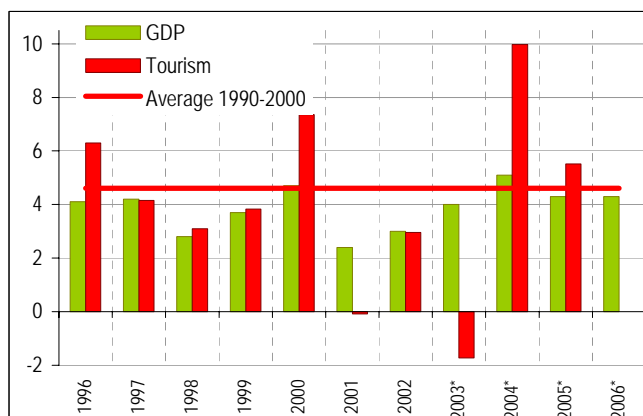


International tourism up by 5.5% to 808 million arrivals in 2005

Terrorism, natural disasters, health scares, oil price rises, exchange rate fluctuations and economic and political uncertainties – these were just some of the issues facing the tourism industry in 2005. Yet, international tourist arrivals worldwide beat all expectations last year, exceeding 800 million and achieving an all-time record. The estimated increase represents a staggering 42 million additional arrivals, of which more than 18 million in Europe, 11 million in Asia and the Pacific, 7 million in the Americas, 3 million in Africa and 2 million in the Middle East. Last year's results not only correspond to a worldwide increase of 5.5%, but also mean a consolidation of the bumper growth achieved in 2004 (+10%). Although growth was more moderate, it was still almost 1.5 percentage points above the long-term average annual growth rate of 4.1%.

International Tourist Arrivals and Economic Growth (GDP)
World (% change over previous year)



Source: IMF, World Tourism Organization (UNWTO) ©

In 2005 international tourism sustained the sharp upturn that began in 2004 despite the various tragic events with which it had to contend. The tourism sector has become increasingly resilient over the last few years. In spite of the turbulent environment we live in nowadays, destinations worldwide added some 100 million international arrivals between 2002 and 2005. (Continued on page 2)

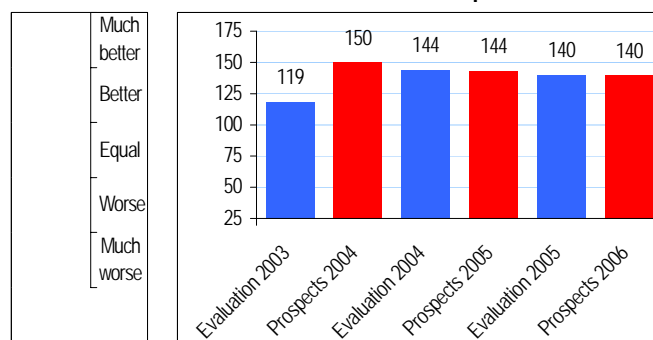
Contents

Short-term tourism data	2
World	2
Results 2005	2
Prospects 2006	4
Forecast for 2006	5
Evaluation by UNWTO Panel of Tourism Experts	6
Air transport	10
Regions	13
Europe	13
Asia and the Pacific	17
Tsunami recovery update	21
Americas	22
Africa and the Middle East	26
The economic environment	29

UNWTO Panel of Tourism Experts *Confidence remains surprisingly high*

The 200-plus experts from all corners of the world, who contributed to this issue of the *UNWTO World Tourism Barometer* by responding to our survey, have remained remarkably positive about recent trends – rating the past year's performance at 140 only four points lower than the exceptional rating made for 2004. Despite the fact that the future is clouded by a number of health and safety / security concerns, not to mention worries over the price of oil, they are as bullish about prospects for 2006, which is also rated at 140. (Continued on page 6)

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

World Tourism Organization

Capitán Haya 42, 28020 Madrid, Spain
Tel (34) 91 567 81 00 / Fax (34) 91 571 37 33
barom@world-tourism.org

www.world-tourism.org



The *UNWTO World Tourism Barometer* is an activity 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 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 Intelligence and Promotion Department 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.world-tourism.org/facts/menu.html.

We welcome your comments and suggestions at barom@world-tourism.org, tel +34 91 567 82 12 / fax +34 91 567 82 17.

Explanation of abbreviations and signs used

* = provisional figure or data
 .. = figure or data not (yet) available
 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 to 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 not seasonally adjusted series in local currencies, unless otherwise indicated: \$: US\$; €: euro; sa: seasonally adjusted series.

Short-term tourism data

World

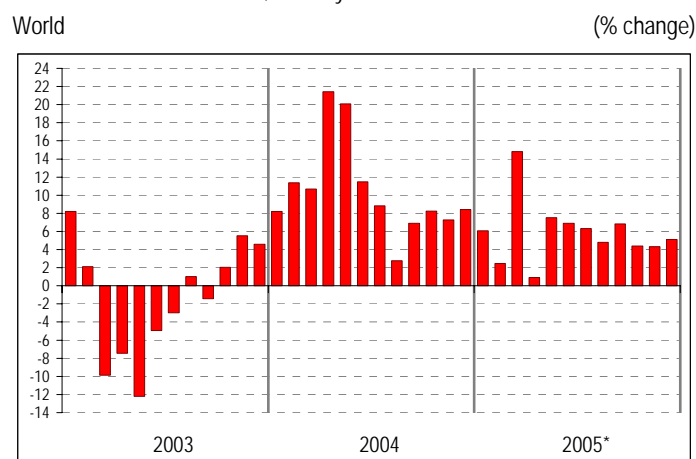
Results 2005

(Continued from page 1)

Although 2005 was certainly a tumultuous year, international tourism fared amazingly well. Despite various terrorist attacks and natural disasters, such as the aftermath of the Indian Ocean tsunami and an extraordinarily long and strong hurricane season, the recovery, which started in 2004, continued firmly through 2005. Even though the disruptions experienced definitely left traces locally in the short-term, they did not substantially alter global or regional traffic flows. Based on detailed preliminary results for a large number of destinations included in this issue of the *UNWTO World Tourism Barometer* the number of international tourist arrivals in 2005 is estimated at 808 million, up from 766 million in 2004.

A month-by-month analysis of international tourist arrivals worldwide in 2005 shows that, as from May on, the average monthly growth was fairly stable. March recorded a sharp rise followed by a marked slowdown in April, but this was simply due to the timing of Easter. The pattern was similar in regions where Christianity is widespread, such as Europe and North America, but also in Africa, which is fairly heavily dependent on arrivals from Europe.

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

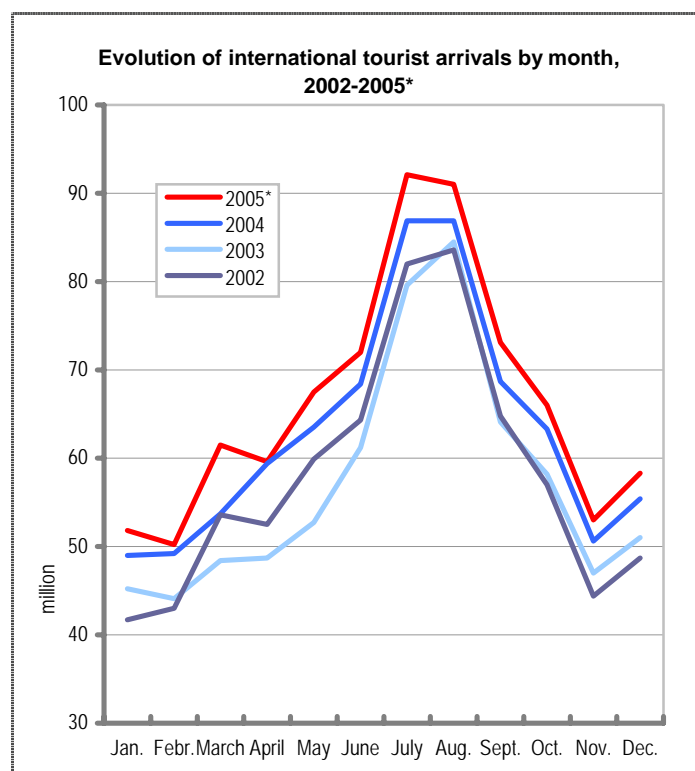
Despite the volatility of aviation fuel prices through much of the year, resulting in fuel surcharges by many airlines, aggressive competition has driven real-price reductions in air transport over the past 12 months. In fact, people seem to be so drawn by attractive prices for air travel that their desire for travel often over-rides any concerns they may have about external threats.

