to the recovery of Lebanon, in particular following the Doha Agreement and the election of the new president.

In Africa, the focus is clearly on Kenya for the short term. On the positive side, since the political situation has stabilized, the tourism promotional budget has been strongly reinforced to promote the country in core, emerging and new markets in an effort to return the sector to a steady growth path. Also of concern is the potential impact that the recent social turmoil in South Africa might have on the image of the destination as well as on growth of intraregional arrivals in the short-term.

UNWTO Panel of Tourism Experts

Africa



Source: World Tourism Organization (UNWTO) ©

Dubai's ambitious development plans continue apace, although it too is now facing a serious human resource problem with massive new accommodation and entertainment projects underway. But this has not yet had an effect on overall demand since, following first quarter 2008 airport traffic results, Dubai International Airport has now ousted Singapore from the sixth place in the world's ranking of leading airports.

Despite good growth in 2007, government authorities in Oman say it must offer more than 'sun and beach' if it is to compete with Dubai, just four hours drive from Muscat, and have therefore allocated around 15 sites for tourism developments expected to cost a total of some US\$ 20 billion over the seven years, as part of its plans to lure a million visitors by 2009. Away from the Gulf, where optimism continues to reign, there are some concerns in the

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In focus

Industry trends

This section covers issues related to different clusters of the tourism industry such as transport and accommodation. For that purpose, the *UNWTO World Tourism Barometer* counts on the regular collaboration of UNWTO's Affiliate Members. Comprising private sector representatives, educational institutions, tourism associations and local tourism authorities, the Affiliates Members are key players in the promotion of public-private partnerships that supports UNWTO overall aims – promoting responsible, sustainable and universally accessible tourism and contributing to economic development and international understanding, with particular attention paid to the interests of developing countries (see for further information www.unwto.org/afiliados).

The Secretariat is also pleased to count on the participation of Deloitte through its HotelBenchmark™ Survey, in the section dedicated to the hospitality industry. The objective for future editions is to broaden the scope of the *In focus* section and expand the collaboration to other organizations and sectors, such the meetings industry, the cruise sector, etc.

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UNWTO Affiliate Members

Times change – needs change: strengthening UNWTO's Affiliate Membership

Geoffrey Lipman, UNWTO Assistant Secretary-General and Spokesperson

The original founders of UNWTO had a unique vision for the Organization – a leadership body for the tourism sector with Government Members with a place at the table for the Private Sector, Academia and Civil Society.

It was an idea that was ahead of its time in the mid-20th century but it served the UNWTO well as the sector grew from 25 million international travellers at that time to more than 900 million today.

As tourism established itself as a key economic player, tourism offices became Ministries, destination management became a new discipline and businesses became increasingly independent from government and globally focused – whether they operated as multinational or niche operators.

And as aviation, telecommunications and multimedia made the world everyone's oyster – consumer, producer and regulator – the social dimension of the tourism phenomenon was consolidated.

As the UNWTO transitioned during this period to a full UN Agency, with a seat on the UN Secretary General's Chief Executive's Board, the value of a strong private sector presence has increased in importance for three main reasons:

- The UN is the key analysis, mobilization and response forum for dealing with global emergencies like avian flu, tsunamis, climate change and poverty – and the UN is putting public-private partnership at the heart of its solutions.
- The tourism marketplace is changing so rapidly with globalization that the roles of government as enabler and of the industry as deliverer are dynamically interrelating, and UNWTO provides a unique forum for dealing with the need for intelligent standards and interfaces.
- The tourism industry itself has an increasing need for market intelligence, risk assessment, financing expertise, communication and media support, networks, benchmarking and global policy orientation that UNWTO routinely delivers all over the world. This is particularly the case in the rapidly growing developing and emerging economies, where tourism offers very commercially interesting opportunities which are closely linked to corporate social responsibilities.

Recognizing this, the Executive Council, UNWTO's governing board, in June 2008 agreed a strategy to strengthen the Affiliates and to ensure that its activities

fully respond to the changing tourism patterns. The strategy was developed with the full support and engagement of the Affiliate Member Board, and its specialist Councils.

The main changes involve the following:

- Encouraging companies and communities to join the Affiliates to ensure complete global representation from large and niche operators.
- Working closely with tourism organizations and associations – international, regional and national – to engage them and their members on the main issues on their radar screens.
- Tightening the agenda for the Affiliates to deliver measurable results and particularly to mobilise common private sector inputs to UNWTO strategies and actions – such as the ongoing work with the Meetings Industry to apply the Tourism Satellite Account approach to measure that sector.
- Ensuring the three Affiliate specialist Councils on Business, Destinations and Academic/Science cross-fertilize their work and that of UNWTO and find some common points of focus – in 2008 climate response has been identified as the key issue. Focused regional meetings on climate solutions will be held in Egypt and Colombia at the end of 2008.
- A strong approach to support Corporate Social Responsibility activity using the UNWTO Global Code of Ethics, the Davos Declaration Process and the ST-EP (Sustainable Tourism – Elimination of Poverty) initiatives, working closely with the UN Global Compact (the framework for businesses committed to aligning their operations and strategies with the main UN principles).
- Providing general opportunities for public-private partnerships (PPP) in UNWTO programmes, particularly in response to the key interrelated challenges of climate change and poverty alleviation. In this context, UNWTO has secured a substantial EU grant for climate innovations projects for small and medium-sized enterprises in the accommodation sector, engaging organizations like the UN Environmental Programme (UNEP) and the International Hotel & Restaurant Association (IHRA) as partners and managed by the Business Council Executive Secretariat.
- A drive to develop large-scale PPP agreements with major corporations in priority UNWTO areas. Like the PPP with Microsoft to increase comprehensively the use of information and communications technologies (ICT) across the sector or with Qingdao Brewery to initiate poverty reduction projects in China.
- Initiation of an Annual ‘Summit’ of Affiliates, with government and other participants to focus on critical issues of common concern, with regional outreach events. The first Summit will be held in Jordan in 2009.

With this kind of approach and a small motivated secretariat support group we believe that the Affiliate Members will play an increasingly important and relevant role in UNWTO strategic planning and action. More importantly, we believe that UNWTO will be a more complete organization – better equipped to support the industry at both business and social responsibility levels and better equipped to provide its Member States with the capacity for balanced decision-making.

UNWTO is the only UN agency which groups the public and private sector among its Members. The Affiliate Members provide:

- A unique networking with ministers and senior decision-makers.
- Specialized events dealing with priority areas of today presented by leading industry experts.
- Extensive and unique documents and research reports free of charge for our Affiliates through our world class e-library.
- Valuable intangible benefits associated with the UNWTO brand as a hallmark of quality and ethics in tourism.
- Value for money: membership at € 2,400 (US\$ 3,600) per year.

Transport

Airlines

IATA's Monthly International Statistics (MIS)

Following a year of strong growth in 2007, members of the International Air Transport Association (IATA) in all regions of the world except Africa saw continuing, and – in the case of Latin America, even more impressive – growth over the first four months of 2008.

International passenger traffic, measured in revenue passenger-km (RPK) increased by 6% over the same period of 2007. Average passenger load factor was 75.6% worldwide – 1.4 percentage points down on last year's level. The best-performing region (by airline registration) was Latin America (+18% in RPK) followed by the Middle East (+12%).

However, year-on-year international passenger demand grew by only 3% in April and, as a result of capacity growth of 5%, load factors fell to 75.4%. This was a 1.5 point drop over the 76.9% recorded in the same month last year and reflected the third consecutive monthly year-on-year decline. The impact of an early Easter holiday in 2008 (in March) is estimated to have reduced comparative year-on-year traffic growth by about 2% in April while the 10% transatlantic capacity increase due to the USA-EU Open Skies agreement is estimated to have increased global traffic by about 1%.

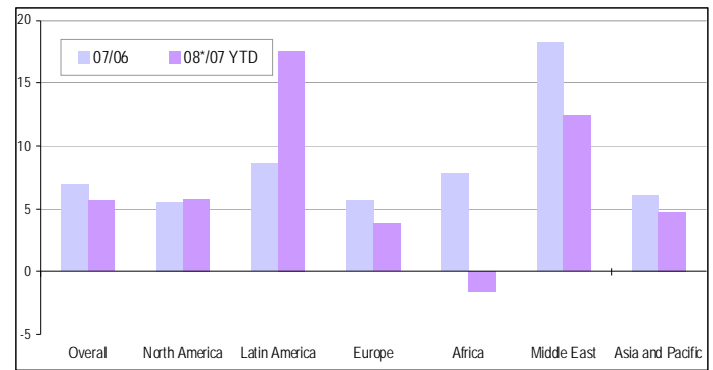
Still there are overall concerns as to a slower growth. "The impact of skyrocketing oil prices and weaker economies has made its way to traffic growth" said Giovanni Bisignani, IATA's Director General and CEO, at the association's recent Annual General Meeting in Istanbul. "At this time last year we were talking about 7% growth for the first four months of the year. There has been a step change downwards".

Airports

The performance of IATA's member airlines correlates fairly well with the results of the world's airports, compiled by Airports Council International (ACI). The latter, of course, covers domestic as well as international traffic and uses number of passengers handled as its base measure.

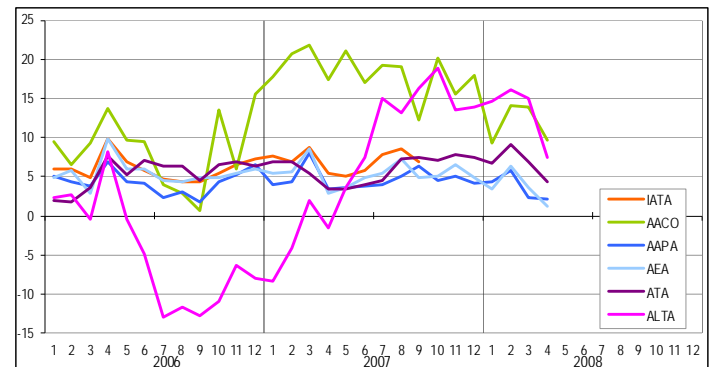
ACI data for the months of January through April 2008 points to a 3% year-on-year increase in airport passenger throughput – half the growth achieved in the first four months of 2007 – and a 6% rise in international traffic (one percentage point down). The big winner in terms of international traffic was the Middle East, with a 15% increase, followed by Africa (+14.5%), Latin America/Caribbean (+8%), North America (+7%), and Asia Pacific and Europe (+5% each).

International traffic of IATA reporting carriers by region of airline registration (% change)



Source: compiled by UNWTO from IATA

Air traffic on international routes by month (RPKs) (% change over same month previous year)



Source: compiled by UNWTO from IATA, AACO, AAPA, AEA, ATA and ALTA

Air transport data

The air transport data presented here refers to IATA members' scheduled international passenger traffic, according to region of airline registration, as well as to the traffic of the member airlines of the major regional airline associations broken down by routes operated. It should be taken into account that this data reflects the vast majority of, but not all air traffic, as the carriers included are mostly full-service airlines and the traffic operated by charter and low-cost airlines is only reflected to a rather limited extent.

Airline data is a particularly good indicator of short-term trends in medium- and long-haul traffic. For short-haul traffic, however, air transport is in competition with alternative modes of transport (in particular land-based, but also over water), and might be subject to shifts between different means of transport (depending on relative price, perception of safety, etc.). Furthermore, traffic is not expressed here in numbers of passengers carried, but rather measured in terms of revenue passenger-kilometres (RPK), with one RPK representing one paying passenger transported over one kilometre. This means that each long-haul passenger contributes more to total traffic measured in RPK than each short-haul passenger does.

