

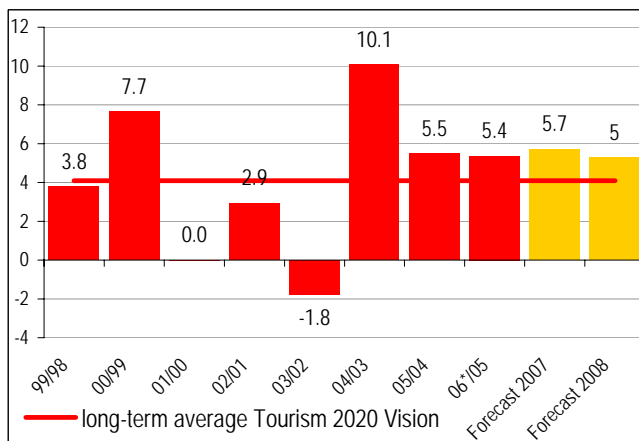


Full steam ahead for international tourism

Provisional data on international tourist arrivals for the first eight months of 2007 point to a continuation of the sustained growth rate experienced over the past years. From January to August, destinations worldwide received an estimated 610 million international tourist arrivals, compared with 578 million in the same period of 2006. This means that 32 million more arrivals have been counted for 2007 already, corresponding to an increase of 5.6%.

The Northern Hemisphere high season months of July and August were remarkably strong, especially given the fact that capacity is already tight in this period. For the first time ever, both July and August topped over 100 million arrivals each, corresponding to an increase of over 5%.

International Tourist Arrivals, World
% change over same period of the previous year



Source: World Tourism Organization (UNWTO) ©

The full year forecast included in this issue of the *UNWTO World Tourism Barometer* (see page 5) suggests that this trend is likely to continue through the remainder of 2007, with year-end growth estimated at 5.7%. Given the 846 million international tourist arrivals recorded in 2006, this suggests that 2007 will close with over 880 million arrivals and might even approach 900 million. For 2008, only a very slight softening is expected to around 5% – therefore sustaining an above-average growth rate. (Continued on page 3)

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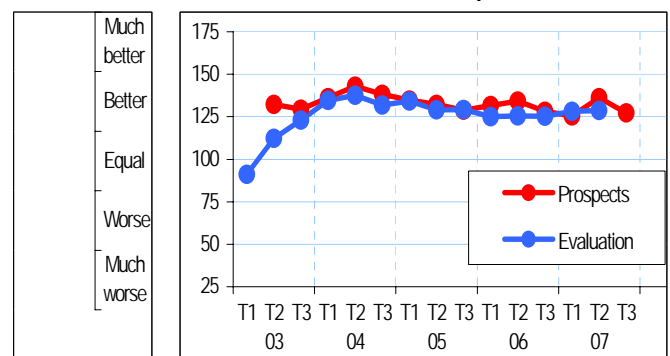
UNWTO Panel of Tourism Experts

Panel confirms widespread confidence

The 'evaluation' by UNWTO's Panel of Experts of travel and tourism performance in the four months from May through August remains positive, with an average score of 129, one point up on its January-April evaluation.

However, responses from different regions and industry sectors show that the 'evaluation' made for this period did not totally match the euphorically bullish 'prospects' expressed four months ago (136). Current prospects for the last four month period of 2007 are also more moderate, but remain altogether positive, with a majority expecting the coming months of September-December to be better than might be expected for that period of the year, with an average score of 127. (Continued on page 11)

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>.

We welcome your comments and suggestions at <barom@unwto.org>, tel +34 915678206 / fax +34 915678217.

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 157 countries and territories and more than 300 Affiliate Members representing local governments, tourism associations and private sector companies including airlines, hotel groups and tour operators.

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

Short-term tourism data 2007

World

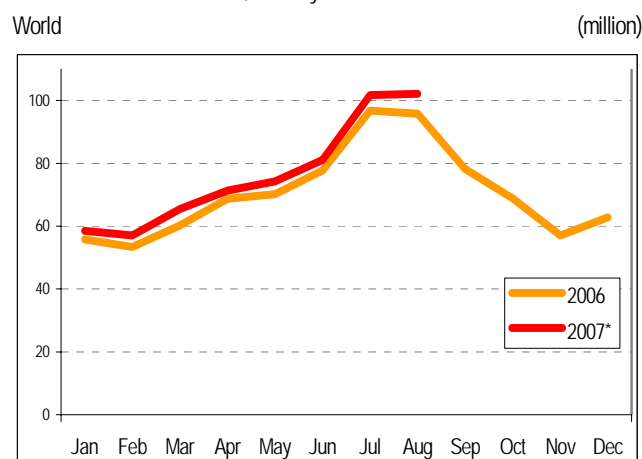
(Continued from page 1)

With an estimated increase in the range of 5-6%, 2007 is set to be the fourth year of growth above the long-term average of 4.1% a year, and is well on track to become the third consecutive year with a differential of about one-and-a-half percentage points above this long-term rate. Growth has been very much driven by emerging destinations in Asia and the Pacific, Africa and the Middle East, while the more mature regions of Europe and the Americas are showing a more moderate pace, though still well above their respective long-term averages.

One of the main contributors to 2007's continued strength in international tourism has been the strong global economy, with world GDP in 2007 heading for a 5.2% increase – the fourth year in a row with GDP growth at around 5%. The impact of the recent turbulence in financial markets is not reflected in tourism performance. The actual growth trend in international tourism is supported by the spurt in economic growth of the recent years, worldwide, but in particular in the world's emerging market and developing economies. Economic growth has

reached a historic record in this group of countries, both in terms of the level of growth achieved and the length of time this has been sustained, since GDP has been growing since 2003 at a rate of 7% and over, exceeding the growth level of any of the 20 or so preceding years. In its latest *World Economic Outlook* published in October, the International Monetary Fund (IMF) broadly maintained its previous positive tone, and expects economic growth to continue in 2008 at only a slightly slower pace (see the section on the *Economic environment* on page 41).

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals by (Sub)region

	Full year		Share	Change		Monthly or quarterly data series (% change over same period of the previous year)															
	2000	2005	2006*	2006*	05/04	06*/05	2007*	2006*												2006*	
			(million)	(%)		(%)	YTD	Q1	Q2	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Q1	Q2	Q3	Q4
World	684	803	846	100	5.5	5.4	5.6	6.9	4.7	4.8	6.9	8.8	3.8	5.9	4.4	5.1	6.6	3.4	7.9	3.7	6.3
Europe	392.5	438.7	461.0	54.5	4.3	5.1	4.2	6.7	2.5	5.1	6.2	8.4	2.3	3.5	1.6	4.0	4.8	0.4	8.9	3.7	4.4
Northern Europe	42.6	51.0	54.9	6.5	7.8	7.6	2.2	7.8	2.9	5.7	9.3	8.4	1.2	4.5	2.9	-0.7	-4.7	3.4	8.0	9.8	7.4
Western Europe	139.7	142.6	149.8	17.7	2.6	5.0	3.2	3.6	2.2	0.8	2.1	7.4	3.3	4.4	-0.6	3.4	4.5	-0.9	11.4	4.0	5.0
Central/Eastern Europe	69.4	87.8	91.3	10.8	2.2	4.0	2.3	6.0	0.8	5.2	5.7	6.9	1.6	0.9	0.1	1.3	0.7	0.4	6.0	-0.3	0.9
Southern/Mediterr. Eu.	140.8	157.3	165.0	19.5	5.9	4.9	6.7	10.5	3.4	10.3	10.6	10.5	2.1	3.8	3.8	6.9	9.5	0.9	8.5	3.7	5.3
Asia and the Pacific	110.6	155.3	167.4	19.8	7.8	7.7	10.2	9.3	10.5	7.1	9.7	11.2	8.4	11.8	11.4	10.2	11.6	8.7	7.7	6.2	8.7
North-East Asia	58.3	87.5	94.0	11.1	10.3	7.4	10.0	9.7	9.7	7.0	9.5	12.4	7.8	11.4	10.2	10.8	10.8	6.6	7.2	7.3	8.3
South-East Asia	36.9	49.3	53.9	6.4	4.9	9.3	12.0	9.5	14.0	7.7	10.4	10.4	11.1	15.5	15.5	11.3	14.3	13.0	8.6	5.1	10.8
Oceania	9.2	10.5	10.5	1.2	3.7	0.4	2.5	2.9	1.9	-2.2	4.6	6.5	0.2	1.4	4.1	0.4	5.1	-1.8	1.1	-1.5	3.9
South Asia	6.1	8.0	9.0	1.1	5.7	11.9	10.2	12.6	6.2	14.2	13.1	10.5	7.7	3.7	7.0	9.5	12.8	19.9	17.3	11.2	7.6
Americas	128.2	133.2	135.8	16.1	5.9	2.0	4.1	3.2	4.3	1.8	2.1	5.6	0.7	5.3	7.0	3.8	5.9	0.0	4.7	-0.2	3.8
North America	91.5	89.9	90.7	10.7	4.7	0.9	4.6	3.7	5.0	2.1	2.6	5.8	1.2	6.1	7.5	3.7	6.5	-3.0	2.9	-0.7	4.5
Caribbean	17.1	18.8	19.4	2.3	3.8	3.4	-3.0	-1.4	-4.6	-1.9	-3.8	1.1	-6.2	-4.9	-2.4	-3.7	-2.2	4.0	9.1	0.1	-0.8
Central America	4.3	6.3	7.0	0.8	13.2	10.8	9.6	10.9	8.0	6.2	10.1	16.5	1.0	11.6	12.1	9.8	10.0	7.3	12.9	10.4	13.1
South America	15.3	18.2	18.7	2.2	11.9	2.7	7.3	3.9	10.5	2.4	3.9	5.9	7.5	11.0	13.4	11.1	9.3	4.3	6.9	-1.7	2.1
Africa	27.9	37.3	40.6	4.8	8.9	8.8	8.4	8.3	7.2	5.0	9.3	10.7	4.8	8.0	9.1	8.5	10.9	7.1	17.8	9.4	14.3
North Africa	10.2	13.9	14.9	1.8	8.9	7.4	7.3	6.6	4.3	-7.4	9.9	17.9	-2.2	5.0	9.9	8.8	11.5	3.7	12.0	3.5	12.3
Subsaharan Africa	17.7	23.4	25.6	3.0	8.8	9.7	9.1	9.0	9.0	10.1	9.0	7.7	8.8	9.6	8.6	8.2	10.3	8.4	21.5	14.9	15.2
Middle East	24.4	38.0	40.8	4.8	5.9	7.3	8.4	8.5	8.0	3.3	14.8	10.9	10.1	11.7	2.4	5.0	12.3	16.2	-1.9	3.0	13.9

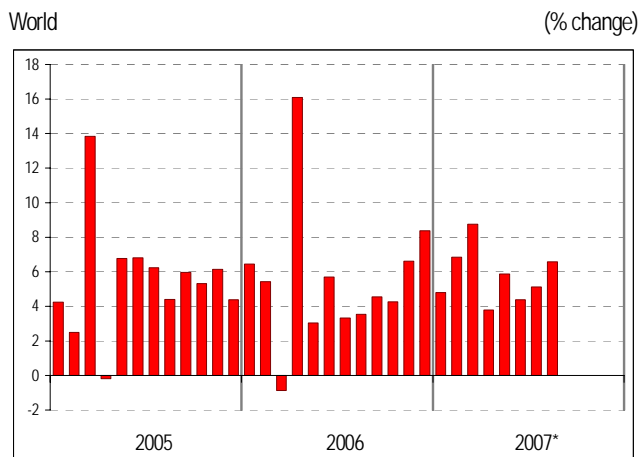
Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2007)

Although regional trends may vary as new data becomes available, Asia and the Pacific is currently the star performer, recording an increase through August of 10%, ahead of the Middle East and Africa, both with +8%. Growth for both Europe and the Americas currently stands at +4% – one percentage point down on 2006's level in the case of Europe, but twice the rate of growth of last year for the Americas.

On a month-by-month basis, growth was fairly constant. March showed the best increase overall (+9%) – no doubt boosted by the fact that Easter fell in that month rather than in April as in 2006. February was the second strongest month (+7%). Strength was maintained during the Northern Hemisphere high season months of July and August, both showing growth over 5%. Results are due in part to the poor weather conditions in some of the Northern and Western European source markets this past summer, which encouraged last-minute demand for foreign travel.

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

The fact that this is the fourth year of healthy growth worldwide confirms that tourists have generally been undeterred by external threats, whether related to terrorist activities, health and security scares, increased taxation of air transport and tourism, exchange rate fluctuations, or even economic uncertainties. But this state of affairs may not continue indefinitely.

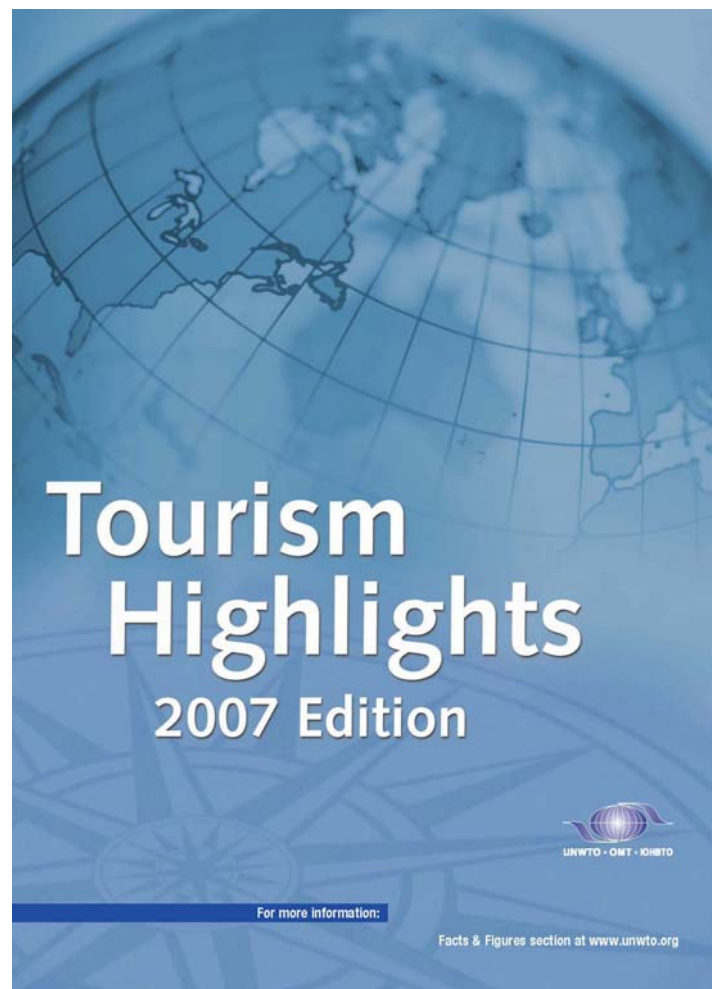
The economic vitality and increased competition have triggered demand for air transport despite the high cost of fuel, with the price of oil now threatening to approach US\$ 100 a barrel. Overall, the price rise seems to have been absorbed so far. Increased operating efficiencies, including staff cost economies, have compensated significantly for the rising share of fuel in airlines' total costs. However, it should be noted that the representatives of the transport sector in the UNWTO Panel of Experts are among the least positive both in 'evaluation' and 'prospects'. The growth and spread of low-cost air transport around the world – which has made air travel accessible to an increasing share of the world's population in advanced economies, but also in emerging market and developing countries – has also boosted demand for short-haul flights.

UNWTO Tourism Highlights, 2007 Edition

On the occasion of World Tourism Day on 27 September, UNWTO released its updated overview of basic tourism facts and figures in its *Tourism Highlights, 2007 Edition*. The 12-page brochure presents a snapshot of international tourism in the world for 2006 based on the latest available information collected from national sources.

Global and regional trends and results are analysed with a range of statistics included on international tourist arrivals and international tourism receipts, major regional destinations by arrivals and receipts, and outbound tourism generating regions, as well as the ranking of top tourism destinations by arrivals and receipts, and a list of top source markets in terms of spending.

Electronic copies can be downloaded free of charge from the Facts & Figures section of the UNWTO website <www.unwto.org/facts/menu.html>.



For more information:

Facts & Figures section at www.unwto.org

Full year forecasts for 2007 and 2008

International tourism demand to soften in 2008 but is still above the long-term trend

Growth for the full 12 months of 2007 is expected to remain very much in line with trends for the year to date, since data for the first eight months accounts for nearly 70% of full year data, and there have not been any major developments so far this year, or nor any predicted for the remaining four months.

UNWTO, in cooperation with the Fundación Premio Arce of the Universidad Politécnica de Madrid, has updated the forecast published in January and, according to this analysis, international tourist arrivals worldwide are expected to grow between 5% and 6% in 2007. By region, Asia and the Pacific is forecast to end the year at +10%, the best regional result, followed by Africa at +8%. Both the Americas and Europe are estimated to finish 2007 up around 4% on last year's results, while arrivals in the Middle East are expected to grow by 7% despite the continued turbulence in the region.

First forecast for 2008

For 2008, growth is gradually expected to slow due, among other factors, to a softening of economic growth. The increase in international tourist arrivals is projected to be around half a percentage point lower than in 2007, thus around +5%, but still above UNWTO's long-term annual forecast growth rate of 4.1% through 2020.

A detailed forecast for 2008 by region will be included in the next issue of the *UNWTO World Tourism Barometer*, to be published in January 2008 on the occasion of the Spanish tourism fair, FITUR.

About these forecasts

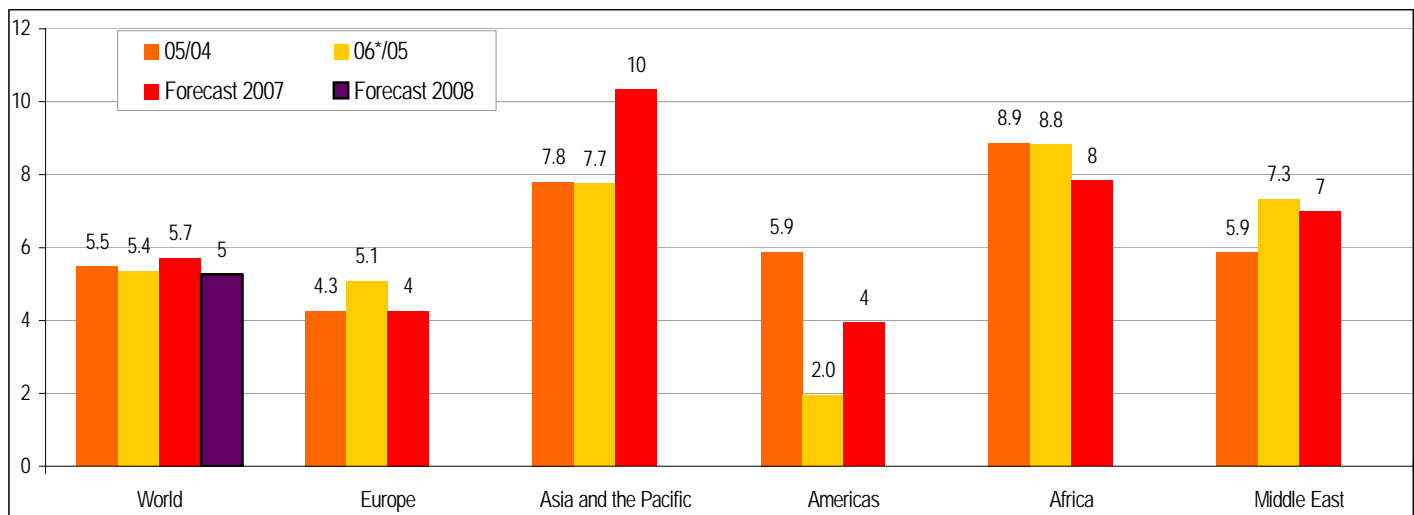
These forecasts are developed for UNWTO by the Fundación Premio Arce of the Universidad Politécnica de Madrid and are based on econometric modelling using the series of monthly data on international tourist arrivals available for the five regions. The aim of the model is to analyse the underlying trend in the data and extrapolate this to the short-term future. The model has been tested by comparing forecasts for previous years with actual results for those years. Of course, as with any model, the forecast growth rates assume that the current conditions will not suddenly change as a result of external factors. They also include a margin of error depending on the stability of the underlying data series.

These forecasts need to be read with a certain level of caution, not only because of the above mentioned, but also because the underlying data is not perfect:

- monthly data series are not available for all countries, although the countries with monthly series included represent roughly 90% of worldwide arrivals. Coverage is in particular comparatively limited for the Middle East and Africa, and a considerable margin should be taken into account;
- monthly data is typically preliminary and many countries are expected to revise their statistics at a later date;
- the monthly series is often based on a proxy that is not the same as the indicator used for the yearly data, e.g. for France a monthly series is used on international nights in hotels and similar accommodation instead of tourist arrivals at frontiers, while for the USA the monthly series does not include arrivals from Mexico in the border areas, etc.

International Tourist Arrivals

(% change over same period of the previous year)



Source: World Tourism Organization (UNWTO) ©

Trends & prospects

Despite increased volatility in the economic environment in the course of this year, the outlook remains positive overall. But the fundamental question of business confidence remains unanswered. Stock markets and businesses seem to have shrugged off the turmoil in financial markets in July-August, almost as if to deny that it had any relevance to their operations. But it is not out of the question that financial constraints might force many businesses to retrench, and any such retrenchment would be quickly felt in consumer markets.

A major boost to travel demand in North America and Europe this year has been the upturn in the business cycle, which resulted in faster growth for business travel than leisure trips in many markets in the first eight months of 2007. However, as discussed in the regional analyses, a number of different sources suggest that this trend may not continue through the remainder of the year – in large part due to stock market volatility and the credit crunch – and that business travel spending may weaken in 2008.

Exchange rates should be watched carefully. The trends have not, so far, been violent, but they have been going on long enough to bring about massive changes in relative purchasing power and in destination price rankings. For Europe, for example, it is not just a matter of the decline in value of the US dollar. Many other currencies are formally or informally linked (if not rigidly fixed) to the US currency. Another set of countries has benefited from high commodity prices, resulting in some cases in dramatically higher exchange rates and in others – notably many petroleum producers with currencies fixed to the US dollar – in higher incomes but not higher exchange rates. The results of these shifts are complex and often not easy to identify.

Regions

By region, Asia and the Pacific is expected to continue leading the growth in international tourism in 2008 and Africa is also forecast to maintain growth at fairly high level. On the other hand, growth is expected to slow in the Americas and in the Middle East, and very slightly in Europe.

Factors impacting on regional performances through 2008 include the expansion of the Schengen zone in Europe to include from end of December 2007 nine of the countries which joined the European Union (EU) in 2004 (Estonia, Latvia, Lithuania, Poland, Slovakia, Hungary, the Czech Republic, Slovenia and Malta), while Switzerland is set to enter in November 2008. This would bring the total number of countries that have implemented the single Schengen visa and the abolition of systematic controls of inner borders to 25. Furthermore, Malta and Cyprus will adopt the euro in January 2008, expanding the eurozone to 15 countries. Switzerland and Austria are counting on next

year's European Football Championship to boost demand for the two destinations. Also to be watched closely in Europe is the evolution of the plans announced by the Dutch government to introduce carbon taxes on airline departures.

In the Americas, besides the expected economic slowdown and a further depreciation of the US dollar, which will influence the overall US outbound market, the further implementation of the Western Hemisphere Travel Initiative (WHTI) will be a major development to monitor, in particular regarding its impact on US outbound to Canada, Mexico and the Caribbean. Latin American destinations are expected to continue to prosper, both from intraregional and interregional source markets, boosted by the better economic results in the region.

In Asia, China is already one of the best-selling destinations in 2007 and, in the run-up to the 2008 Beijing summer Olympics, is likely to attract increased growth from short- and long-haul markets. Most probably some neighbouring destinations will also benefit. The economic strength as well as further low cost carriers (LCCS) expansion will continue to drive intraregional traffic.

In Africa, South Africa is also already benefiting from its scheduled hosting of the 2010 FIFA Football World Cup. In the Middle East, upcoming developments in destinations such as Abu Dhabi or the completion of the Palm Jumeirah in Dubai, will continue to mark tourism in the region, whose intraregional traffic is also expected to continue benefiting from increased disposable income as a result of rising oil prices.

Air transport

Both Europe and the Americas will also see the development of the recently signed US-EU open skies agreement, which will surely bring increased competition and expanded service for both regions.

The air transport sector is living exciting times with the entry into the market of two complete new generation aircraft for mid- and long-haul traffic, the Airbus A380 and next year, the Boeing 787 Dreamliner. After some two years of delay, the brand new Airbus A380 made its first commercial flight on 25 and 26 October by Singapore Airlines from Singapore to Sydney. It is the largest passenger aircraft built to date, with a cabin on two decks with 50% more floor space than the next largest airplane, the Boeing 747. In a typical three-class configuration it holds 525 seats, while in an all economy-class configuration it could accommodate over 800 passengers. By the end of October, the A380s portfolio contained 165 firm orders for delivery by 2013 from Air France, China Southern, Emirates, Etihad, ILFC, Kingfisher Airlines, Korean Air, Lufthansa, Malaysia Airlines, Qantas Airways, Qatar Airways, Singapore Airlines, Thai Airways and Virgin Atlantic, as well as 24 commitments from British Airways, Emirates and Grupo Marsans. Travel to and from Asia and the Pacific, Middle East and Europe will surely

benefit as the large majority of current orders for the A380 come from airlines from these regions.

2008 will also see another new design come into operation: Boeing's 787 Dreamliner, a midsize plane aimed at point-to-point traffic, thus avoiding overcrowded hub airports. There are three variants of the 787 in development: a short-range version targeted at high-density flights, a long-range version and a stretched version of the latter. Depending on which version and seat configuration is chosen it can carry between 210 and 330 passengers. The first 787 is scheduled to enter passenger service at the end of 2008. At mid-October 2007, the 787 had received 710 orders from 50 airlines from around the world.