Many events may have resulted in temporary shifts in travel flows, but they have not stopped people travelling. And, while at local level the impact of different events can be severe, it is generally – and increasingly – short-lived.

Results by region show that Africa recorded the best growth in arrivals last year (+10%) – the only region to surpass its 2004 growth – followed by Asia and the Pacific (+7%), the Middle East (+7%), the Americas (+6%) and Europe (+4%). Meanwhile, despite a comparatively slower growth rate in 2005, the Middle East has shown the strongest average annual increase over the past five years. Since 2000, it has averaged 9% a year as against 7% for Asia and the Pacific, 5% for Africa, 2.3% for Europe and less than 1% for the Americas. By comparison, the world average was just over 3%. North America is the only subregion to have recorded a decline in arrivals over the five-year period (-2.1%)

In line with the trend identified in mid-2005, anecdotal evidence suggests that leisure tourism once again outperformed business tourism – driven by the increasing availability of no-frills airfares and continuing pent-up demand for holidays. But business tourism – and especially the meetings, incentives, conferences and exhibitions (MICE) sector – has definitely picked up in many regions, according to comments made by the UNWTO Panel of Experts. However, there are big changes in the market. Decisions are increasingly being taken by financial rather than marketing directors, and there are signs that the value of business tourism is declining in some countries. Incentive travel is increasingly being combined with business meetings to justify costs, save on tax and maximise employee motivation. The cruise sector shows a continued robust performance. According to data from the members of the Cruise Lines International Association

(CLIA) there was a 5.7% increase in the first three quarters of 2005 in worldwide passengers over the same nine-month period in 2004 – to 8.3 million.



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals by (Sub)region

	Full year						Average						Share	
	2000	2001	2002	2003	2004	2005*	03/02	04/03	05*/04	05*/04	05*/00	2000-2005*	2000	2005*
	abs. (million)						change (%)		abs. (million)		change (%)		(%)	
World	689	688	709	697	766	808	-1.7	10.0	5.5	42.3	119.2	3.2	100	100
Europe	396.2	395.8	407.4	408.6	425.6	443.9	0.3	4.2	4.3	18.3	47.7	2.3	57.5	54.9
Northern Europe	44.6	42.3	43.8	44.5	48.4	51.8	1.8	8.6	7.1	3.4	7.2	3.0	6.5	6.4
Western Europe	139.7	135.8	138.0	136.1	138.7	141.1	-1.4	1.9	1.7	2.3	1.4	0.2	20.3	17.5
Central/Eastern Europe	71.2	74.0	78.1	80.3	89.1	92.3	2.8	11.0	3.6	3.2	21.1	5.3	10.3	11.4
Southern/Mediterranean Europe	140.8	143.7	147.6	147.7	149.5	158.8	0.1	1.2	6.2	9.3	18.0	2.4	20.4	19.6
Asia and the Pacific	111.4	116.6	126.1	114.2	145.4	156.2	-9.4	27.3	7.4	10.8	44.8	7.0	16.2	19.3
North-East Asia	58.3	61.0	68.2	61.7	79.4	87.5	-9.6	28.6	10.2	8.1	29.2	8.5	8.5	10.8
South-East Asia	37.8	40.7	42.8	37.0	48.3	50.2	-13.6	30.3	4.1	2.0	12.5	5.9	5.5	6.2
Oceania	9.2	9.1	9.1	9.0	10.2	10.6	-0.9	12.4	3.9	0.4	1.3	2.7	1.3	1.3
South Asia	6.1	5.8	5.8	6.4	7.6	7.9	10.2	18.1	4.5	0.3	1.8	5.4	0.9	1.0
Americas	128.2	122.2	116.7	113.1	125.8	133.1	-3.1	11.2	5.8	7.3	4.9	0.8	18.6	16.5
North America	91.5	86.4	83.3	77.4	85.9	89.4	-7.1	10.9	4.1	3.5	-2.1	-0.5	13.3	11.1
Caribbean	17.1	16.8	16.0	17.0	18.2	19.2	6.5	6.7	5.4	1.0	2.1	2.3	2.5	2.4
Central America	4.3	4.4	4.7	4.9	5.8	6.6	4.2	17.8	13.6	0.8	2.2	8.6	0.6	0.8
South America	15.2	14.6	12.7	13.7	16.0	18.0	7.9	16.2	12.7	2.0	2.8	3.4	2.2	2.2
Africa	28.2	28.9	29.5	30.7	33.3	36.7	4.1	8.4	10.1	3.4	8.5	5.4	4.1	4.5
North Africa	10.2	10.7	10.4	11.1	12.8	13.6	6.6	15.5	6.1	0.8	3.4	5.9	1.5	1.7
Subsaharan Africa	18.0	18.2	19.1	19.6	20.5	23.1	2.8	4.5	12.6	2.6	5.1	5.2	2.6	2.9
Middle East	25.2	25.0	29.2	30.0	35.9	38.4	2.9	19.8	6.9	2.5	13.2	8.8	3.7	4.8

Source: World Tourism Organization (UNWTO) ©

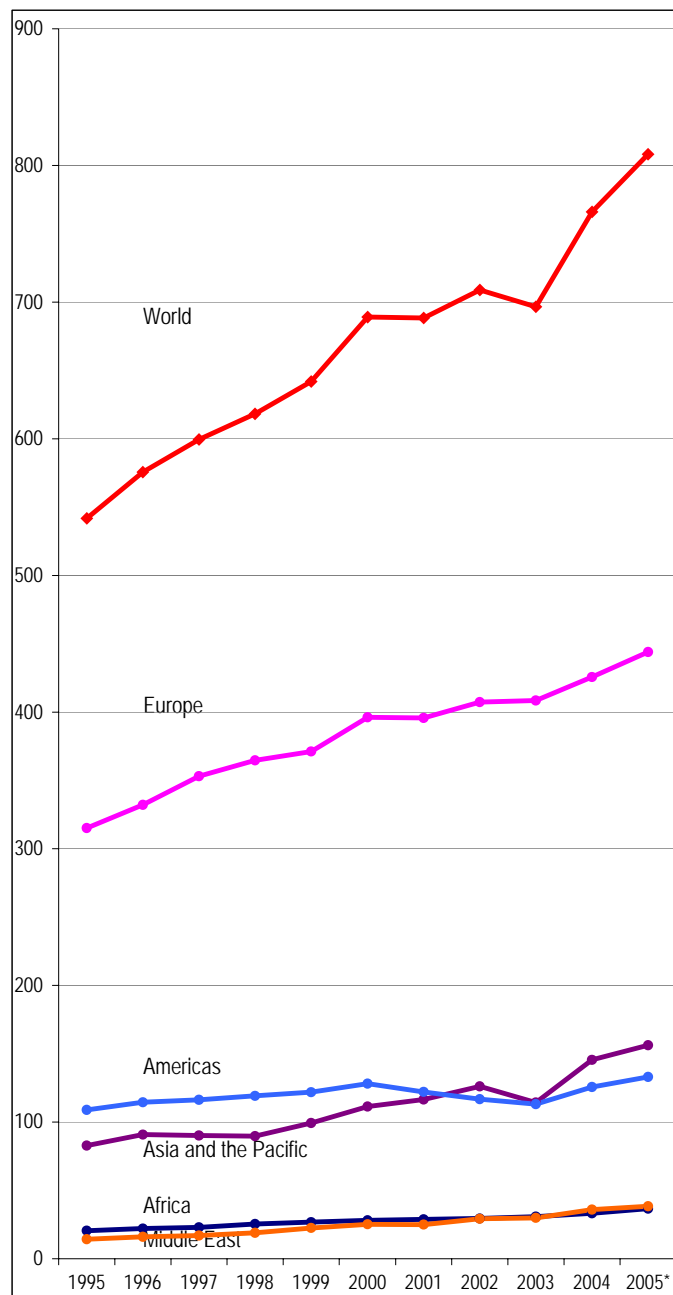
(Data as collected by UNWTO January 2006)

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

World and regions: Inbound tourism

International Tourist Arrivals

(million)



Source: World Tourism Organization (UNWTO) ©

It is still too early to identify reliable trends in international tourism receipts. However, based on previous experience – in this case, the normal pattern in the second year following a sharp annual decline in tourism – there might have been a slightly stronger growth in receipts worldwide than in arrivals. But this pattern will clearly have varied from one region to another. A comprehensive analysis on international tourism receipts and expenditure for 2005 will be included in the June issue of the *UNWTO World Tourism Barometer*.