Preliminary Air Transport Statistics

	Revenue Passenger-Km (RPK)							Capacity		Load factor		Passengers	
	2007	07/06	08*/07 Monthly data				07/06	08*/07	07/06	08*/07	07/06	08*/07	
			YTD	Jan	Feb	Mar	Apr	YTD		YTD		YTD	
	(billion)	(%)	(% on previous year)					(%)		(%)		(%)	

International Air Transport Association (IATA), Monthly International Statistics (MIS)

Scheduled international traffic of IATA reporting carriers by region of airline registration

Overall	2,366 ¹	6.9	5.6	5.6	8.4	5.6	3.0	5.7	6.2	77.0	75.6	8.3 ¹
North America	407	5.5	5.8	5.3	8.4	6.3	3.8	4.7	6.7	80.9	78.1	14.5
Latin America	92	8.6	17.5	22.9	22.6	19.9	4.0	9.2	15.8	72.9	74.2	3.4
Europe	837	5.6	3.8	3.1	6.0	4.6	1.6	4.7	5.3	77.6	74.6	8.3
Africa (incl. Egypt)	75	7.8	-1.6	2.0	-0.7	-4.3	-5.6	6.5	-4.0	69.4	69.7	9.4
Middle East (incl. Israel, Iran)	219	18.2	12.4	9.8	15.5	14.6	11.0	14.5	13.4	75.9	74.7	16.2
Asia and Pacific	735	6.1	4.7	5.2	7.7	3.1	2.6	4.5	4.5	75.9	76.1	6.8

Air Transport Association of America (ATA) - Scheduled Passenger Traffic Statistics ATA US Member Airlines

Scheduled mainline service	1,139	2.1	1.1	0.9	4.6	1.4	-2.1	1.1	1.4	80.8	78.5	1.4	-1.1
Domestic (incl. USA-Canada)	786	0.5	-1.4	-1.7	2.7	-0.9	-4.8	-0.7	-1.4	80.8	79.0	1.0	-2.1
International	353	5.9	6.7	6.7	9.2	6.9	4.4	5.3	7.8	80.7	77.6	4.4	5.7
Atlantic	168	9.7	11.2	10.7	14.6	10.8	9.7	9.6	13.9	81.0	75.4	8.2	9.9
Latin	86	5.6	7.6	6.6	11.1	10.7	1.9	2.9	4.2	77.9	79.4	4.8	6.4
Pacific	98	0.2	-0.7	1.5	0.5	-2.3	-2.3	0.6	2.3	82.7	79.6	-2.9	-2.4

Asociación Latinoamericana de Transporte Aéreo (ALTA) - Member Airlines Traffic Data

Total	154	7.8	12.0	12.5	14.3	12.0	5.6	8.9	11.3	70.8	71.1	8.4	7.4
Domestic	62	8.1	7.9	9.5	11.6	7.5	3.2	9.5	9.4	68.3	67.7	7.2	5.5
International	91	7.6	14.9	14.6	16.0	15.0	7.4	8.5	12.6	72.6	73.5	10.9	11.4
Latin America	34	22.2	16.8	11.3	8.9	7.3	28.0	20.1	14.3	71.4	72.4	20.9	10.2
Extra Latin America	58	0.6	13.8	16.4	20.7	19.7	-4.4	2.6	11.6	73.3	74.2	-0.1	13.1
North America	33	6.2	6.3	10.5	15.0	15.7	-19.2	6.2	-1.6	71.5	74.4	5.4	10.2
Europe	19	-6.3	28.3	32.3	33.4	25.6	20.5	0.4	38.3	74.7	72.1	-7.8	32.3
Asia and the Pacific	3	26.4	9.9	9.8	11.8	11.4	6.7	22.1	10.3	81.9	83.9	25.8	9.4
Charter	3	-26.8	8.3	-3.1	9.6	41.8	-6.7	-25.4	7.5	76.6	79.0	-21.5	8.0

Association of European Airlines (AEA) - Passenger Traffic of AEA Member Airlines

Total scheduled	776	5.1	3.2	3.0	6.1	3.1	1.0	4.2	5.2	77.1	73.5	4.1	2.6
Domestic	61	1.1	-1.3	-1.4	2.3	-3.9	-1.6	-0.2	-0.2	68.1	63.9	0.9	-1.6
Total International	715	5.4	3.5	3.3	6.4	3.7	1.2	4.6	5.7	78.0	74.4	5.6	4.5
Cross-border Europe	179	6.9	6.1	5.9	10.3	7.4	1.9	6.5	6.4	69.5	64.5	5.7	5.0
North Africa	9	8.2	10.1	9.5	14.9	12.6	4.5	6.7	10.2	69.5	67.9	6.9	6.1
Middle East	26	9.8	6.8	5.0	9.3	7.9	5.2	4.9	10.2	74.1	71.4	10.2	8.5
Total long-haul	501	4.6	2.4	2.4	4.9	2.1	0.6	3.8	5.0	81.9	78.9	5.0	2.8
among which:													
North Atlantic	196	4.4	1.2	1.8	5.6	1.8	-2.7	4.7	3.4	81.3	76.5	4.5	0.9
Mid Atlantic	51	3.0	3.1	1.7	4.1	5.3	1.3	0.5	3.8	84.1	84.7	4.3	4.8
South Atlantic	47	12.7	6.1	10.0	6.5	2.8	5.2	14.5	15.8	84.9	79.7	11.2	5.4
Far East/Australasia	152	3.2	1.5	0.9	3.6	-0.3	2.3	0.8	2.9	82.6	80.9	4.4	2.4
Sub Saharan Africa	54	4.7	4.3	2.0	5.7	5.6	4.1	4.1	7.6	78.5	75.5	5.3	4.8

Association of Asia Pacific Airlines (AAPA) - Consolidated Passenger Traffic

International operations	603	4.7	3.6	4.3	5.7	2.4	2.1	2.1	3.7	77.1	77.0	4.2	3.3
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Arab Air Carriers Organization (AACO) - AACO members' scheduled operations

Total	215	18.1	11.6	9.4	14.0	13.9	9.7	14.0	12.8	74.2	74.1	15.5	15.8
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Source: compiled by UNWTO from IATA, ATA, ALTA, AEA, AAPA and AACO

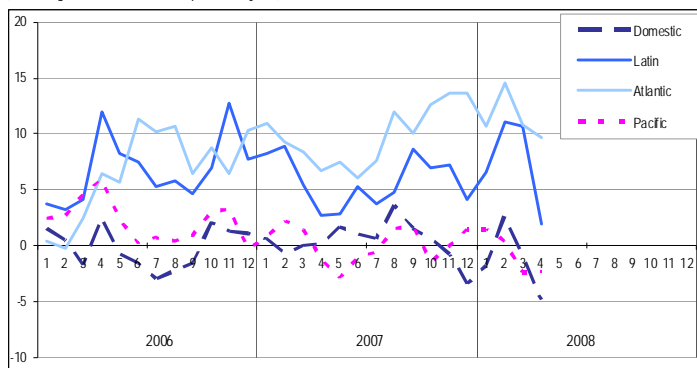
¹ All IATA carriers

As was the case with IATA's results, ACI highlights a weaker month of April (+2%), due to a switch in Easter holiday travel to the month of March. Domestic traffic fell by 5%. The largest domestic market, North America, was down by 13%, as a result of flight cancellations (American Airlines mandatory groundings), and ongoing route reduction and carrier consolidation, as well as the absence of Easter holiday travel – in March 2008 and in April 2007.

North America

Weak domestic demand in the USA (-1%) contributed to a disappointing performance in the first four months of 2008 from US member airlines of the Air Transport Association of America (ATA), which account for some 90% of revenue passenger-miles (RPM) of US airline traffic. International services, on the other hand, recorded a 7% increase, resulting in an overall rise of close to 1%.

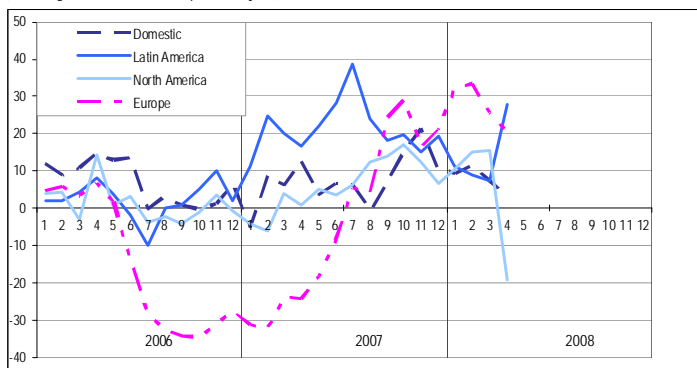
ATA: Air traffic on selected routes by month (RPKs)
(% change over same month previous year)



Source: compiled by UNWTO from ALTA

Routes to/from Latin America recorded an 8% rise in traffic, while traffic fell by 1% on Pacific routes. But transatlantic routes were the best for ATA member airlines (+11%) – partly attributed to the long-awaited USA-EU open-skies agreement that came into effect in April this year (capacity increased by almost 14% through April 2008).

ALTA: Air traffic on selected routes by month (RPKs)
(% change over same month previous year)



Source: compiled by UNWTO from ALTA

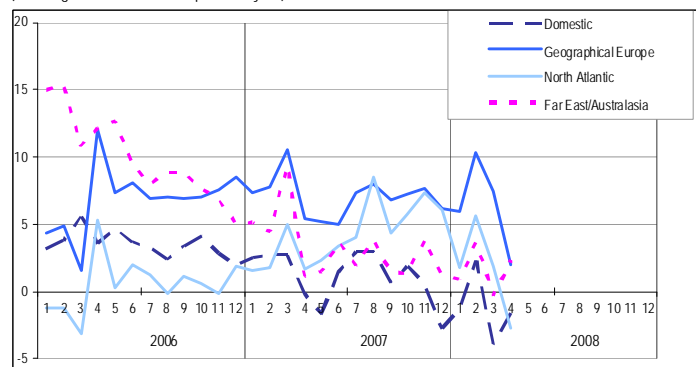
Latin America

Data provided by the Asociación Latinoamericana de Transporte Aéreo (ALTA) for the first four months of 2008 confirms the positive trends shown by IATA members in the region. The number of passengers carried by ALTA members increased by 7% to 37.6 million. Traffic (RPKs) rose 12% against a capacity growth of 11%, resulting in a 0.5 percentage point increase in average seat load factor of 71.1% for the period.

Europe

The Association of European Airlines (AEA) has also reported a decline of 1% for domestic traffic (RPK) over the January through April 2008 period, while traffic on international services increased by 3.5%. As already indicated, the earlier Easter this year contributed to a series of strong growth rates across AEA members' operating regions in March, counterbalancing lower figures for April. On international routes overall, the average seat load factor was 74.4% (down from 78.0% in 2007), with long-haul routes recording the highest loads.

AEA: Air traffic on selected routes by month (RPKs)
(% change over same month previous year)



Source: compiled by UNWTO from AACO

In the four-month period, AEA members achieved their best traffic growth on North African routes (+10%), followed by routes between Europe and the Middle East (+7%) and the South Atlantic (+6%). The North Atlantic (+1%) and routes to the Far East/Australasia (+1.5%) showed the weakest growth in traffic.