Both new aircraft offer important advantages in comfort and efficiency, as they are more spacious, lighter, more fuel efficient and less noisy. They will surely have a mid- to long-term impact on air travel, as they will increase available capacity overall, but also because, each in their own way, can contribute to relieving capacity constraints on a number of congested air routes and airports. For companies they promise lower operational costs per passenger – which in time could translate into lower prices. Improvements in fuel efficiency are also important in the framework of the climate change challenge as these will contribute to reduced emissions per passenger.

Climate change

Climate change is another key issue that could have far-reaching implications for tourism both in the short- and long-term. Just as climate change is being addressed globally under UN leadership, UNWTO has the responsibility of formulating how the tourism industry can adapt to and mitigate the climate challenge.

The increasingly important travel and tourism sector is both a contributor to greenhouse gas (GHG) emissions, and at the same time highly vulnerable to the effects of climate change, according to a forthcoming study *Climate Change and Tourism: Responding to Global Challenges* by UNWTO, the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO). Among the key conclusions of this study are:

- Carbon dioxide emissions from the sector's transport, accommodation and other tourism activities are estimated to account for some 5% of total emissions.
- If no mitigation measures are taken, tourism contribution to CO₂ emissions could grow dramatically because of the growth prospects of the industry.
- Transport generally and air transport specifically will be an increasingly important component and will have to find solutions in line with the rest of the sector.
- Impacts of climate change on the tourism sector will steadily intensify, particularly under higher global GHG emission scenarios.
- Changing climate patterns might alter major tourism flows where climate is of paramount importance, such as Northern Europe, the Mediterranean and the Caribbean.

- Coastal, mountain and nature-based destinations in least developed countries and small island developing states might be particularly affected.

Beginning of October, UNWTO celebrated the *2nd International Conference on Climate Change and Tourism* in Davos, Switzerland, with the aim to review international processes and to discuss adaptation and mitigation needs and policy options. The results of the conference led to the *Davos Declaration* underscoring that the tourism sector must rapidly respond to climate change, within the evolving UN framework if it is to grow in a sustainable manner, and calls on governments, the private sector, consumers and communications/research networks to undertake specific response measures. This will require action to:

- mitigate its greenhouse gas emissions, derived especially from transport and accommodation activities;
- adapt tourism businesses and destinations to changing climate conditions;
- apply existing and new technology to improve energy efficiency; and
- secure financial resources to help poor regions and countries.

The *Davos Declaration* and the results of the Conference will be reviewed 13 November by a UNWTO Ministerial Summit during the World Travel Market in London, UK, and considered at the UNWTO General Assembly in Cartagena de Indias, Colombia (23-29 November). They will also be made available for the UN Secretary General's consolidated position for the United Nations Climate Change Conference in Bali, Indonesia, in December 2007. See the *Davos Declaration* at: www.climate.unwto.org. See also www.unep.org, www.wmo.ch and www.ipcc.ch.

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Outbound tourism

International tourism expenditure

Emerging markets continue to show strongest growth

Year-to-date international travel expenditure figures point to a continuing rise in levels of expenditure, in line with the reported increase in international arrivals. Most of the strong growth has come again from emerging markets. In terms of the top source markets, two (France and Japan) showed stagnation in spending on travel abroad for the first eight months of 2007, while the remaining three (Germany, the USA and the UK) recorded reasonable rises. Even though percentage rises might seem relatively moderate, in absolute terms they still represent a considerable amount. Germany's 6% increase over the first eight months is equivalent to a growth in spending by 2.5 billion euros, while the 4% rise in spending by US residents in the same period means an additional US\$ 2 billion.

In contrast, many of the emerging or less mature travel markets have shown large increases, but on much lower bases. Brazil (+33%), Argentina (+24%), the Republic of Korea (+18%) and the Russian Federation (+16%) have recorded double-digit growth in spending.

International tourism expenditure is an important indicator of outbound travel and tourism demand, since it is more reliable than outbound trip volumes, which are measured in very different ways from one country to another. The accompanying table shows the 50 source countries that spend in excess of US\$ 1.5 billion on tourism abroad in 2006. The top ten markets, which accounted for a combined US\$ 373 billion in 2006, generate more than 50% of international tourism expenditure worldwide. Among the top source markets, only Belgium suffered a decline in the first six to eight months of this year, in terms of spending abroad, and this was still relatively modest (-2% in six months).

Major tourism spenders

Germany is set to reinforce its number one world ranking in 2007, in terms of international tourism expenditure, thanks to a rise of over 6% from January through August this year. This follows a decline of 1.5% in 2006.

The USA, the second of the world's top spenders, recorded a 4% rise in outbound travel spending in the first eight months of the year, but the Office of Travel & Tourism Industries in the US Department of Commerce has announced only a 1% rise in outbound air trip volume. Not surprisingly, Europe suffered the most because of the unfavourable exchange rates between the US dollar and key European currencies, the euro and sterling. Nevertheless, some European destinations – primarily the

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 determine accurately variations in relative terms, as receipts have to be expressed in a common currency like the US dollar or the euro and are generally also reported at current prices, thus not taking account of changes in exchange rates and inflation. Over 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 2006 one euro exchanged at US\$ 1.2556 and in 2005 at 1.2441. On the contrary, 2007 has so far been characterised by a weakening US dollar (see page 47).

In order to account for exchange rate fluctuations 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 the data becomes more comparable as a result, 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.

smaller destinations – recorded healthy increases from the US market. Conditions, however, have clearly weakened as a result of the turbulence in the financial markets this past summer. US consumer confidence as measured by the Conference Board has been on the decline since August for three consecutive months and this is likely to dampen demand for outbound travel sooner or later.

The UK's 4% rise in spending was also above the official growth count for outbound trips, which stagnated according to the Office of National Statistics. But it should be noted that long-haul travel demand from the UK held up quite well in the first eight months of this year – +3% to North America and +5% to other regions – explaining, to some degree, the higher increase in outbound travel spending. Preliminary tourism expenditure data for France,

International Tourism Expenditure

	US\$				Local currencies, current prices (% on previous year)																
	1995	2000	2005	2006*	Series	03/02	04/03	05/04	06/05	2007*								2006			
	(billion)					YTD	Q1	Q2	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4			
1 Germany	60.2	53.0	74.4	73.9		3.3	-0.4	3.9	-1.5	6.1	4.5	3.4	5.9	1.4	3.3	6.3	14.4	-2.4	3.1	-2.2	-4.7
2 United States	44.9	64.7	69.0	72.0	sa	-2.2	14.5	4.9	4.4	4.4	5.7	3.2	1.3	2.2	6.2	3.6	5.0	2.3	3.2	5.0	7.2
3 United Kingdom	24.9	38.4	59.6	63.1		6.0	5.2	6.2	4.6	3.8	7.8	2.9	1.6	4.7	2.6	2.1	1.1	4.0	8.1	5.8	10.7
4 France	16.3	17.8	30.5	31.2		0.6	11.9	5.9	1.2	-0.4	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	6.8	4.0	-5.6	3.9
5 Japan	36.8	31.9	27.3	26.9		0.5	23.9	-27.3	3.8	0.7	3.5	-2.0	0.8	-4.4	-2.3	0.6	0.4	2.5	6.9	3.6	2.6
6 China	3.7	13.1	21.8	24.3	\$	-1.4	26.1	13.6	11.8									16.1	16.1	8.2	8.2
7 Italy	14.8	15.7	22.4	23.1		1.7	-9.3	9.0	2.2	8.9	5.0	8.5	11.4	3.9	9.8	13.4	11.3	-0.4	-3.2	4.5	7.1
8 Canada	10.3	12.4	18.2	20.5		1.8	10.8	6.3	5.7	4.7	5.3	4.1						4.3	3.6	7.5	8.0
9 Russian Federation	11.6	8.8	17.8	18.8	\$	14.1	22.1	13.2	5.6	15.9	14.9	16.6						9.4	9.2	-0.7	8.9
10 Korea, Republic of	6.3	7.1	15.4	18.2	\$	-3.5	22.2	24.7	18.4	18.2	19.2	19.0	20.7	20.5	16.2	19.6	13.3	21.7	12.0	15.9	24.8
11 Netherlands	11.7	12.2	16.2	17.0		-1.3	-2.1	-1.6	4.3	2.2	-6.1	8.6						-0.1	-3.9	6.5	15.5
12 Spain	4.5	6.0	15.1	16.7		4.2	22.0	24.1	9.4	9.2	9.1	6.2	5.7	11.0	3.8	16.1		7.2	6.7	15.4	6.6
13 Belgium	8.1	9.4	15.0	15.4		0.7	4.3	6.9	2.1	-2.1	-0.6	-3.2	22	-12	-19			4.1	4.6	0.2	0.3
14 Hong Kong (China)	10.5	12.5	13.3	14.0		-8.0	15.9	0.1	4.9	5.7	3.5	7.8						1.8	9.0	2.3	6.9
15 Norway	4.2	4.6	10.8	12.1		17.0	23.8	17.0	12.0	9.4	13.9	5.8						8.7	9.7	15.5	12.6
16 Australia	5.2	6.4	11.3	11.7		-0.3	25.2	5.8	5.2	6.3	5.8	6.1	6.7	7.7	4.1	8.3		2.0	8.1	3.0	8.1
17 Sweden	5.4	8.0	10.8	11.5		-6.1	12.3	7.7	5.4	6.6	9.8	3.9						8.7	5.9	2.3	5.6
18 Singapore	4.7	4.5	9.9	10.4		-5.6	13.3	6.1	-0.5	1.6	-0.6	3.6						-2.6	-1.7	0.6	1.7
19 Switzerland	6.3	5.4	8.9	9.9		8.4	8.8	9.7	12.0	8.6	8.3	8.8						10.2	16.5	10.1	10.8
20 Austria	10.4	8.5	8.5	9.3		4.8	-35.6	2.0	8.7												
21 Untd Arab Emirates	..	3.0	6.2	8.8		8.4	13.0	38.3	42.7												
22 Taiwan (pr. of China)	7.1	8.1	8.7	8.7	\$	-6.8	26.1	6.3	0.7	0.3	-2.7	3.1						3.1	-0.5	-3.0	4.6
23 Mexico	3.2	5.5	7.6	8.1	\$	3.2	11.3	9.2	6.7	1.7	0.7	2.1	2.9	-0.1	3.4	0.4	5.1	2.4	11.6	5.9	6.6
24 Denmark	4.4	4.7	6.9	7.4		-4.7	0.0	-6.3	7.2	6.1	6.4	5.9						7.6	6.6	5.8	9.5
25 India	1.0	2.7	6.0	7.4		14.9	30.7	20.3	27.6	1.5	-8.7	14.6						36.1	20.5	37.6	17.3
26 Ireland	2.0	2.5	6.1	6.8		6.2	-0.1	17.1	11.2	14.6	12.9	15.8						14.8	13.6	6.2	13.8
27 Brazil	3.4	3.9	4.7	5.8	\$	-5.6	27.0	64.4	22.1	33.4	27.9	34.1	29.5	30.9	41.4	51.0	26.5	43.7	16.2	12.2	23.9
28 Poland	5.5	3.3	4.3	5.7		-16.6	29.0	0.0	26.4	-3.2	15.8	-15.0						39.0	54.9	10.5	14.0
29 Kuwait	2.2	2.5	4.3	5.3		8.7	9.3	14.5	22.0												
30 Thailand	4.3	2.8	3.8	4.6		-14.7	50.3	-15.6	13.9	3.4	2.6	4.0						15.0	12.5	10.6	17.2
31 Iran	0.2	0.7	4.2	..	\$	2.5	6.5	2.7	..									19.2	8.8		
32 Malaysia	2.3	2.1	3.7	4.0		9.5	8.0	19.5	4.9	21.0	18.6	23						5.5	-3	11.7	4.8
33 Qatar	..	0.3	1.8	4.0		11.3	46.8	155	127												
34 Indonesia	2.2	3.2	3.6	3.6	\$	-6.3	13.8	2.2	0.4	15.3	15.8	14.8						-10.6	4.8	1.5	7.1
35 Finland	2.3	1.9	3.1	3.4		1.5	5.7	8.2	10.7	9.0	18.1	1.5						18.3	7.6	6.8	12.3
36 South Africa	1.9	2.1	3.4	3.4	sa	13.3	-5.7	5.7	6.6	8.6	5.9	11.5						7.4	7.1	6.0	5.7
37 Portugal	2.1	2.2	3.1	3.3		-5.2	4.4	10.3	7.0	9.0	9.7	6.3	3.2	7.8	8.0	12.8	10.8	8.6	13.2	4.4	2.4
38 Argentina	3.3	4.4	2.8	3.2	\$	7.9	3.7	7.1	14.9	24.1	23.2	25.5						17.9	13.2	8.5	18.6
39 Luxembourg	1.1	1.3	3.0	3.1		5.0	9.6	2.0	3.9	7.3	12.5	2.8						4.7	5.3	4.0	1.6
40 Lebanon	..	..	2.9	3.0	\$	9.7	7.7	-8.3	3.4												
41 Greece	1.3	4.6	3.0	3.0		-16.2	8.2	5.9	-2.6	5.4	-1.1	11.3	21.7	0	11	3	7.9	-4.4	-2.3	-4.7	1.0
42 Israel	2.1	2.8	2.9	3.0	\$	0.3	9.6	3.6	3.0	11.1	20.5	5.2						7.8	3.1	0.0	4.2
43 Ukraine	0.2	0.5	2.8	2.8	\$	20.1		13.9	1.0	32.4	30.3	34.0						-2.5	-3.9	6.3	2.5
44 Turkey	0.9	1.7	2.9	2.7	\$	12.4	19.5	13.8	-4.5	11.3	18.3	20.9	26.3	17.0	20.2	-9.5	-1.6	-16.3	10.2	7.3	-19.0
45 Czech Rep	1.6	1.3	2.4	2.7		5.6	7.3	-1.1	3.9	11.9	13.2	11.0						1.3	6.6	4.3	2.7
46 New Zealand	1.3	1.4	2.7	2.5		1.4	9.6	13.6	3.1	5.5	4.2	6.6						4.8	4.6	2.2	1.6
47 Hungary	1.5	1.7	2.4	2.1	€	1.6	0.6	-17.0	-11.7	26.1	15.0	38						-21.9	-36	2.2	17.3
48 Saudi Arabia	..	..	3.8	1.8		-43.5	2.3	-11.4	-52.2									-61.4	-43	-58.3	-15.0
49 Egypt	1.3	1.1	1.6	1.8	\$	4.3	-4.8	29.6	9.5	16.4	12.8	19.5						-17.2	18.8	15.6	25.0
50 Pakistan	0.4	0.3	1.3	1.5	\$	263	37.1	0.9	20.6	12.7	29.9	-4.0						14.0	28.2	17.6	19.0

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2007)

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

meanwhile, indicates a standstill (-0.4%), while the number of trips is reported to have risen by up to 5%.

Japan has also had a flat year so far – the same trend as for trip volume – although, due to the fact that 45% of trips abroad by Japanese are to long-haul destinations, spend per trip remains high. However, as a result of the market's continued disappointing performance, there is a possibility that it may be overtaken by China this year in the expenditure ranking.

There is no data available yet on spending abroad by Chinese, although anecdotal evidence points to another year of double-digit growth. Both Italy (+9%) and Canada (+5% in the first semester) – in seventh and eighth positions in the world expenditure ranking in 2006 – are up. Russia, which currently ranks ninth thanks to a continued strong rise in spending abroad, and Korea (Republic of) – which only entered the top-ten ranking in 2006 in tenth position – both show a significant double-digit increase in international tourism expenditure for the first months of 2007.

Tourism 2030: an update of UNWTO's long-term outlook *UNWTO General Assembly, Roundtable 1* *Cartagena de Indias, Colombia* *26 November 2007*

In the framework of the activities included in UNWTO's XVII General Assembly to be held in Cartagena de Indias, Colombia, between the 23rd and the 29th November, UNWTO's Market Trends, Competitiveness and Trade in Tourism Services Section will organise a Roundtable on international tourism forecast for 2030.

The Roundtable, to be held on the morning of 26 November, will focus on the updating of UNWTO's long-term forecast, including an evaluation of UNWTO's actual tourism forecast up to the year 2020, *Tourism 2020 Vision*. Several experts will debate the prospects for tourism development up to the year 2030 as well as the factors that will shape it, including issues such as air transport scenarios, the strength of emerging markets, innovation or consumer trends.

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Evaluation by UNWTO's Panel of Tourism Experts

Tempered optimism for the remainder of the year

(Continued from page 1)

On a scale of 0 to 200, in which 100 means 'equal' or 'no change', representatives from the public and private sectors assessed world tourism performance over the period May-August 2007 with an average score of 134 and 125, respectively. This means, in the framework of the UNWTO Panel of Tourism Experts' Confidence Index, that the number of experts evaluating this period as "better than would reasonably be expected" outnumbers that of experts rating it as "the same as", or "worse than", the preceding period. On average, the more than 260 experts who constitute the panel rated this period with a 129 score.

Evaluation of the most recent period is nevertheless down on the expectations expressed by the Panel in early June regarding this same period (136). As for prospects for the next four-month period (September through December 2007), the overall evaluation by Panel members is still relatively optimistic (127), but it is well down on the prospects rated for the May through August period four months ago. The average score has fallen by nine points from 136 to 127, with the private sector showing greater pessimism than their public sector counterparts.

Public sector experts rate the period just completed more highly (134) than the private sector (125), as well as being more optimistic about the prospects for the forthcoming period (131 as against 124). More significantly, the private sector's average score for prospects has fallen by 14 points – a sharper drop than for any period since the *UNWTO World Tourism Barometer* was first launched in June 2003 – but actually still much in line with the prospects made for the same period a year ago (126).

Regions

The highest scores for the May-August 2007 period were given by experts in Europe (135), at the same level as those in Asia and the Pacific (135) and followed by experts in Africa (130) – see the *Regions* section starting page 14 for the corresponding graphs. Europe's strong evaluation is perhaps attributable to the fact that the May through August period is the region's peak season. Experts from the Middle East and the Americas were the least optimistic with average ratings of 115 and 120 respectively – quite sharply down from scores of 136 and 129 given for prospects made at the beginning of the same period. Global operators – those covering more than one region – also rated the past four months as more disappointing than expected (110 as against a prospects' rating of 117 in June).

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

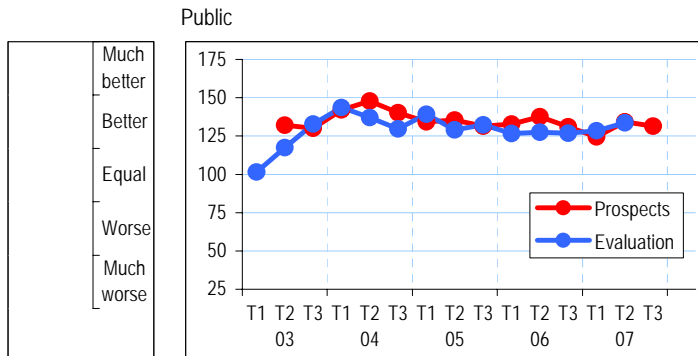
For the UNWTO *Tourism Confidence Index* members of the UNWTO Panel of Tourism Experts are asked once every four months by email to answer the following two simple questions:

- *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?*

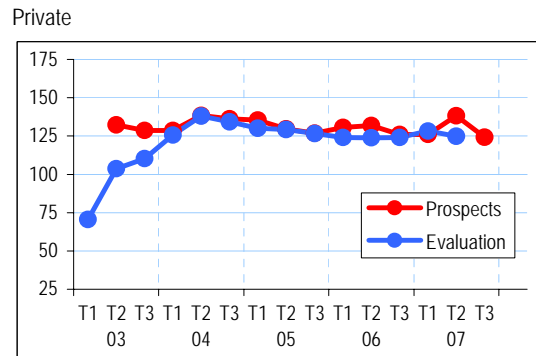
Participants should select one of the following five options: much worse [0]; worse [50], equal [100]; better [150], much better [200]. Results are averaged and broken down by region and by activity. A value above 100 means that the number of participants who evaluate the situation as "better" or "much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

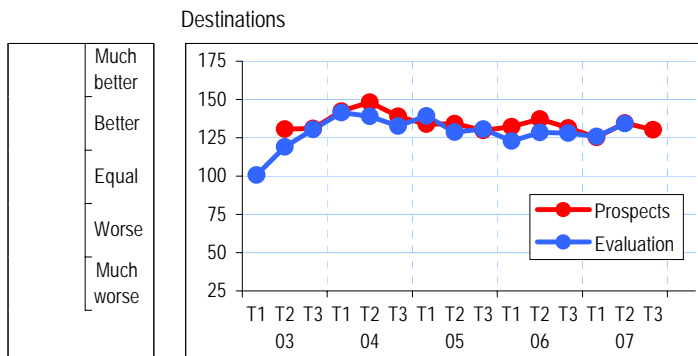
UNWTO Panel of Tourism Experts



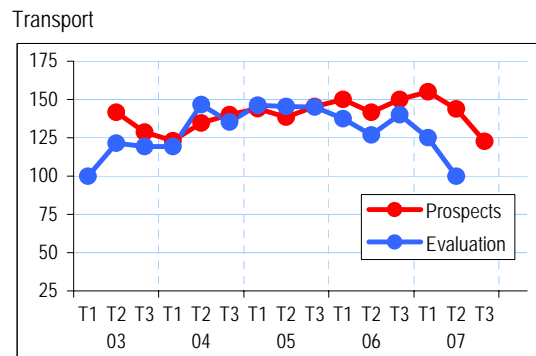
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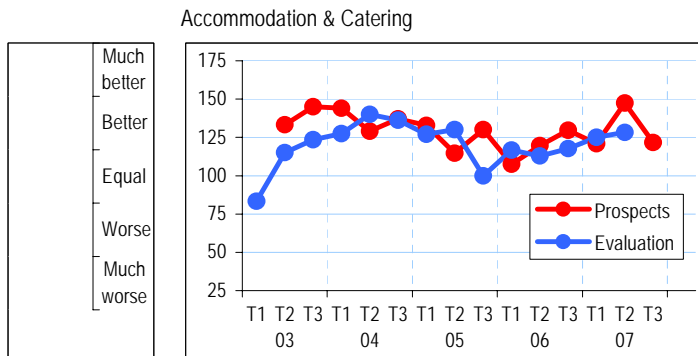
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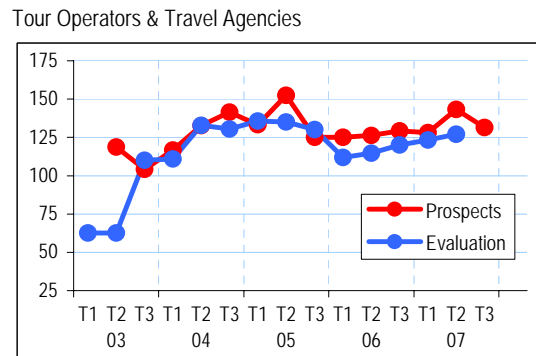
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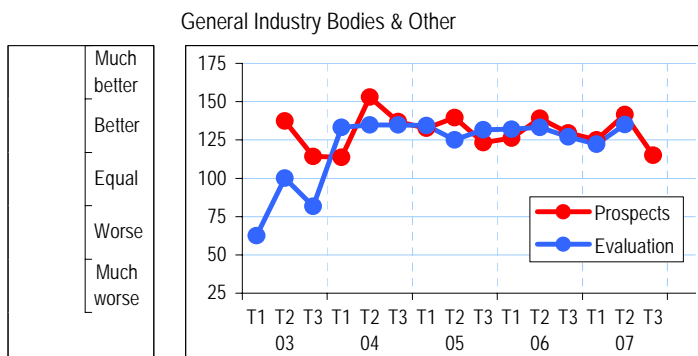
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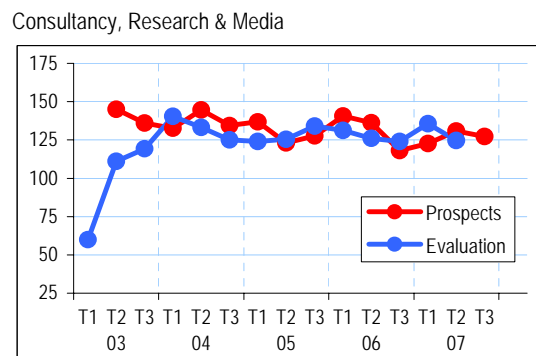
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For this edition responses have been received from experts based in Albania, Algeria, Anguilla, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Barbados, Belgium, Bermuda, Bhutan, Bosnia and Herzegovina, Brazil, Cambodia, Cameroon, Canada, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Curaçao, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Germany, Greece, Guatemala, Guinea, Hong Kong (China), Hungary, Iceland, India, Iran, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Latvia, Lebanon, Liechtenstein, Lithuania, Macao (China), Malaysia, Maldives, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Morocco, Netherlands, New Caledonia, New Zealand, Nicaragua, Nigeria, Norway, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Reunion, Romania, Russian Federation, Rwanda, Saba, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Taiwan (pr. of China), Tanzania, Thailand, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela, Vietnam and Zambia.

Panel experts from three regions – the Middle East, Africa and Asia and the Pacific, all rated the May-August period as weaker than the months of January through April although, in the case of Asia and the Pacific, the difference was fairly modest. In contrast, respondents from Europe and the Americas rated tourism performance over the period just passed in their respective regions better than that in the first four months of the year.

Prospects for the current four-month period (September-December 2007) are most optimistic in Africa (146) – 19 points above the global average – followed by Asia and the Pacific (141) and the Middle East (135). The scores of Panel experts in Europe and the Americas averaged 121 and 126 respectively – below the worldwide Average of 129. Most surprising was the Global Operators' score of just 105.