Prospects 2006

One of the most important messages to come out of the UNWTO's Panel of Experts is that the industry can no longer expect a 'normal' year. Every year will bring new uncertainties and new challenges. Yet, the general consensus from both the public and private sectors is that prospects for 2006 are bullish.

Three major uncertainties remain for 2006. First, it is likely that terrorism will continue to be present. However, experience shows that its impact lately has been rather limited and short-lived. Travellers overall have assumed the risks and have been undeterred by external threats. Secondly, rising energy prices, inflation and interest rates might finally change the economic scenario. This has not been much of a problem until now, as the price hike has mostly been an expression of the strong economic growth and the corresponding demand for energy. Should this situation continue and affect economic growth in Asia, the tourism industry could start feeling the impact.

Finally, the further spread of avian flu could be a serious threat for the tourism sector. Avian flu has been present in the world for several years now and it is currently limited to birds and isolated cases of people living in very close contact with infected animals. As yet, no transmission of the virus between humans has been detected and it is hard to say when, where and whether such a mutation might occur. For the moment there is no reason to change travel plans as long as recommendations issued by national and local health and veterinary authorities are respected. Panic is never a reliable advisor. What can be done is to monitor the situation closely and prepare for it, in the event that it does happen. See the UNWTO website for the document *Crisis Guidelines for the Tourism Industry* with practical recommendations and information on crisis management strategies at www.world-tourism.org/mkt/recovery.html. See the Epidemic and Pandemic Alert and Response (EPR) page on Avian influenza of the World Health Organization (WHO) at www.who.int/csr/disease/avian_influenza for regularly updated information and recommendations with regard to the health dimension.

There are still a number of challenges, even without considering the possibility of a mutation of the H5N1 virus, which could result in a human flu pandemic. Travel advisories and visas continue to be impediments to growth. And there is widespread evidence that, just as the abolition or easing of visa requirements have a really positive impact on travel demand, without necessarily generating increased security risks, the requirement for visas – coupled by lengthy bureaucratic procedures and high associated costs – can dampen demand.

Forecast for 2006

Growth to continue, but at slower pace

For 2006 the current pattern of gradually slowing growth is expected to continue. In cooperation with the Fundación Premio Arce of the Universidad Politécnica de Madrid, UNWTO has elaborated a short-term forecast, according to which international tourist arrivals worldwide are expected to grow between 4-5% in 2006. Growth is projected to be around one percentage point lower than in 2005, but still somewhat above the forecast long-term annual growth rate of 4.1%. This prognosis is supported by the continued good shape of the world economy in most parts of the world and the improved prospects for the eurozone economies, in particular its most important source market Germany. However, the growth rate is slowing down to a more sustained pace as most of the pent-up demand in the market available after the difficult years 2001-2003 is absorbed by now.

This forecast is based on econometric modelling using the series of monthly data on 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 2004 and 2005 with the real data for those years. Of course, as with any model, the forecast growth

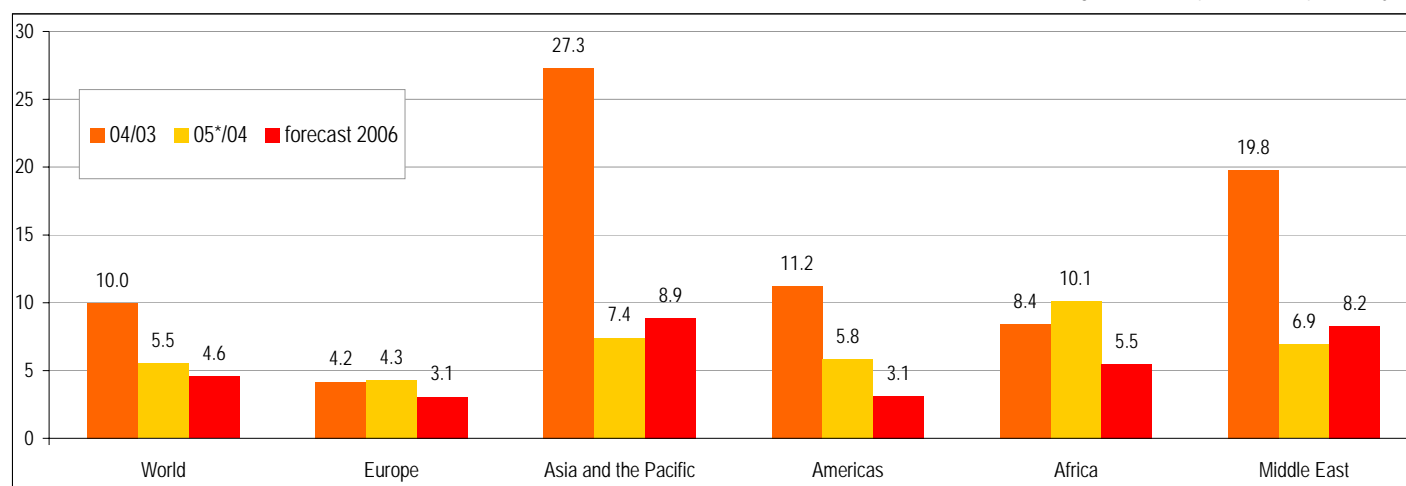
rates are most likely values assuming that the current situation will not suddenly change by external factors, and will have a margin, depending on the stability of the underlying data series.

Regions

For 2006, while Europe, the Americas and Africa are expected to follow the world trend of more moderate growth in 2006, Asia and the Pacific and the Middle East are forecast to exceed the already strong 2005 rates. Asia and the Pacific is expected to be the fastest growing region in the world (+9%), thereby confirming thus the dynamism of the tourism sector in this part of the world. Second best results are forecast for the Middle East, at 8%, in line with the strong performance of the previous years due to a growing intraregional middle-class market and governments' and the private sector's continued investment in infrastructure development and marketing, and improved tourism legislation. Africa's growth rate is predicted to slow to around 6% from 10% this year. Arrivals in Europe are forecast to rise by 3%. The region's many mature destinations will maintain a comparatively slow but stable growth, and above average demand for new emerging destinations may slow to more normal levels. Growth in the Americas is also estimated at a modest 3%.

International Tourist Arrivals

(% change over same period of the previous year)



Source: World Tourism Organization (UNWTO) ©

Evaluation by UNWTO Panel of Tourism Experts

Confidence remains relatively high, despite the impact of recent events

(Continued from page 1)

The more than 200 specialists from almost 90 countries and territories who constitute the UNWTO Panel of Tourism Experts corroborate the positive results registered in international tourism in 2005. Although down on their exceptional evaluation of 2004 (144), representatives of the public and private sectors gave 2005 an average score of 140, corresponding to an evaluation of “better than what would reasonably be expected”. For 2006, and confirming UNWTO’s positive assessment, the panel expectations are still rather bullish (140). (See the box opposite for an explanation of the way this indicator is compiled.)