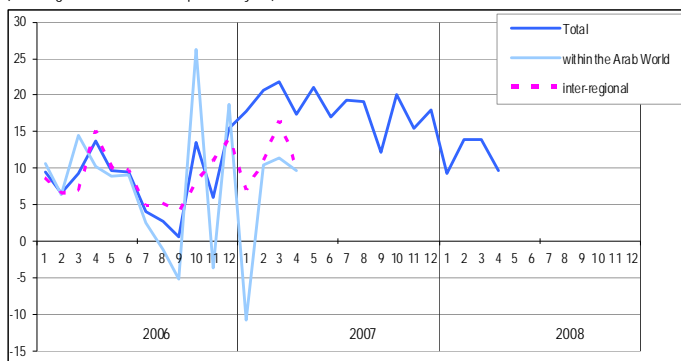
Economic conditions are taking their toll in the marketplace, says AEA, as the global slowdown and the credit crunch impact business confidence and travel volumes, while resurgent inflation is severely affecting discretionary income. In addition, the airlines have had to push ticket prices higher in an effort to mitigate soaring fuel costs. A number of airlines, in Europe and elsewhere, have already signalled that they could make substantial capacity cutbacks once the summer flying programme is completed, pointing to the possibility that traffic growth may evaporate altogether, AEA adds.

Asia and the Pacific

In the first four months of 2008, member airlines of the Association of Asia Pacific Airlines (AAPA) carried 48.5 million international passengers, representing 4% growth compared over the same period last year (+5% as measured in RPK). Capacity also rose by 4% (0.1 points higher than traffic), resulting in a 77% seat load factor on AAPA's international operations overall.

Sharply higher fuel costs are inevitably driving up the cost of travel, says AAPA. Meanwhile, airlines are looking to cut back poorly performing routes – Thai Airways, for example, has cancelled its non-stop services from Bangkok to New York and is selling all four of its A340s – while maximizing its utilization of more fuel-efficient aircraft. Nevertheless, after the doubling of oil prices over the past year, there is no sign of any respite from the current challenges.

AACO: Air traffic on selected routes by month (RPKs)
(% change over same month previous year)



Source: compiled by UNWTO from AACO

Middle East

Data from the Arab Air Carriers Organization (AACO) shows that the Middle East has again turned in one of the best performances of all world regions this year. Traffic (RPK) grew by 12% in the first four months of 2008 following an increase in capacity of nearly 13%. Though results are half those reported for the full 2007, the truth is that last year's growth was exceptional (+18%). And the trend is likely to be sustained. Dubai International Airport, for example, expects passenger growth to exceed 11 million between June and August this year, compared with 9 million passengers in the same three months of 2007.

Forecasts for 2008

Despite the apparently healthy demand for air transport in the first four months of 2008, there are a number of very serious concerns about short- to medium-term prospects for the industry, primarily as a result of the sharply rising price of oil, which hit US\$ 140 a barrel as the *UNWTO World Tourism Barometer* went to press. As a result, IATA's profit forecast for this year has progressively deteriorated with each succeeding quarter. It is now predicting losses of US\$ 2.3 billion worldwide but, if oil prices stay at around US\$ 135 a barrel, IATA says the losses could worsen to more than US\$ 6 billion. Every US\$ 1 rise in the oil price will add US\$ 1.6 billion to the global industry's fuel bill.

Rising costs are driving some of the weaker carriers into serious problems – more than a dozen carriers have filed for bankruptcy protection or entered administration so far this year, with losses driven primarily in the USA. Carriers in America are more vulnerable because they operate older, less fuel-efficient fleets and are exposed to a slowing domestic economy. However, two high-profile low-cost carriers outside the USA – Oasis in Hong Kong (China) and Silverjet in the UK – have also suspended operations since the beginning of 2008.

Airlines are responding to higher oil prices by raising fares, particularly through increases in fuel surcharges and/or charges for things like baggage and in-flight meals and drinks. In addition, they are looking to sell aircraft – or simply mothballing them – in an effort to take out capacity and, therefore, reduce costs. And recent reports suggest that Airbus and Boeing face the possibility that as many as one third of current orders could be postponed or cancelled. To some degree, this would suit the aircraft manufacturers as current production levels are inadequate to satisfy demand, but for the longer term this is a worrying sign.

To quote Bisignani, IATA's Director General and CEO, 2008 is "turning out to be a very tough year for the airline industry. The broadening impact of the US credit crunch has brought buoyant consumer confidence to an abrupt end. Demand is softening and, after the 64% improvement in labour productivity and an 18% reduction in non-fuel unit costs attained since 2001, efficiency gains are much more difficult to achieve."

Nevertheless, although it is small consolation, the likelihood is that things will not get really bad until 2009, or at least winter 2008/2009, when the increased fares – exacerbated by the reduction in capacity and resulting growing competition – are expected to seriously bite into consumer demand for long-haul travel. Even transatlantic routes, which are currently benefiting from a large number of new airline services thanks to the USA-EU open-skies agreement, will be affected unless there is a fall in the current high price of aviation fuel.

Hospitality



Global hotel performance remains strong despite economic uncertainties

The global hotel market got off to a good start in 2008, driven by strong average room rate growth. Analysis by Deloitte, the business advisory firm, reported that for the first four months of the year, all regions across the world – apart from North America – recorded double-digit revenue per available room (revPAR) growth (in US\$).

The battle for the fastest growing region was a tough one during the first four months of the year, but Central and South America came out on top with revPAR rising 22% to US\$ 90. This was largely driven by average room rate increases of 20%. Most markets have witnessed strong growth, with Bogota in Colombia taking pole position with a 44% increase in revPAR to US\$ 91. Panama City continues to do well, with average room rates jumping US\$ 38 to US\$ 165 compared to 2007. The country's political stability is attractive to both US tourists and investors and is strengthening its appeal to long-haul travellers from Europe, keen to explore new destinations in the region. Other cities in the region also reporting revPAR growth in excess of 30% included Sao Paulo and Caracas.

The Middle East came a close second in terms of revPAR growth during the first four months of 2008, up 20% to US\$ 138. The region can be proud to boast that it also had the highest occupancy and average room rates in the world at 77% and US\$ 180 respectively. Healthy double-digit revPAR growth continued in Dubai albeit at a slower pace than last year – up 11% to US\$ 310. The emirate also achieved the highest occupancy and average room rates in the region at 88% and US\$ 351. Resorts in Egypt also reported strong revPAR growth, as the country has become more popular with tourists due to the current low price of luxury status accommodation. Taba came out on top, with revPAR rising 85%. Occupancy grew from 48% to 73% suggesting that the 2004 terrorist attacks are no longer overshadowing the decision to spend time in Taba. However, in terms of absolute revPAR, the sunny destination was the lowest in the Middle East at US\$ 27. If hotels in the Middle East follow the same pattern set in the

Hotel performance by region

		Occupancy (%)		
		Year-to-April		
		2008	2007	Change
North America				
Canada	Montreal	54.0	55.4	-2.5
	Toronto	62.1	62.4	-0.4
	Vancouver	65.2	64.5	1.1
United States	Atlanta	62.1	64.9	-4.3
	Boston	59.1	57.8	2.3
	Chicago	57.4	59.3	-3.2
	Dallas	60.5	62.6	-3.3
	Denver	59.3	59.9	-0.9
	Houston	66.9	69.1	-3.2
	Los Angeles	72.5	74.6	-2.8
	Miami	80.5	79.3	1.6
	New Orleans	69.6	63.6	9.4
	New York	78.5	78.5	-0.1
	Orlando	74.2	73.9	0.4
	Philadelphia	62.2	64.9	-4.2
	Phoenix	72.7	78.9	-7.9
	San Diego	69.9	71.2	-1.9
San Francisco	69.8	67.7	3.2	
Seattle	63.4	64.5	-1.8	
St Louis	53.8	56.0	-3.9	
Washington DC	65.9	66.5	-0.9	
Mexico	Cancun	72.7	70.4	3.2
	Mexico City	66.7	64.5	3.4
Central and Southern America				
Costa Rica	San Jose	77.3	75.3	2.8
Peru	Lima	63.4	66.4	-4.4
Brazil	Rio de Janeiro	69.2	64.1	7.9
	Sao Paulo	62.3	60.9	2.2
Argentina	Buenos Aires	75.0	72.4	3.6
Chile	Santiago	77.5	74.5	4.0

Source: STR Global HotelBenchmark™ Survey.

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Data for North America sourced Smith Travel Research.

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Hotel performance by region

	Occupancy (%)			Average Room Rate - US\$			RevPAR - US\$		
	Year-to-April			Year-to-April			Year-to-April		
	2008	2007	Change (%)	2008	2007	Change (%)	2008	2007	Change (%)
Europe	62.7	63.0	-0.4	167	142	17.1	105	90	16.6
Europe (in euros)	62.7	63.0	-0.4	108	107	1.5	68	67	1.0
Middle-East	76.6	72.8	5.3	180	158	14.3	138	115	20.4
Asia and the Pacific	69.6	71.0	-2.1	148	126	17.5	103	90	15.1
North America	59.3	60.5	-1.9	109	103	5.4	65	63	3.3
Central and South America	67.9	66.4	2.2	132	111	19.6	90	73	22.3

Source: STR Global HotelBenchmark™ Survey and Smith Travel Research. © 2008 STR Global Limited. All rights reserved

Hotel performance by region

		Occupancy (%)		
		Year-to-April		
		2008	2007	Change
Europe				
Iceland	Reykjavik	49.9	55.2	-9.5
Norway	Oslo	65.3	67.4	-3.1
Sweden	Stockholm	63.3	61.7	2.5
Denmark	Copenhagen	57.1	59.3	-3.6
Ireland	Dublin	66.5	71.0	-6.3
United Kingdom	London	78.2	78.0	0.3
Netherlands	Amsterdam	73.8	76.4	-3.4
Belgium	Brussels	69.5	65.8	5.7
Luxembourg	Luxembourg	67.2	62.3	7.9
Germany	Frankfurt am Main	62.5	60.7	3.1
	Berlin	63.1	64.3	-1.8
France	Paris	75.5	71.6	5.4
Austria	Vienna	63.9	63.7	0.2
Switzerland	Geneva	65.7	66.0	-0.5
	Zurich	68.0	71.8	-5.4
Czech Rep	Prague	58.0	60.7	-4.5
Slovakia	Bratislava	57.1	57.2	-0.1
Hungary	Budapest	55.5	54.4	2.0
Poland	Warsaw	65.2	65.0	0.3
Russian Federation	Moscow	64.5	63.1	2.3
Portugal	Lisbon	59.9	57.9	3.4
Spain	Madrid	66.4	68.8	-3.4
	Barcelona	64.5	67.3	-4.1
Italy	Milan	67.3	63.8	5.5
	Rome	60.0	63.9	-6.1
Greece	Athens	59.3	59.2	0.1
Turkey	Istanbul	69.7	67.8	2.8
Israel	Tel Aviv	76.2	68.6	11.0

Source: STR Global HotelBenchmark™ Survey.

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first four months during the remainder of 2008, hoteliers could enjoy a remarkable five-year run of double-digit revPAR growth.

In Europe, revPAR were up 17% to US\$ 105 – however in local currency growth levels are much more muted at only 1%. Although the current economic slowdown and the strength of the euro against the Pound sterling and the US dollar may deter visitor numbers from these countries, a number of European cities have reported strong growth for the first four months of the year. Hotels in Russia continue to report some of the highest revPAR results in Europe, with Moscow achieving revPAR of US\$ 255 – up 28%. St Petersburg also witnessed strong growth, rising 36% as a result of strong average room rate growth. This impressive hotel performance, alongside a strong economic performance due to high oil prices, is setting the stage for an increasing amount of foreign direct investment in Russia. In Turkey, Ankara and Istanbul reported double-digit increases in revPAR. RevPAR in Ankara increased 35% to US\$ 79 while Istanbul was up 35% and achieved a much stronger absolute revPAR at US\$ 151. Turkey's

Ministry of Culture and Tourism is encouraging development in the industry and recently set a long-term tourism strategy with the ultimate goal of becoming one of the top five destinations in the world to receive the highest number of tourists and tourism receipts by 2023. This summer will be an interesting time for cities in Switzerland and Austria which will see rapid improvements in hotel performance during June when they hosted the UEFA Euro 2008™ football tournament.