Areas of activity

A comparison of scores by sector, or area of activity, also highlights some interesting variations of opinion. In terms of the evaluation of the May-August 2007 period, the most positive scores came from representatives of General Industry Bodies and 'Other' sectors (135), while Destinations (ministries, national, regional and local tourism organisations) also rated the past four months better than average, with an overall score of 134. The least positive were representatives of the Transport sector (100), while experts from Accommodation & Catering (128), Tour Operators and Travel Agencies (127) and Consultancy, Media and Research (125) all turned in world average or close to average ratings.

As for prospects for the September-December 2007 period, scores vary much less sharply, but the most optimistic are Tour Operators & Travel Agents (131), ahead of Destinations (130) and Panel experts working in Consultancy, Media & Research (127). Experts from General Industry Bodies (115), Accommodation & Catering (122) and Transport (123) follow some way behind.

ETC/UNWTO Joint Seminar on Tourism Market Segmentation Amsterdam, The Netherlands, 6 - 7 December 2007

Following the recent publication of the ETC/UNWTO *Handbook on Tourism Market Segmentation – Maximizing Marketing Effectiveness*, the European Travel Commission (ETC) and UNWTO will organise a seminar/workshop aimed at national and regional tourism organisations on this indispensable tool for the improvement of destinations' and companies' marketing activities.

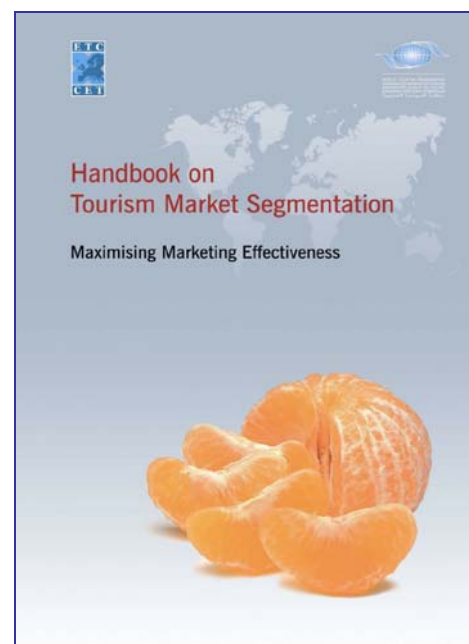
The seminar will count on the participation of experts in the area of tourism market segmentation, as well as with the presentation of case studies on best practises in the use of segmentation methodologies in the framework of destinations' marketing strategies and planning.

Tourism market segmentation is one of the most discussed subjects in the tourism industry these days. Since marketing is generally viewed as identifying and meeting customer needs, desires and expectations, it seems evident that the organisation that knows and understands its customers best is likely to have a competitive advantage. However, comparatively little has been written on the subject of segmentation that relates specifically to the marketing of destinations by national tourism organisations and/or destination management organisations. This seminar aims to help fill this gap by discussing segmentation theories and practices which are described in the recently published ETC/UNWTO *Handbook on Tourism Market Segmentation*.

For more information, visit:

www.etc-corporate.org/modules.php?name=Content&pa=showpage&pid=218

or contact us at marketing@unwto.org

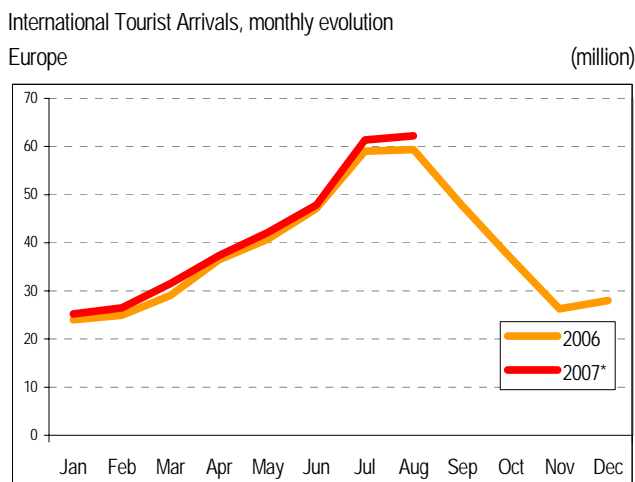


Regions

Europe

Results

The continuing confidence of UNWTO's Panel of Experts in Europe's tourism, although increasingly tempered, is well founded since the region is on track to exceed for the fourth consecutive year the 3.0% long-term average growth rate anticipated in the *UNWTO Tourism 2020 Vision*. For the first eight months of 2007, the overall growth was around 4%, justifying the experts' rating of 135 – significantly above the world average of 129. Although relatively modest in comparison with the growth recorded so far this year by all other world regions, except the Americas, a 4% increase over the full 12 months of 2007 would mean around 18 million additional arrivals – no mean feat for the world's most mature destination region.



Source: World Tourism Organization (UNWTO) ©

Many of the factors underlying the growth in 2006 (+5%), as well as trends from January through April 2007, remained in place in the period May to August. These included an enthusiasm for more frequent short breaks in neighbouring countries, assisted by a recovery in consumer confidence, modestly higher real incomes, buoyant – not to say rampant – consumer credit, and the role of LCCs in expanding and broadening the opportunities for making those short breaks at modest cost.

Northern Europe – Europe's best performing region in both 2005 and 2006 – shows a slowdown. Arrivals were up 8% in the first quarter of 2007, but only 3% in the second quarter, and an estimated 2% for the first eight months. This average masks some wide variations for individual countries, ranging from stagnation for the UK to +9% in overnight stays for Finland and +15% in arrivals for Iceland. But, in only one case (Sweden) were the last four months better than the January-April period. Among the five Nordic countries, the exceptional performance of Iceland is attributed to its roller-coaster business and investment environment as well as to strong

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), 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.

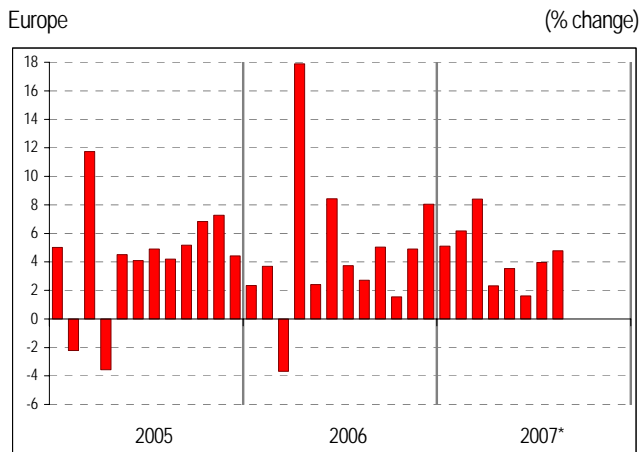
The data on International Tourism Receipts offers additional information on the development of inbound tourism, while the data on International Tourism Expenditure serves as an indicator of trends in outbound tourism. Both series correspond to the respective Travel Credit and Travel Debit items in the 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.

by 4% but, as was the case in the UK, its second four-month period was much weaker. The UK (-0.1%) suffered from wet weather, serious floods, attempted terrorist attacks in Glasgow and London, and an outbreak of foot & mouth disease in livestock in June-July. Particularly down was the traffic from North America (-5% for the year to date).

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

Western Europe has performed slightly better than Northern Europe so far this year (+3%), but there are a number of gaps in coverage of the subregion, which may alter final results (for example, the indicator used here for France is overnight stays and not tourist arrivals). In contrast to other subregions, Western Europe suffered only a slight slowdown in the second four months of this year, as well as less variation between the individual countries. Only the Netherlands (+6% through June) and Switzerland (+7%) achieved stronger than average performances. In the case of the Netherlands, the growth is attributed in large part to increased LCCs traffic and the rebound of the German market. Favourable exchange rates and new LCCs services have also boosted demand for short breaks in Switzerland, but the country has also attracted strong growth from Russia and emerging markets such as India.

That Germany (+3%) showed no growth in the second quarter is not surprising given the boost provided by the FIFA Football World Cup to last year's figures for this period, but bad weather was also blamed. Arrivals did pick up in August, nonetheless. Austria's growth was weak through the first eight months (+1.5%), but experts reported a welcome recovery in mountain and cultural tourism and in arrivals from traditional neighbouring countries. Vienna has continued to prosper since the end of the Mozart festivals in 2006, with the upturn in the business cycle boosting occupancy in the Austrian capital's hotels. In France (+3% in overnight stays), the bad weather damaged tourism on the northern and Atlantic coasts, but benefited the industry on the Mediterranean coast. The trend overall for the peak summer months, according to Panel experts, was generally positive, with demand recovering from nearly all traditional European markets.

Over the eight months, overnight stays from Europe were 3% up, as was the trend from the US market.

Arrivals in Southern and Mediterranean Europe increased by 7% in the first eight months of the year, but the subregion is difficult to treat as a whole. In Italy, preliminary figures show that arrivals were up 8%, while Spain's arrivals were up 2% from January to September. Slower year-to-date growth is due to a slight decline in the German and the Dutch markets, compensated for by significant increases from Italy and the Nordic countries. Interestingly enough, the US market was 21% up through September. In neighbouring Portugal, in contrast, which had two disappointing years in 2004 and 2005, there has been a strong recovery in demand. Arrivals were up 6% in 2006 and 8% in the first six months of 2007 in no small part due to increased air capacity in LCCs, the recovery of the German market. The fact that the country holds the EU Presidency in the second semester of 2007 will surely help results from June on.

After last year's difficulties (-7%), Turkey has rebounded sharply in 2007, with arrivals up more than 17% in the first nine months of the year. Figures for the peak summer period remained very strong, in spite of the political stress in the country. Cyprus (which was seriously affected by the crisis in Lebanon and a loss of competitiveness during much of 2006) has reported a recent recovery in arrivals, with August up 8%, but growth for the first nine months of the year was still low (+1%). Figures for Greece, riding high after the Olympics, are not available yet, but the Panel reports that the upgraded tourism offer is sustaining growth in city and business tourism – including sports and cultural events and fairs. The cruise sector has also remained strong and the summer wildfires are not expected to have a significant impact on results.

Malta (+9% through September) has had an excellent year so far, and Panel experts are notably upbeat, particularly in view of the introduction of LCCs services. These are reported to have stimulated lower fares on traditional scheduled carriers, thereby boosting individual travel to Malta and reducing the industry's dependence on tour operators. The transformation of the Eastern Balkans (largely the former Yugoslavia) into a major destination region continues. Both Serbia (+49% in nine months) and Montenegro (+182%) have shown impressive double-digit increases in arrivals, albeit from a low base, in the first eight to nine months of 2007. Albania and Bosnia Herzegovina (no data available yet), Croatia (+8%) and Slovenia (+9% through September) all report improvements in tourism services. Slovenia cites a range of new airline services, which are reported to have boosted tourism demand.

UNWTO's estimates for the growth in arrivals in Central and Eastern Europe in the first eight months of 2007 (+2%) suggest a continuation of the comparatively modest growth (by comparison with earlier years) of 2006. Among the three Baltic States, there is a contrast between the continued weakness of arrivals in Estonia (-3%) and

the strength of Latvia (+17% in nine months) and of Lithuania (+14% in seven months). In Estonia, the loss of interest among Finns in repeat visits seems to be the most serious problem, but the political tension between Estonia and Russia has not helped – there has been a serious decline in arrivals from Russia since April – and experts also cite a lack of new tourist attractions and inadequate

airline connections (especially from the UK) as factors contributing to the country's poor performance. Poland, which saw increased airline capacity, reports a healthy 6% increase in visitor arrivals from January through August, a clear improvement on the +3% of 2006.

The Czech Republic reports a 4% growth in arrivals, up from less than +2% in 2006, also due to increased air

International Tourism Receipts

	US\$ Local currencies, current prices (% on previous year)																		
	2000	2005	2006*	Series	2006					2007*									
	(million)				05/04	06/05	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep
Europe	231,454	349,703	375,377																
<i>Northern Europe</i>	36,051	54,271	60,285																
Denmark	3,694	5,295	5,585		-6.5	4.6	-0.7	8.4	3.2	6.5	2.7	2.3	2.9						
Finland	1,411	2,186	2,374		5.3	7.6	9.7	4.2	8.1	8.5	13.9	17.0	11.0						
Iceland	229	409	443		-1.3	20.7	13.4	24.8	19.9	22.7	31.0	35.4	28.8						
Ireland	2,633	4,806	5,346		9.2	10.2	4.8	8.6	17.6	4.3	7.2	10.3	5.3						
Norway	2,163	3,495	3,760		6.5	7.1	-0.7	6.9	7.5	13.7	7.3	7.6	7.1						
Sweden	4,064	7,405	9,081		21.5	21.1	21.7	22.6	15.7	26.1	25.1	41.3	12.8						
United Kingdom	21,857	30,675	33,695		9.5	8.5	4.3	11.4	20.7	8.5	1.8	12.1	1.3	0.0	0.4	3.3	-6.8	-3.8	
<i>Western Europe</i>	81,642	123,239	131,567																
Belgium	6,592	9,868	10,221		6.9	2.6	7.1	5.5	4.5	-5.8	-5.7	-5.8	-5.7	-9.4	8.9	-12.6			
France	30,757	44,018	46,342		-2.8	4.3	-5.6	12.3	0.5	10.9	1.6	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Germany	18,693	29,173	32,760		5.4	11.3	2.9	18.7	10.7	11.2	0.1	7.5	-7.9	7.9	-3.0	-22.1	2.8	5.6	
Luxembourg	1,806	3,616	3,620		-1.2	-0.8	-4.8	-3.1	2.3	2.0	4.0	9.2	-0.4						
Netherlands	7,217	10,475	11,348		1.4	7.3	-1.1	21.6	5.1	4.0	10.3	18.9	4.0						
Switzerland	6,645	10,078	10,635		5.1	6.3	5.2	8.5	6.7	4.6	6.6	7.6	5.5						
<i>Central/Eastern Europe</i>	20,350	32,281	36,965																
Belarus	93	253	272	\$	-6.3	7.5	0.2	1.0	14.8	11.7	17.7	17.7							
Bulgaria	1,076	2,430	2,587		9.3	5.4	2.2	3.2	5.7	12.2	17.8	12.2	14.7	40.0	12.7	9.6	19.9	22.9	
Czech Rep	2,973	4,668	5,007		4.3	1.1	-0.3	5.5	1.3	-2.2	9.1	8.9	9.3						
Georgia	97	241	313	\$	36.7	29.5	47.6	42.4	28.4	7.9	9.0	9.0	9.0						
Hungary	3,757	4,111	4,233	€	1.2	2.0	-25.3	-1.9	10.7	29.0	3.4	0.6	5.5						
Latvia	131	341	498		33.6	44.8	34.7	50.8	30.5	38.9	23.0	24.9	21.7						
Lithuania	391	921	1,038		18.4	11.8	8.0	14.5	6.0	17.8	11.4	11.4	11.5						
Poland	5,677	6,274	7,239		-4.9	10.7	7.1	10.1	9.4	13.4	22.3	36.9	11.5						
Rep Moldova	39	103	112	\$	13.1	8.3	14.8	-7.0	7.0	20.6	50.1	52.4	48.1						
Romania	359	1,060	1,298	€	109.9	21.4	25.0	22.0	7.5	35.7	-5.6	5.6	-9.0	-7.5	-6.1	-13.1	-6.2	-13.6	
Russian Federation	3,429	5,564	7,025	\$	6.5	26.3	24.2	28.2	27.5	23.6	36.8	32.0	39.9						
Slovakia	433	1,210	1,513		29.1	19.8	8.2	32.4	20.7	19.9	11.1	9.0	14.6	15.3	13.0	15.5	7.9		
Ukraine	394	3,125	3,485	\$	22.1	11.5	-8.6	17.8	11.2	20.4	29.5	35.9	26.7						
<i>Southern/Mediter. Eu.</i>	93,411	139,912	146,560																
Albania	389	860	1,010	€	18.3	16.3	33.3	14.0	12.0	8.9	0.3	-14.7	15.8						
Croatia	2,782	7,463	7,902	€	9.0	4.9	-12.6	12.1	1.9	21.0	16.5	40.0	13.5						
Cyprus	1,941	2,331	2,400		2.5	1.8	-9.4	8.3	2.6	-2.4	6.6	-1.0	3.1	-2.8	7.1	3.2	8.5	15.5	
Greece	9,219	13,731	14,259		6.7	2.9	-15.8	4.8	5.7	-5.0	2.5	4.7	2.9	-1.9	5.2	2.8	1.5	2.4	
Israel	4,114	2,797	2,777	\$	15.1	-0.7	25.5	15.4	-23.7	-13.9	-6.7	-9.8	-3.9						
Italy	27,493	35,398	38,129		-0.7	6.7	-0.7	13.1	6.1	5.7	1.7	4.5	-4.9	-6.7	-3.7	-4.4	4.8	10.2	
Malta	590	759	764		-1.6	-0.7	-2.5	1.6	0.0	-3.8	7.1	11.5	5.1						
Portugal	5,243	7,712	8,349		0.1	7.3	0.4	8.7	8.4	9.3	11.8	13.0	10.1	12.2	8.6	9.7	15.3	10.5	
Serbia	..	308	398	\$	40.0	29.3	10.1	26.1	33.9	44.9	35.2	56.9	32.4	55.2	31.4	18.1	29.1	19.8	
Slovenia	965	1,801	1,885		10.7	3.7	6.5	5.1	-0.2	6.3	14.4	-4.8	19.4	28.7	8.6	22.3	36.9		
Spain	29,968	47,970	51,115		6.0	5.6	3.0	11.0	4.9	3.1	3.4	5.8	2.0	2.0	0.2	3.4	2.6		
Turkey	7,636	18,152	16,853	\$	14.2	-7.2	0.4	-1.8	-8.8	-12.8	9.6	8.0	0.9	-1.7	2.0	1.7	17.0	15.4	

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2007)

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

lift. Figures for Romania – a new member of the EU in 2007, with Bulgaria – show a 13% increase in arrivals, pointing to a recovery after the 3.5% decline in 2006. The industry is optimistic, reporting increases in arrivals from France, Germany, Austria, Hungary and Israel, as well as improved tourism products and services, from spas, rural tourism, thematic programmes and Bucharest, as well as an increase in the meetings industry business. Hungary's continuing weak tourism performance (-11% in arrivals for the first half of 2007) reflects a lack of air capacity as a number of international air services have been suspended, and Lake Balaton, for instance, is said to have been fully booked by the domestic market as many holidaymakers stayed at home this past summer instead of travelling abroad due to economic constraints, thereby reducing capacity for potential foreign tourists. With so many reports of burgeoning arrivals from Russia, there is great interest in how well traffic in the other direction is developing. After a fairly flat three years (2004 to 2006), international tourist arrivals in the first half of 2007 increased by 3%.

Prospects

With the peak season over, it is not surprising that confidence within Europe's tourism industry seems to have waned a little, and preliminary figures for the last few months do seem to justify this caution. Panel experts rate the region's prospects at 121 for the remaining months of the year, September-December – 15 points down on their record prospects' rating four months ago for the period of May-August.

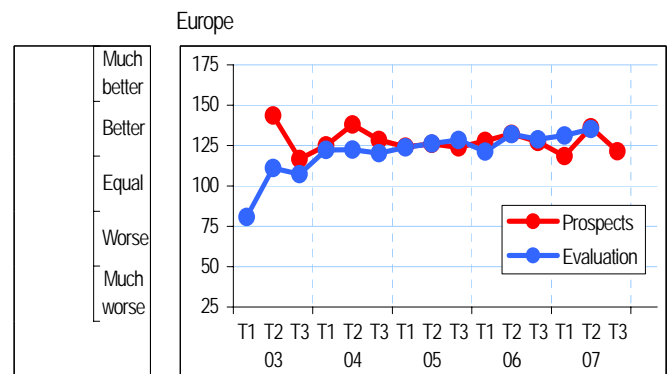
Among the many possible factors contributing to this decline in confidence, uncertainty over the upcoming winter season due to last year's shortage of snow is significant. Furthermore, the IMF has trimmed its estimates for economic growth in Europe – albeit more for 2008 than for 2007. In particular, lower growth is expected in Europe's two leading tourism source markets, the UK and Germany, as well as in Italy and Spain, and several smaller economies.

Consumer spending in Europe – and for all Europe's popularity as a long-haul destination, intraregional demand still accounts for 80% of all arrivals – is apparently still buoyant, allowing scope for strong spending on tourism in the last part of 2007. Few think that the credit crisis will have any impact this year. Again, however, 2008 looks more doubtful: tighter credit conditions (especially in relation to home mortgages) and higher tax burdens may bite into disposable incomes.

Finally, changes in visa regulations will also have an effect on the patterns of tourist flows in Europe. In particular, nine of the ten countries (most of them in Central Europe) that became members of the EU in 2004 are joining the Schengen area over the next few months. Although this means that it will be much easier to travel within the EU, it also means that they will have to impose

stricter visa requirements for visitors from some other countries. This will have a particularly strong impact on travel between Eastern and Central Europe, and primarily out of Russia. And while the EU has agreed to reduce the cost of a Schengen visa for citizens of the Eastern Balkans and some countries in Eastern Europe from 60 to 35 euros, the difficulties of obtaining a visa will remain a deterrent.

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

Prospects for inbound tourism from long-haul markets remain mixed – largely due to the unfavourable exchange rates. Nevertheless, although US outbound travel to Europe grew by only 1% in the first eight months of 2007, according to the Office of Travel & Tourism Industries in the US Department of Commerce, a number of European destinations showed good results out of the USA. But demand for the UK is expected to decline further and it will likely slow to the eurozone.

Although there have not been many important events in Europe this year attracting international tourism, one such event that is certain to boost France's tourism numbers was the Rugby World Cup in September-October. Preliminary evidence suggests that hotels have seen occupancies and average room rates rise significantly and that rugby enthusiasts are far bigger spenders than their soccer equivalents.

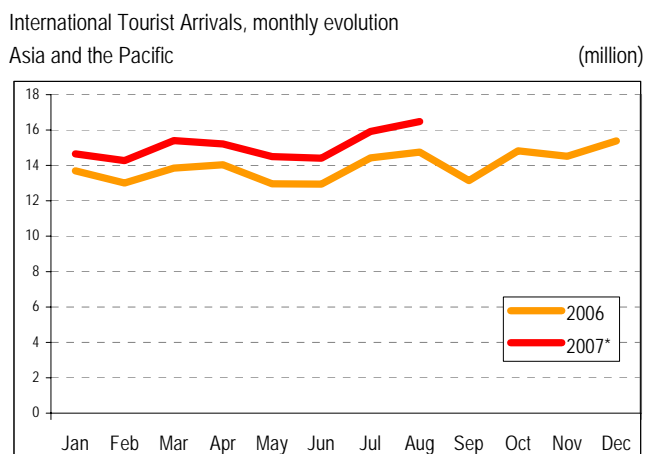
After a strong first half-year, corporate travel could slow in Europe in the remaining months of the year, according to different surveys conducted – due in part to higher hotel room tariffs and transport costs. The strong growth recorded by the business travel division of American Express in its Europe, Middle East and Africa regions (+34% for January through June) was driven mainly by continued investment in these regions. And this may continue.

In terms of promotion, Spain and Portugal are following the example of Scandinavian destinations, which cooperate in key long-haul sources, by launching in the USA a joint website that includes a next-generation interactive online experience for prospective travellers, and seamless access for US tour operators and suppliers to generate new travel bookings. The joint campaign should also directly help travel suppliers and tour operators to sell both Spain and Portugal to new online travellers.

Asia and the Pacific

Results

According to preliminary estimates, Asia and the Pacific was the best performing region in the world in the first eight months of 2007 – as it was already from January through April – with international tourist arrivals up 10% overall compared with +8% for the whole of 2006. Boosted by a buoyant regional economy, 2007 is set to become the fourth consecutive year of solid growth.



Source: World Tourism Organization (UNWTO) ©

All subregions, except Oceania, registered double-digit increases, with South-East Asia attracting the strongest growth (+12%). Although modest, Oceania's 2.5% increase in arrivals puts the subregion on track to improve on last year's stagnation (+0.4%). The much better performance is primarily due to Australia's 4% rise, which in turn owes much to aggressive marketing by Tourism Australia, as well as to low prices offered by new international LCCs, that have offset to some degree the strengthening of the Australian dollar. Demand for business events has also been strong. Nevertheless, the country has continued to suffer from capacity constraints on international flights, exacerbated by the delays in delivery of the Airbus A380.

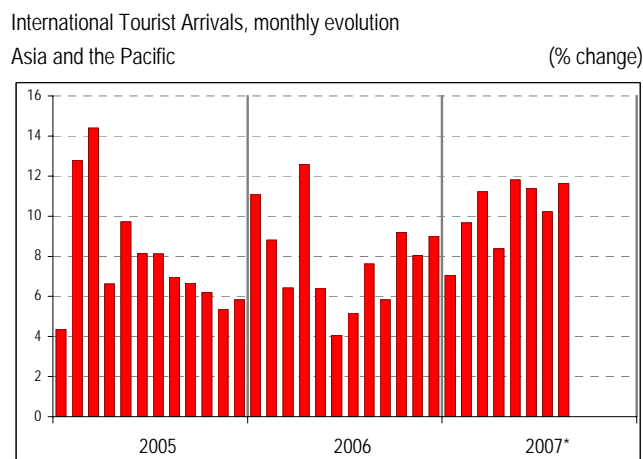
New Zealand (+3%) has also recorded better results in 2007 thanks to a buoyant Australian market – the 2007 ski season was very successful, for example – and fast growing tourist arrivals from China. However, arrivals from Japan and from the Republic of Korea remain weak and the US market has been slow. The rise in the New Zealand dollar has induced a decline in spending per arrival, although international tourism receipts overall were up 3% in the first half of 2007, in line with the growth in arrivals – whereas those of Australia (+13% through July) outpaced the growth in arrivals. The America's Cup in Valencia in May/June and the Rugby World Cup in September/October have also encouraged many New Zealanders to travel to Europe, which had a negative impact on domestic tourism during the May-August period.