Evaluation of 2005 and prospects for 2006

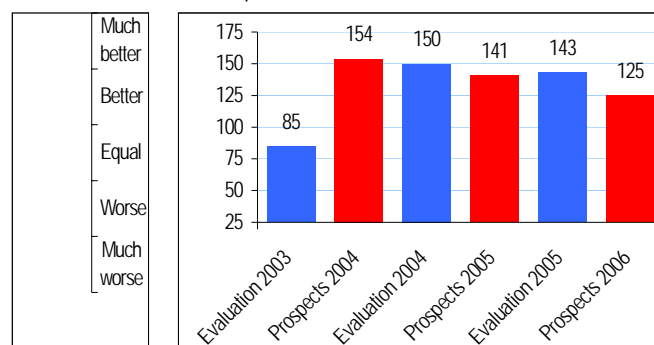
Representatives of the public sector (142) and the private sector (139) are in almost exact agreement with their positive analysis of the performance of tourism in 2005. By region, the highest scores in the evaluation of the year were given by experts in Africa (167), where, in particular, improved air access seems to have boosted demand, followed by experts from the Americas (145) and Global Operators (143). Experts in Europe (137), in Asia and the Pacific (136), as well as representatives from the Middle East (128) were comparatively less optimistic. It is important to note, nonetheless, that in the case of Europe, the evaluation of the panel (137) is above the prospects’ rating made by its members at the end of 2004 (134). By activity, scores are higher among representatives of the following sectors: Tour Operators & Travel Agencies (153), with a much higher evaluation than that given at the end of 2004, Consultancy, Research & Media with an average of 151, Transport (145), and Destinations (142). General Industry Bodies & Other (126), and in particular representatives from Accommodation & Catering (103) rated 2005 lower than average (140).

For 2006, prospects continue to be largely positive (140). In terms of regions, Global operators (125) and experts from Europe (137) recorded the lowest averages, while more optimistic prospects have come from Africa (161) and the Middle East (up sharply from 128 to 144). In Asia and the Pacific, perceived prospects have also improved compared with 2005 (to 145 from 136), while in the Americas they have shown a marked decline (from 145 to 141). Representatives from the public sector (144) are slightly more positive than those from the private sector (136) for 2006. By activity, the most optimistic results have come from representatives of the group Consultancy, Research & Media (146) and from Destinations (143). The Transport (122) and Accommodation & Catering (128) sectors are well down in terms of their ratings of prospects for 2006. However, while in the case of the former this represents a significant decline on the evaluation of 2005 (from 145 for 2005 to 122 for 2006) in the case of the

representatives of the Accommodation & Catering group this means a significant improvement (up from 103 to 128).

UNWTO Panel of Tourism Experts

Global Operators



Source: World Tourism Organization (UNWTO) ©

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 organisations 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 the actual performance, as well as the 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.

It is the aim of the UNWTO Secretariat to continuously expand and improve the Panel sample. Experts interested in participating in the survey, in particular from countries still not included in the above listing- are kindly invited to send an email to <barom@world-tourism.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 / 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 / business in the coming four months compared with what you would reasonably expect for this time of year?

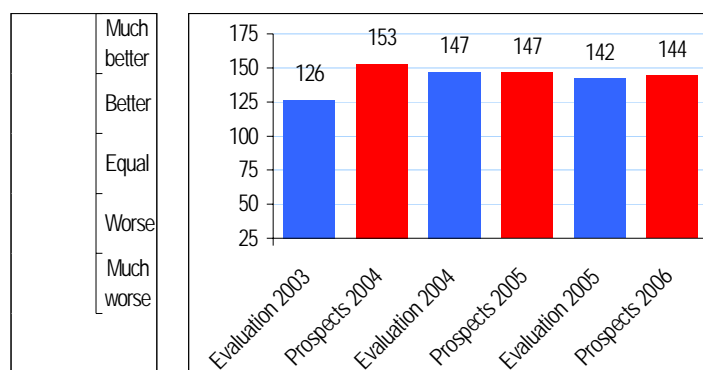
Participants should select one of the following five options: much worse [0]; worse [50]; equal [100]; better [150]; much better [200]. Results are averaged and broken down by region and by activity. A value above 100 means that the number of participants who evaluate the situation as “better” or “much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



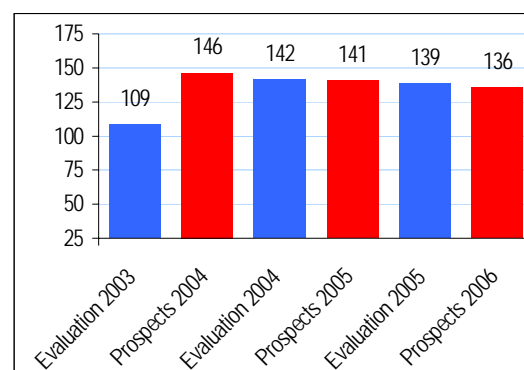
UNWTO Panel of Tourism Experts: evaluation year

Public



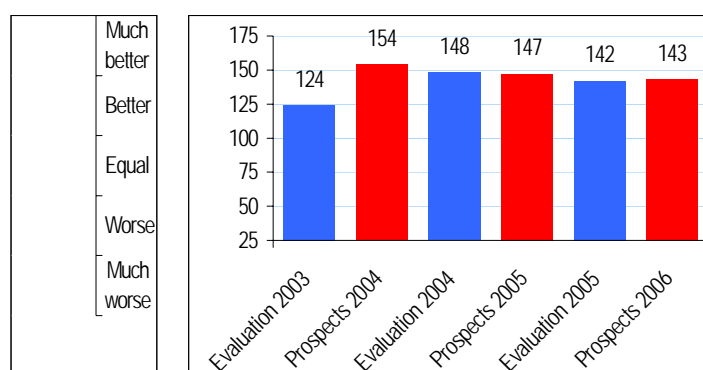
Source: World Tourism Organization (UNWTO) ©

Private



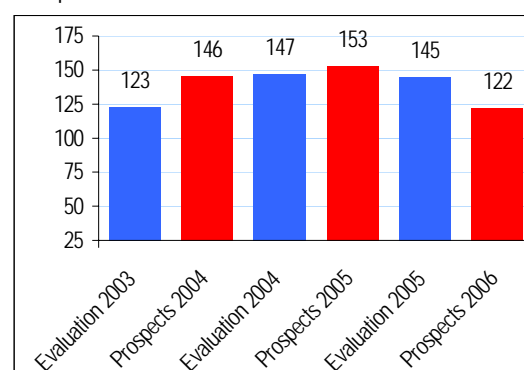
Source: World Tourism Organization (UNWTO) ©

Destinations



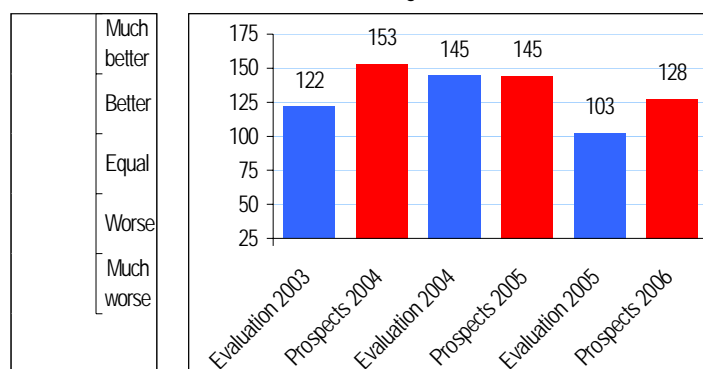
Source: World Tourism Organization (UNWTO) ©

Transport



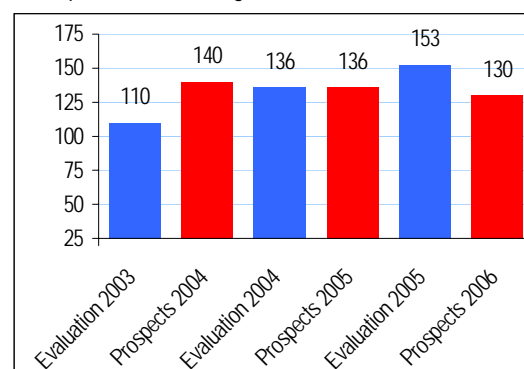
Source: World Tourism Organization (UNWTO) ©