Hotel performance by region

		Occupancy (%)		
		Year-to-April		
		2008	2007	Change
Asia and the Pacific				
China	Beijing	62.5	67.5	-7.4
	Shanghai	59.2	62.4	-5.2
Hong Kong (China)	Hong Kong	82.3	82.5	-0.2
Taiwan (pr. of China)	Taipei	71.3	73.6	-3.2
Japan	Osaka	77.0	78.8	-2.3
	Tokyo	76.7	81.0	-5.3
Korea, Republic of	Seoul	70.7	67.2	5.2
Vietnam	Hanoi	71.6	83.1	-13.8
Thailand	Bangkok	73.9	72.6	1.9
	Phuket	80.5	82.9	-3.0
Malaysia	Kuala Lumpur	68.1	68.8	-1.1
Singapore	Singapore	79.6	82.8	-3.8
Indonesia	Jakarta	64.0	60.0	6.6
	Bali Island	75.7	60.7	24.8
Philippines	Manila	76.3	78.3	-2.5
India	Mumbai	76.3	82.2	-7.2
	New Delhi	82.0	83.4	-1.7
Australia	Sydney	83.0	84.5	-1.8
New Zealand	Auckland	79.3	81.5	-2.7
Middle-East & Africa				
Egypt	Alexandria	73.5	74.2	-1.0
	Cairo	83.5	78.9	5.7
	Sharm El-Sheikh	85.7	79.0	8.5
	Taba	48.3	73.0	51.1
Jordan	Amman	68.4	57.1	19.8
Lebanon	Beirut	38.3	34.7	10.2
Syrian Arab Republic	Damascus	65.6	58.6	12.1
Kuwait	Kuwait City	66.6	67.6	-1.4
Qatar	Doha	78.3	82.0	-4.4
Untd Arab Emirates	Dubai	88.3	89.1	-0.9
	Abu Dhabi	87.0	80.4	8.2
Saudi Arabia	Riyadh	83.5	80.6	3.5
Oman	Muscat	83.7	84.3	-0.7
Kenya	Nairobi	40.6	72.8	-44.1
South Africa	Greater Cape Town	78.8	77.6	1.6
	Greater Johannesburg	75.5	74.3	1.6

Source: STR Global HotelBenchmark™ Survey.

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Hotels in Asia and the Pacific reported a 15% growth in revPAR for the first four months of 2008, breaking the US\$ 100 milestone with US\$ 103. Improvements were driven by double-digit increases in average room rates which now stand at US\$ 148. Bali stole the show in terms of revPAR growth across the region, with a staggering 42% increase in revPAR to US\$ 80. The Indonesian resort island has seen an impressive rebound over the last 18 months as it recovered from the bomb attacks in 2005. Singapore has also seen exceptional growth. Although occupancy dipped 4% to 80%, average room rates soared to US\$ 216, resulting in revPAR growth of 35%. This year, the country will host the inaugural Formula 1 SingTel Singapore Grand Prix. This will be the first street race in Asia, attracting Formula 1 enthusiasts from around the world. Beijing is in the final phase of preparations for the summer Olympic Games and although occupancy fell to 63%, average room rates were boosted 20% to US\$ 134. Hoteliers in Beijing will look forward to the coming months as the excitement surrounding the Olympics intensifies and hoteliers reap the benefits.

North America was the only region in the world not to achieve double-digit revPAR growth in the first four months of 2008. However, of course many of the other regions have benefited from exchange rate gains against the US dollar. While occupancy dipped to just below 60%, average room rates grew 5% to US\$ 109 – a US\$ 6 increase on the same period last year. Specifically in the USA, data from Smith Travel Research shows that there has been an increase in weekday demand and a drop in weekend demand which highlights that leisure travellers

are curtailing their travel plans. Cities on the east and west coast are benefiting from the weak dollar as visitors from Europe and Asia get greater value for money from travelling to the USA. San Francisco was the best performer in the country during the first four months of the year, with revPAR climbing 12% to US\$ 107 driven by average room rates which increased 8% to US\$ 153. Although some may see the weak dollar as being bad for the US economy, hoteliers will undoubtedly be cashing in as eager shoppers flock to the country.

In summary, global hotel performance got off to a good start in 2008, with many regions seeing strong double-digit revPAR growth. With the current economic climate and the strength of some currencies against the US dollar, it is likely that Europe will see some challenges as a result of a downturn in visitor numbers during the remainder of 2008 from traditional source markets such as the USA and UK. As figures have shown so far in 2008, certain cities across the USA will benefit from an influx in both European and Asia travellers keen to take advantage of exchange rate fluctuations which will help offset the slowdown in the domestic economy. The Middle East does indeed look set for a fifth year of double-digit growth and Asia looks well placed to sustain another year of strong growth.

Analysis has been provided by Deloitte & Touche LLP using data from the STR Global HotelBenchmark™ Survey and Smith Travel Research. For further information please call the Tourism, Hospitality and Leisure team at Deloitte on +44 (0)20 7007 0967 or visit www.deloitte.co.uk/tourismhospitalityleisure.

The economic environment

The short-term economic outlook presented in the January issue of the *UNWTO World Tourism Barometer* was rather uncertain – and the picture has not changed much since as there is still a lot of contradictory information around. Volatility remains high and there are a number of problems looming on the horizon that pose serious challenges to the global economy. These include the financial crisis and the credit crunch, the crash in the housing markets, sky high energy prices, exploding commodity prices and a threatening food crisis, soaring inflation, tumbling stock markets, an ever weaker US dollar and declining consumer confidence. On the other hand, a large number of countries all around the world are forecast to show robust GDP growth, especially the emerging economies. International tourism demand has so far remained resilient, although some destinations may have started to feel the impact, for instance those largely dependent on long-haul arrivals. For the tourism industry, the current economic environment is by and large a complicated one in which to operate, especially for the transport sector.

Since the publication of the latest *UNWTO World Tourism Barometer*, two major pieces of comprehensive analysis on the world economy have become available. The International Monetary Fund (IMF) published its April 2008 edition of the *World Economic Outlook* (WEO), while the United Nations Department of Economic and Social Affairs (DESA), Development Policy and Analysis Division issued in May a mid-year update on its *World Economic Situation and Prospects 2008* (WESP). Both sources concur on a number of issues but they differ in their overall assessment. The UN is more downbeat, while the IMF strikes a more optimistic note.

United Nations *World Economic Situation and Prospects 2008, Update as of mid-2008*

According to the update of the *World Economic Situation and Prospects 2008* (WESP) presented in mid-May “In the wake of numerous challenges, the world economy is teetering on the brink of a severe global economic downturn. The deepening credit crisis in major developed market economies, triggered by the continuing housing slump, the declining value of the United States dollar vis-à-vis other major currencies, persisting global imbalances, and soaring oil and non-oil commodity prices all pose considerable risks to economic growth in both developed and developing economies. Additionally, the unfolding food crisis, which is not only a grave humanitarian issue, but also a serious threat to social and political stability in some developing economies, endangers the achievement of the millennium development goals (MDGs) by reversing some of the progress towards those goals made so far.”

GDP growth measurement, methodological note

World aggregated growth of Gross Domestic Product (GDP) as reported by the UN is calculated as a weighted average of individual country GDP growth rates, where weights are based on GDP in 2000 prices and exchange rates (i.e. at 2000 market value). IMF estimates growth rates on the basis of GDP in purchasing power parity (PPP). This is done because the purchasing power of a US dollar varies from one economy to another. As a US dollar usually buys quite a lot more goods and services in emerging economies, their GDP is more strongly weighted in the aggregate, in general resulting in a higher growth rate as emerging economies tend to grow faster. For instance, at market value the weight of the USA is 25% and of China 6%, while at PPP their weights are respectively 21% and 11%

The UN presents three scenarios: a baseline, an optimistic scenario and a pessimistic one. In the baseline scenario, the growth of the world economy, which registered a rate of 3.8% in 2007, is expected to decline markedly, to 1.8% and 2.1% in the outlook for 2008 and 2009 respectively (or from 5.5% in 2007, to 3.4% in 2008 and 3.5% in 2009 using purchasing power parity weighting – see box above for the methodological note). This corresponds to a downward adjustment compared with previous projections attributable to further deterioration in the housing and financial sectors of the USA in the first quarter of 2008 and which is expected to continue to be a major drag for the world economy, extending into 2009. The prospects continue to be surrounded by much uncertainty. It is not clear whether the monetary and fiscal policy stimuli implemented in the USA will take effect any time soon or whether more protracted problems in financial and housing markets will push the major economy into a deeper recession with worldwide consequences. The contagion effects of the sub-prime mortgage market turmoil on developing countries have so far been limited, but as the downturn in the USA protracts, a more adverse impact should be expected, which would dim the prospects of reaching the MDGs by 2015.

Based on the situation in the second quarter of 2008, for the UN the baseline scenario seems the most probable of the three scenarios. Still, a more benign outcome is possible, if the monetary and fiscal policy stimuli taken by the USA take effect in the course of 2008 by boosting consumer spending and restoring confidence in the business and banking sector. In this optimistic scenario, the world economy is expected to experience a moderate slowdown to 2.8% in 2008 and a slight recovery in 2009 as growth improves to 2.9%.

In the pessimistic scenario, the world economy would slow to 0.8% in 2008, followed by a sluggish recovery of 1.4% in 2009. The report warns that, in the absence of aggressive and coordinated expansionary policies, a more pessimistic scenario could occur, triggering a disorderly unwinding of the massive global imbalances and having drastic implications for global trade and finance. In addition, the steep rise in food and energy costs is compounding the downside risks, particularly in view of the unfolding food crisis, which poses a threat to social and

political stability. The report recommends a multilaterally coordinated stimulus package centred on the expansion of domestic demand in surplus countries, while staying within existing fiscal capacity; deep reforms in mechanisms of international financial regulation and supervision; and meeting emergency food needs, while setting longer term strategies for alleviating supply constraints and improving food security.

The full United Nations *World Economic Situation and Prospects, Update as of mid-2008* is available for download at www.un.org/esa/policy/wess/wesp.html.

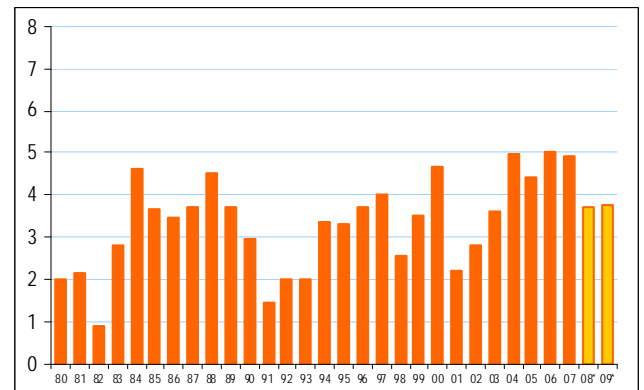
IMF World Economic Outlook, April 2008

On a more positive note, IMF's April *World Economic Outlook* (WEO) indicates that, although the global economic expansion is losing speed, world GDP is still forecast to expand by 3.7% in 2008 and 3.8% in 2009 against the robust 4.9% of 2007 (or from 3.7% in 2007, to 2.6% in both 2008 and 2009 using market value weighting, thus in between the baseline and the optimistic scenario of the UN - see box on previous page for methodological note). Growth prospects for most countries have been adjusted downwards compared with previous projections. The slowdown has been greatest in the advanced economies, particularly in the USA, where the housing market correction continues to exacerbate financial stress. The emerging and developing economies have so far resisted and continued to grow at a rapid pace, led by China and India, although activity is beginning to moderate in some countries. The group of emerging market and developing countries is still projected to grow by 6.7% in 2008 and by 6.6% in 2009, i.e. one percentage point above the long-term average for the period 1995-2007 of 5.6%, a pace they have maintained ever since 2003.