The Pacific Islands are a lot more positive than they were at the beginning of the year, although Fiji (-6%

through June) and the Northern Mariana Islands (-10%) both suffered declines in arrivals during the reported period. The new non-stop service Los Angeles-Rarotonga has helped boost North American and even European demand for the Cook Islands (+9%), experts say. Among the better performers in Oceania, Papua New Guinea recorded a 41% increase in arrivals through May, Samoa was up 17% for the first eight months – with arrivals boosted by the August/September XIII South Pacific Games – and Vanuatu also showed a healthy 7% rise.

South Asia's 10% increase from January through August, which was slightly below to 2006's 12% rise, can largely be attributed to the continuing strong performance of India (+13%), which accounts for around half the subregion's total arrivals count. But, in fact, with the exception of Sri Lanka (-23%) – which has suffered badly from the resurgence of political unrest – all destinations that have filed results achieved double-digit increases in arrivals.

Nepal's 32% increase through September was accomplished despite a decline from India – due to a shortage of capacity on India-Nepal air routes. Growth in demand for India, meanwhile, seems to be limited only by a shortage of capacity in hotel accommodation – and, in particular, in affordable accommodation – which is likely to get worse during the peak winter season. The destination has gone from strength to strength, with demand particularly strong from East Asia and Latin America – the latter clearly from a low base. New emerging markets like Russia and China have also generated good growth for the Maldives (+14%) alongside more traditional market sources, which have benefited from improved airline access. And Bhutan (+14% through July) also achieved a very healthy increase, although the last months included the low (monsoon) season.



Source: World Tourism Organization (UNWTO) ©

Both South-East Asia (+12%) and North-East Asia (+10%) have continued to benefit from increased airline capacity, particularly from new LCCs services, as well as from the fact that the strong euro and pound sterling are deterrents for Asian travellers considering Europe.

All destinations in South-East Asia have reported increases, with only three – the Philippines (+9% through

The best performing destinations in South-East Asia are in Indochina. Lao PDR (+27% through April), Cambodia (+19% to September), Vietnam (+18% also in nine months) and Myanmar (+18%) have all exceeded expectations. In the case of the first three countries, this is due in large part to the respective governments' increased priority accorded to tourism, which has raised awareness of the destinations' attractions, as well as a new open skies policy (Cambodia) and increased airline access. It should be noted that Myanmar's arrivals' growth slowed sharply in the month of August – before the demonstrations by Burmese monks and the local people.

May through August is traditionally a busy season for tourism in North-East Asia (+10%), but a number of other factors have contributed to the subregion's healthy performance since the beginning of the year. The tropical storms in July, which caused flooding and landslides in southeastern China, had little or no impact on demand. And neither did the July earthquake in northern Japan.

Positive factors contributing to growth in China's tourist arrivals (+10%) have included increased international flights, more convenient online sales possibilities, new LCCs services, and the continued growth of international trade, business and cultural exchanges in the run-up to the 2008 Summer Olympic Games.

Interestingly, growth has been very balanced as well – benefiting both urban destinations and resort regions such as Hainan. The opening of the Venetian Hotel & Resort in Macao (China) has, not surprisingly, generated tremendous interest among visitors to both Hong Kong (China) (+6%) and Macao (China) (+20%). Although gambling is probably Macao's greatest attraction – especially for mainland Chinese and other East Asian source markets – arrivals growth is also attributed to conferences and exhibitions, plus a whole host of special events. The Macao Government Tourist Office has, at the same time, continued to invest heavily in attending trade fairs, and organising road shows and partnership programmes with mainland Chinese provinces.

A more modest increase in arrivals (+4%) was recorded by Taiwan (province of China) in the first eight months of 2007, although growth was close to target, according to the Tourism Bureau. Japan (+13%), in contrast, has exceeded forecasts, despite the earthquake in July – thanks in part to the weaker yen, which has made travel to Japan more affordable. Mainland China and the Republic of Korea continue to be key markets, accounting for a high share of total arrivals. In the case of China, this has been helped by a multitude of special events to commemorate 35 years of China-Japan relations.

International Tourism Receipts

	US\$ Local currencies, current prices (% on previous year)																				
	2000	2005	2006*	Series		2006				2007*											
	(million)			05/04	06/05	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep		
Asia and the Pacific	85,214	134,567	154,742																		
<i>North-East Asia</i>	39,428	65,338	74,271																		
China	16,231	29,296	33,949	\$	13.8	15.9	11.8	13.0	14.3	24.0	12.5	12.6	13.5				12.0	15.4	13.2	11.9	9.7
Hong Kong (China)	5,907	10,294	11,630		14.2	12.8	13.4	12.7	12.5	12.8	16.5	17.5	15.5								
Japan	3,373	6,630	8,469		-40.1	34.8	35.1	35.4	30.0	39.2	9.2	11.2	7.4				4.2	7.4	11.2	4.1	14.5
Korea, Republic of	6,834	5,806	5,323	\$	-4.3	-8.3	-14.5	5.4	-11.4	-11.4	5.2	12.1	-1.2				13.0	-5.1	-9.3	1.9	8.8
Taiwan (pr. of China)	3,738	4,977	5,136	\$	22.8	3.2	8.2	5.7	-1.9	1.6	0.8	0.4	1.2								
<i>South-East Asia</i>	26,710	33,847	42,382																		
Indonesia	4,975	4,521	4,448	\$	-5.8	-1.6	-10.8	-0.9	-9.6	18.4	10.2	16.0	5.2								
Malaysia	5,011	8,543	10,424		3.9	18.2	12.1	11.5	15.0	17.8	12.5	9.7	15.3								
Philippines	2,156	2,265	3,501	\$	12.3	54.6	27.1	84.9	32.9	73.0	19.1	42.9	1.1				30.6	-17.3	0.6		
Singapore	5,142	5,908	7,061		11.4	14.1	18.0	19.2	14.1	6.6	6.5	9.5	3.8								
Thailand	7,468	9,591	12,423		-4.4	22.0	42.2	34.0	10.6	8.6	11.9	10.5	13.6								
<i>Oceania</i>	14,279	25,665	26,542																		
Australia	9,274	16,866	17,840		6.9	7.3	3.1	7.0	7.1	11.9	13.1	14.1	12.7				11.0	13.1	14.3	11.0	
Fiji	182	439	433		2.0	1.2	-0.2	4.1	4.4	-0.8	-8.8	-10.1	-7.7								
New Zealand	2,267	4,865	4,750		-4.4	6.0	2.3	12.4	2.4	8.7	2.8	2.6	3.1								
Solomon Is	4	3	4		-25.7	26.8	127.7	17.9	-9.6	8.2	-45.2	-45.2									
<i>South Asia</i>	4,797	9,716	11,547																		
Bhutan	10	19	24	\$	48.6	29.4	-22.5	89.9	45.4	21.0	19.1	81.8	-7.0				-14.3	-3.5	61.4	2.2	
India	3,460	7,524	8,885		18.7	21.3	16.3	21.5	19.6	25.0	16.9	21.2	10.9								
Nepal	158	132	128		-44.5	-1.1	-14.9	27.5	23.7	-19.0	21.3	21.3									
Pakistan	81	182	254	\$	1.7	39.6	42.2	36.4	38.6	40.8	15.3	20.3	10.0								
Sri Lanka	248	429	410		-16.9	-1.2	46.1	-8.9	-7.4	-21.2	6.1	6.1									

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2007)

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

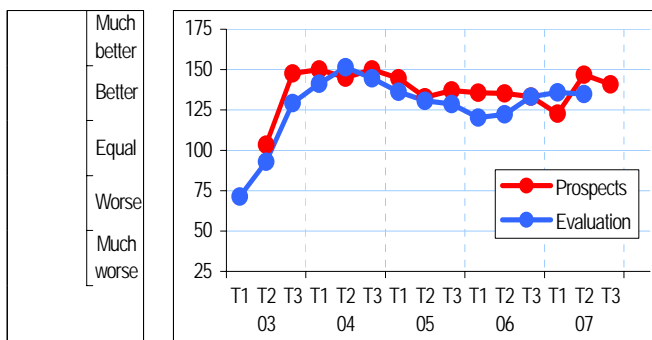
Prospects

Although some Panel experts are cautious in their optimism for the next four months, the majority remain bullish as to the region's tourism prospects over what is the peak season for many countries in Asia and the Pacific. The average score awarded for prospects from September through December was 141 as against a rating of 147 given four months ago for prospects of the May-August period.

A number of significant political elections across the region could shape various policy elements with a possible downstream impact on travel and tourism. And the threat of avian flu remains a constant concern, especially for Indonesia. But overall, the positives far outweigh the negatives. Some destinations will see significant room stock come on line in the next few months and China is increasingly moving into Olympics mode.

UNWTO Panel of Tourism Experts

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

The China National Tourism Administration, which is forecasting a year-end growth in foreign arrivals of around 15%, continues to adopt more open policies. 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 in the mainland with low requirements in terms of operational revenues. Japan remains positive about the country's inbound tourism prospects, although the implementation of a Visa Waiver programme by the USA for Korean travellers in 2008 is expected to shift some of the fast growing Korean demand for Japan to Guam, Hawaii and the US mainland. Importantly for Japan's future tourism growth, however, is the fact that the Ministry of Land, Infrastructure and Transport has decided to integrate its tourism-related divisions into a single authority in fiscal year 2008 to help reinvigorate tourism in the regions. The move is in line with the Cabinet's plans to aim at a number of foreign visitors of 10 million by 2010. As of 20 November 2007, new immigration procedures designed to improve security will require all foreign nationals to be photographed and have their fingerprints on arrival in Japan, as well as being subjected to questions about their stay.

According to the Panel experts, confidence within the tourism industry in South-East and South Asia is high, with

many destinations forecasting a record season out of Europe, in particular – boosted by the favourable exchange rates. Advance bookings already confirm a strong growth trend. Interestingly, travel patterns are changing. The post-colonial synergy and shared cultural heritage synergies, often based around common language, between destination and source market, seem to be fading somewhat. The French are now keener to visit Malaysia and Singapore than Indochina, whereas the British are heading to Indochina and other less traditional Asian destinations.

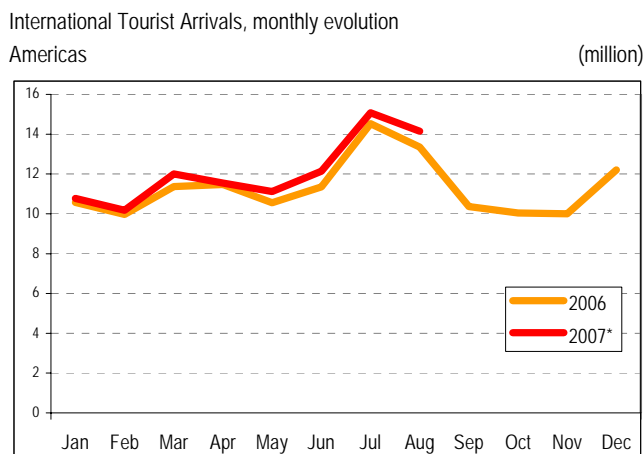
Vietnam's tourism industry is experiencing a hotel room supply crunch due to the sharp growth in demand, and this is leading to rising room rates. Higher room rates have, on the other hand, raised concerns about the competitiveness of Vietnam's tourism sector, especially in the meetings industry segment. As a result, efforts are being stepped up to expand supply as fast as possible. Thailand is hoping that intraregional tourism demand will also pick up over the next few months. The political situation is expected to ease since the government has announced elections for December 2007. Bhutan is also forecasting sustained demand during the upcoming festival season, although the Department of Tourism would like to reduce the marketing emphasis on festivals, since the resulting surge in arrivals causes some congestion and can compromise quality. Meanwhile, the kingdom is preparing for a coronation and elections in 2008.

Although the leading destinations in Oceania remain bullish about the subregion's prospects in the last months of 2007, some experts say they are watching the world's economic evolution with some anxiety, especially as it may make investment decisions in tourism more conservative. In addition, Australians believe that the country's airline capacity constraint problem will remain one for the next couple of years, although international LCCs could help build inbound tourism from some nearby Asian markets. Serious droughts and upcoming federal elections are also inducing consumer and business uncertainty.

The Americas

Results

Among the different world's regions, the Americas showed the slowest growth in international tourist arrivals in 2006 and early 2007, but growth picked up from March with the result that, for the first eight months of the year, the growth in arrivals in the Americas has been on par with that for Europe (+4%), and only two points slower than worldwide growth, thus showing a clear improvement on the 2% growth of 2006.



Source: World Tourism Organization (UNWTO) ©

Within the region, however, there have been large variations in the performances of individual countries and subregions. And, as usual, these variations are often associated with events and trends in the USA, which is by far the most important generator of tourists for the region, and the most important individual destination, accounting last year for 38% of all arrivals in the Americas. The weakness of the US dollar is of course a strong determinant in destination choice, stimulating traffic between countries linked to the US dollar and driving traffic away from countries whose currencies have not followed the sliding US dollar and have become considerably more expensive.

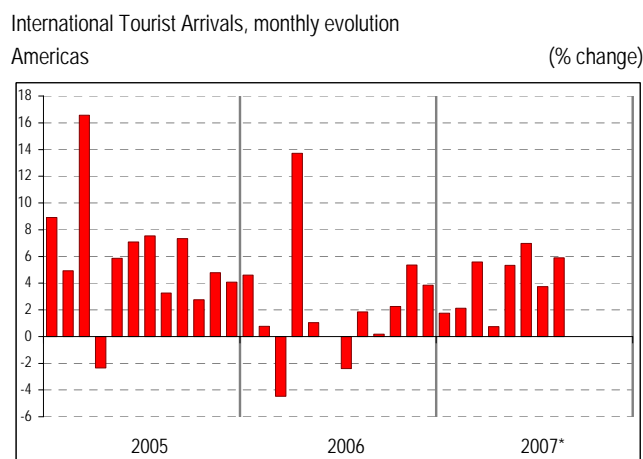
Also important has been the implementation process of the Western Hemisphere Travel Initiative (WHTI), which has caused great confusion among travellers (the WHTI requires all air travellers to/from the USA and Canada, Mexico, Bermuda and the Caribbean to have valid passports for entry/re-entry into the USA since January 2007, though US travellers who had applied for a passport, but not yet received it, were given a reprieve until 30 September this year; the requirement will be extended to land and sea travellers in 2008). The continuing stringency of US immigration procedures, and fears of the associated problems and delays in immigration, continue to affect travellers who are not directly affected by the WHTI.

Many members of UNWTO's Panel of Experts are also worried about a slower growth pace of the US economy. In general, these problems do not seem to have seriously affected travel yet, but the fear is that they will begin to have some future impact.

The Travel Industry Association of America (TIA) reports that, in the early part of 2007, domestic tourism in the USA was weak, with cutbacks in same-day travel (perhaps related to high auto fuel prices) and in business travel, and that any improvement in the second and third quarters was modest. Meanwhile, due no doubt to the weak US dollar, outbound trips by air through July were up only 1%, although trip volume to Asia increased 10%, as traffic to the Caribbean declined by 5% under the impact of the WHTI and departures to Europe grew only slightly (+1%).

International arrivals in the USA rose by 8% in the first seven months of 2007. Part of this increase reflected recoveries after the declines experienced in the first months of 2006 from markets in Europe, Central America, Japan and Thailand. But all the world's regions are contributing to the growth in 2007, and Eastern Europe, South America, the Caribbean, the Middle East and Africa are all providing double-digit increases (arrivals from Japan, however, continue to decline). The growth is likely to moderate in the second half of the year, but the Office of Travel & Tourism Industries in the US Department of Commerce has raised its forecast for 2007 as a whole to +5-6%.

Weaker performances in Canada and Mexico brought the increase in arrivals in North America in the first eight months of 2007 down to an estimated 4.6%. Mexico started to reverse its 2006 negative trend in the second quarter, closing the first eight months at +1%. The Mexican peso has more or less kept pace with the US dollar during this year, thus it has fallen considerably against the euro, making the destinations much more attractive for European source markets.



Source: World Tourism Organization (UNWTO) ©

In Canada (-2%), inbound numbers continue to be impacted by the weakening US dollar – the Canadian dollar overtook the US dollar in value in October 2007. The decline in the number of travellers, and in particular of same-day visitors, from the USA has become a perennial refrain (for the year to date, overall US travel to Canada totalled 18.4 million trips, a decrease of 11% on 2006's level). Conversely, outbound travel is rising – +2% to the USA and +10% to the rest of the world.

The Caribbean (-3%) is the only one among the world's subregions to have recorded a decline in arrivals in

Europe were insufficient to make up for the decline from the USA. However, cruise passenger arrivals (mainly from the USA) are reported to be up about 4%.

In a subregion made up of so many small destinations, in which the opening of a new resort or the closure of another for refurbishment can make a significant difference, there were many that did not conform to the average. Some destinations also report the inauguration or withdrawal of airline services. Some destinations have already been affected by hurricanes this year, but in general the damage has not been great since the 2007 hurricane season has so far been softer than last year's. The heaviest declines (for varying numbers of months) were reported by Puerto Rico (-7% up to May), Cuba (-8%) and St Lucia (-8%), all of which had already put in poor performances in 2006. The strongest increases were reported by Bonaire (+14%), Curaçao (+12%), Anguilla (+11%), Grenada and the Cayman Islands (+9% each) – in all cases reinforcing strong results in 2006 – and St Eustatius (+19% in four months), reversing declines in 2005-2006.

The Bahamas suffered a 7% drop in arrivals in the first seven months of 2007, but expects a recovery in the last months of the year as refurbished hotels re-open. The large increase in capacity expected in Anguilla is causing some anxiety about its impact on the local environment, infrastructure and society. Jamaica was hit by Hurricane Dean in August, but arrivals in the first six months of the year were already down 3% due in large part to the decline of the US market.

Results from the large Hispanic islands are not encouraging: as already mentioned, arrivals in Cuba were down 8% in the first eight months due among other factors to decreased air capacity out of the Spanish market. On the other hand, the tourism industry in the Dominican Republic (-1%) was impacted by the decrease in traffic from the USA (-14% through August). In Puerto Rico, overall arrivals were down by 7% in the first five months though the destination is excluded from the US WHTI passport rule.

In contrast, arrivals in Central America are growing rapidly, as they have for several years. Overall, they are estimated to have increased by 10% in the first eight months of the year, thereby sustaining last year's growth. It seems that the ratification of the Central American Free Trade Area (DR-CAFTA) is bringing closer economic integration with the USA and is boosting the confidence of investors.

The star performer has been Panama so far, reporting a 25% surge in arrivals in the first eight months of 2007. But El Salvador (+7%), Costa Rica and Nicaragua (+3%) also report new investments and air services. Panama also hopes for an increase in cruise business. Guatemala is showing an 8% increase in arrivals as the destination benefited, among other factors, from the meeting of the International Olympic Committee (IOC), and in spite of a decline in road traffic from El Salvador and Honduras due to security problems in early February.

Arrivals in South America are growing just as rapidly, by an estimated 7%. Although economic growth does not match that achieved by China and India, high commodity prices are bringing a degree of prosperity not seen for more than a quarter of a century and are encouraging travel.

In Brazil (+13% in international tourism receipts through August), the largest market and destination in the subregion, local problems are counterbalancing the prosperity. With the rise in the value of the Brazilian real, the destination has become more expensive for inbound tourists. Domestic travel (which, as in the USA and other destinations, is much the most important component of the industry) has been hampered by rising prices and by a scarcity of airline capacity – a factor compounded by a problematic air traffic control system and the need to cut services through the country's most important domestic airport (São Paulo Congonhas) for safety reasons. The high exchange rate is encouraging outbound travel, but this has been limited by the continued scarcity of capacity on some routes – to Europe in particular – after the collapse of the national flag carrier in 2006.

Throughout the subregion, however, the general prosperity is supporting the growth of tourism. Chile (+13%) and Peru (+9% through June), which is benefiting even more from Machu Pichu following its nomination as one of the seven wonders of the world, are consolidating their enviable success in long-haul markets, with an emphasis – echoed in Argentina, Brazil and other destinations – on niche markets. In others, such as Argentina (+10% through June) which continues to benefit from a favourable exchange rate, Ecuador (+8%), and Chile and Peru again, the emphasis is more on intraregional business.

Colombia (+15%) keeps consolidating its position in the international leisure and business markets (for more in-depth information on Colombia, refer to the interview with Jaime Alberto Cabal, President of the Colombian Hotel Association COTELCO, in the *In Focus* section on page 32). Paraguay (-3% in the first semester) and Uruguay (-3% through September) continue to be squeezed out of their traditional markets in Argentina and Brazil, and although there is no data yet for Venezuela and Bolivia, expectations are high, in particular in the case of Venezuela, following the hosting of the America's Football Cup from the end of June to the begin of July.

Prospects

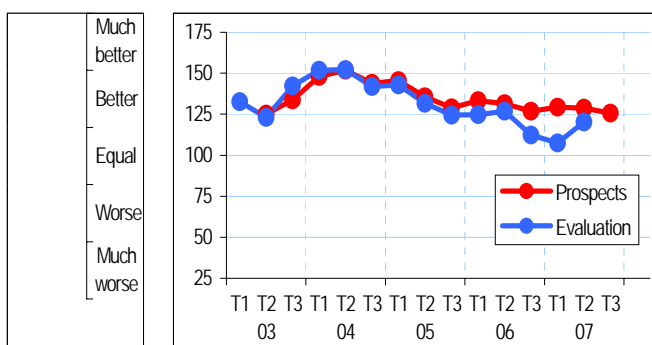
The headlines of the last few months have tended to disguise the persistent prosperity of the world economy, and it seems unlikely that this prosperity will be reversed fast enough to reduce the current growth in the Americas' tourism by more than a fraction through the rest of 2007. However, it does seem likely that the US economy will continue to slow, and that this slowing will particularly affect discretionary consumer spending. The housing market is almost certain to weaken further, which will worry consumers who are already heavily indebted and who do not expect increases in their disposable incomes. It also seems unlikely that the exchange rate will do them any favours.

reforms offered by the Discover America Partnership, including creating a 21st century visa system, modernising and securing America's ports of entry, and creating one of the world's largest destination marketing campaigns, are all currently under consideration in the US Congress, and the US travel industry looks forward to their implementation.

In Central and South America prospects overall are also positive. Colombia will host UNWTO's General Assembly in late November, which will help boost demand and build image. Costa Rica is expecting to capitalise on the benefits of the Free Trade Agreement with the USA, while in Peru the hosting of two major international meetings during 2008 (the APEC Summit in November and the 4th EU-Latin America/Caribbean Summit in the middle of the year) are expected to contribute to increase demand. Overall, both subregions will see improved accommodation capacity as well as further development of niche products, for which international tourism demand is increasing.

UNWTO Panel of Tourism Experts

Americas



Source: World Tourism Organization (UNWTO) ©

The slackening demand out of the USA will be partially balanced by the continuing prosperity in Latin America. Asian demand is expected to sustain the commodity prices on which so many countries depend and overall domestic economies seem more soundly based than has been usual in recent decades. But this prosperity cannot balance the weakness in the US market. And it would be unwise to rely too heavily on a significant increase in traffic from Europe, where the increased purchasing power of the euro will be balanced by moderate economic growth. Asia, meanwhile, although of growing importance, is still too marginal a market for most American destinations. A moderate slowdown in the growth of arrivals in the Americas looks likely, particularly in 2008, and a more serious contraction is a possibility if financial markets go seriously awry.

Prospects for the Caribbean, according to the UNWTO experts, seem mixed, but the overall prognosis is that of continuing stagnation or decline during the rest of the year. There is some concern about the excess capacity in the Caribbean and Mexico caused by the US slowdown, which seems to be generating a price war that is likely to escalate during the high season, as well as about the further impact of the WHTI (which will also open new destinations up to Americans who have not previously held a passport).