Accommodation & Catering



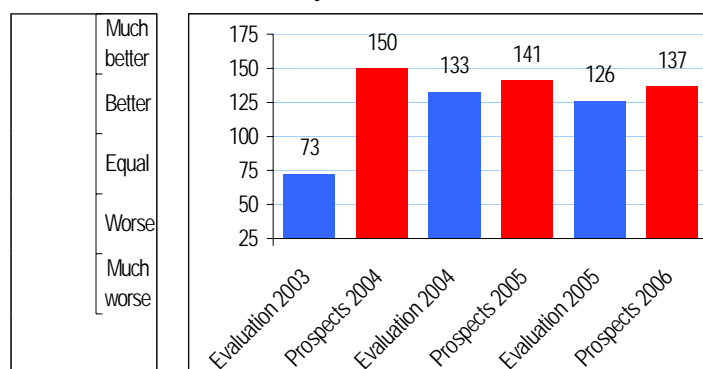
Source: World Tourism Organization (UNWTO) ©

Tour Operators & Travel Agencies



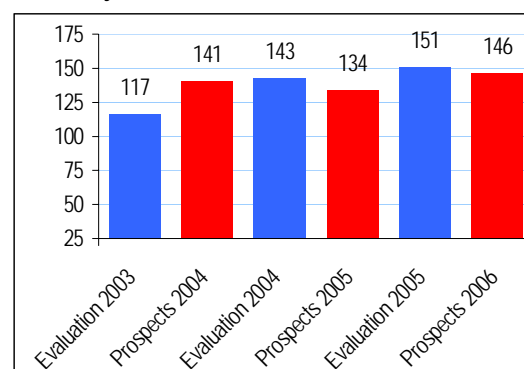
Source: World Tourism Organization (UNWTO) ©

General Industry Bodies & Other



Source: World Tourism Organization (UNWTO) ©

Consultancy, Research & Media



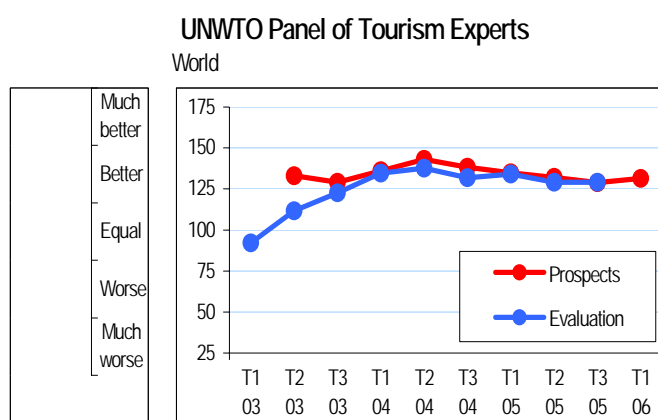
Source: World Tourism Organization (UNWTO) ©

Four-month period

In addition to evaluating world tourism performance for the whole of 2005, as well as prospects for 2006, the members of the UNWTO Panel of Tourism Experts were asked, as usual, to evaluate the performance of the past four months, September to December 2005, and to assess the prospects for the coming four months, January to April 2006. And results are rather optimistic as the panel rated the past four months (Sep-Dec 2005), at a score of 129, therefore equal to average of the previous four-month period (129). For the first four months of 2006, experts continue to be positive as their average score has increased slightly to 132.

ratings have been given by members of the panel in Europe (128) and in the Middle East (122) – with this latter score well down on the previous period (133).

By activity, the average evaluation for the period September to December 2005 ranges from a maximum of 145 for members of the Transport sector, to a minimum of 100, among representatives of the Accommodation & Catering sector. Compared with the previous period (May-Aug 2005) ratings are generally equal or lower, except among representatives of the group Consultancy, Research & Media (from 124 to 126) and Destinations (up by one point to 130). The evaluation of tourism's prospects for the coming January to April 2006 period is particularly optimistic among representatives of the Transport sector (150), as well as among the Destinations category (132), while less optimistic scores have come from representatives of the Accommodation & Catering category (108).

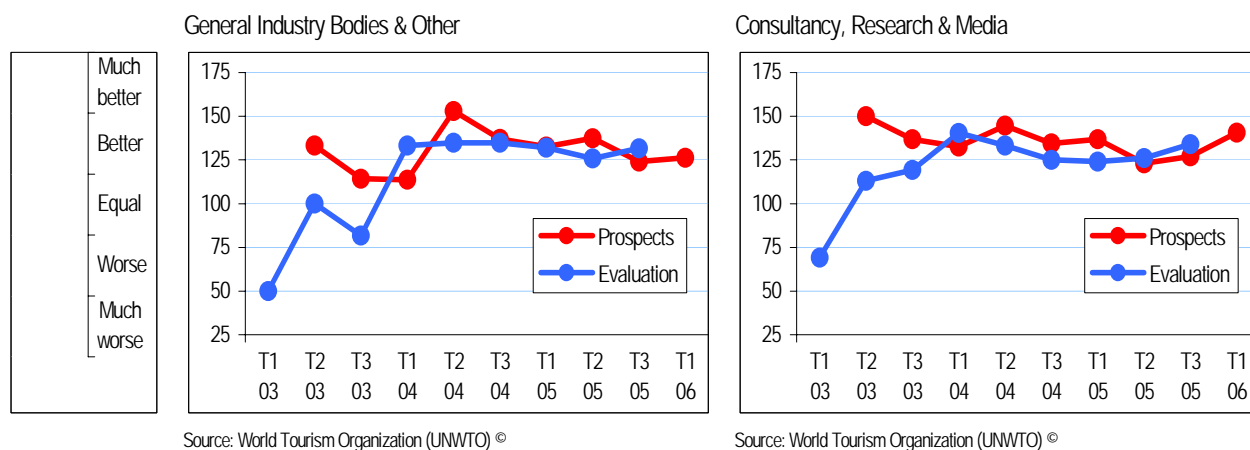
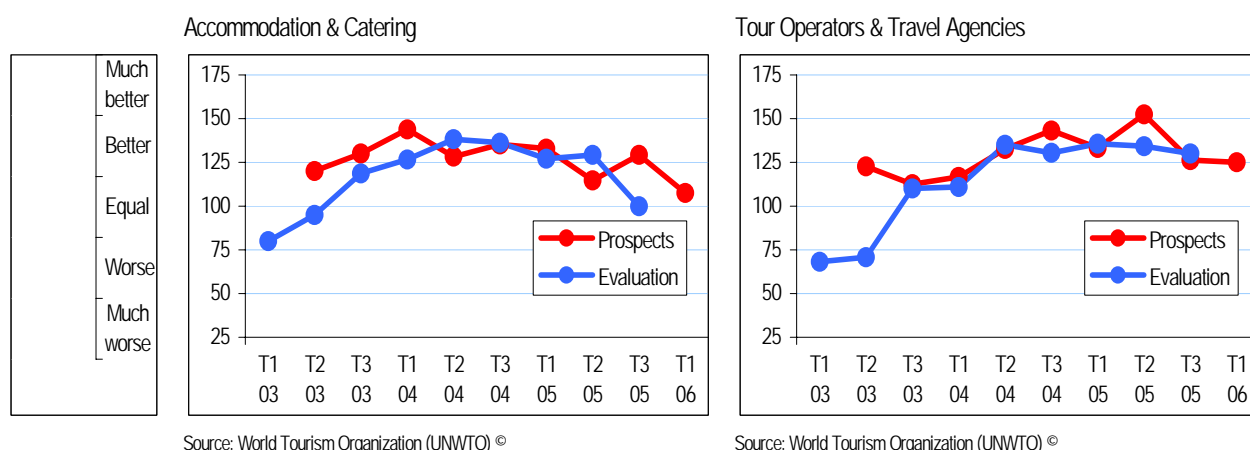
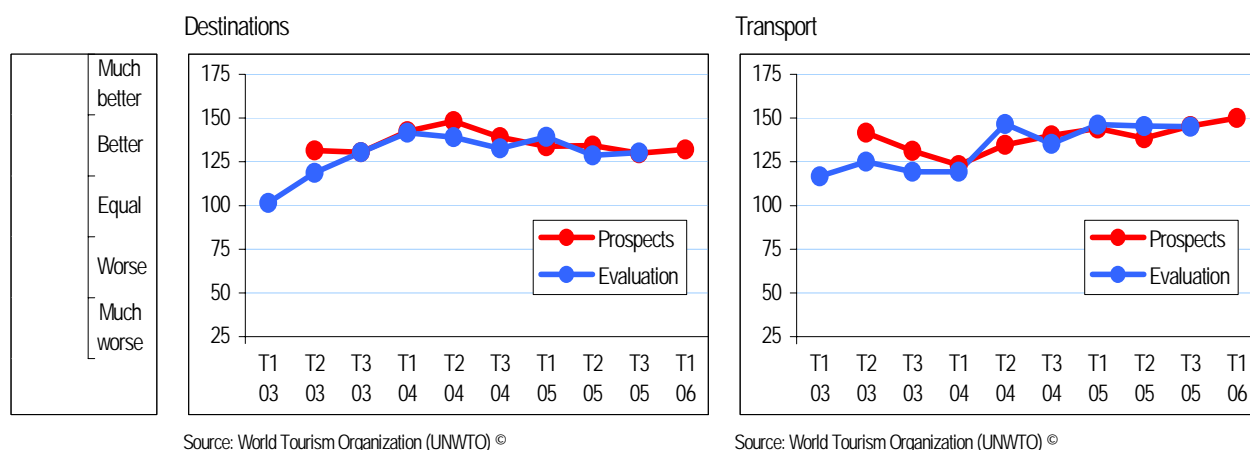
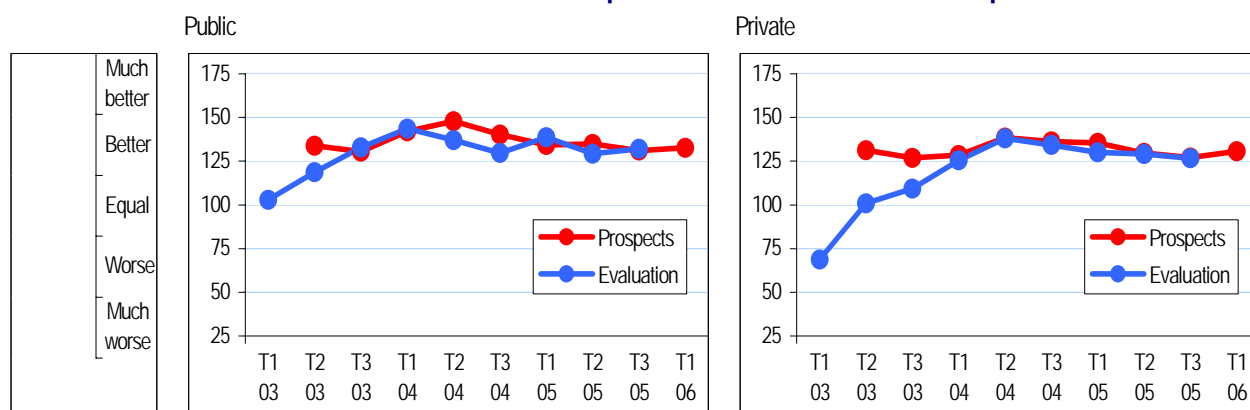