The IMF highlights that there have been two important shifts in the growth dynamic of the global economy. The first is that the strong growth in global activity over the past five years has been dominated by the emerging and developing economies. As consequence the increasing demand for key commodities such as oil, metals, and food is now driven by growth in these economies. The second shift

World

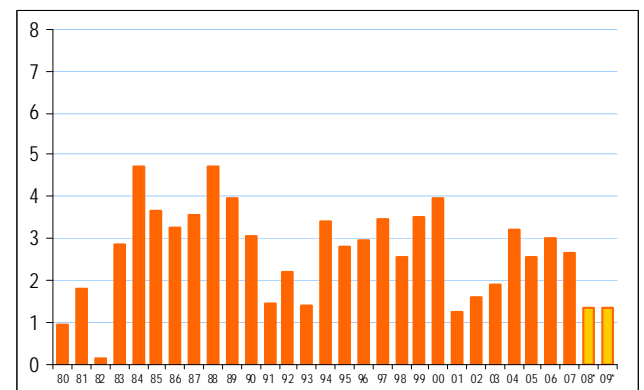
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Advanced economies

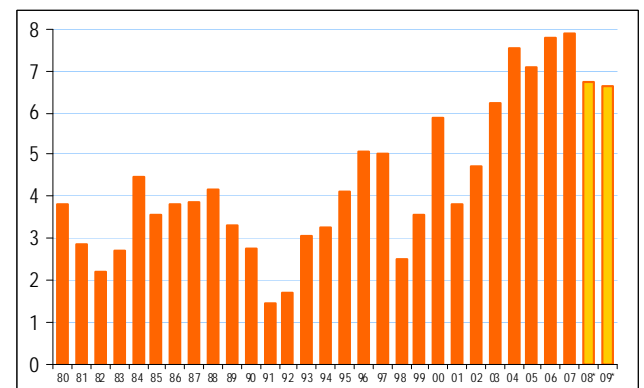
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Emerging market and developing countries

Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Overview of the economic growth projections by the International Monetary Fund (IMF), World Economic Outlook, April 2008

	GDP US\$ bn	Growth of Gross Domestic Product (GDP), constant prices											
		Change over previous year (%)							Current projections		Trend ¹		Average (%)
		2007	2002	2003	2004	2005	2006	2007	2008*	2009*	07-06	08*-07	09*-08*	1995-2007
World (purchasing power parity (PPP) weighted)	54,312	2.8	3.6	4.9	4.4	5.0	4.9	3.7	3.8	=	--	=	3.9
Memorandum: at market exchange rates		1.9	2.6	4.0	3.4	3.9	3.7	2.6	2.6	=	--	=	3.1
of which:													
Advanced economies	39,131	1.6	1.9	3.2	2.6	3.0	2.7	1.3	1.3	-	--	=	2.7
Emerging market and developing countries	15,181	4.7	6.2	7.5	7.1	7.8	7.9	6.7	6.6	=	--	=	5.6

Source: Compiled by UNWTO from International Monetary Fund, World Economic Outlook (www.imf.org/external/pubs/ft/weo/weorepts.htm)

¹ Percentage points change to previous year: -- < -1; - [-1,-0.2]; = [-0.2,0.2]; + [0.2,1]; ++ > 1

Overview of the economic growth projections by the International Monetary Fund (IMF), World Economic Outlook, April 2008

	GDP US\$ bn	Growth of Gross Domestic Product (GDP), constant prices											
		Change over previous year (%)						Current projections		Trend ¹			Average (%)
		2007	2002	2003	2004	2005	2006	2007	2008*	2009*	07-06	08*-07	09*-08*	1995-2007
<i>By UNWTO regions:</i>													
Europe	20,264	2.0	2.4	3.7	3.0	4.1	4.0	2.7	2.6	=	--	=	2.9
Euro area	12,158	0.9	0.8	2.1	1.6	2.8	2.6	1.4	1.2	=	--	=	2.2
Germany	3,322	0.0	-0.3	1.1	0.8	2.9	2.5	1.4	1.0	-	--	-	1.5
France	2,560	1.0	1.1	2.5	1.7	2.0	1.9	1.4	1.2	=	-	=	2.2
Italy	2,105	0.5	0.0	1.5	0.6	1.8	1.5	0.3	0.3	-	--	=	1.4
Spain	1,439	2.7	3.1	3.3	3.6	3.9	3.8	1.8	1.7	=	--	=	3.7
Netherlands	769	0.1	0.3	2.2	1.5	3.0	3.5	2.1	1.6	+	--	-	2.7
Belgium	454	1.4	1.0	2.8	2.0	2.9	2.7	1.4	1.2	-	--	=	2.3
Austria	374	0.9	1.2	2.3	2.0	3.3	3.4	1.9	1.7	=	--	-	2.4
Greece	315	3.9	5.0	4.6	3.8	4.2	4.0	3.5	3.3	=	-	-	3.9
Ireland	259	6.4	4.3	4.3	5.9	5.7	5.3	1.8	3.0	-	--	++	7.1
Finland	245	1.6	1.8	3.7	2.8	4.9	4.4	2.4	2.1	-	--	-	3.8
Portugal	223	0.8	-0.8	1.5	0.9	1.3	1.9	1.3	1.4	+	-	=	2.3
United Kingdom	2,773	2.1	2.8	3.3	1.8	2.9	3.1	1.6	1.6	+	--	=	2.9
Sweden	455	2.4	1.9	4.1	3.3	4.1	2.6	2.0	1.7	--	-	-	3.0
Norway	391	1.5	1.0	3.9	2.7	2.5	3.5	3.1	2.3	+	-	-	3.0
Denmark	312	0.5	0.4	2.3	2.5	3.9	1.8	1.2	0.5	--	-	-	2.2
Switzerland	424	0.4	-0.2	2.5	2.4	3.2	3.1	1.3	0.9	=	--	-	1.9
Central and Eastern Europe (excl. CIS)	1,232	3.2	4.5	5.7	4.8	6.5	6.2	4.6	4.3	-	--	-	4.1
Russian Federation	1,290	4.7	7.3	7.2	6.4	7.4	8.1	6.8	6.3	+	--	-	4.5
Turkey	663	6.2	5.3	9.4	8.4	6.9	5.0	4.0	4.3	--	-	+	4.6
Americas	18,726	1.3	2.3	4.2	3.4	3.5	3.1	1.6	1.5	-	--	=	3.1
United States	13,844	1.6	2.5	3.6	3.1	2.9	2.2	0.5	0.6	-	--	=	3.1
Canada	1,432	2.9	1.9	3.1	3.1	2.8	2.7	1.3	1.9	=	--	+	3.2
Latin America and Caribbean	3,450	0.4	2.1	6.2	4.6	5.5	5.6	4.4	3.6	=	--	-	3.4
Brazil	1,314	2.7	1.1	5.7	3.2	3.8	5.4	4.8	3.7	++	-	--	2.8
Mexico	893	0.8	1.4	4.2	2.8	4.8	3.3	2.0	2.3	--	--	+	3.7
Argentina	260	-10.9	8.8	9.0	9.2	8.5	8.7	7.0	4.5	=	--	--	3.3
Venezuela	236	-8.9	-7.8	18.3	10.3	10.3	8.4	5.8	3.5	--	--	--	2.9
Colombia	172	1.9	3.9	4.9	4.7	6.8	7.0	4.6	4.5	+	--	=	2.9
Chile	164	2.2	4.0	6.0	5.7	4.0	5.0	4.5	4.5	++	-	=	4.3
Peru	109	5.0	4.0	5.1	6.7	7.6	9.0	7.0	6.0	++	--	-	4.1
Asia and the Pacific	13,173	4.9	5.6	6.5	6.4	7.1	7.2	6.0	6.3	=	--	+	5.2
Japan	4,384	0.3	1.4	2.7	1.9	2.4	2.1	1.4	1.5	-	-	=	1.3
Australia	909	4.1	3.0	3.8	2.8	2.8	3.9	3.2	3.1	++	-	=	3.6
New Zealand	128	5.2	3.4	4.5	2.8	1.5	3.0	2.0	2.1	++	-	=	3.1
Newly Industrialized Asian Economies	1,708	5.5	3.2	5.9	4.8	5.6	5.6	4.0	4.4	=	--	+	4.6
Korea, Republic of	957	7.0	3.1	4.7	4.2	5.1	5.0	4.2	4.4	=	-	=	4.6
Taiwan (pr. of China)	383	4.6	3.5	6.2	4.2	4.9	5.7	3.4	4.1	+	--	+	4.6
Hong Kong (China)	207	1.8	3.0	8.5	7.1	7.0	6.3	4.3	4.8	-	--	+	3.9
Singapore	161	4.2	3.5	9.0	7.3	8.2	7.7	4.0	4.5	-	--	+	5.7
Developing Asia	5,724	6.9	8.1	8.6	9.0	9.6	9.7	8.2	8.4	=	--	=	7.4
China	3,251	9.1	10.0	10.1	10.4	11.1	11.4	9.3	9.5	+	--	=	9.5
India	1,099	4.6	6.9	7.9	9.1	9.7	9.2	7.9	8.0	-	--	=	6.8
Pakistan	144	3.2	4.8	7.4	7.7	6.9	6.4	6.0	6.7	-	-	+	4.5
Indonesia, Malaysia, Philippines, Thailand	1,009	4.9	5.6	5.9	5.1	5.5	6.1	5.7	5.9	+	-	=	3.7
Iran	294	7.5	7.2	5.1	4.7	5.8	5.8	5.8	4.7	=	=	--	5.0
Africa	1,095	6.1	5.2	6.4	5.7	5.8	6.1	6.2	6.4	+	=	=	4.8
South Africa	283	3.7	3.1	4.9	5.0	5.4	5.1	3.8	3.9	-	--	=	3.6
Algeria, Morocco, Tunisia	240	3.7	6.4	5.3	4.1	4.4	4.2	5.5	5.3	=	++	=	4.3
Nigeria	167	21.2	10.3	10.6	5.4	6.2	6.4	9.1	8.3	=	++	-	6.9
Middle East	1,093	2.2	6.6	6.1	6.1	5.8	5.8	6.2	6.7	=	+	+	4.5
Saudi Arabia	376	0.1	7.7	5.3	6.1	4.3	4.1	4.8	5.6	=	+	+	3.4
Untd Arab Emirates	193	2.6	11.9	9.7	8.2	9.4	7.4	6.3	6.4	--	--	=	6.6
Egypt	128	3.2	3.2	4.1	4.5	6.8	7.1	7.0	7.1	+	=	=	5.2

Source: Compiled by UNWTO from International Monetary Fund, World Economic Outlook (www.imf.org/external/pubs/ft/weo/weorepts.htm)¹ Percentage points change to previous year: -- < -1; - [-1,-0.2]; = [-0.2,0.2]; + [0.2,1]; ++ > 1

is the growing importance of emerging and developing economies in terms of global trade. They now account for about one-third of global trade and more than a-half of the total increase in import volumes since 2000.