Finally, travel to the USA continues to be challenged by a number of policy, visa, and image issues. However,

International Tourism Receipts

	US\$ Local currencies, current prices (% on previous year)																			
	2000	2005	2006*	Series	05/04	06/05	2006				2007*									
	(million)						Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep
<i>Americas</i>	130,800	145,234	153,915																	
<i>North America</i>	101,472	107,363	112,503																	
Canada	10,778	13,760	14,632		-0.4	-0.5	-1.4	1.4	-2.2	1.3	0.5	1.6	-0.3							
Mexico	8,294	11,803	12,177	\$	9.3	3.2	-5.1	0.2	-1.2	21.6	8.2	15.1	3.2	3.0	-1.6	8.0	1.5	8.2		
United States	82,400	81,799	85,694	sa	9.7	4.8	4.6	1.4	5.5	7.7	10.2	7.0	11.3	9.7	10.3	14.1	12.0	14.8		
<i>Caribbean</i>	17,154	20,840	22,055																	
Anguilla	56	86	107		24.8	24.8	11.0	35.1	39.2	20.2	4.9	0.9	9.3							
Antigua, Barb	291	335	327		-0.8	-2.5	9.8	10.8	10.2	2.8	-1.9	-1.7	-2.2							
Aruba	814	1,091	1,071		3.2	-1.8	-0.2	-5.6	-2.5	-0.3	5.9	5.2	6.8							
Bahamas	1,734	2,069	2,056		9.8	-0.6	1.4	0.3	-5.4	0.7	-0.8	-0.8								
Barbados	723	897	978		15.6	9.0	5.2	14.5	11.2	7.7	2.4	2.4								
Bermuda	431	429	493		0.7	14.9	1.8	16.4	20.1	12.5	7.0	19.3	2.9							
Bonaire	59	87	91		0.4	4.6	-9.8	6.5	11.2	15.2	14.8	15.9	13.5							
Curaçao	189	244	278		9.1	14.0	9.0	19.8	15.0	14.4	9.5	5.7	14.5							
Dominica	48	56	69		-8.3	23.3	14.5	24.6	29.2	21.1	11.8	7.4	16.7							
Dominican Rp	2,860	3,518	3,792	\$	11.6	7.8	3.9	15.5	7.6	5.8	4.9	4.9								
Grenada	93	71	94		-14.4	31.3	36.7	33.4	34.5	20.8	15.3	6.8	27.2							
Jamaica	1,333	1,545	1,887	\$	7.4	22.1	18.3	33.4	17.0	13.7	-2.9	-0.2	27.2	-10.2	-1.0	-4.9				
Montserrat	9	9	8		-2.3	-13.8	3.9	-17.5	-27.0	-17.8	-6.3	-12.3	3.4							
Saint Lucia	281	356	285		9.3	-20.1	-19.6	-22.7	-16.4	-20.8	0.1	-2.1	2.8							
St. Kitts-Nev	58	110	117		31.0	6.0	4.4	14.0	16.0	4.1	-18.7	-4.3	-34.9							
St. Maarten	511	659	652		5.2	-1.0	-0.6	4.5	-0.8	-6.3	11.0	0.0	25.2							
St. Vincent, Grenadines	82	105	113		10.0	7.8	8.7	21.0	-6.4	10.2	11.5	2.3	24.9							
<i>Central America</i>	2,958	4,635	5,359																	
El Salvador	217	533	785	\$	50.9	47.3	51.2	47.2	45.8	45.7	7.4	11.0	4.4	-2.9	8.0	8.4	2.4	11.1		
Guatemala	482	869	1,013	\$	12.8	16.6	21.0	9.3	18.6	17.2	14.7	21.3	24.1	1.6	16.0	31.8	24.9	46.4	-10.1	-18.3
Nicaragua	129	206	231	\$	7.4	11.8	-1.4	32.7	11.0	9.4	2.5	10.3	-5.2							
Panama	458	780	960		19.8	23.1	20.6	22.8	27.7	21.8	21.2	18.1	24.7							
<i>South America</i>	9,216	12,397	13,999																	
Argentina	2,904	2,729	3,349	\$	22.1	22.7	22.2	18.7	24.4	24.6	33.6	40.4	23.3							
Brazil	1,810	3,861	4,316	\$	19.8	11.8	20.5	14.1	3.6	9.0	12.8	9.7	12.5	12.9	9.5	15.7	22.0	16.0		
Chile	819	1,109	1,214	\$	1.3	9.5	9.9	24.1	3.6	5.3	4.9	6.6	2.0							
Colombia	1,030	1,218	1,550	\$	15.1	27.3	41.7	28.6	19.5	23.0	2.3	0.4	4.3							
Ecuador	402	486	490	\$	5.0	0.8	-11.9	-0.7	7.6	10.6	18.4	13.7	23.3							
Paraguay	73	78	91	\$	11.3	16.8	23.0	21.7	9.8	13.3	7.1	7.1								
Peru	837	1,308	1,381	\$	14.6	5.5	9.5	7.6	2.1	4.0	30.5	28.9	32.0							
Uruguay	713	594	598	\$	20.3	0.6	-8.7	13.2	9.9	8.4	27.6	30.3	19.2							

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2007)

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

Africa and the Middle East

Results

As reported in the June issue of the *UNWTO World Tourism Barometer*, the May through August 2007 period saw a continuation of Africa and the Middle East's healthy tourism performance in the first four months of the year – although this is not fully reflected in the Panel's latest evaluation ratings.

Experts in Africa, for example, have given a score of 130 to the period May-August 2007 compared with a 'prospects' rating of 147 four months ago, and an evaluation of 142 for the January-April period. In the case of the Middle East, the score given for the evaluation of tourism performance from May-August was just 115 (compared with 141 for the January-April period) – well down on the 136 rating for prospects given in June.

Morocco (+12%), in contrast, has benefited enormously from the expansion of LCCs services, as well as from the diversification of its tourism product and increased marketing and promotions focusing on the cultural attractions of Marrakech, Fez and Tangiers, as well as on opportunities for niche segments such as adventure travel. As a result, demand appears to have been unaffected by the suicide bombings in July and the country has continued to attract significant foreign investments in infrastructure, hotels, etc. The arrival of top-end hotel and resort brands has boosted marketing efforts, spreading awareness of Morocco and reportedly enticing many upmarket tourists away from traditional haunts such as the Côte d'Azur.

Experts in Algeria (no data is available yet) claim that tourist arrivals increased during the past summer, thanks, in no small part, to the country's hosting of several important events, including the African Games (11-23 July), the Afro-Asian Games (28 July-4 August) and cultural events on the theme *Algiers – capital of Arab Culture*. Increased accommodation capacity of different types and new airline services (e.g. Montreal-Algiers and Paris-Biskra) have also come on stream, and new tourist itineraries have been developed, such as Saharan treks and 'memory tours' for the French, Italians, Germans, British and Greeks.

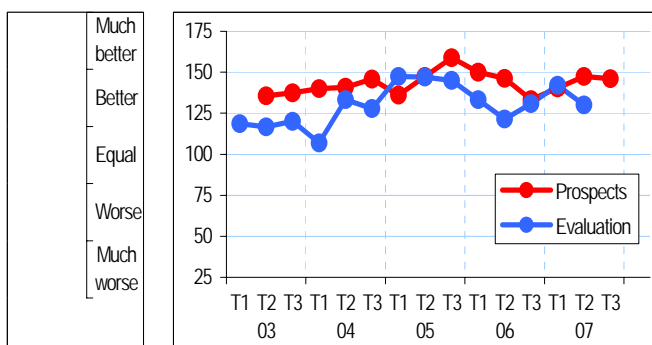
Summer holiday travel over land through and from Spain crossing the Strait of Gibraltar to Morocco or Algeria, reached another record this year. These flows, mostly consisting of North African immigrant families residing in Western Europe, are coordinated by the Spanish authorities in the so-called 'Operación Paso del Estrecho', divided in 'salida' (departure) from 15 June to 15 August and the 'retorno' (return) from 15 July to 15 September. In both directions they counted a total of 2.8 million passengers and 742,000 cars over the two periods, up 1.6% and 7.6% over 2006, respectively.

In Sub-Saharan Africa (+9%), there are some positive signs. Recognising the potential impact of tourism on job creation and poverty alleviation, the Nigerian government, for example, is now treating the sector as a priority. And more attention is being paid to the development of tourism in Cameroon. Among the leading tourism destinations in East Africa, only three have reported results for at least the first half of the year. These are Kenya (+13% through July), Mauritius (+18%) and the Seychelles (+14%). Despite the country's double-digit growth for the third consecutive year, Kenyans are concerned about increased competition from both neighbouring destinations and others further afield.

Tanzania has benefited from strong promotional efforts in the USA, as well as media publicity surrounding the declaration of Serengeti and Ngorongoro as new 'Wonders of the World' on *Good Morning America*. The islands of Mauritius and Reunion, meanwhile, both recovering well from the impact of the Chikungunya virus last year, are looking beyond their traditional markets, notably France, and enjoying improved access thanks to increased scheduled flights (Virgin Atlantic to Mauritius)

UNWTO Panel of Tourism Experts

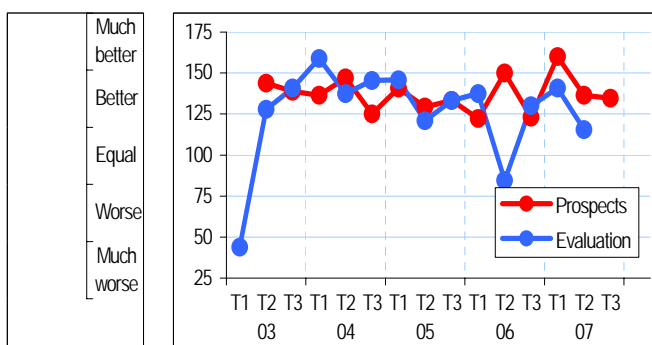
Africa



Source: World Tourism Organization (UNWTO) ©

UNWTO Panel of Tourism Experts

Middle East



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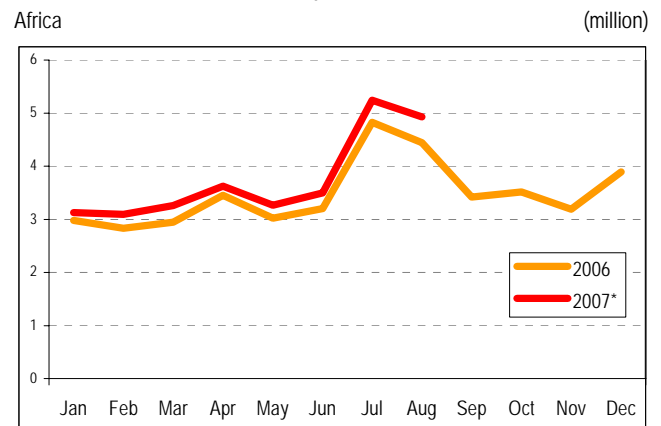
Nevertheless, despite data gaps that may still somewhat distort regional estimates, the two regions look set to achieve another strong growth year in 2007 – both exceeding world average growth by a wide margin. In the case of Africa, growth for the first eight months of this year (+8%) is slightly below UNWTO's January's forecast of 9%. But the Middle East (+8%) is running well ahead of the 4% annual growth predicted at the beginning of 2007.

In North Africa (+7%), Tunisia showed a slower than expected 3% increase, attributable by some industry players to the lack of LCCs services to the country.

and charter services. In Southern Africa, while Swaziland (-2%) has suffered from a decline in South African demand and stagnant long-haul arrivals – except from Switzerland, the UK, the Netherlands, Portugal, Australia and the USA – South Africa’s tourism (+9%) has gone from strength to strength, boosted by the weaker rand, as well as advance publicity surrounding the 2010 FIFA Football World Cup and the 2009 Lions Tour. In addition, South African Airways has been given a mandate by the government to promote tourism. Nevertheless, there are a number of constraints to growth, including continuing international perceptions about safety in the country, inadequate airline access and the high cost of travel to South Africa, and ‘macro-environmental’ concerns in the Southern African region, particularly the fragile political situation in Zimbabwe. Last but not least, the weaker rand has made the destination more affordable, but the exchange rate means that marketing dollars do not stretch as far abroad.

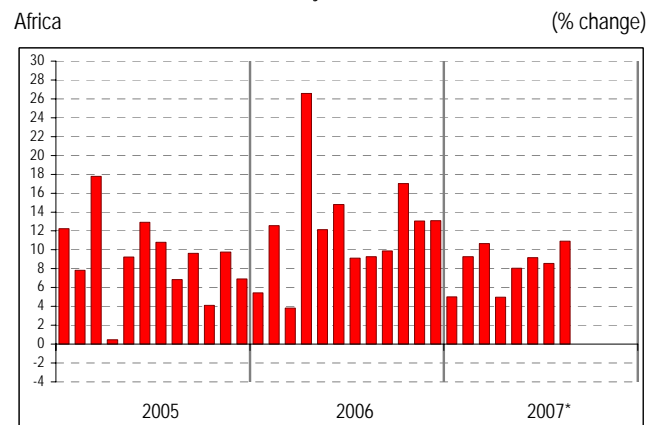
The absence of data for Saudi Arabia, the Middle East’s second most important tourism destination after Egypt, brings a touch of uncertainty to overall trends for the region (+8%). But a number of countries have reported double-digit growth – Egypt (+17% through July), Jordan (+6%) and Palestine (+58% up to June). In the United Arab Emirates (UAE), Dubai has registered a 7% increase in arrivals for the first six months of 2007. The only destination to suffer a decline so far is Lebanon (-10%) – due to

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

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 (% change over same period of the previous year)															
	2000	2005	2006	04/03	05/04	06/05	2007*												2006			
	(1000)					(%)	YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4		
Africa	27,895	37,264	40,553	9.1	8.9	8.8	8.4	8.3	7.2	4.8	8.0	9.1	8.5	10.9	7.1	17.8	9.4	14.3				
<i>North Africa</i>	10,240	13,911	14,934	15.1	8.9	7.4	7.3	6.6	4.3	-2.2	5.0	9.9	8.8	11.5	3.7	12.0	3.5	12.3				
Morocco	TF	4,278	5,843	6,558	15.0	6.7	12.2	TF	11.8	7.4	10.0	3.8	11.2	15.6	11.3	22.6	12.5	23.3	1.6	24.0		
Tunisia	TF	5,058	6,378	6,550	17.3	6.3	2.7	TF	2.8	6.3	-0.5	-7.8	0.3	5.4	5.1	3.0	-5.1	4.1	5.6	1.3		
<i>Subsaharan Africa</i>	17,655	23,353	25,619	5.8	8.8	9.7	9.1	9.0	9.0	8.8	9.6	8.6	8.2	10.3	8.4	21.5	14.9	15.2				
Kenya	TF	899	1,536	..	28.7	28.8	..	VF(1)	12.7	11.8	15.8	7.7	15.4	24.2	9.5	13.6	15.3	11.6	18.0			
Mauritius	TF	656	761	788	2.4	5.9	3.6	TF	18.2	16.6	24.7	22.6	28.6	23.0	17.8	8.8	6.0	-0.7	3.6	4.2		
Mozambique	TF	..	578	..	6.6	23.0	..	THS	16.6	50.2	-4.7	..	..	..	..	..	7.2	65.3	43.6	38.3		
Seychelles	TF	130	129	141	-1.0	6.5	9.3	TF	14.5	15.7	16.7	15.8	19.8	15.3	18.3	3.5	8.1	14.6	12.4	4.0		
South Africa	TF	5,872	7,369	8,396	2.7	10.3	13.9	TF	8.9	8.8	8.2	9.4	8.9	6.1	8.3	12.1	12.3	20.4	11.4	12.6		
Swaziland	THS	281	839	873	-0.4	82.8	4.1	VF	-1.8	0.4	-1.4	5.7	-2.3	-8.7	-10.0	-0.2	6.2	0.6	1.9	-1.9		
Middle East	24,448	38,000	40,785	21.6	5.9	7.3	8.4	8.5	8.0	10.1	11.7	2.4	5.0	12.3	16.2	-1.9	3.0	13.9				
Bahrain	TF	2,420	3,914	4,519	18.9	11.4	15.5	VF	4.8	4.1	..	7.0	..	..	..	..	37.1	10.3	5.9	13.9		
Egypt	TF	5,116	8,244	8,646	35.7	5.8	4.9	VF	16.8	15.1	17.3	12.0	24.9	17.3	19.8	..	2.5	1.6	2.7	15.7		
Jordan	TF	1,580	2,987	3,225	21.2	4.7	8.0	TF	5.7	20.8	6.3	17.5	6.3	-2.3	-10.4	-2.6	4.1	12.1	-2.5	26.6		
Lebanon	TF	742	1,140	1,063	25.9	-10.9	-6.7	TF	-10.5	-26.8	-39.8	-13.7	-33.6	-59.5	17.2	449	37.2	58.3	-58.6	0.6		
Palestine	THS	310	88	123	51.4	57.1	39.8	THS	58.1	50.7	63.3	112	55.2	9.8	..	..	66.4	73.8	9.3	20.1		
Syrian Arab Republic	TF	1,681	3,368	3,777	45.4	11.0	12.1	TF	31.3	39.7	28.7	28.7	..	..	..	..	8.3	9.4	-5.9	56		
Untd Arab Emirates	THS	3,907	7,126	..	5.5	15.0	..	THS(2)	7.1	6.0	8.2	4.0	10.0	11.1	..	..	7.3	1.7	3.2	7.5		
Yemen	THS	73	336	382	77.0	22.8	13.8	THS	1.0	1.2	0.9	-9.2	13.9	-1.3	..	..	-7.8	29.6	37.8	-2.1		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2007)

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

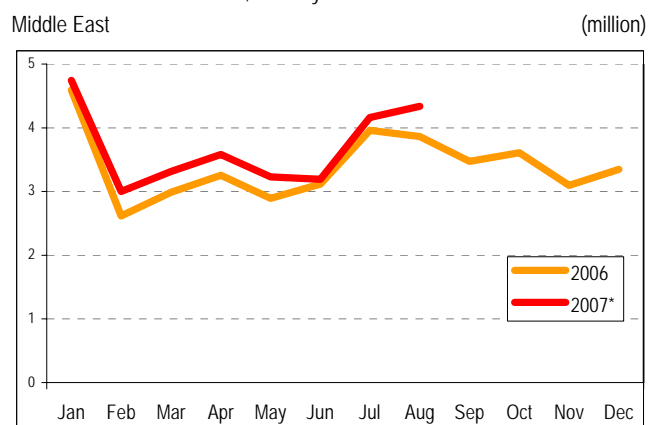
(2) Dubai only

the effects of the 2006 Lebanon-Israel war and the current political crisis in the country – but data indicates that there has been an improvement in July and August. This is due primarily to the resilience of the Lebanese Diaspora.

The easing of the Lebanon-Israel crisis is also reflected in the results for Israel (+8%) – a country that in UNWTO's statistical classification is part of the European region – which has similarly seen a recovery in demand since the middle of the year. Nevertheless, the strong shekel and continuing high oil prices have contributed to restraining growth from some markets such as the USA.

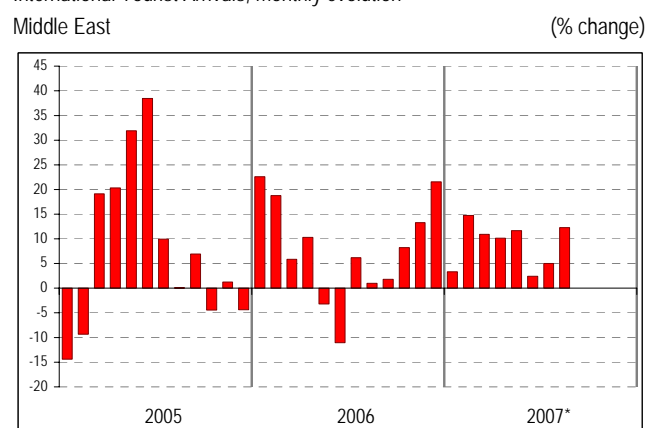
Egyptian experts attribute the destination's healthy performance – +60% from some key European markets – to the fact that tourists are less affected by terrorist threats and political tensions. In addition, the government has invested heavily in marketing and promotion, including a 'charter campaign' to try to attract new markets in Asia and North America and to recapture traditional ones, such as Italy and France. Egypt also appears to have benefited from a switch among residents of the Gulf away from Lebanon. The July car bombing is not yet reflected in Yemen's tourist arrivals (+1% through June) and Bahrain (+5%) has only reported results through the month of April.

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

International Tourism Receipts

	US\$		Local currencies, current prices (% on previous year)																	
	2000	2005	2006*	Series	2006				2007*											
	(million)				05/04	06/05	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep
Africa	10,407	21,763	24,402																	
<i>North Africa</i>	3,822	7,018	8,536																	
Morocco	2,039	4,621	5,967		17.7	28.1	22.0	53.9	18.0	30.8	11.1	13.6	2.7		18.8	-12.4	4.2	22.7	10.6	
Sudan	5	89	126	\$	324.4	41.1	44.7	59.0	25.9	41.7	47.0	47.0								
Tunisia	1,682	2,124	2,227		12.3	7.6	9.6	7.7	4.3	7.0	9.6	8.7	10.2							
<i>Subsaharan Africa</i>	6,585	14,745	15,866																	
Cape Verde	41	127	227		28.3	76.3	90.2	113.4	78.5	43.5	44.4	57.1	33.7							
Kenya	283	579	688	\$	19.2	18.7	60.6	17.6	5.3	4.9	38.6	33.7	43.7							
Mauritius	542	871	1,007		9.6	24.3	28.2	15.9	21.7	28.5	30.4	19.0	40.4	45.7	28.3	49.5	54.5	28.0		
Mozambique	74	130	140	\$	36.0	7.8	22.9	11.1	-6.0	4.7	2.3	-13.9	22.0							
Namibia	160	348	384		-15.1	17.6	-12.1	-12.1	61.5	48.7	52.8	70.1	36.1							
Seychelles	139	192	227		11.9	18.4	16.0	21.3	20.5	18.5	2.3	3.3	1.3							
South Africa	2,675	7,327	7,875	sa	14.8	14.4	13.9	13.5	15.1	15.3	14.1	14.3	14.0							
Middle East	15,204	27,004	29,056																	
Egypt	4,345	6,851	7,591	\$	11.8	10.8	12.7	13.6	5.6	14.0	12.7	16.1	9.5							
Jordan	723	1,441	1,642		8.3	13.9	4.9	18.2	4.2	35.1	20.7	29.8	13.5							

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2007)

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

Prospects

Prospects for the remainder of the year – as well as for the full 12 months of 2007 – look better than initially envisaged. This is in part due to very strong growth from some emerging markets such as the Russian Federation, which has become increasingly important for destinations such as Egypt and the UAE (notably Dubai).

The UAE are expecting high hotel occupancies over the last four months of 2007 as interregional traffic returns in force after the hot summer months, and conferences and exhibitions fill the winter season calendar, boosted by new conference facilities in Abu Dhabi and new sports initiatives in Dubai. There is also forecast to be an increase in stopovers from passengers travelling between Asia and Europe or vice-versa. The huge investments in the Gulf region continue with new hotels, real estate and entertainments projects, such as Universal Studios in Dubai and Warner Studios in Abu Dhabi. Dubai is also facing increased competition from other emirates and Gulf Cooperation Council states – especially Qatar, Abu Dhabi and Sharjah – which are investing more in marketing their destinations internationally.

In Lebanon, the political situation is becoming more critical because of the upcoming presidential elections (the term of the incumbent, Emile Lahoud, comes to an end in November). The Ministry of Tourism is relying on crisis management to try to minimise the negative impact of the political situation on the image of Lebanon as a tourism destination, focusing its promotional efforts on resilient markets such as the Lebanese Diaspora and the intra-regional Gulf markets, especially during the post-Ramadan (Ramadan was from 13 September to 11 October) and Christmas/New Year periods. Egypt's tourism should receive a boost when open skies for charter airlines comes into force at the end of the year. Efforts are also being made by the government to introduce hotel classification and improve the quality of accommodation.

Panel experts remain bullish about prospects for Africa during the remainder of the year. Algeria should benefit from increased charter access, e.g. to Tamanrasset and Djanet, as well as an expansion of scheduled services from Air Algérie, Aigle Azur and Point Afrique, catering to increased demand out of France. The Ministry of the Countryside, Environment and Tourism is also supporting a new programme of conferences on regional tourism development.

Efforts to improve safety and security for tourists, investment in infrastructure, a focus on sustainable tourism, an increased budget for promotions by the tourist board and increased professionalism in the private sector should provide results in Kenya. A private sector lobby group, the Kenya Tourism Federation, has been formed and is planning to monitor tourist safety issues. The government is also keen on promoting intraregional tourism.

As far as South Africa is concerned, the positive environment should be sustained for the current four

months, September through December – not least because it is high season and the country is also hosting a number of major international events. Awareness of South Africa will continue to grow in the run-up to the 2010 FIFA World Cup. New tour packages are also being developed, including themed tours for niche markets such as adventure travel, sports and cultural tourism. And the formation of strong public-private sector and national-provincial partnerships is resulting in more coordinated and focused marketing efforts.

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In focus

Industry trends

This section covers issues related to different clusters of the tourism industry such as transport, accommodation and travel distribution. 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 support UNWTO's 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 organisations and sectors, such the meetings industry, the cruise sector, etc.

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UWTO Affiliate Members

Jaime Alberto Cabal Sanclemente

President of COTELCO, the
Asociación Hotelera de Colombia
[Colombian Hotel Association]
<www.cotelco.org>



1. *The Asociación Hotelera de Colombia (COTELCO) [Colombian Hotel Association] has been instrumental in ensuring the private sector's leadership in tourism development in Colombia, earning the recognition of the Colombian government and of the international community, for instance UNWTO. What are the sector's main policies to ensure a successful impact on tourism development?*

To start with, about five years ago we realised that there was a huge gap in Colombia regarding the development conditions for the tourism sector, due to a lack of public policies and strategies and, to some extent, as a result of the low priority accorded to tourism by the different levels of government. In other words, tourism policy was relegated to third place within the social and economic framework. For these reasons, we decided to play an important role and put forward proposals to the government headed by President Uribe when he took office in 2002, to bring about a change in policy, incentives, and strategies for tourism development.

To our good fortune, the new government and the President, who were just starting out at the time, had a clear interest in recovering public safety and confidence, as well as in the tourism sector. This allowed us to work on our proposals, which received positive support, in particular from our country's President himself. In this way, within five years we succeeded in getting the national government to overhaul the Tourism Act, implement tax incentives on investments in the hotel sector, and re-establish the post of Deputy Minister for Tourism, which had become redundant.

We were also able to get PROEXPORT, the agency promoting Colombian exports, which had turned its back on the sector, to become involved in international tourism promotion, and we reformed Colombia's Tourism Promotion Fund, whose budget increased from around US\$ 1.5 million to US\$ 17 million in 2008.

Public policy guidelines for working with the country's various regions were drawn up; and the national government, with the cooperation of the private sector, worked very hard to develop a branding strategy for the country's corporate image, namely, *Colombia is Passion*. At the same time, we regained a presence at the leading

international fairs, and a series of new initiatives have been undertaken to strengthen the organisation and recovery of the country's different regions.

2. *International tourist arrivals in the Americas have improved considerably during 2007 compared with the modest results recorded in 2006. What do you think has caused the recovery in arrivals?*

The fact is that Colombia has followed a different trend. 2006 was a year of exceptional growth (+13%), which was consistent with the trend of sustained recovery since 2002, with each year being better than the preceding one. And 2007 is more of the same, with growth at two percentage points higher than in 2006 so far this year. We expect this trend to continue through the end of the high season in December and January.

Due to the unfortunate conditions the country suffered in earlier years, foreign tourist traffic dropped to a low level of 534,000 tourists in 2001. However, thanks to the government policy on security, there is a perceived improvement in confidence among Colombians to take domestic trips and among foreigners to come to Colombia. Tourist numbers have now practically doubled, with sustained growth through the year (we expect to have 1.3 million tourist arrivals in 2007). While still low in absolute terms, this represents a growth rate of 15%.

The national government, together with the members of the private tourism sector, have set themselves the goal of welcoming around 4 million foreign tourists in 2010.