Source: World Tourism Organization (UNWTO) ©

By region, the highest scores for the period September – December 2005 were given by experts in Africa (144), followed by the group of Global Operators (139), who represent members active in more than one particular region, and by Middle East representatives (133) – all above the 130 average (see the Regions section for the corresponding graphs). Experts in the Americas (125), in Europe (128), and in Asia and the Pacific (129) were the least optimistic. Prospects for the coming four-month period (January-April 2006) are more optimistic in Africa (150), Asia and the Pacific (136), and among representatives of Global Operators (136), but members from the Americas (133) are also fairly bullish. The lowest

For this edition responses have been received from experts based in Argentina, Australia, Austria, Barbados, Belgium, Bermuda, Bhutan, Bolivia, Brazil, Canada, Central African Republic, Chile, China, Colombia, Cook Islands, Costa Rica, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Dominican Republic, Dubai, Ecuador, Egypt, El Salvador, Estonia, Finland, France, French Polynesia, Germany, Greece, Guatemala, Honduras, Hong Kong (China), Hungary, Iceland, India, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Latvia, Lebanon, Liechtenstein, Lithuania, Maldives, Marshall Island, Mauritius, Mexico, Monaco, Myanmar, Nepal, Netherlands, New Caledonia, New Zealand, Nicaragua, Norway, Pakistan, Panama, Paraguay, Peru, Poland, Portugal, Republic of Korea, Russian Federation, Rwanda, Saint Lucia, Sao Tome and Principe, Serbia and Montenegro, Slovakia, Slovenia, South Africa, Spain, Switzerland, Taiwan (pr. of China), Thailand, The Former Yugoslav Republic of Macedonia, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela and Zambia.

UNWTO Panel of Tourism Experts: evaluation 4-month period



Air transport

From January through November 2005, international scheduled passenger traffic of International Air Transport Association (IATA) member airlines, expressed in RPK (revenue passenger-kilometres), increased by almost 8%. By region of airline registration, carriers in the Middle East – a region in which higher oil prices boosted many countries' economic growth – and in Latin America, posted the highest growth rates of 12%. Double-digit growth (10%) was also achieved by African airlines (including Egyptian carriers), while the traffic of North American carriers grew by 9%. Airlines in Asia and the Pacific and Europe recorded lower than average growth, of 6.6% and 6.4% respectively. Last year was marked by a natural slowdown in growth rates over 2004, when all regions achieved double-digit increases, with particularly high growth in Asia and the Pacific (21%), as traffic recovered from the SARS outbreak, and the Middle East (27%).

Seasonally adjusted average passenger load factor reached its highest level in November 2005 (77.1%) since the previous peak in December 2003. In the period January-November airline passenger capacity, expressed in available seat-kilometres (ASK), rose by 6.5% – more than one percentage point lower than traffic, reflecting the continued efforts of airlines to adapt supply to demand. Capacity growth was particularly high in Latin America and the Middle East (with both recording ASK increases of over 10%). The best load factors were achieved by airlines in North America (79.6%) and Europe (76.7%).

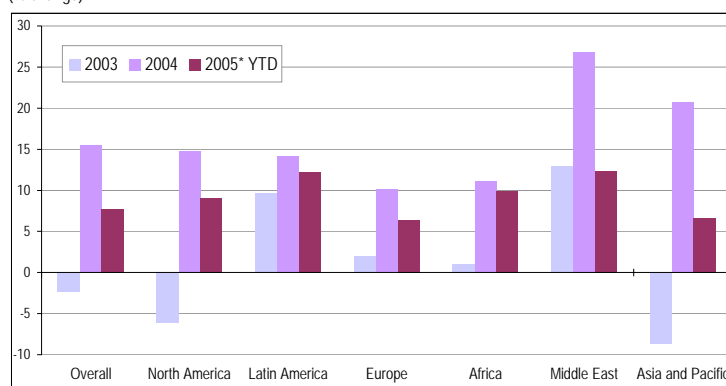
Concerns about increasing fuel costs are still top of mind in the air transport industry and, although traffic has so far not been affected, continued efforts to reduce costs are critical. According to IATA, airlines are expected to have ended 2005 with a combined loss of US\$ 6 billion – less than earlier predicted by the association – despite a better than expected operating performance for many member airlines. For 2006, IATA is expecting an increase of 4-5% in traffic, largely due to the improved economic situation. Although this will represent a modest slowdown over 2005's level, growth is projected to pick up again in 2007.

The strength of air travel during 2005 is confirmed by data from the International Civil Aviation Organization (ICAO), since the estimated number of passengers carried by the scheduled airlines of its 189 member countries exceeded 2 billion for the first time ever last year. International scheduled traffic (measured in RPK) grew by 8.5% over the previous year. Capacity, on the other hand, increased at a slightly slower rate. The average load factor on international routes reached 75%, up from 74% in 2004.

The 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 four major regional airline associations broken down by routes operated. It should be taken into account that this data reflects the vast majority 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 in particular a good indicator for the short-term evolution of 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.