Regional and country outlook

The USA – entering recession?

The US economy is slowing in early 2008, as falling house prices and tightening credit availability take a toll on consumption even as residential investment continues to drop, with effects on business investment. The key question is how long the present downturn will last. Previous US recessions have typically been followed by quite vigorous recoveries, as sharp corrections generally help resolve imbalances and monetary and fiscal stimuli kick in.

More recently, the IMF has revised its forecast on the US economy for 2008 to 1.0%, up from the previous forecasted 0.5% of the April WEO, and to 0.8% for 2009, up from 0.6%. Though the outlook remains uncertain due to the nature of the ongoing crisis in the financial and housing sectors, the slowdown in activity has been less than feared, and recovery should begin next year. Considering the severity of the shocks that have hit, the US economy has held up well so far, with substantial monetary and fiscal stimulus, buoyant net exports, and healthy corporate balance sheets all providing welcome support. However, their effect is being blunted by growing strains on household and bank finances, and now also by higher commodity prices. These strains, which have yet to fully feed through to domestic demand and activity, will take time to work out. As such, IMF projects that the slowdown will bottom out in the last part of the year, with GDP growth roughly flat in the fourth quarter of 2008, recovering gradually in 2009 to reach around 2% in the last quarter. (*2008 Article IV Consultation with the United States of America*, www.imf.org/external/np/ms/2008/061908.htm transcript of news conference 20 June 2008, www.imf.org/external/np/tr/2008/tr080620.htm).

Latin America and the Caribbean – under the impact of the US economy

Growth in Latin America and the Caribbean is expected to moderate to 4.4% in 2008 and to slow further to 3.6% in 2009. In some countries, growth will suffer appreciably as capacity constraints are expected to bite. Elsewhere, growth is projected to ease more modestly, responding to the tightening of monetary conditions and to less favorable external financial conditions, but high commodity prices should help sustain domestic demand across South America.

Will Europe resist?

To what extent will the momentum of European economies be weakened by the US slowdown? Economic relations between Europe and the USA remain significant. Exposure to the US subprime mortgage market had an impact on banks' capital in a number of countries and forced them to expand their balance sheets.

IMF's April growth projection for the eurozone was one of deceleration in growth to 1.4% in 2008 and 1.2% in 2009, down from a 2.6% increase in 2007. However, a recent assessment of the IMF for the eurozone's performance indicates an upward revision of forecast growth to 1.75% in 2008 and 1.25% in 2009. Thanks to the enhanced resilience of the eurozone economy, the impact of the various shocks is still contained, as evidenced by strong growth in the first quarter of 2008. But activity is still set to decelerate significantly in the coming quarters in response to global shocks, intensified by rising commodity and food prices cutting into consumption, the slump in the housing market dampening construction and household wealth and spending, and the tightening of financial conditions. The slowdown in global demand will weaken exports, as will the real effective exchange rate of the euro, which is now on the strong side of medium-run fundamentals, having borne a disproportionate burden of the depreciation of the US dollar. As the effects of the various shocks unwind, growth should re-accelerate to trend late in 2009, making for a mild slowdown by the standards of recent history. Risks remain large, notably on account of the ongoing financial turmoil. (*Concluding Statement of the IMF Mission on Euro-Area Policies*, www.imf.org/external/np/ms/2008/052808.htm)

The turmoil in global financial markets has also begun to affect most countries in the Commonwealth of Independent States (CIS), especially as bank and portfolio inflows have recently become the dominant source of external financing. Real GDP growth among the CIS countries is expected to ease to 7% this year and 6.5% in 2009. The risks to the outlook are tilted to the downside. A sharper-than-expected slowdown in the global economy would likely lead to a decline in oil and commodity prices, a key driver of regional growth, and could adversely affect external financing conditions.

Asia – will emerging economies remain immune to the global slowdown?

Prospects in Asia much depend on how resilient the region's financial systems and economies are to the ongoing financial market dislocation and the associated slowdown in the US and European economies. Growth for Japan is projected at 1.4% in 2008 and 1.5% in 2009, down from 2.1% in 2007. Equity prices have already fallen sharply on concerns over the economic outlook, and further declines represent a potential risk for bank and

corporate balance sheets, although the Japanese financial system has limited direct exposure to US subprime securities.

Against spillovers from advanced economies, growth in 'emerging' Asia is expected to decelerate but remain robust. GDP growth in China is forecast at 9.3% in 2008 and 9.5% in 2009 against a background of five years of double-digit growth. India's economy will slow further to 7.9% in 2008, down from 9.2% in 2007.

Africa and the Middle East – improved performance

Africa and the Middle East are the only world regions forecast to improve their economic performance in 2008 and further in 2009. In Africa, GDP is expected to improve slightly from 6.1% last year to 6.2% in 2008 and 6.4% in the following year. In Sub-Saharan Africa, although there are strong growth prospects, supported by domestic demand, the payoff from improvements in macroeconomic stability, and the reforms undertaken in most countries, risks remain. Growth will continue to be led by oil exporters, reflecting the coming on stream of new production facilities in oil-exporting countries. In the Middle East, the pace of growth is projected at 6.2% in 2008 from 5.8% in 2007 as the global financial market turmoil is expected to impact less directly on the region at the same time as local economies benefit directly from the rising oil prices. Nonetheless, the depreciation of the US dollar is complicating policymaking in some countries.

The full International Monetary Fund (IMF) *World Economic Outlook, April 2008* is available for download at www.imf.org/external/pubs/ft/weo/2008/01/index.htm.

Global risks: inflation, food crisis and rising oil prices

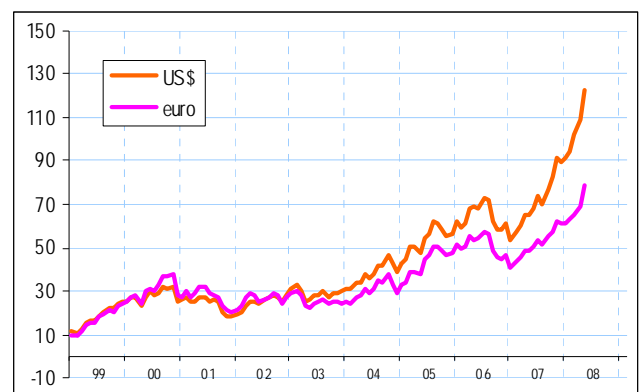
Risks from inflation and the oil market have intensified, notwithstanding the cooling of the global economy. Rising commodity prices have been an important source of inflation pressure in both advanced and developing economies. In the advanced economies, slowing growth has somewhat alleviated the pressure on resources, but rising inflation remains a concern, limiting the margin to lower interest rates. Inflation risks are also of continuing concern in many emerging and developing economies, where food and oil account for a large share of consumption baskets and where rapid growth has reduced output gaps and brought capacity utilization to high levels.

Continuing rising food and energy prices have pushed up inflation directly and indirectly. In the advanced economies, core inflation (excluding food and energy) has edged upwards in recent months despite slowing growth. In the emerging markets, headline inflation (including food and energy) has risen more markedly, reflecting both strong demand growth and the greater weight of energy and particularly food in consumption baskets. Commodity

markets have continued to boom despite slowing global activity. Strong demand from emerging economies, which has accounted for much of the increase in commodity consumption in recent years, has been one of the driving forces in the price hike. At the same time, supply adjustments to higher prices have lagged, notably for oil, and inventory levels in many markets have declined to medium- to long-term lows. The recent run-up in commodity prices also seems to have been at least partly due to financial factors, as commodities have increasingly emerged as an alternative asset class.

The UN *World Economic Situation and Prospects* update reports that continuing demand pressures and lagged supply effects are expected to keep food prices at high levels, which would have serious consequences, particularly for net food-importing economies. Most poor households in developing economies that are net food buyers will also be harmed by higher food prices. According to estimates by the UN Department of Economic and Social Affairs (DESA), the surge in global food prices since 2006 has put an additional 109 million people at risk of falling under the poverty line of US\$1 per day.

Oil: Average of UK Brent, Dubai, and West Texas Intermediate
(US\$ per barrel)



Source: International Monetary Fund

Oil prices

Over the past months, oil prices have again reached record highs, both in nominal and real terms, putting extra pressure into inflationary risks. The world's demand for oil has been growing faster than supply in recent years, leaving little spare capacity. These factors, coupled with occasional geopolitical tensions and incidents, have helped fuel prices rise. Buoyant economic performance, combined with end-user subsidies, are indeed feeding a 'demand shock' – as opposed to the supply shock of the 1970s and 1980s – which largely explains why oil prices remain high.

According to the International Energy Agency (IEA) in the *Oil Market Report* of June: "In reality, these abnormally high prices are largely explained by fundamentals (www.iea.org). Supply growth so far this year has been poor and higher prices are needed to choke off demand to balance the market (and if so, then

absolutely the worst response is to subsidize prices more, or in the case of the OECD, to cut taxes). If the supply shortfall is in diesel, which is indeed the case, then more targeted technology is also needed in the refining system. This is a case of supply and demand pulling in opposite directions to push prices higher. Balances may ease slightly this summer, but it is unlikely that this will prove to be the end to current market tensions.”

For the remainder of the year, the IEA reports that: “In those regions where consumers are largely exposed to international oil prices – namely OECD countries and most of the world’s poorest nations – oil demand is already stagnating or even falling, according to available data. In particular, demand in the USA – the traditional driver of oil demand growth in the OECD – is poised to contract markedly in 2008 as a result of the double squeeze provided by the slowing economy and higher prices.”

The Agency also alerts that: “In the medium to long term, as consumers realize that high prices are not due to temporary spikes and are therefore bound to remain at high levels, the structure of the vehicle fleet will arguably change gradually in favour of smaller cars and away from SUVs and light trucks. Such a trend would be further compounded by more stringent governmental mandates on fuel efficiency.”

As such, short-term oil demand growth is now expected to come only from countries where GDP growth is poised to remain strong and where consumers are shielded from the moods of the international oil market by virtue of administered price regimes – essentially oil-producing countries (in the Middle East, plus Nigeria and Venezuela), China and several large Latin American countries (namely Argentina and Mexico, and to a lesser extent Colombia and Chile). In Europe, although the price rise has been tempered by exchange rate appreciation since 2003, prices have also reached record highs, although in real terms still below past oil crises.

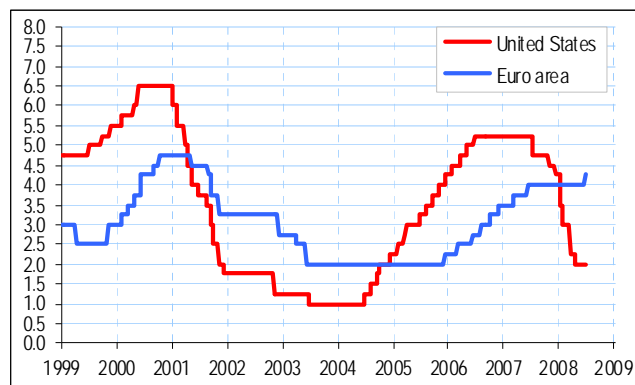
Interest rates

Monetary policy settings are now broadly supportive of recovery, and a risk-management approach would suggest that policy should be on hold. The US Federal Reserve (Fed) has eased interest rates aggressively in response to output risks, pushing the federal funds’ rate to a setting in real terms that in the past has been associated with recessions, from 5.25% in September 2007 to 2.00% in April 2008. In fact, the rate is still one percentage point above the lowest rate during the previous downturn. Although the impact of the Fed’s policy on the economy will be dampened by widening spreads and tighter lending standards, this is nevertheless considered a robust response to downward economic pressures. At the same time, surging commodity prices have lifted headline inflation, and there are some signs from bond markets and surveys that inflation expectations are edging up. Although the IMF anticipates a lessening of inflationary pressures, vigilance

will be required, given the stimulus in the pipeline and the imperative of keeping inflation expectations well in check. Thus, it could become necessary to withdraw stimulus quickly as the economic recovery gains traction.