The increase in international tourist arrivals can also be attributed to the promotional activities undertaken abroad by government agencies, like PROEXPORT, and by the private sector, for instance, by the Asociación Hotelera de Colombia (COTELCO) [Colombian Hotel Association], taking part in international fairs and sending business delegations to European countries and the USA.

The renewed docking of international cruise ships has been another positive factor, enabling cities like Cartagena to become a focus of attention and an excellent destination for visits and investment.

3. *According to the latest statistical information released by the UN Economic Commission for Latin America and the Caribbean (ECLAC), the region is experiencing a high growth rate which should reach around 5% by the close of the year. What effect does the region's positive economic upturn have on the tourism sector?*

Economic growth stimulates growth and development in the tourism industry as well. With higher incomes for the population come greater opportunities to travel, while businesses have more opportunities to reap the benefits of higher demand. Economic growth in Latin America in recent years has been instrumental, first and foremost in driving the recovery of domestic tourism, but also in increasing intraregional traffic and that of tourists from other countries to Latin America.

By the same token, growth and a thriving tourism sector improve the likelihood of new investments in infrastructure for the sector. In Colombia, investments have been growing in recent years at above 6%, representing a significant contribution to increased tourism development.

Domestic tourism has recovered over the past five years, and international tourism is growing at a rate of 15%, well above the average for Latin America.

4. *Turning now more specifically to South America, where international tourist arrivals have been growing at levels well above the average for the region as a whole, particularly in countries like Chile, Colombia, and Ecuador. In your opinion, what are the reasons that can best account for this trend?*

Colombia may be a special case separate from that of other countries in the region like Chile and Ecuador, which for different reasons have also been growing at rates higher than the average for Latin America overall. In the case of Chile, there is a very clear effect of promotion and economic dealings with other parts of the world through the free trade agreements it has signed, which have substantially raised Chile's volume of trade with many countries and which have also impacted on tourism to some extent. In the case of Ecuador, there has also been a major strategic promotional thrust, with growth and the country's recent economic stability contributing also considerably to the situation.

Colombia is a unique case, not only because of its security policy and the improved confidence it brings, but also because of the implementation of a series of new policies and incentives for the sector, in which the private sector has played a fundamental role, for example, COTELCO's participation in making proposals and reaching consensus with the government to put in place a new framework law for tourism in Colombia, with significant resources allocated for promotion at home and abroad and for the competitiveness of businesses. One should also mention President Álvaro Uribe's leadership, in concert with COTELCO, in introducing tax incentives for investment, such as the passage of Law No. 788/2002, offering exemptions on earnings for 30 years for new hotels and ecotourism projects, and for 20 years for remodelling and expansion.

Similarly, there have been other substantial changes, with PROEXPORT taking on an important role with a significant budget of US\$ 2 million and a policy of promotion and country branding under the *Colombia is Passion* slogan, which PROEXPORT and the private sector have undertaken to publicise abroad.

In addition, we can point to the adoption of plans for sector development by the different regions and destinations, the re-establishment of the post of Deputy Minister for Tourism, and the implementation of new, specialised lines of credit by Findeter. There is also a new General Law on Tourism No. 1101/2006 (Reform Law 300), emphasising promotion, the creation of a new

Tourism Promotion Fund, and the membership of Tourism on the Civil Aviation Board.

Colombia has created and diversified its tourism products, such as the traditional sun and sea tourism, rural tourism, ecotourism, sports and adventure tourism, historical and cultural tourism, events and meetings industry tourism, religious tourism and health tourism.

5. What is the outlook for the region as a whole and for Colombia, in particular, in 2008, and what will the determining factors be?

For the region as a whole, it is very important, first of all, to note that it is essential to continue the pace of economic growth if the trend that we have seen in recent years is to be sustained. In addition, greater cooperation between countries is needed with a view to creating routes and products with linked destinations in the different countries of the region as a basis for more aggressive promotion in other continents.

In the case of Colombia, we expect economic growth of 6.6% in 2008, and similarly we expect significant growth in the tourism industry, for instance, a national average hotel occupancy rate of 65%, or 75% in the major cities and destinations. Investment in hotel infrastructure in the form of new hotels and remodelling and expansion activities has been growing at a rapid rate and should be increased substantially to level off at US\$ 500 million.

For instance, hotel infrastructure is to be expanded by 20,000 new rooms, with new theme parks and attractions. The construction and operation of new convention centres is under way in cities such as Cali, Barranquilla, Armenia, Popayán, Villa de Leyva, Santa Marta, and San Andrés, to name just a few, and work is to be undertaken on improving domestic and foreign airline connectivity and on a new tourism signposting and information programme.

6. The 2nd International Conference on Climate Change and Tourism organised by the UNWTO in Davos in early October, called for action by the entire tourism sector to face climate change. What do you think the tourism business sector you represent can do to meet this challenge?

Unquestionably, today, climate change should be a concern, not only for citizens and business in all sectors of the economy in all countries and regions around the world, but it should also serve as a benchmark so that sector development – and here we are speaking specifically of the tourism sector – can move forward unremittingly towards clean technology practices that will help make it more sustainable.

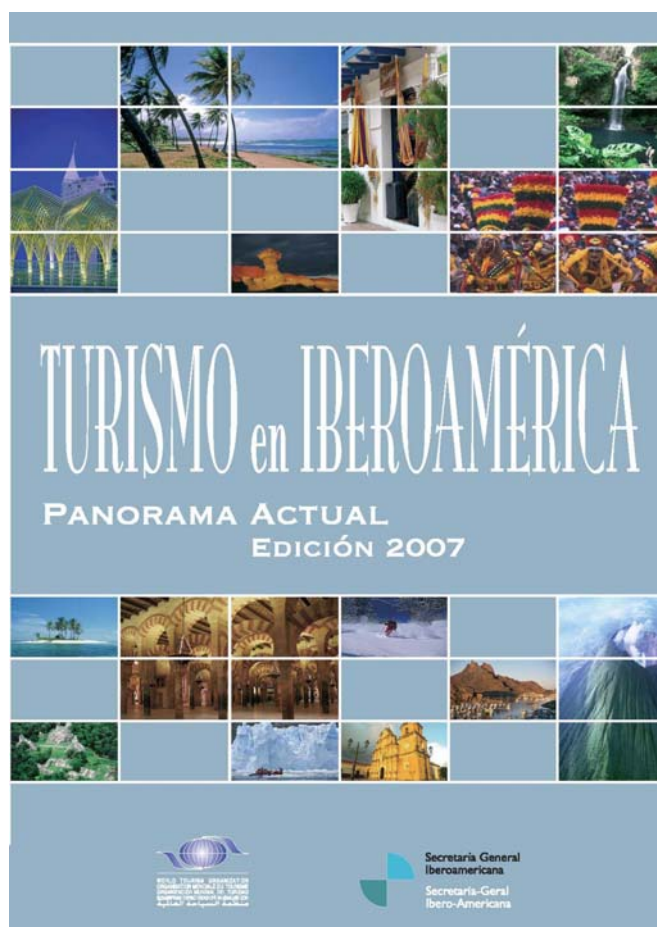
In this respect, it should be noted that governments, in concert with the private sector, should seek policies and measures to enable enterprises – e.g. hotels, but also tourism service providers and other subsectors of the industry – to put in place clean technology and sustainable practices, and at the same time, pay close attention to destination carrying capacities.

2007 Edition of *Tourism in Iberoamerica* now available

Tourism constitutes a key instrument for economic and social development in Iberoamerica, a community of 22 countries in the Americas and Europe with Spanish or Portuguese historical, cultural and economic ties. The newly released publication *Turismo en Iberoamérica, Edición 2007* [Tourism in Iberoamerica, 2007 Edition], jointly produced by UNWTO and the *Secretaría General Iberoamericana* (SEGIB) [Iberoamerican General Secretariat], within the existing cooperation agreement between both institutions, shows the importance of the sector in the various countries and in the area as a whole, highlighting its opportunities and growth potential, as well as the challenges facing it.

In 2006, Iberoamerica received 125 million international tourist arrivals (15% of the world total of 846 million), generating US\$ 93 billion, equivalent to 13% of global international tourism receipts (US\$ 733 billion).

An electronic copy of the 20-page publication (in Spanish and Portuguese only) is available for free download at www.unwto.org/facts/eng/publication.htm.



Transport

Airlines

Sustaining the healthy growth trend that characterised both 2006 and the first four months of 2007, the 260 or so member airlines of the International Air Transport Association (IATA) have reported a 7.3% year-on-year increase in international passenger traffic from January through September (expressed in revenue passenger-km, or RPK). The increase for August alone (+8.9%) was the fastest rate of growth for 16 months.

Systemwide capacity (ASK) rose by 6.3% through September, resulting in a slight improvement in average passenger load factor, to 77.3%. But this average masks fairly wide variations from one region to another, with North America achieving the highest load factor (81.2%) and Africa the lowest (69.5%).

The Middle East was once again the leading region in terms of traffic growth by a wide margin, achieving 18.2% RPK growth in the first nine months of this year – well ahead of Africa (including Egypt) up by 8.7%, and Asia Pacific (+7.6%). Europe's growth, meanwhile, ended the nine months up 5.9%, and North America recorded an increase of 5.2%. In Latin America, traffic was up by 5.7% reflecting a clear recovery from last year's problems due to the restructuring of Varig.

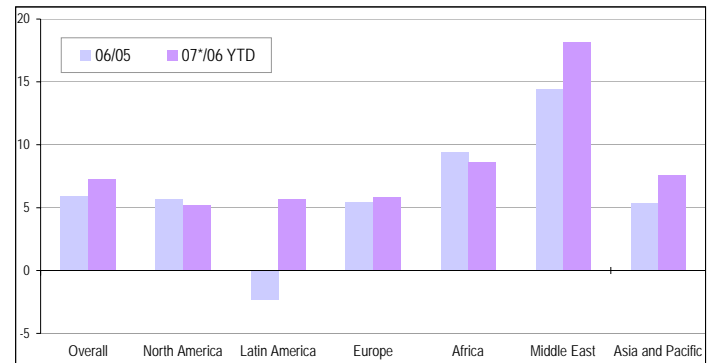
While the credit crunch clearly shook both business and consumer confidence, demand for air travel remains solid, said Giovanni Bisignani, IATA's Director General and CEO, announcing the results. "This, combined with strong revenues over the first half of the year, is behind our improved industry profitability forecast of US\$ 5.6 billion for 2007. Nevertheless, the industry's financial situation remains fragile, and the potential for weakening demand must continue to be met with improved efficiency across the value chain."

Airports

As might be expected, Airports Council International (ACI) reports very similar growth trends to those released by IATA. International passenger traffic rose by 6.5% in the first eight months of 2007, while domestic traffic increased by a much more modest 3.9%.

A particularly large increase in international passenger traffic throughput at Middle East airports in August 2007 primarily reflects the military conflict in Lebanon last year, says ACI, which resulted in a suspension of traffic to Beirut in August 2006. North American airports, meanwhile, recorded around 5% growth in international and domestic traffic in August 2007.

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



Source: compiled by UNWTO from IATA

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 (million)												Capacity		Load factor		Passengers	
	2006	06/05	07*/06 Monthly data										06/05	07*/06	06/05	07*/06	06/05	07*/06
			YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		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	2,230 ¹	5.9	7.3	7.7	6.9	8.8	5.4	5.0	6.0	8.3	8.9	8.2	4.5	6.3	76.1	77.3	6.2 ¹
North America	389	5.7	5.2	6.9	7.0	5.1	3.2	3.4	5.5	3.5	6.3	6.6	4.7	4.8	80.2	81.2	4.4
Latin America	88	-2.4	5.7	-4.3	-4.4	0.4	2.2	4.2	7.7	7.5	14.4	24.8	-3.0	6.9	73.1	72.7	1.5
Europe	795	5.4	5.9	10.6	6.4	8.9	3.9	3.4	3.0	5.4	7.0	5.1	4.7	5.2	76.9	78.0	6.8
Africa (incl. Egypt)	72	9.4	8.7	6.6	10.7	14.0	8.4	14.3	8.9	8.8	5.6	3.2	9.3	7.0	68.5	69.5	11.5
Middle East (incl. Israel, Iran)	183	14.4	18.2	15.5	19.7	20.2	17.9	19.7	17.0	19.6	19.2	15.3	14.2	15.1	73.6	76.2	11.4
Asia and Pacific	703	5.4	7.6	5.2	5.6	8.9	5.3	3.7	6.4	12.0	9.7	9.7	2.6	5.9	74.7	76.0	5.0

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

Scheduled mainline service	1,115	1.4	2.3	2.5	1.4	1.6	1.1	2.3	1.9	1.9	4.8	3.4	-0.4	1.1	80.0	81.5	-0.5	2.1
Domestic (incl. USA-Canada)	782	-0.2	1.0	0.7	-0.7	0.0	0.2	1.7	1.1	0.7	3.6	1.6	-2.5	-0.6	79.8	81.7	-1.3	1.8
International	333	5.5	5.4	6.9	6.9	5.4	3.4	3.4	3.9	4.5	7.3	7.4	4.8	5.0	80.2	81.1	5.5	4.1
Atlantic	153	7.0	8.6	10.9	9.3	8.3	6.7	7.5	6.0	7.6	11.9	10.1	8.6	9.0	80.9	81.4	6.2	7.2
Latin	82	6.7	5.5	8.2	8.9	5.4	2.7	2.8	5.2	3.8	4.8	8.7	2.6	3.2	75.9	78.1	6.0	4.9
Pacific	98	2.1	0.2	0.8	2.3	1.4	-1.2	-2.9	-1.0	-0.6	1.6	1.7	1.1	0.3	83.0	83.5	3.0	-2.9

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

Total	143	-0.5	4.1	-7.1	0.6	3.6	4.1	6.0	7.1	11.6	7.7		-0.1	6.7	71.6	70.7	3.6	6.8
Domestic	58	6.7	5.4	-5.1	8.7	6.1	12.7	9.2	6.7	6.4	-0.5		6.5	8.6	69.2	67.9	4.5	5.6
International	85	-4.9	3.2	-8.3	-4.2	1.9	-1.5	3.7	7.4	15.0	13.1		-4.4	5.4	73.2	72.6	1.8	9.2
Latin America	27	2.1	23.1	11.4	24.9	20.2	16.7	22.0	28.4	38.6	23.8		-0.3	21.6	70.2	70.7	6.8	22.1
Extra Latin America	58	-7.9	-5.5	-16.3	-16.9	-6.7	-9.6	-4.7	-1.6	5.2	8.0		-6.4	-2.4	74.8	73.8	-3.2	-4.1
North America	31	1.1	2.9	-4.0	-6.1	3.8	1.0	5.0	3.4	6.5	12.5		2.5	4.3	71.0	72.3	1.2	2.4
Europe	21	-15.7	-17.7	-31.1	-32.2	-23.6	-24.2	-18.2	-8.3	5.4	4.5		-14.4	-12.1	80.1	75.2	-17.5	-19.2
Asia and the Pacific	2	-34.4	31.7	-6.1	25.9	114.9	41.2	36.0	37.2	25.6	32.6		-35.7	29.9	79.1	80.1	-25.4	32.7
Charter	3	-5.9	-27.8	-28.7	-27.3	-34.8	-42.2	-38.7	-30.8	-10.0	-31.7		-7.2	-26.7	78.0	77.3	-0.9	-21.9

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

Total scheduled	737	5.4	5.1	5.2	5.4	8.1	2.7	3.2	4.6	5.2	7.0	4.5	4.5	4.2	76.5	77.7	4.4	4.2
Domestic	60	2.4	1.5	2.5	2.9	2.7	-0.1	-1.8	1.5	2.9	3.0	0.7	0.0	0.1	67.2	68.6	1.5	1.1
Total International	677	5.5	5.4	5.4	5.6	8.6	3.0	3.7	4.9	5.4	7.4	4.9	4.8	4.7	77.4	78.6	5.9	5.6
Geographical Europe	167	7.2	7.0	7.4	7.8	10.6	5.5	5.1	5.0	7.4	8.1	6.8	4.8	6.7	69.3	70.5	6.1	5.7
North Africa	8	6.7	5.8	1.0	4.6	8.6	0.3	1.6	9.7	11.4	11.3	1.9	4.1	5.3	68.5	69.8	8.6	5.2
Middle East	24	9.6	10.3	10.1	11.6	15.0	6.5	6.9	4.9	12.3	19.2	5.8	13.8	4.6	70.9	75.2	3.9	10.4
Total long-haul among which:	478	4.8	4.6	4.7	4.7	7.6	1.9	3.0	4.7	4.2	6.4	4.1	4.6	3.8	81.3	82.4	5.0	4.8
North Atlantic	188	0.7	3.8	2.0	2.1	4.9	1.7	2.3	3.3	4.0	8.5	4.3	2.0	4.9	81.5	81.6	0.5	3.9
Mid Atlantic	50	2.8	3.8	4.6	4.8	4.0	-2.0	3.1	4.2	5.2	4.1	6.7	2.5	1.2	82.1	84.5	2.6	4.5
South Atlantic	41	12.8	12.8	13.6	15.2	14.2	12.1	13.8	15.5	10.7	9.7	11.3	7.9	13.6	86.3	86.1	14.0	11.2
Far East/Australasia	148	9.8	3.5	4.6	4.2	9.3	1.0	1.4	3.7	1.9	3.8	1.5	8.4	0.8	80.7	82.8	11.3	4.6
Sub Saharan Africa	51	3.5	4.8	2.7	4.3	10.4	2.2	2.4	7.0	5.5	5.3	3.5	3.4	3.3	78.0	79.0	4.1	5.1

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

International operations	576	4.0	4.7	4.0	4.4	7.9	3.4	3.6	3.8	4.0	5.1	6.1	1.2	2.1	75.5	77.3	4.2	4.7
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Arab Air Carriers Organization (AACO) - AACO members' scheduled operations

Total	183	15.3	18.8	20.1	22.3	22.3	17.8	20.8	19.0	11.0			15.0	14.5	70.0	76.8	9.2	15.7
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Source: compiled by UNWTO from IATA, ATA, ALTA, AEA, AAPA and AACO

¹ All IATA carriers

North America

Weak domestic demand in the USA for most of the year so far contributed to a disappointing first nine months (+1%) according to the Air Transport Association of America (ATA), while international traffic rose by an exceptional 5.4%

Interestingly, transatlantic routes performed by far the best of all international routes to/from the USA (+8.6%), thanks to a strong recovery in demand, while growth on transpacific routes was nearly flat. Latin American routes have also sustained good growth levels (+5.5%), although the average is slightly down on the first nine months of 2006.

Capacity followed the same trend, with available seat kilometres (ASK) increasing by 9% on Atlantic routes and 3% on routes to Latin America. By contrast, capacity in both domestic (-0.6%) and Pacific routes (+0.3%) showed no significant change.

Latin America

Data provided by the Asociación Latinoamericana de Transporte Aéreo (ALTA) points to a clear recovery of the local airlines. While domestic traffic among member carriers increased by 5.4% in the first eight months of the year, international traffic grew by 3.2%, a clear improvement over the 4.9% decline of 2006.

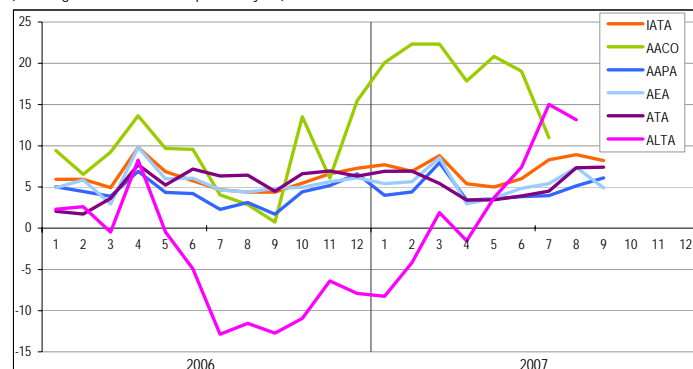
Asia and the Pacific was the best performing subregion for ALTA airlines (+31.7%), albeit from a low base, while Latin American routes saw a 23.1% growth. Europe, by contrast, continues to show a double-digit decline (-17.7%) due to a constant reduction in capacity (-12.1% over the period, after a 14.4% reduction in 2006).

Europe

Like the ATA, the Association of European Airlines (AEA) has reported almost no growth in domestic traffic in terms of RPK (+1.5%), while international services recorded +5.4% over the first nine months of 2007. Long-haul routes averaged 4.6% growth as against 7% for short/medium-haul routes. The only routes showing a double-digit increase in traffic over the nine months were the South Atlantic (+12.8%) and the Europe-Middle East (+10.3%) routes.

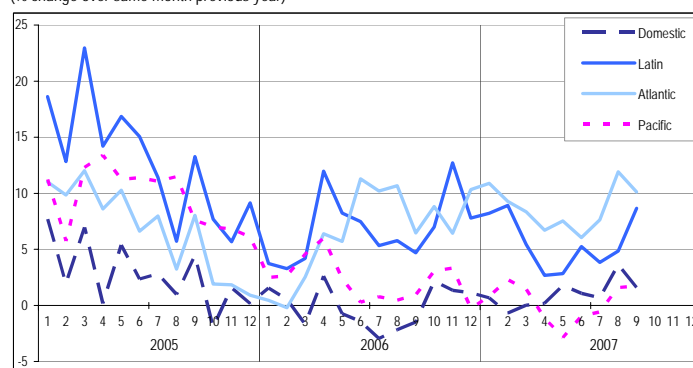
Capacity increased by 4.7% overall on AEA members' international routes, boosting average seat load factor to 78.6%. The North Atlantic was the only route where the capacity increase exceeded traffic growth (+4.9% to a traffic increase of +3.8%), but average passenger loads still remained high at 81.6%.

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



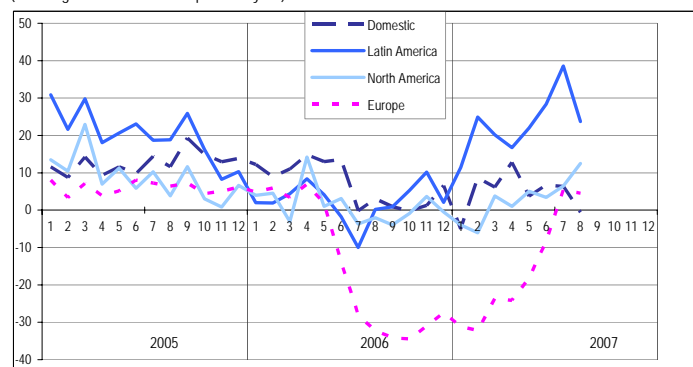
Source: compiled by UNWTO from IATA, AACO, AAPA, AEA, ATA AND ALTA

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



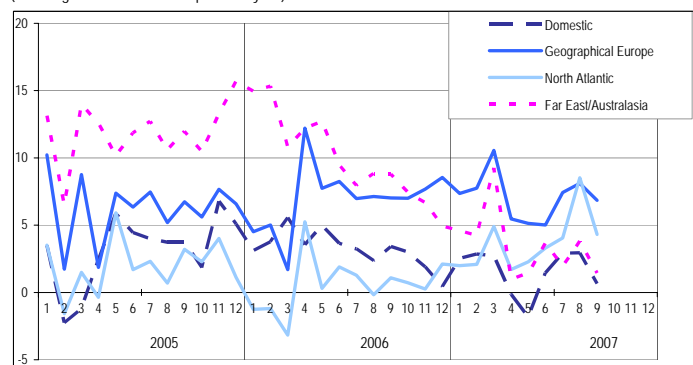
Source: compiled by UNWTO from ATA

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



Source: compiled by UNWTO from ALTA

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



Source: compiled by UNWTO from AEA

Asia and the Pacific

In the first nine months of 2007, member carriers of the Association of Asia Pacific Airlines (AAPA) carried 107 million international passengers. RPK rose by 4.7%. Coupled with a limited growth in capacity (+2.1%), this resulted in an average passenger load factor of 77.3%, up around two percentage points over the same period in 2006.

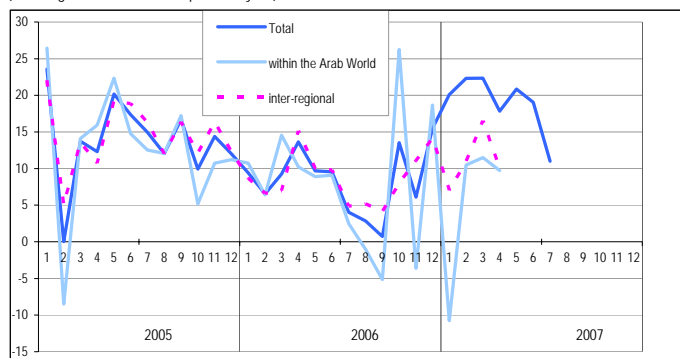
AAPA says the outlook for the rest of the year remains positive, although there are continuing concerns over persistently high oil prices and other cost pressures.

Middle East

Preliminary data from the Arab Air Carriers Organization (AACO) confirms the trends identified by IATA and other regional air transport bodies – i.e. that the Middle East has turned in one of the best performances of all world regions so far in 2007. Clearly, different measures and definitions mean that regions cannot strictly be compared, but there is no doubt that the Middle East is on track to achieve another record year in terms of air transport growth.

Traffic expressed in RPK increased by an impressive 18.8% from January-August.

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



Source: compiled by UNWTO from AACO

Prospects

IATA's revised financial forecast for the world's airlines points to a US\$ 5.6 billion net profit for 2007, up from the US\$ 5.1 billion forecast in June. The average oil price for 2007 has been revised upwards to US\$ 67 per barrel (previously US\$ 63). However, higher oil prices have been more than offset by stronger than expected demand for passenger traffic and a general improvement in airlines' financial performance.

While IATA is more optimistic for 2007, the continuing high price of oil combined with turmoil in credit markets is a cause for concern in 2008. The industry net profit for 2008 is forecast at US\$ 7.8 billion, down from the US\$ 9.6 billion predicted in June.