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



Source: compiled by UNWTO from IATA

North America

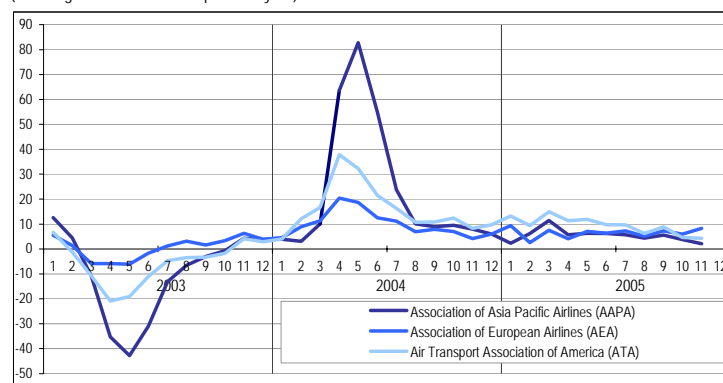
Member airlines of the Air Transport Association of America (ATA) recorded a 4.6% increase in passenger traffic (RPK) between January and November compared with the same period in 2004. Domestic demand (including traffic between the US and Canada), which represented 73% of all scheduled traffic, grew at a more modest rate (3%) than international traffic (9.4%). Although slowing somewhat in the later months of the year, international traffic growth remained positive throughout the 11-month period, with monthly growth rates of around 10% or higher up to July. In line with the growth in demand, capacity was significantly increased on international routes (by 9%), while seat capacity on domestic routes decreased slightly (-0.7%). US airlines have continued to improve their capacity management as load factors reached 79.8% and 78.2% on international and domestic routes respectively in the period through November.

Atlantic routes, which represent almost half of all international traffic, registered 7% growth over the first eleven months of the year. The biggest increases were recorded on routes to and from Latin America (13%) and Asia and the Pacific (10%). This reflects the recovery of long-haul travel demand and the dynamic economic environment in both these regions. Capacity increases during this period were particularly significant on Pacific and Latin American routes (12% and 9% respectively). In the period through November 2005 all routes continued to show improved load factors, with the exception of the Pacific (-1 percentage point).

Europe

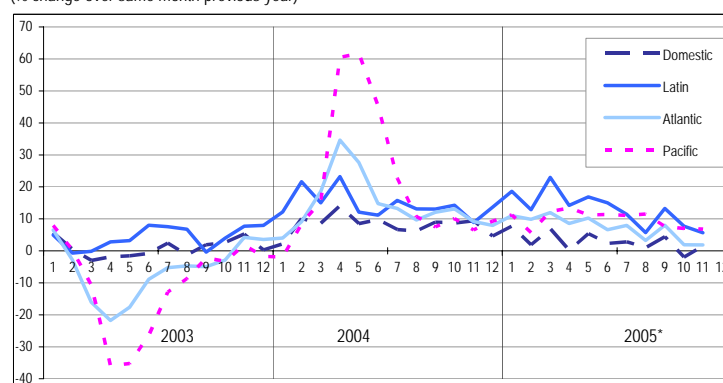
The Association of European Airlines (AEA) reports that the total passenger traffic (RPK) of its member airlines was up 6% from January through November 2005, compared with the same period the previous year. Domestic traffic measured in RPK, which represents around 8% of all passenger traffic on scheduled routes, grew at a lower than average rate (3.7%). International traffic overall increased by 6.5%, with similar performances for both intra- and inter-regional traffic (6.4%). The fastest-growing international traffic regions during the first eleven months of 2005 were the South Atlantic (12.9%) and the Far East / Australasia (11.8%), with both regions reporting monthly increases of around 10% or higher over the period. By contrast, traffic on North Atlantic routes, which accounts for over 40% of all long-haul traffic, has been performing well below average – with growth averaging just 2% through November. The trend for AEA airlines contrasts with the particularly good performance of US airlines on the same route (up 7%) – an indication that the latter may be becoming more competitive on the North Atlantic. Traffic to the Middle East and to North Africa both grew by 7%, with November's growth being particularly strong (18% and 21%).

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



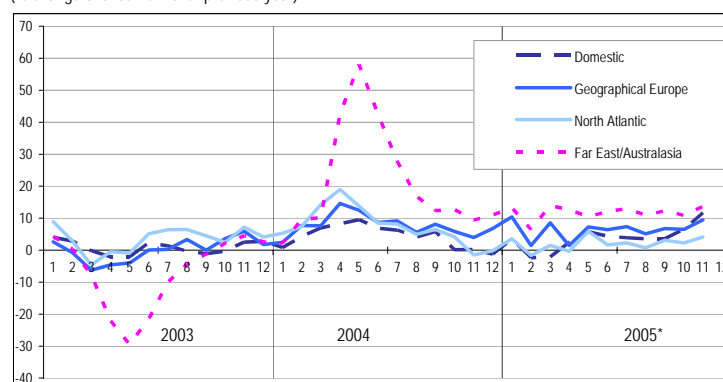
Source: compiled by UNWTO from ATA, AEA and AAPA

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



Source: compiled by UNWTO from ATA

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

Data for the period January through November 2005, as reported by the Association of Asia Pacific Airlines (AAPA), shows a 5.4% growth in passenger traffic (RPK) for its member airlines compared with the same period in 2004. The number of passengers carried on international routes exceeded 117 million, or almost 6% more than in the same period of 2004. Monthly traffic growth rates, which averaged around 6% during most of the year, slowed in the last two months (3.7% in October and 2.1% in November), after reaching their highest level in March (11.5%).

Asian airlines had the lowest load factors of carriers in the four regions (73.2%), although they still managed to register an increase of 0.4 percentage points over the first eleven months of 2004. Overall capacity on international services of AAPA member airlines increased by 4.8% in the period through November 2005, to a total of 662 billion seats.

Middle East

According to data by the Arab Air Carriers Organization (AACO), international passenger traffic measured in revenue kilometres (RPK) grew by 11.3% in the first three quarters of 2005. Over the same period, airlines' average seat load factor increased to 74.3%, up 1.75 percentage points, in spite of the overall increase in capacity (8.7%), which reached a total of 107 million available seat kilometres (ASK).

Preliminary Air Transport Statistics - Revenue Passenger-Kms (RPK)

	2004	03/02	04/03	2005*				
				YTD	Aug	Sept	Oct	Nov
	(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	2,000 ¹	-2.4	15.5	7.7	5.9	7.8	5.3	6.1
North America		-6.1	14.8	9.1	7.1	9.1	5.2	5.1
Latin America		9.7	14.2	12.3	9.5	13.4	9.4	3.9
Europe		2.0	10.1	6.4	5.0	7.2	5.8	7.1
Africa (incl. Egypt)		1.1	11.1	9.9	9.3	10.7	4.1	9.1
Middle East (incl. Israel, Iran)		12.9	26.8	12.4	7.2	10.5	9.2	16.4
Asia and Pacific		-8.7	20.7	6.6	5.0	6.2	3.6	3.6

Air Transport Association of America (ATA)

Scheduled Passenger Traffic Statistics ATA US Member Airlines

Scheduled mainline service	1,053	-1.0	10.0	4.6	2.4	5.7	-0.2	2.3
Domestic (incl. USA-Canada)	764	0.7	8.1	2.9	1.0	4.4	-2.0	1.6
International	290	-5.5	15.5	9.4	6.2	8.8	4.6	4.3
Atlantic	134	-6.5	14.2	7.2	3.2	8.0	1.9	1.8
Latin	68	4.5	14.4	13.1	5.7	13.3	7.7	5.7
Pacific	88	-10.8	18.3	10.0	11.5	7.6	7.0	6.8

Association of European Airlines (AEA)

Passenger Traffic of AEA Member Airlines

Total scheduled	655	1.0	9.0	6.2	5.1	7.0	6.0	8.6
Domestic	54	1.6	0.9	3.7	3.6	3.6	6.5	11.7
Total International	601	1.0	9.8	6.5	5.2	7.3	6.0	8.3
Geographical Europe	145	1.5	7.5	6.4	5.1	6.7	6.5	9.5
North Africa	7	6.8	15.8	7.2	6.0	10.1	-3.8	20.9
Middle East	21	-0.5	17.4	7.0	2.2	6.9	-0.7	18.0
Total long-haul	429	0.8	10.1	6.4	5.4	7.4	6.3	7.3
among which:								
North Atlantic	183	4.0	7.3	2.1	0.8	3.1	2.3	4.1
Mid Atlantic	45	4.9	3.3	7.1	6.9	8.9	8.1	4.0
South Atlantic	33	5.4	16.9	12.9	12.7	15.8	12.1	11.9
Far East/Australasia	120	-6.8	19.3	11.8	10.9	12.3	10.8	13.6
Sub Saharan Africa	48	0.9	3.5	4.7	4.6	5.2	3.5	1.7