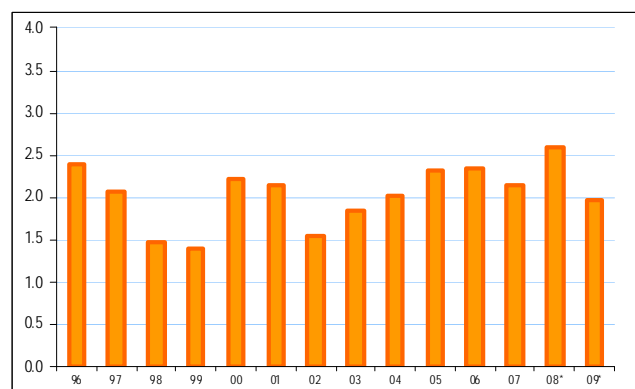
In contrast, after not changing eurozone interest rates for over a year, the European Central Bank (ECB) took the (already anticipated) decision at the beginning of July to raise its key interest rate by a quarter of a percentage point to 4.25% to help combat inflation.

Interest rate Federal Reserve and ECB (%)



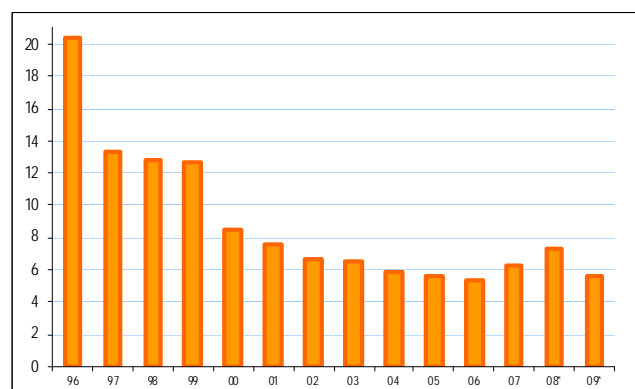
Source: Federal Reserve and European Central Bank (ECB)

Inflation
Advanced economies (%)



Source: International Monetary Fund

Inflation
Emerging market and developing countries (%)



Source: International Monetary Fund

Exchange rates

During the first half of 2008 the US dollar continued its decline against the euro with a decrease of 5% between January and June. In June, the euro exchanged at US\$ 1.56 (1 US\$=€ 0.64) as against US\$ 1.47 in January. Losses were even more significant for a number of other European currencies, such as the Czech koruna and the Polish zloty (-12% each), the Hungarian forint (-10%) and the Israel shekel (-10%). The US dollar also lost ground to various Latin America currencies, most notably the Colombian peso (-13%), the Brazilian real (-9%) and the Mexican peso (-5%).

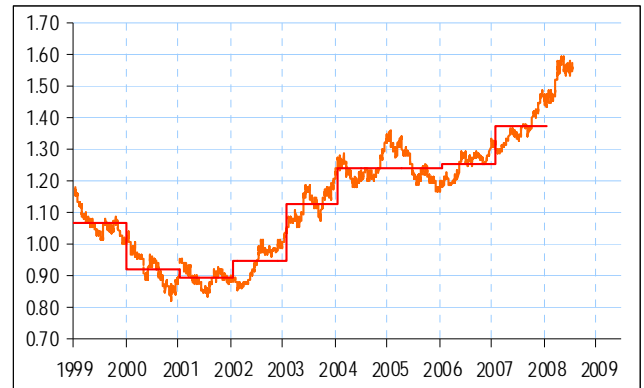
Furthermore, the US dollar weakened further against the Australian dollar (-7%) and the Chinese yuan (-5%). In April, it traded below seven yuan to the dollar for the first time since 1994. Though it might not look impressive, the appreciation of the yuan is particularly relevant given the typically tight control of China's central bank over the market for the currency. A decade-long peg of 8.28 yuan to the US dollar was only abandoned in 2005, switching to a basket of currencies. Over the past few months the yuan has been allowed to appreciate comparatively rapidly as part of a government's effort to dampen rising inflation.

A relief for the US dollar was that there was only little change during these first six months with respect to its rate versus the Canadian dollar, the Pound sterling, the Japanese yen, the Hong Kong dollar, the Malaysian ringgit and the Sri Lankan rupee. Some currencies were weaker than the US dollar. The South African rand continued to decline from its previous strength with the dollar gaining 13%. The US dollar gained some 8-9% against the Asian currencies – the Korean won, Thai baht, Philippine peso, Indian rupee and Pakistan rupee, while it gained 5% against the Turkish lira.

On the other side of the coin, the euro gained 5-6% against the US dollar and the above mentioned currencies that more or less stayed put with it. In all cases, the US dollar depreciated, the euro lost some 6% less and in cases the dollar appreciated, it gained some 6% more. Particularly relevant for intra-European travel of course is the relative depreciation of the euro against some of the currencies of Central and Eastern Europe, and its appreciation against the pound sterling (+6%) and the Turkish lira (+11%).

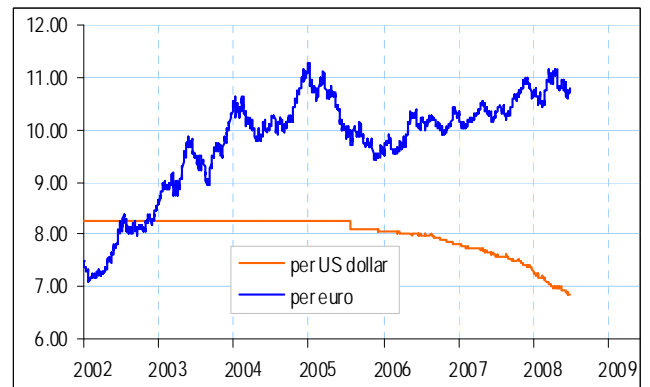
Exchange rate euro to US dollar

(US\$ per €)