The impact of the credit crunch puts some question marks over the industry's performance next year and the continuing high price of fuel will become more difficult to mitigate with efficiency gains. Underlying the forecast is a substantial shift in relative regional performance, primarily driven by capacity increases.

Since 2001, Asia Pacific-based carriers, preparing to serve the massive opportunities in China and India, have added 42% to their capacity and improved load factors by two percentage points. By contrast, North American carriers have added 11% to capacity and improved load factors by six percentage points. European carriers have expanded capacity by 29% with load factors showing a five percentage point increase.

These factors have led to an increase in North American carriers' unit revenues, driving expected net profits to US\$ 2.7 billion – the highest among the major regions. Conversely, poorer yields from Asia Pacific carriers, combined with sluggishness in cargo markets, have seen a decline in absolute profits from US\$ 1.2 billion in 2005 to an expected US\$ 700 million in 2007. Europe's carriers continue to benefit from buoyant long-haul markets, improving profitability continuously from US\$ 1.6 billion in 2005 to an expected US\$ 2.1 billion this year.

There are signs of clear benefits of hard-won efficiency gains from restructuring. Labour productivity is up 56% since 2001 and non-fuel unit costs are down 15%. The drive for 100% e-ticketing by June 2008 as part of the IATA *Simplifying the Business* initiative will deliver US\$ 3 billion in cost savings. Balance sheets are improving, but the US\$ 200 billion mountain of accumulated debt continues to make civil aviation a fragile industry. Commercial freedom is a critical missing link.

In the coming months, carriers will start taking advantage of opportunities created by the US-EU open skies agreement. To quote Bisignani: "We must now be looking forward to even broader liberalisation, including ownership. Only when we have the same freedoms as other industries to run our businesses as businesses will we be fully able to meet both investor and customer expectations. Our partners and governments must also get more serious about efficiency and the environment. As an example, the United Nations estimates that inefficient infrastructure and air traffic management adds 12% or US\$ 14 billion to our fuel bill. And it unnecessarily adds 73 million tonnes of CO₂ to the environment. This must change – urgently."

Hospitality

Robust global hotel performance reflects market confidence

The global hotel market has continued to perform well in 2007 driven by strong average room rate growth. Figures to the end of August show that every region across the world has recorded double-digit revenue per available room (revPAR) increases, according to data from the HotelBenchmark™ Survey by Deloitte.

Hoteliers in Central and South America have seen the strongest growth so far this year, with revPAR up 18% to US\$ 73. This has largely been driven by average room rate increases of 16%. São Paulo has thrived on demand from the meetings industry. Both occupancy and average room rates rose, swelling revPAR 31% to US\$ 55. Meanwhile, across on the Pacific coast, Lima's results have not been too badly affected by August's earthquake. RevPAR in the city has risen 19% year to date.

In Europe, revPAR is up 15% to US\$ 105 – although growth levels in euros are more conservative at 7%. Overall, the market has been buoyed by strong economic conditions helping to drive both corporate and leisure business. This has helped counterbalance any fall off in demand stemming from the strength of the euro and overall European occupancy levels have remained stable at 68.5%.

German cities that expected a performance drop following last year's World Cup, have held up well – with markets such as Berlin and Frankfurt seeing only marginal declines. A wet summer in London has not dampened hotel performance, either. RevPAR has risen 21% to US\$ 206, driven by average room rates which now stand at US\$ 252. The city has enjoyed strong corporate demand as well as large high-profile events such as the Tour de France. Parisian hoteliers have also been able to capitalise on stronger economic conditions and events such as the biennial Paris Air Show in June. Overall, revPAR has increased by 18% to US\$ 218 – and there is hope that the Rugby World Cup will strengthen this further. Across Europe, Moscow continues its rapid growth. A burgeoning economy and strong business travel sector have helped revPAR rise to US\$ 241 – 28% up on the same period in 2006.

The momentum continues in the Middle East with revPAR increasing by 14% to US\$ 99 during the first eight months of the year. Although development centre Dubai continues to command the highest revPAR in the region at US\$ 262, it is Muscat that is seeing the strongest growth. The city endured a difficult second quarter after Cyclone Gonu hit in June. As a result, several hotels were forced to close. However, unaffected hotels have been able to increase rates. RevPAR now stands at US\$ 145 – a 57% hike from 2006. Although most markets across the region are doing well, continuing troubles in Lebanon have produced the opposite effect with revPAR in the capital Beirut falling to US\$ 44.

Asia Pacific hotels have seen the smallest growth of any region, but an 11% revPAR rise does not tell the full story. In India, room rates are rocketing with Mumbai recording 48% revPAR growth year-to-date, driven by average room rates which now stand at US\$ 249. Room supply in the country is being stretched by the business boom, and international chains continue to seek out investment opportunities at break-neck speed. In South-East Asia, Bali is recovering following years of setbacks. The island recorded the region's highest revPAR rise of 57% for the year through August – this has been largely occupancy driven as visitor confidence returns. The global budget airline phenomenon has taken Asia by storm with many resorts now feeling the benefits. Phuket's revPAR has risen by 41% to US\$ 103 in 2007, assisted by increased airline access. The development boom in China continues. Over 6,000 new hotel rooms will be added in Shanghai this year, and this has diluted performance levels slightly. Falling occupancy levels have curbed revPAR in Shanghai at US\$ 93 – on a par with 2006.

It would be fair to say that over recent years the global hotel industry has been on a roll – with many regions seeing double-digit revPAR growth each year. And 2007 certainly looks set to continue this trend. Hotel performance this year has been underpinned by strong economic fundamentals, stimulating both business and leisure travel. While recent stock market jitters have caused concern, markets have stabilised quickly and the impact is expected to be limited. Looking to 2008 worldwide economic growth is expected to be slower than that seen over recent years, which is likely to constrain hotel demand slightly.

Hotel performance by region

	Occupancy (%)			Average Room Rate - US\$			RevPAR - US\$		
	Year-to-August			Year-to-August			Year-to-August		
	2007	2006	Change (%)	2007	2006	Change (%)	2007	2006	Change (%)
Europe	68.5	67.8	1.0	153	135	13.6	105	91	14.7
Europe (in euros)	68.5	67.8	1.0	114	107	5.9	78	73	6.9
Middle-East	70.7	68.1	3.7	140	128	10.0	99	87	14.1
Asia and the Pacific	70.8	70.3	0.7	125	114	10.2	89	80	11.0
Central and South America	66.7	65.6	1.7	109	94	16.3	73	62	18.3

Source: HotelBenchmark™ Survey by Deloitte, © 2007 Deloitte & Touche LLP. All rights reserved

Hotel performance by region

		Occupancy (%)		
		Year-to-August		
		2007	2006	Change
Europe				
Iceland	Reykjavik	69.3	68.5	1.3
Norway	Oslo	71.3	70.7	0.8
Sweden	Stockholm	70.9	70.9	0.0
Denmark	Copenhagen	72.2	74.4	-3.0
Ireland	Dublin	75.2	77.4	-2.9
United Kingdom	London	81.9	81.5	0.5
Netherlands	Amsterdam	79.7	81.2	-1.9
Belgium	Brussels	67.1	67.6	-0.7
Luxembourg	Luxembourg	69.0	65.3	5.7
Germany	Frankfurt am Main	59.3	61.0	-2.7
	Berlin	69.7	65.4	6.7
France	Paris	75.5	72.4	4.3
Austria	Vienna	72.7	73.6	-1.2
Switzerland	Geneva	68.2	64.5	5.7
	Zurich	77.3	75.8	1.9
Czech Rep	Prague	70.7	72.2	-2.1
Slovakia	Bratislava	62.1	62.8	-1.2
Hungary	Budapest	64.9	68.0	-4.5
Poland	Warsaw	65.8	62.6	5.2
Russian Federation	Moscow	70.4	68.4	2.9
Portugal	Lisbon	64.4	61.6	4.6
Spain	Madrid	66.6	66.0	1.0
	Barcelona	71.8	70.2	2.4
Italy	Milan	66.1	66.9	-1.2
	Rome	69.6	74.9	-7.1
Greece	Athens	68.1	65.9	3.4
Turkey	Istanbul	74.7	70.9	5.3
Israel	Tel Aviv	76.8	71.0	8.2

Asia and the Pacific

China	Beijing	71.2	72.8	-2.2
	Shanghai	66.7	69.1	-3.4
Hong Kong (China)	Hong Kong	81.9	83.4	-1.8
Taiwan (pr. of China)	Taipei	73.6	75.4	-2.3
Japan	Osaka	78.4	77.2	1.6
	Tokyo	77.9	78.6	-0.8
Korea, Republic of	Seoul	67.3	65.1	3.4
Vietnam	Hanoi	82.2	79.1	3.9
Thailand	Bangkok	69.7	74.1	-5.9
	Phuket	74.5	60.6	23.0
Malaysia	Kuala Lumpur	73.6	73.9	-0.3
Singapore	Singapore	83.7	80.3	4.3
Indonesia	Jakarta	61.9	55.1	12.4
	Bali Island	68.8	50.4	36.5
Philippines	Manila	77.1	74.0	4.2
India	Mumbai	75.3	74.8	0.7
	New Delhi	74.8	76.8	-2.6
Australia	Sydney	81.0	74.5	8.7
New Zealand	Auckland	75.6	74.1	2.1

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Hotel performance by region

		Occupancy (%)		
		Year-to-August		
		2007	2006	Change
Middle-East & Africa				
Egypt	Alexandria	78.5	76.0	3.4
	Cairo	75.8	74.7	1.5
	Luxor	61.3	55.5	10.4
	Sharm El-Sheikh	72.5	63.3	14.6
Jordan	Amman	61.7	58.2	6.1
Lebanon	Beirut	35.8	55.8	-35.8
Syrian Arab Republic	Damascus	64.4	53.0	21.5
Kuwait	Kuwait City	65.8	67.2	-2.1
Qatar	Doha	71.8	74.6	-3.8
Untd Arab Emirates	Dubai	85.2	83.5	2.1
	Abu Dhabi	76.0	78.0	-2.6
Saudi Arabia	Riyadh	76.5	78.0	-2.6
Oman	Muscat	71.0	65.1	9.1
Kenya	Nairobi	74.9	68.5	9.3
South Africa	Greater Cape Town	68.7	67.2	2.2
	Greater Johannesburg	75.8	71.9	5.5

Central and Southern America

Mexico	Mexico City	63.6	65.2	-2.5
	Cancun	67.2	61.6	9.1
Costa Rica	San Jose	74.2	72.2	2.8
Peru	Lima	72.1	68.3	5.6
Brazil	Rio de Janeiro	57.3	62.7	-8.6
	Sao Paulo	64.2	60.0	7.0
Argentina	Buenos Aires	69.0	70.7	-2.5
Chile	Santiago	73.1	69.6	5.0

Source: HotelBenchmark™ Survey by Deloitte
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Deloitte.

The HotelBenchmark™ Survey by Deloitte is the market leader in monitoring global hotel performance tracking over 7,800 hotels in 465 markets across 140 countries on a daily and monthly basis. For further information please call +44 (0) 20 7007 3974 or visit www.HotelBenchmark.com.

The economic environment

Strong global growth clouded by turbulence in financial markets, but 2008 forecasts still very solid

In the October edition of the *World Economic Outlook* (WEO), the International Monetary Fund (IMF) updated its economic growth forecast for 2007 and 2008. IMF lowered its forecast for 2008 by half a percentage point, after first having it raised by about the same in an interim update issued in July. Compared with the April WEO, as reported in the June issue of the *UNWTO World Tourism Barometer*, global prospects for 2008 did not change significantly and are overall still very solid.

(See www.imf.org/external/pubs/ft/weo/weorepts.htm)

Overview of the economic growth projections by the International Monetary Fund (IMF), *World Economic Outlook*, October 2007

	GDP US\$ bn	Growth of Gross Domestic Product (GDP), constant prices (%)											
		Change over previous year (%)						Current projections		Trend ¹			Average (%)
		2006	2001	2002	2003	2004	2005	2006	2007*	2008*	06-05	07*-06	08*-07*	1995-2006
World	48,245	2.5	3.1	4.0	5.3	4.8	5.4	5.2	4.8	+	=	-	4.1
of which:													
Advanced economies	35,886	1.2	1.6	1.9	3.2	2.5	2.9	2.5	2.2	+	-	-	2.7
Emerging market and developing countries	12,359	4.3	5.1	6.7	7.7	7.5	8.1	8.1	7.4	+	=	-	5.8

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

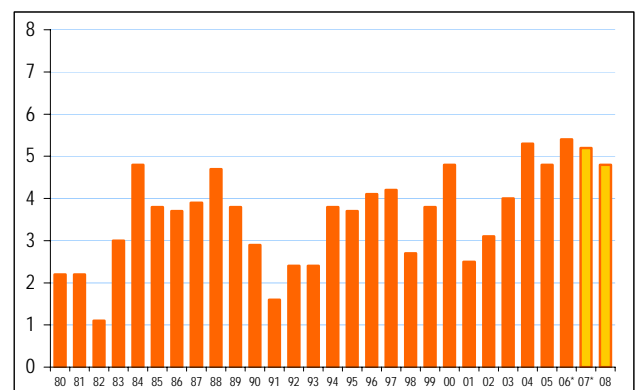
Emerging markets continue driving world growth

The global economy continued to expand vigorously in the first half of 2007. As growth turned out to be stronger than initially anticipated, IMF raised its 2007 projection to 5.2%, up from the 4.8% projected in April. However, this data masks significant variations between regions. Growth of the group of advanced economies, projected at 2.5%, is decent but far from exceptional. The remarkable feature is the continuing strength of the emerging market and developing countries, with growth forecasted to exceed 8% again this year. And this group has been growing since 2004 at a rate of 7% and above, higher than in any year of the two preceding decades.

Major emerging markets have taken over as leading contributors to global growth. China's economy gained further momentum, growing by over 11%, while India (+8.9%) and the Russian Federation (+7%) also continued to grow very strongly. These three countries alone have accounted for one half of global growth over the past year. Other smaller emerging economies in Asia, Latin America, the Middle East and Africa (including many low-income countries) also put in strong performances, with the help of high prices for agricultural and mineral commodities. Throughout the developing world, large foreign exchange inflows have presented opportunities to boost investment and growth (both stimulating tourism demand and development of tourism infrastructure).

World

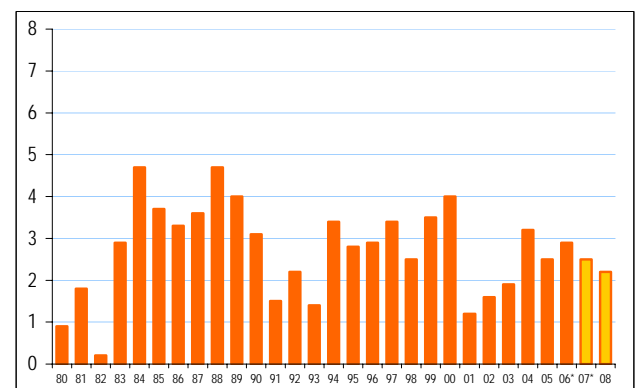
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Advanced economies

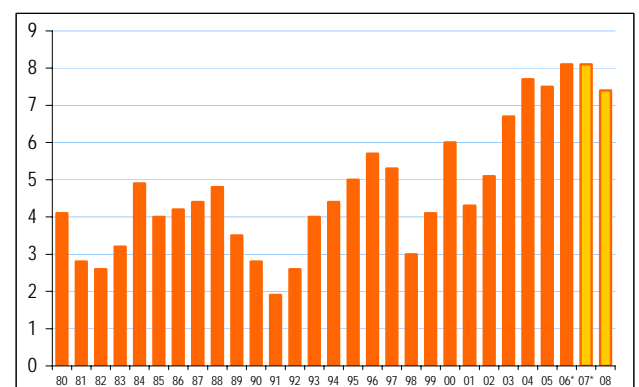
Growth of Gross Domestic Product (GDP), constant prices (%)



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, October 2007

	GDP US\$ bn	Growth of Gross Domestic Product (GDP), constant prices											
		Change over previous year (%)						Current projections		Trend ¹			Average (%)
		2006	2001	2002	2003	2004	2005	2006	2007*	2008*	06-05	07*-06	08*-07*	1995-2006
<i>By UNWTO regions:</i>													
Europe	17,255	2.2	2.0	2.4	3.7	2.8	4.0	3.8	3.3	++	=	-	2.8
Euro area	10,589	1.9	0.9	0.8	2.0	1.5	2.8	2.5	2.1	++	-	-	2.1
Germany	2,916	1.2	0.0	-0.3	1.1	0.8	2.9	2.4	2.0	++	-	-	1.4
France	2,252	1.9	1.0	1.1	2.5	1.7	2.0	1.9	2.0	+	=	=	2.2
Italy	1,853	1.8	0.3	0.0	1.2	0.1	1.9	1.7	1.3	++	=	-	1.3
Spain	1,232	3.6	2.7	3.1	3.3	3.6	3.9	3.7	2.7	+	=	-	3.7
Netherlands	671	1.9	0.1	0.3	2.2	1.5	3.0	2.6	2.5	++	-	=	2.6
Belgium	395	0.7	1.4	1.0	2.8	1.4	3.0	2.6	1.9	++	-	-	2.2
Austria	324	0.8	0.9	1.2	2.3	2.0	3.3	3.3	2.5	++	=	-	2.3
Greece	309	4.5	3.9	4.9	4.7	3.7	4.3	3.9	3.6	+	-	-	3.9
Ireland	219	5.9	6.4	4.3	4.3	5.9	5.7	4.6	3.0	=	--	--	7.3
Finland	210	2.6	1.6	1.8	3.7	2.9	5.0	4.3	3.0	++	-	--	3.8
Portugal	195	2.0	0.8	-0.7	1.5	0.5	1.3	1.8	1.8	+	+	=	2.3
United Kingdom	2,399	2.4	2.1	2.8	3.3	1.8	2.8	3.1	2.3	+	+	-	2.8
Sweden	384	1.1	2.0	1.7	4.1	2.9	4.2	3.6	2.8	++	-	-	2.9
Norway	336	2.0	1.5	1.0	3.9	2.7	2.8	3.5	3.8	=	+	+	2.9
Denmark	276	0.7	0.5	0.4	2.1	3.1	3.5	1.9	1.5	+	--	-	2.2
Switzerland	388	1.2	0.4	-0.2	2.5	2.4	3.2	2.4	1.6	+	-	-	1.8
Central and Eastern Europe (excl. CIS)	979	3.1	3.2	4.4	5.7	4.8	6.3	6.0	5.2	++	-	-	4.0
Russian Federation	985	5.1	4.7	7.3	7.2	6.4	6.7	7.0	6.5	+	+	-	4.1
Turkey	402	-7.5	7.9	5.8	8.9	7.4	6.1	5.0	5.3	--	--	+	4.3
Americas	17,412	0.8	1.3	2.4	4.2	3.5	3.6	2.7	2.5	=	-	=	3.1
United States	13,195	0.8	1.6	2.5	3.6	3.1	2.9	1.9	1.9	=	-	=	3.2
Canada	1,275	1.8	2.9	1.9	3.1	3.1	2.8	2.5	2.3	-	-	=	3.3
Latin America and Caribbean	2,942	0.5	0.3	2.4	6.0	4.6	5.5	5.0	4.3	+	-	-	3.1
Mexico	840	0.0	0.8	1.4	4.2	2.8	4.8	2.9	3.0	++	--	=	3.7
Brazil	1,068	1.3	2.7	1.1	5.7	2.9	3.7	4.4	4.0	+	+	-	2.5
Argentina	213	-4.4	-10.9	8.8	9.0	9.2	8.5	7.5	5.5	-	-	--	2.8
Venezuela	182	3.4	-8.9	-7.8	18.3	10.3	10.3	8.0	6.0	=	--	--	2.4
Chile	146	3.5	2.2	4.0	6.0	5.7	4.0	5.9	5.0	--	++	-	4.2
Colombia	136	1.5	1.9	3.9	4.9	4.7	6.8	6.6	4.8	++	=	--	2.6
Asia and the Pacific	11,727	4.1	5.4	6.3	7.1	7.1	7.7	7.8	7.1	+	=	-	5.6
Japan	4,366	0.2	0.3	1.4	2.7	1.9	2.2	2.0	1.7	+	=	-	1.2
Australia	756	2.1	4.1	3.1	3.7	2.8	2.7	4.4	3.8	=	++	-	3.6
Newly Industrialized Asian Economies	1,575	1.2	5.5	3.2	5.9	4.7	5.3	4.9	4.4	+	-	-	4.6
Korea, Republic of	888	3.8	7.0	3.1	4.7	4.2	5.0	4.8	4.6	+	=	=	4.5
Taiwan (pr. of China)	365	-2.2	4.6	3.5	6.2	4.1	4.7	4.1	3.8	+	-	-	4.5
Hong Kong (China)	190	0.6	1.8	3.2	8.6	7.5	6.9	5.7	4.7	-	--	-	4.1
Singapore	132	-2.4	4.2	3.1	8.8	6.6	7.9	7.5	5.8	++	-	--	5.4
Developing Asia	4,680	6.0	7.0	8.3	8.8	9.2	9.8	9.8	8.8	+	=	-	7.4
China	2,645	8.3	9.1	10.0	10.1	10.4	11.1	11.5	10.0	+	+	--	9.3
India	874	3.9	4.5	6.9	7.9	9.0	9.7	8.9	8.4	+	-	-	6.6
Pakistan	127	2.0	3.2	4.8	7.4	7.7	6.9	6.4	6.5	-	-	=	4.4
Indonesia, Malaysia, Philippines, Thailand	837	2.4	4.7	5.5	5.9	5.2	5.4	5.6	5.6	+	=	=	3.4
Iran	222	3.7	7.5	7.2	5.1	4.4	4.9	6.0	6.0	+	++	=	4.8
Africa	922	4.0	3.5	4.5	5.6	5.5	5.5	5.6	6.5	=	=	+	4.1
South Africa	255	2.7	3.7	3.1	4.8	5.1	5.0	4.7	4.2	=	-	-	3.5
Algeria, Morocco, Tunisia	210	4.5	3.7	6.4	5.3	4.1	5.2	4.3	5.6	++	-	++	4.4
Nigeria	116	3.1	1.5	10.7	6.0	7.2	5.6	4.3	8.0	--	--	++	4.6
Middle East	962	2.6	2.3	6.1	5.8	5.9	5.9	5.9	5.9	=	=	=	4.4
Saudi Arabia	349	0.5	0.1	7.7	5.3	6.1	4.3	4.1	4.3	--	=	=	3.3
Untd Arab Emirates	163	1.7	2.6	11.9	9.7	8.2	9.4	7.7	6.6	++	--	--	6.5
Egypt	107	3.5	3.2	3.2	4.1	4.5	6.8	7.1	7.3	++	+	=	5.0

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

Outlook and risks

At the moment, the world economy is very much pulled by emerging market economies that work at full steam, and this is expected to continue in the coming year. Between April and October, 2008 forecasts for emerging market and developing countries were even raised slightly, while forecasts for the USA and many other advanced economies have been marked down. Emerging market and developing countries are forecasted to continue growth at 7.4%. The US economy is expected to remain weak next year, with growth of 1.9%, but will not stagnate. For the advanced economies of Western Europe, growth is projected between 1.5% and 3%. Altogether, this would leave global growth in 2008 at a solid 4.8%, supported by generally sound fundamentals and the strong momentum in emerging market economies.

A degree of uncertainty has been introduced by the recent turbulence in financial markets triggered by events in the US subprime mortgage market. Additional risks to the world outlook include inflationary pressures (notably on food prices), volatile oil and commodities markets, fiscal deficits in some major and some emerging economies, and the impact on emerging markets of strong foreign exchange inflows. At the same time, longer-term issues such as population ageing, a more balanced globalisation and global warming are also sources of concern.

The US dollar has continued to weaken, while the euro has appreciated. The Japanese yen has rebounded in recent months but remains undervalued by historical standards. The Chinese renminbi has continued to appreciate gradually against the US dollar, along with other Asian currencies, but some commodity-backed currencies have appreciated more strongly.

Inflation has been contained in the advanced economies, but it has risen in many emerging market and developing countries, reflecting higher energy and food prices. In the USA, core inflation has gradually eased below 2%. In the eurozone, inflation has generally remained below 2% this year.

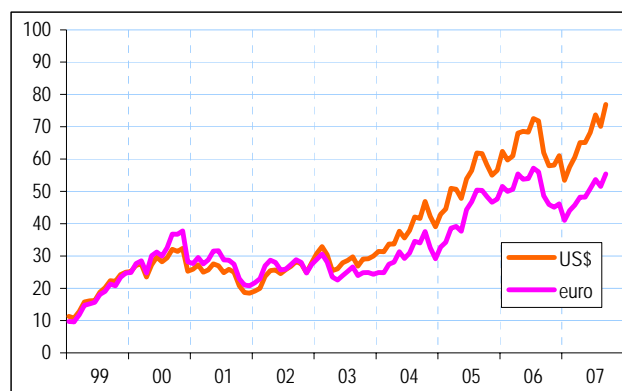
Oil prices reached a new record, hitting over US\$ 80 a barrel, and there is widespread talk about the possibility of a further rise to US\$ 100. The spike could boost inflation and add to strains to low-income oil-importing countries. However, according to the IMF this is unlikely to dent world growth much as the price rise has been driven by sustained strong demand growth rather than supply shortfalls. To some extent, the current prices are also the reflection of a historical weak US dollar. In currencies not linked to the dollar, such as euro, the price rise has been less pronounced, though still substantial.

Financial market conditions have become more volatile and credit conditions have tightened with the increasing concerns about the fallout from the crisis in the US subprime mortgage market and about the risks entailed in securitised debt. An extended period of tight credit

conditions could have a significant dampening impact on growth, particularly through the effect on housing markets in the USA and some European countries. Countries in Central and Eastern Europe and the CIS, with large current account deficits and substantial external financing inflows, would also be adversely affected if capital inflows were to weaken. Meanwhile, both the US Federal Reserve and the European Central Bank have intervened in the market by increasing financial liquidity and by alerting markets as to their rising interest rate policy. While both the European Central Bank and the Bank of England have so far maintained their interest rates at 4% and 5.75%, respectively, the Federal Reserve cut its interest rates already twice (in July and October) up to 0.75 percentage points.