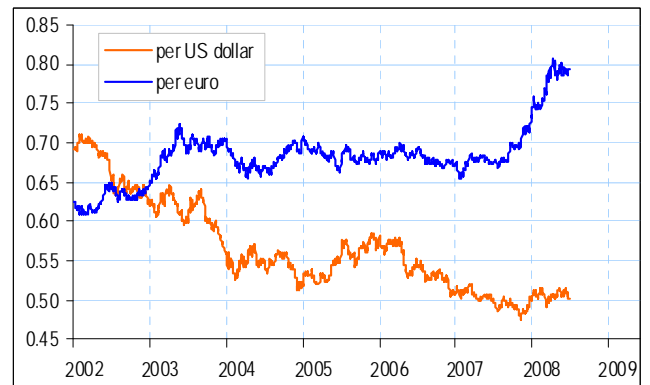
Source: De Nederlandse Bank

Exchange rate Chinese yuan renminbi



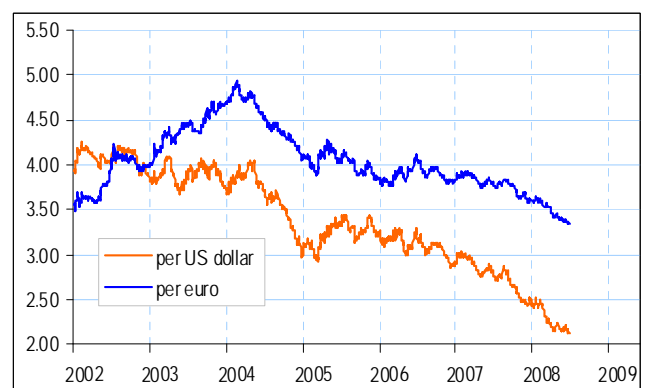
Source: De Nederlandse Bank

Exchange rate British pound



Source: De Nederlandse Bank

Exchange rate Polish zloty



Source: De Nederlandse Bank

Exchange rates

	Currency units per US dollar								Currency units per euro									
	Average		06/05	07/06	2007	2008	year ago	J.-J.08	Average		06/05	07/06	2007	2008	year ago	J.-J.08		
	2006	2007	%	%	Jun	Jan	Jun	%	2006	2007	%	%	Jun	Jan	Jun	%		
US dollar	-	-			-	-	-		1.26	1.37	0.9	9.2	1.34	1.47	1.56	15.9	5.7	
Canadian dollar	1.13	1.07	-6.5	-5.5	1.07	1.01	1.02	-4.6	0.6	1.42	1.47	-5.6	3.1	1.43	1.49	1.58	10.6	6.3
Mexican peso	10.91	10.93	0.0	0.2	10.84	10.91	10.33	-4.7	-5.4	13.69	14.97	1.0	9.4	14.54	16.06	16.06	10.4	0.0
Jamaican dollar	65.47	69.04	6.1	5.5	68.33	70.78	71.33	4.4	0.8	82.20	94.63	7.0	15.1	91.69	104.18	110.95	21.0	6.5
Guatemalan quetzal	7.61	7.68	-0.4	0.9	7.68	7.70	7.50	-2.4	-2.6	9.55	10.52	0.5	10.2	10.31	11.34	11.66	13.1	2.9
Honduran lempira	18.90	18.90	0.4	0.0	18.90	18.89	18.91	0.1	0.1	23.73	25.90	1.3	9.1	25.36	27.80	29.41	16.0	5.8
Argentine peso	3.09	3.15	5.7	1.8	3.10	3.17	3.12	0.6	-1.8	3.88	4.31	6.7	11.1	4.16	4.67	4.85	16.6	3.8
Brazilian real	2.17	1.94	-10.9	-10.6	1.93	1.77	1.62	-16.2	-8.7	2.73	2.66	-10.1	-2.4	2.59	2.61	2.52	-2.9	-3.6
Chilean peso	531	522	-5.3	-1.7	527	478	496	-5.8	3.7	666	715	-4.4	7.3	707	704	772	9.2	9.6
Colombian peso	2360	2075	1.6	-12.1	1926	1978	1730	-10.2	-12.5	2964	2843	2.5	-4.1	2585	2911	2691	4.1	-7.6
Peruvian new sol	3.27	3.13	-0.7	-4.5	3.17	2.95	2.89	-8.8	-1.9	4.11	4.29	0.2	4.3	4.25	4.34	4.50	5.7	3.7
Euro	0.80	0.73	-0.9	-8.4	0.75	0.68	0.64	-13.7	-5.4	-	-			-	-	-		
Danish krone	5.94	5.44	-0.8	-8.5	5.55	5.06	4.80	-13.6	-5.3	7.46	7.45	0.1	-0.1	7.45	7.45	7.46	0.2	0.1
Swedish krona	7.37	6.75	-1.2	-8.4	6.95	6.41	6.03	-13.3	-5.9	9.25	9.25	-0.3	0.0	9.33	9.43	9.37	0.5	-0.6
Pound sterling	0.54	0.50	-1.2	-8.0	0.50	0.51	0.51	1.1	0.2	0.68	0.68	-0.3	0.4	0.68	0.75	0.79	17.2	5.9
Czech koruna	22.57	20.26	-5.7	-10.2	21.27	17.70	15.63	-26.5	-11.7	28.34	27.77	-4.8	-2.0	28.55	26.05	24.32	-14.8	-6.7
Hungarian forint	210	183	5.6	-12.9	187	174	156	-16.4	-10.4	264	251	6.5	-4.9	250	256	242	-3.1	-5.3
Polish zloty	3.10	2.76	-4.0	-11.0	2.84	2.45	2.17	-23.6	-11.5	3.90	3.78	-3.2	-2.9	3.81	3.61	3.37	-11.4	-6.5
Croatian kuna	5.83	5.35	-1.9	-8.2	5.46	4.97	4.66	-14.7	-6.3	7.33	7.34	-1.0	0.2	7.33	7.32	7.25	-1.1	-0.9
Norwegian krone	6.41	5.85	-0.4	-8.7	6.01	5.41	5.14	-14.4	-5.0	8.05	8.02	0.5	-0.4	8.06	7.96	7.99	-0.8	0.4
Swiss franc	1.25	1.20	0.7	-4.3	1.23	1.10	1.04	-15.8	-5.7	1.57	1.64	1.6	4.4	1.65	1.62	1.61	-2.4	-0.4
Russian rouble	27.17	25.55	-3.9	-6.0	25.91	24.48	23.64	-8.8	-3.4	34.11	35.02	-3.1	2.7	34.77	36.03	36.77	5.7	2.1
Turkish lira	1.44	1.30	6.9	-9.5	1.32	1.18	1.23	-6.5	4.9	1.81	1.79	7.9	-1.2	1.77	1.73	1.92	8.3	10.9
Israeli new shekel	4.45	4.11	-0.7	-7.8	4.18	3.74	3.36	-19.7	-10.1	5.59	5.63	0.2	0.6	5.61	5.50	5.22	-7.0	-5.0
U.A.E. dirham						3.67	3.67		0.1						5.40	5.72		5.8
Moroccan dirham	8.79	8.19	-0.7	-6.9	8.33	7.72	7.37	-11.6	-4.5	11.04	11.22	0.2	1.6	11.18	11.36	11.46	2.5	0.9
Tunisian dinar	1.33	1.28	2.6	-3.9	1.30	1.22	1.18	-9.8	-3.2	1.67	1.75	3.6	4.9	1.75	1.79	1.83	4.6	2.3
South African rand	6.79	7.05	6.8	3.7	7.17	7.01	7.94	10.7	13.3	8.53	9.66	7.7	13.2	9.62	10.31	12.35	28.3	19.8
Japanese yen	116	118	5.7	1.2	123	108	107	-12.8	-0.8	146	161	6.7	10.4	165	159	166	1.0	4.8
Chinese yuan renminbi	7.97	7.60	-2.7	-4.6	7.63	7.24	6.90	-9.6	-4.7	10.01	10.42	-1.8	4.1	10.24	10.66	10.73	4.8	0.7
Hong Kong dollar	7.77	7.80	-0.1	0.4	7.81	7.80	7.81	-0.1	0.0	9.75	10.69	0.8	9.6	10.49	11.49	12.14	15.8	5.7
Taiwan dollar	32.53	32.84	1.2	1.0	32.97	32.37	30.36	-7.9	-6.2	40.85	45.01	2.1	10.2	44.24	47.64	47.22	6.7	-0.9
Singapore dollar	1.59	1.51	-4.6	-5.2	1.54	1.43	1.37	-11.0	-4.4	1.99	2.06	-3.7	3.5	2.06	2.11	2.13	3.2	1.0
Korean won	955	929	-6.8	-2.7	928	943	1032	11.2	9.4	1199	1273	-5.9	6.2	1245	1388	1605	28.9	15.7
Thai baht	37.91	32.26	-5.8	-14.9	32.41	30.41	33.21	2.5	9.2	47.59	44.21	-4.9	-7.1	43.49	44.76	51.65	18.8	15.4
Malaysian ringgit	3.67	3.43	-3.2	-6.3	3.45	3.27	3.26	-5.5	-0.3	4.60	4.71	-2.3	2.2	4.62	4.81	5.07	9.6	5.4
Indonesian rupiah	9,169	9,141	-5.5	-0.3	8,984	9,403	9,288	3.4	-1.2	11,512	12,528	-4.6	8.8	12,056	13,839	14,445	19.8	4.4
Philippine peso	51.27	45.99	-6.9	-10.3	46.18	40.82	44.30	-4.1	8.5	64.38	63.03	-6.0	-2.1	61.97	60.08	68.90	11.2	14.7
Vietnamese dong	15965	16097	0.7	0.8	16141	16044	16407	1.7	2.3	20046	22062	1.6	10.1	21659	23614	25518	17.8	8.1
Australian dollar	1.33	1.19	1.2	-10.1	1.19	1.13	1.05	-11.5	-7.4	1.67	1.63	2.1	-1.9	1.59	1.67	1.63	2.6	-2.1
New-Zealand dollar	1.54	1.36	8.7	-11.9	1.32	1.29	1.31	-0.7	1.4	1.94	1.86	9.7	-3.9	1.77	1.91	2.04	15.1	7.2
Fiji dollar	1.73	1.61	2.6	-6.9	1.60	1.54	1.50	-6.5	-2.9	2.17	2.20	3.6	1.6	2.15	2.27	2.33	8.4	2.6
Indian rupee	45.21	41.16	2.6	-9.0	40.58	39.25	42.78	5.4	9.0	56.76	56.41	3.6	-0.6	54.46	57.77	66.53	22.2	15.2
Pakistan rupee	60.34	60.80	1.2	0.8	60.70	62.47	67.41	11.1	7.9	75.77	83.32	2.2	10.0	81.45	91.95	104.84	28.7	14.0
Sri Lanka rupee	104	111	3.6	6.3	111	108	108	-2.8	-0.2	131	152	4.5	16.1	149	159	168	12.7	5.4

Source: compiled by UNWTO based on data from De Nederlandse Bank (DNB)/European Central Bank (ECB) and the Bank of Canada

World Tourism Organization (UNWTO) Publications



Youth Travel Matters –

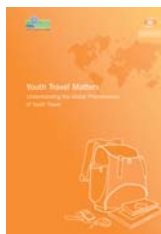
Understanding the Global Phenomenon of Youth Travel

Youth Travel Matters – Understanding the Global Phenomenon of Youth Travel offers a global overview of the youth and student travel industry, by revealing the latest trends in youth travel destinations, products and innovations.

The report, developed by UNWTO and the World Youth Student & Educational Travel Confederation (WYSE Travel Confederation) shows that the motivations of young travellers make this market extremely important to the key objectives of the global tourism agenda. The value of youth, student and educational travel is being recognised by educational institutions, employers, official tourism organisations and governments worldwide.

This report explains the uniqueness of this segment, its wish to explore and engage with cultures. It focuses on the special mix of their travel ambitions with study, work, volunteer placements and adventure.

Available in English



Published: 2008
Price: € 40

Handbook on Tourism Market Segmentation – Maximising Market Effectiveness

Market segmentation is crucial for National Tourism Organizations (NTO) and Destination Marketing Organizations (DMO) in making sure that their resources are used in the most effective way. This new UNWTO/ETC manual, aimed ultimately at helping destinations improving their marketing effectiveness, is divided into four distinct sections. The first sets out the theory and rationale for segmentation. Other areas look at the current methods and practices, detailing some of the main methodologies; at practical steps to introducing or developing further segmentation-based marketing activities, and finally at best practices in the area of tourism market segmentation, including the analyses of a number of case studies.

Available in English



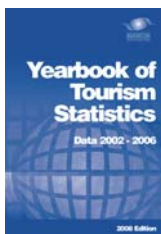
Published: 2007
Price: € 45

Yearbook of Tourism Statistics Data 2002 – 2006

The 2008 edition of the Yearbook of Tourism Statistics provides for 204 countries and territories data on total arrivals and overnight stays associated to inbound tourism with breakdown by country of origin for the period 2002 - 2006.

The titles of the tables are in English only. Notes are given in English, French and Spanish. Names of countries, regions and sub-regions as well as the classification included on the tables are in English only. Countries are classified in accordance with English alphabetical order.

Trilingual (English, French and Spanish)



Published: 2008
Price: € 175

UNWTO World Tourism Barometer

The *UNWTO World Tourism Barometer* offers a unique overview of short-term international tourism trends, updated three times a year. It is developed by UNWTO with the aim to provide all those directly or indirectly involved in tourism with adequate up-to-date statistics and analysis in a timely fashion. Each issue contains three regular sections: an overview of short-term tourism trends including data on international tourist arrivals, tourism receipts and expenditure for over 100 countries worldwide and data on air transport on major routes; a retrospective and prospective evaluation of current tourism performance by the members of the UNWTO Panel of Tourism Experts; and selected economic data relevant for tourism. The UNWTO World Tourism Barometer is published in January, June and October.

Available in English, French and Spanish in print and PDF version



Price: € 65, 3 issues (PDF version)
€ 95 (PDF and print version)

Cruise Tourism – Current Situation and Trends

Over the past years, worldwide demand for cruise tourism has posted some of the biggest gains within the tourism sector. The constant dynamism in cruise activity, as well as the increasing number of countries that include cruises as a key product for their tourism development, has led to update and expand the first edition of the UNWTO study on cruise tourism (2003). This new study discusses subjects like the current supply and demand for cruises as well as the characteristics, trends. A new element includes the relationship between destinations and cruise lines, analysing key factors such as legislation, promotion and the economic impact of cruises through reference cases. It presents current trends in this industry in terms of innovation, safety and security, and sustainability, and identifies the major lines that will shape the sector.

Available only in Spanish



Published: 2008
Price: € 80

Structures and Budgets of National Tourism Organizations, 2004 – 2005

Structures and Budgets of National Tourism Organizations (NTOs) is a benchmarking reference tool on inbound tourism promotion. The report compiles and analyses updated and comparable information on the budgets that NTOs allocate for the promotion of inbound tourism as well as their structure, functions and forms of operation in order to illustrate different forms of NTO organization and possible action in the area of inbound tourism promotion. The first part of the report is focused on the NTOs structure and functioning. The second part presents an overall view of NTO budgets for around 50 countries.

Available in English, French, Spanish and Russian



Published: 2006
Price: € 50

Compendium of Tourism Statistics Data 2002 – 2006

The Compendium is designed to provide a condensed and quick-reference guide on the major tourism statistical indicators in each country. The 2008 edition provides statistical information on tourism in 208 countries and territories around the world for the period 2002 - 2006. It is edited in English only, with countries classified according to English alphabetical order. For easy reference in Arabic, French, German, Russian and Spanish, the text of the basic indicators and the basic references has been printed in a separate pasteboard.

Multilingual (English, French, Russian, Spanish, Arabic, German)



Published: 2008
Price: € 65

Tourism Market Trends, 2006 Edition

Tourism Market Trends is UNWTO's regular series of reports with a comprehensive and timely analysis of international tourism trends in the world and the various regions, subregions and countries. The series examines short- and medium-term tourism development and analyzes statistical information on a set of indicators including international tourist arrivals, international tourism receipts, arrivals by region of origin, purpose of visit and means of transport, volume of trips abroad, international tourism expenditure, etc. The full series consists of one volume providing an overview of the tourism trends in the world, *World Overview & Tourism Topics*, and five regional and subregional volumes presenting for each country a digest of statistical data as well as an evaluation of the past year.

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World Overview & Tourism Topics: English, French and Spanish
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Asia: English
Europe: English and French
Middle East: English



Published: 2007
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