Oil: Average of UK Brent, Dubai, and West Texas Intermediate

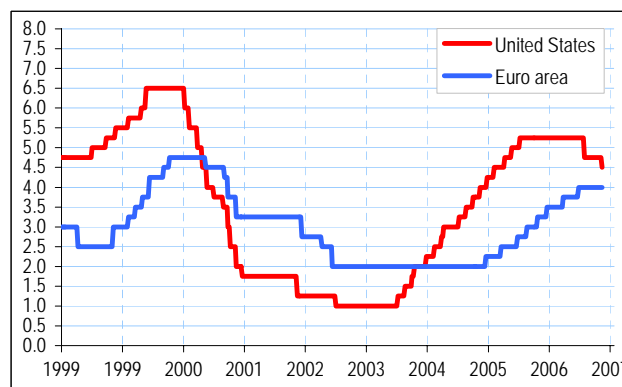
US\$ per barrel



Source: International Monetary Fund

Interest rate Federal Reserve and ECB (%)

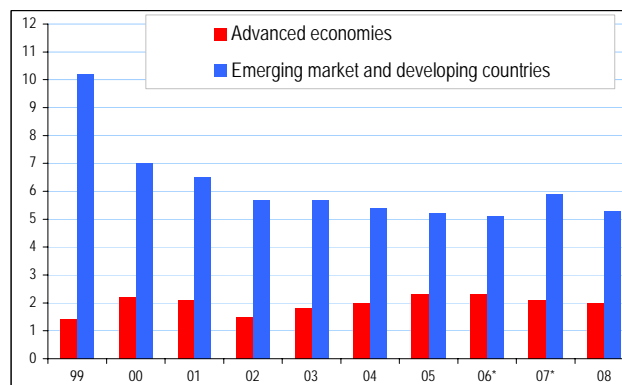
(%)



Source: Federal Reserve and European Central Bank (ECB)

Inflation (%)

(%)



Source: International Monetary Fund

Regional economies

Americas

The USA has ceased to be the driving force in world economic growth. US GDP growth has been slowing since 2004 and is now forecast to be only 1.9% in both 2007 and 2008. The ongoing difficulties in the mortgage market are expected to reinforce the decline in house prices, extending the decline in residential investment and encouraging households to raise their savings rate at the expense of consumption spending. Exports, however, are likely to benefit from the continued decline in the value of the US dollar and solid growth in partner countries, and healthy corporate balance sheets should support business investment.

For Canada, the IMF has raised its forecast for 2007 slightly, to 2.5%, but cut that for 2008 by over half a percentage point, to 2.3%. The commodities-producing eastern provinces remain very much more prosperous than the western provinces, whose industries are suffering from the high exchange rate.

In a number of commodity-exporting countries in South America, growth is expected to fall from the high rates of 2006 – in part because of increasing supply constraints – but the regional outlook remains strong with the IMF forecasting 5.0% and 4.3% growth in Latin America and the Caribbean for 2007 and 2008, respectively.

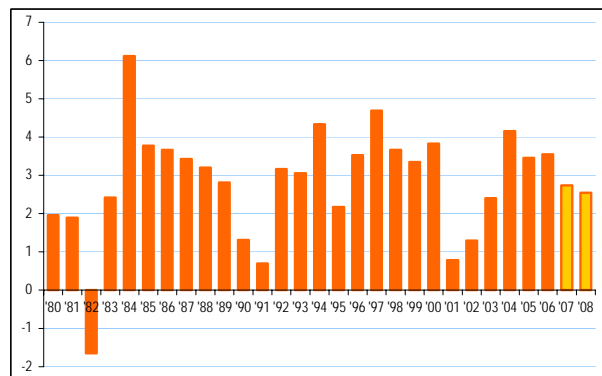
Europe

The financial market turbulence has come at a time when Western Europe has been enjoying its best economic performance for a decade. But the balance of risks to the outlook have recently been to the downside. Deteriorating conditions in credit markets could further slow consumption and investment, while high exchange rates are damaging the prospects for exports. Particularly in the UK, where growth is expected to slow from 3.1% in 2007 to 2.3% in 2008, heavily indebted consumers are worried by the prospects for higher taxes and mortgage interest rates. As compared to April, the IMF has raised its 2007 forecast for the eurozone slightly, to 2.5%, but it has cut its 2008 forecast by 0.2 percentage points, to 2.1%.

In Central and Eastern Europe, rising disposable incomes, improving labour markets and easy access to credit – financed mainly through cross-border interbank loans – have continued to buttress consumer spending and investment. However, this has been accompanied by rising concerns – especially in the Baltic States, Hungary and some parts of the Balkans – about overheating economies, widening external deficits and elevated inflation. The IMF has raised its forecast for 2007 to 6%, but cut that for 2008 to 5.2%.

Americas

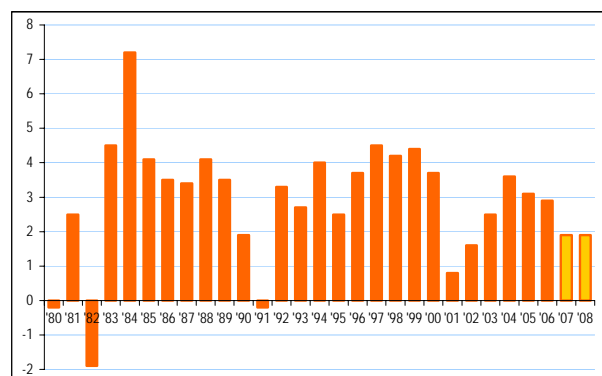
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

United States

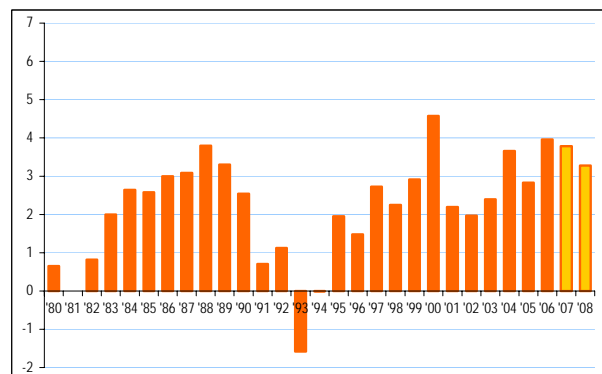
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Europe

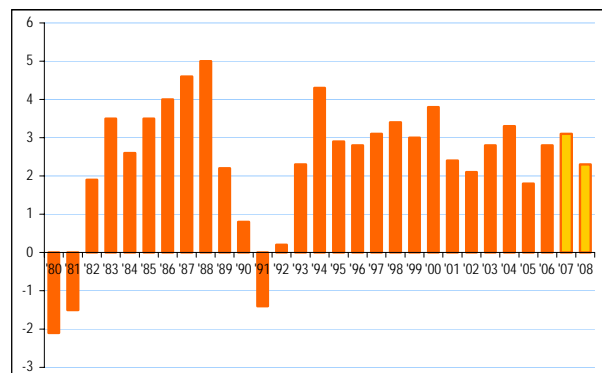
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

United Kingdom

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



Source: International Monetary Fund

The Russian Federation, as well as the other CIS countries, has not been immune to the recent financial turmoil, but this has come against the backdrop of the longest economic expansion since the beginning of transition. The IMF expects the Russian economy to grow by an impressive 7.0% in 2007 and by 6.5% in 2008.

Asia Pacific

Growth in Japan slackened in the second quarter of 2007, after two quarters of strong gains, and the IMF has lowered its forecasts for both 2007 (+2.0%) and 2008 (+1.7%). The Australian and New Zealand economies are growing more strongly than had been expected, and many of the economies in East and South-East Asia continue to do well. However, their growth may moderate in 2008, reflecting slower growth in demand for their exports and some policy tightening in countries facing overheating pressures.

But all eyes have been on China and India. At 11.5%, real GDP growth in China in the first half of 2007 was even faster than expected, while that in India has been accelerating towards China’s stratospheric levels. Compared to April, the IMF has even slightly raised its forecasts for both, in spite of some anxieties about inflation and supply-side constraints.

Africa

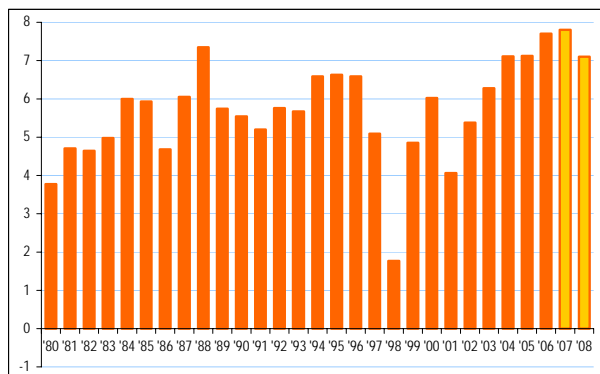
Taking a longer-term perspective, Sub-Saharan Africa is clearly enjoying its best period of sustained growth since independence. While the oil exporting countries are achieving the most rapid growth, most other countries are also growing strongly and outperforming historic trends. Moreover, faster-growing countries in the region are making substantial progress in reducing poverty rates. The IMF has slightly adjusted its forecast for the continent to 5.6% for 2007, and boosted that for 2008 to 6.5%.

Middle East

Economic growth in the Middle East, forecast at 5.9% both in 2007 and 2008, is also being supported by high international oil prices, and the high revenues are feeding through into investment and consumer spending. The challenge for fiscal policy in oil- and non-oil commodity-exporting countries is striking a balance between the long-term developmental objectives and cyclical considerations. But countries like Egypt, the United Arab Emirates and Qatar are successfully diversifying their economies, including a significant investment in the tourism sector.

Asia and the Pacific

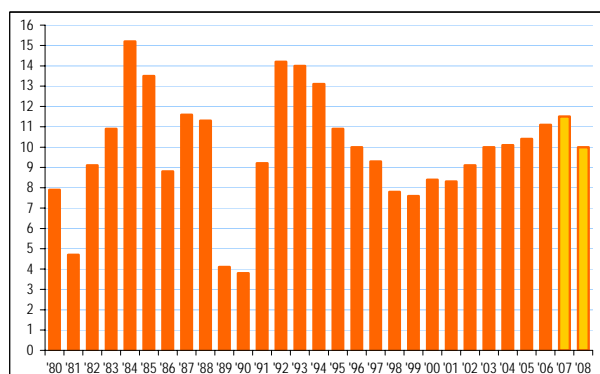
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

China

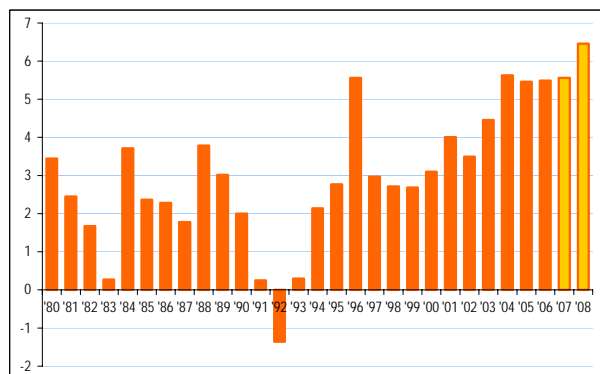
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Africa

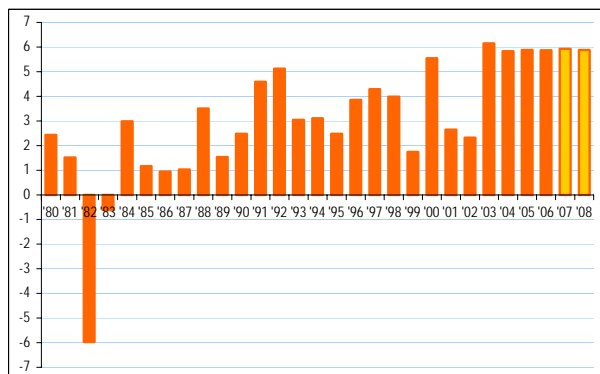
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Middle East

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



Source: International Monetary Fund

Exchange rates

In the past four months, the gap between the US dollar and the euro has widened further, with the euro exchanging at a rate over US\$ 1.40 (US\$ 1 = 0.71 euros) at the end of September. For the US dollar this corresponds to a loss in value of 3% since May and of 8% compared with a year ago. The Danish krone, the Swiss franc, the Croatian kuna, the Polish zloty, the Thai baht and the Australian dollar followed a comparable pattern between May and September as they maintained a more or less constant rate with the euro.

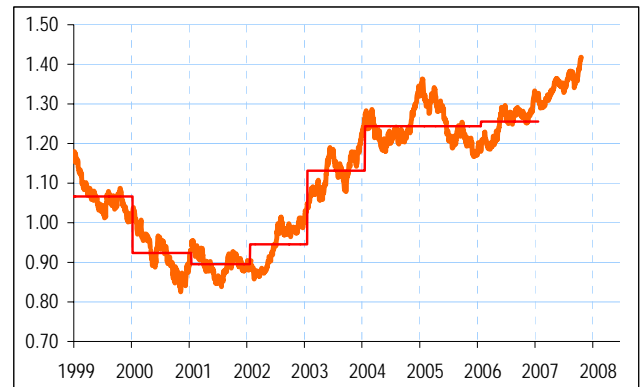
The US dollar has depreciated even more significantly against the Canadian dollar (-6%) over the past four months. On 20 September, the US and Canadian dollar even reached parity – a situation only seen as far back as 1976. The Canadian dollar has risen 62% since bottoming out at US\$ 0.62 in 2002 (US\$ 1 = C\$ 1.62). As a result of their appreciating currency, Canadians have enjoyed cheaper imports from the USA, as well as lower-cost tourism in the USA, while export industries have suffered, including inbound tourism from the USA to Canada. The Canadian dollar's recent rise is partly due to the soaring prices of raw materials such as oil, gold, copper and wheat, which Canada exports in great quantities. The Canadian economy has also benefited from Canada's large budget and trade surpluses.

In the same period, the US dollar also recorded a fairly large depreciation against the Japanese yen (-5%), the Norwegian krone (-6%), the Czech koruna (-5%) and the Turkish lira (-5%). The euro lost some 2-4% against all these currencies, as well as against the Canadian dollar. The depreciation of the US dollar against sterling, the Russian rouble, the Chinese yuan/renminbi, the Swedish krona and the Philippine peso, was more moderate – at some 2% – while the euro gained around 1%.

The US dollar appreciated only moderately against the Mexican peso (+2%), the Indonesian rupiah (+5%), the Malaysian ringgit (+2%), the New Zealand dollar (+2%), and the South African rand (+1%), while the euro strengthened some 3% against all these currencies.

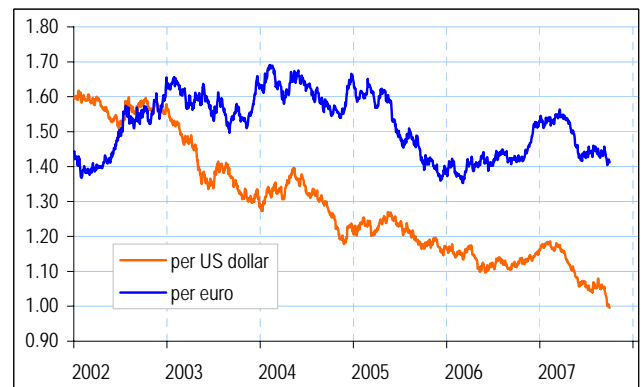
Exchange rate euro to US dollar

(US\$ per €)



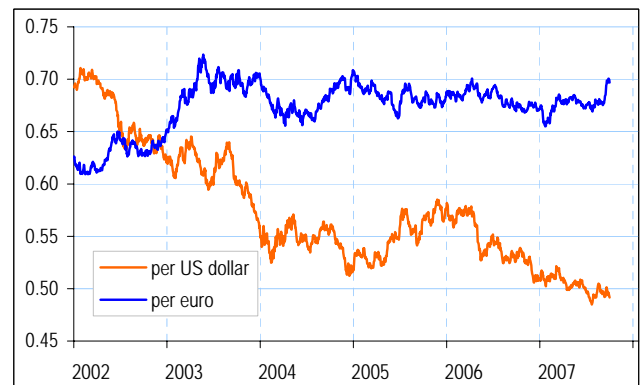
Source: De Nederlandse Bank

Exchange rate Canadian dollar



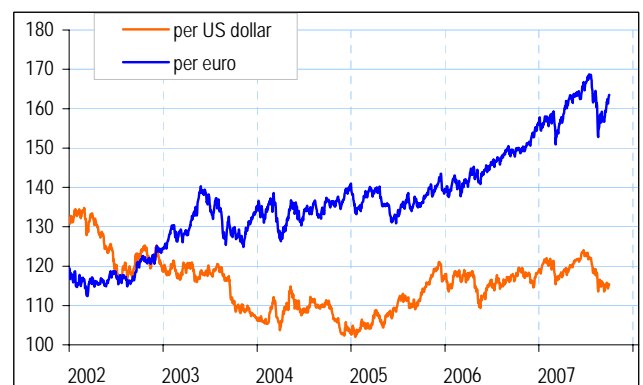
Source: De Nederlandse Bank

Exchange rate British pound



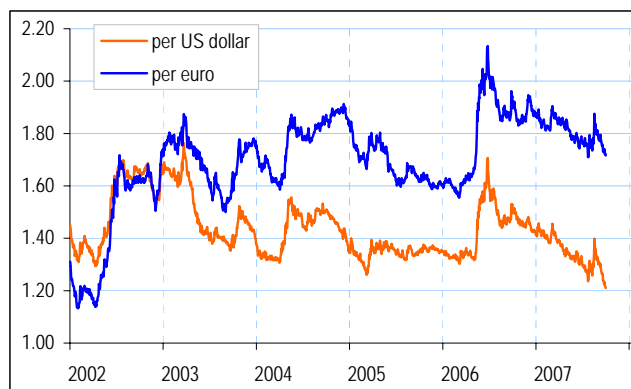
Source: De Nederlandse Bank

Exchange rate Japanese yen (100)



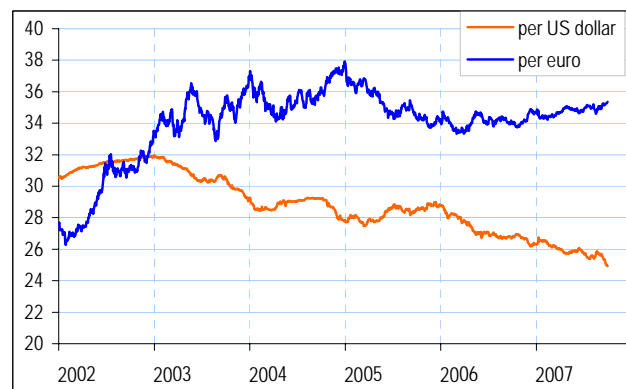
Source: De Nederlandse Bank

Exchange rate Turkish lira



Source: De Nederlandse Bank

Exchange rate Russian rouble



Source: De Nederlandse Bank

Exchange rates

	Currency units per US dollar								Currency units per euro									
	Average		06/05	2006	2007			year ago	M.-S.07	Average		06/05	2006	2007			year ago	M.-S.07
	2005	2006	%	Sep	Jan	May	Sep	%	2005	2006	%	Sep	Jan	May	Sep	%	%	
US dollar	-	-	-	-	-	-	-	-	-	1.24	1.26	0.9	1.27	1.30	1.35	1.39	9.2	2.8
Canadian dollar	1.21	1.13	-6.5	1.12	1.18	1.10	1.03	-8.0	-6.2	1.51	1.42	-5.6	1.42	1.53	1.48	1.43	0.5	-3.5
Mexican peso	10.90	10.91	0.0	10.98	10.95	10.82	11.03	0.5	1.9	13.56	13.69	1.0	13.97	14.23	14.62	15.33	9.7	4.9
Euro	0.80	0.80	-0.9	0.79	0.77	0.74	0.72	-8.4	-2.8	-	-	-	-	-	-	-	-	-
Danish krone	5.99	5.94	-0.8	5.86	5.73	5.52	5.36	-8.5	-2.8	7.45	7.46	0.1	7.46	7.45	7.45	7.45	-0.1	0.0
Swedish krona	7.46	7.37	-1.2	7.28	6.98	6.81	6.68	-8.2	-2.0	9.28	9.25	-0.3	9.27	9.08	9.21	9.28	0.2	0.8
Pound sterling	0.55	0.54	-1.2	0.53	0.51	0.50	0.50	-6.5	-1.7	0.68	0.68	-0.3	0.68	0.66	0.68	0.69	2.0	1.1
Czech koruna	23.94	22.57	-5.7	22.30	21.42	20.89	19.84	-11.0	-5.0	29.78	28.34	-4.8	28.38	27.84	28.23	27.57	-2.9	-2.3
Hungarian forint	199	210	5.6	216	195	184	182	-15.5	-0.8	248	264	6.5	274	254	248	253	-7.7	2.0
Polish zloty	3.23	3.10	-4.0	3.12	2.98	2.80	2.73	-12.5	-2.6	4.02	3.90	-3.2	3.96	3.88	3.78	3.79	-4.4	0.2
Croatian kuna	5.95	5.83	-1.9	5.81	5.67	5.42	5.26	-9.4	-2.9	7.40	7.33	-1.0	7.40	7.37	7.33	7.31	-1.1	-0.2
Norwegian krone	6.44	6.41	-0.4	6.49	6.37	6.02	5.64	-13.1	-6.5	8.01	8.05	0.5	8.26	8.28	8.14	7.83	-5.2	-3.8
Swiss franc	1.24	1.25	0.7	1.24	1.24	1.22	1.19	-4.7	-3.0	1.55	1.57	1.6	1.58	1.62	1.65	1.65	4.0	-0.2
Russian rouble	28.28	27.17	-3.9	26.76	26.51	25.83	25.31	-5.4	-2.0	35.19	34.11	-3.1	34.06	34.46	34.90	35.17	3.3	0.8
Turkish lira	1.35	1.44	6.9	1.48	1.43	1.33	1.26	-14.9	-5.4	1.68	1.81	7.9	1.89	1.85	1.80	1.75	-7.1	-2.7
Japanese yen	110	116	5.7	117	120	121	115	-1.8	-4.8	137	146	6.7	149	157	163	160	7.3	-2.1
Australian dollar	1.31	1.33	1.2	1.32	1.28	1.21	1.18	-10.6	-2.4	1.63	1.67	2.1	1.68	1.66	1.64	1.64	-2.3	0.4
New-Zealand dollar	1.42	1.54	8.7	1.53	1.44	1.36	1.39	-8.9	2.1	1.77	1.94	9.7	1.95	1.87	1.84	1.94	-0.5	5.0
Chinese yuan renminbi	8.20	7.97	-2.7	7.93	7.79	7.67	7.52	-5.2	-2.0	10.20	10.01	-1.8	10.10	10.12	10.37	10.45	3.5	0.8
Hong Kong dollar	7.78	7.77	-0.1	7.78	7.80	7.82	7.78	0.0	-0.5	9.68	9.75	0.8	9.91	10.14	10.56	10.82	9.2	2.4
Taiwan dollar	32.15	32.53	1.2	32.91	32.76	33.27	33.01	0.3	-0.8	40.00	40.85	2.1	41.88	42.59	44.95	45.88	9.5	2.1
Singapore dollar	1.66	1.59	-4.6	1.58	1.54	1.52	1.51	-4.3	-0.7	2.07	1.99	-3.7	2.01	2.00	2.06	2.10	4.5	2.1
Korean won	1024	955	-6.8	953	937	928	929	-2.5	0.2	1274	1199	-5.9	1213	1218	1253	1291	6.5	3.0
Thai baht	40.24	37.91	-5.8	37.43	35.27	32.94	32.07	-14.3	-2.6	50.07	47.59	-4.9	47.64	45.85	44.51	44.57	-6.4	0.1
Malaysian ringgit	3.79	3.67	-3.2	3.67	3.51	3.40	3.47	-5.4	2.1	4.71	4.60	-2.3	4.67	4.56	4.60	4.82	3.3	5.0
Indonesian rupiah	9,704	9,169	-5.5	9,151	9,075	8,828	9,303	1.7	5.4	12,073	11,512	-4.6	11,646	11,796	11,928	12,927	11.0	8.4
Philippine peso	55.06	51.27	-6.9	50.31	48.89	46.73	45.99	-8.6	-1.6	68.49	64.38	-6.0	64.03	63.55	63.14	63.91	-0.2	1.2
South African rand	6.36	6.79	6.8	7.43	7.19	7.02	7.12	-4.2	1.4	7.92	8.53	7.7	9.46	9.34	9.49	9.89	4.6	4.3

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

World Tourism Organization (UNWTO) Publications



WORLD TOURISM ORGANIZATION
ORGANISATION MONDIALE DU TOURISME
ORGANIZACION MUNDIAL DEL TURISMO
ВСЕМИРНАЯ ТУРИСТСКАЯ ОРГАНИЗАЦИЯ
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Published: 2007
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Available in English



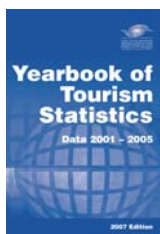
Published: 2006
Price: € 75

Yearbook of Tourism Statistics, Data 2001 – 2005

The 2007 edition of the *Yearbook of Tourism Statistics* provides for 206 countries and territories data on total arrivals and overnight stays associated to inbound tourism with breakdown by country of origin for the period 2001-2005.

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Trilingual (English, French and Spanish)



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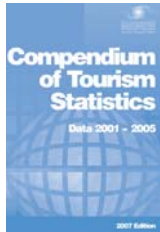


Published: 2006
Price: € 30

Compendium of Tourism Statistics, Data 2001 – 2005

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