Association of Asia Pacific Airlines (AAPA)

Consolidated Passenger Traffic

International operations	505	-9.9	18.9	5.4	4.4	5.6	3.7	2.1
--------------------------	-----	------	------	-----	-----	-----	-----	-----

Arab Air Carriers Organization (AACO)

Arab Airlines Traffic Data

Total	148	24.9	11.1
Domestic	10	6.1	8.2
International	138	26.5	11.3

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

¹ All IATA carriers

Regions

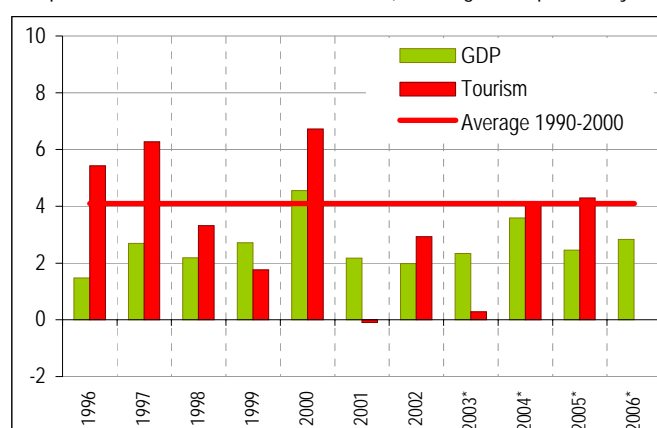
Europe

Results

Europe had more than its fair share of disasters in 2005 – from terrorist attacks to floods, droughts and forest fires. And the economic environment has not been overly conducive to tourism growth in all countries. Yet, interestingly, the responses from UNWTO's Panel of Experts in Europe to the *Barometer* questionnaire show that the industry generally is more positive about trends and performance in 2005 than at any time during the course of last year. And there is even greater optimism about Europe's tourism prospects in 2006.

Current estimates point to a 4% increase in international tourist arrivals in Europe last year, virtually equal to the previous year. Among the main trends, Southern and Mediterranean Europe was the big winner last year – increasing its annual growth more than five times to 6% – while growth for 2004's best performer, Central and Eastern Europe, registered a marked slowdown, from 11% to 4%. This was hardly surprising, however, given that 2004's growth was largely the result of the European Union (EU) opening its doors to ten new members from this subregion. Northern Europe recorded an estimated 7% increase in arrivals in 2005 – less than two points down on the previous year's level – and growth for Western Europe remained unchanged at slightly under 2%.

International Tourist Arrivals and Economic Growth (GDP)
Europe (% change over previous year)



Source: IMF, World Tourism Organization (UNWTO) ©

Data on international tourism receipts is still sketchy and does not appear to reflect any set pattern across Europe. Among the leading tourism destinations in the region, France is estimating a 3.5% increase in receipts. This seems to be due to a trend in increased return of tourists from long-haul markets such as Americans and Japanese.

Northern Europe's much better than average results – for the second consecutive year – are due in large part to the United Kingdom's strong performance (+10%) through November. Despite the London bomb attacks in July, the

growth in international visitor arrivals in the UK and London remained positive throughout the year. Nevertheless, domestic tourism suffered badly, as did visitor attractions, London's theatres and other venues.

The UK's strong performance in 2005 masks some widely differing results from one market source to another. Data from VisitBritain points to declines from the US and Japan, as well as from other long-haul markets in Asia and the Middle East. Australia and New Zealand bucked the general trend and continental Europe – in particular, Central and Eastern Europe – recorded big increases.

Ireland, up an estimated 6%, also suffered declines in arrivals from US and Japan, which the industry attributes in large part to the strong euro. Low-fare airline capacity has driven growth from European sources but, of the 20 or so new airline routes overall launched in 2005, several proved to be non-viable, economically speaking. Also negative is the fact that no-frills airline services have boosted urban tourism at the expense of rural destinations, and bed & breakfast accommodation has suffered.

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 Authority, Statistics Office, Central Bank) of the various countries and territories through websites, news releases, bulletins or provided through direct contacts with officials or through international organisations such as the Caribbean Tourism Organisation (CTO), the European Travel Commission (ETC), the Pacific Asia Travel Association (PATA) or the South Pacific Tourism Organisation (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 the evolution of tourism to selected destinations. The monthly series represented do not in all cases coincide 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 the 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. In order 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 please contact the UNWTO Secretariat at barom@world-tourism.org.

There were mixed results for the Nordic countries. Trends based on overnight volume for the first 10-11 months of 2005 suggest that Sweden turned in the best performance last year, followed by Norway, Iceland, Finland and Denmark, with Denmark being the only destination to record a decline.

Western Europe's overall result was again lower than average in 2005 – attributable to the continuing slow performance of France, which accounts for around 54% of total arrivals in the subregion (2004 share). Among the best performers last year were Switzerland and Germany although, in the case of the latter, growth will have been

well down on 2004's level. Experts from the UNWTO Panel representing the different countries all agreed that urban tourism was the strongest sector in 2005, but Switzerland expects the growth in demand for city breaks to slow in 2006.

France and the Netherlands noted the better than average results from long-haul source markets, and Austria, the Netherlands and Germany both attracted good growth overall in business and MICE tourism. Belgium's MICE business declined, however, due to the temporary closure of the Palais de Congrès in Brussels.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)																	
	Series	2004	04/03	05/04	Series	2005*													2004			
				(%)		YTD	Q1	Q2	Q3	Q4	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4		
Europe		425,622	4.2	4.3		4.8	7.2	2.6	5.6	4.0	5.7	4.9	6.6	4.2	3.9	3.8	7.2	6.6	2.3	4.4		
Northern Europe		48,374	8.6	7.1		7.1	10.2	7.9	4.3	7.7	2.9	3.8	7.1	7.6	8.1	7.5	10.0	10.1	7.0	8.2		
Denmark	TCE	3,358	-3.3	..	NHS(1)	-1.7	3.1	-5.6	-2.9		-6.6	-3.3	7.5	11.3	0.5		7.8	2.7	-1.5	-0.4		
Finland	TF	2,840	9.2	..	NHS(2)	2.7	4.3	3.9	-0.5		-6.0	5.1	-0.6	11.9			9.9	-11.5	-4.4	1.7		
Iceland	TCE	836	8.4	..	THS(2)	4.4	-0.1	8.1	4.8		1.3	2.9	18.5	-6.5	10.2		12.4	7.7	9.9	17.4		
Ireland	TF	6,982	3.2	..	TF	5.6	6.5	2.4	6.2		3.6	6.8	8.9	10.1	6.7		8.4	3.4	-0.6	5.0		
Norway	TCE	3,600	10.1	..	NHS	3.4	1.7	3.7	3.0		-0.2	7.0	3.2	13.7	3.7		5.7	8.9	2.7	4.7		
Sweden	TCE	3,003	1.7	..	NCE(3)	5.9	7.0	3.3	6.7		0.4	9.6	15.2	5.9	9.0		3.3	3.8	2.0	3.8		
United Kingdom	VF	27,755	12.3	..	VF	9.7	14.0	12.5	5.4		7.4	2.8	6.5	6.4	9.6		10.2	15.6	12.8	10.0		
Western Europe		138,721	1.9	1.7		3.0	5.9	-0.6	4.8	1.9	5.2	5.7	3.2	2.5	0.3	2.5	2.2	3.1	0.4	2.8		
Austria	TCE	19,373	1.5	..	TCE	2.5	11.1	-9.2	1.2		4.3	-2.0	1.9	6.9	0.5		3.6	5.1	0.5	-4.1		
Belgium	TCE	6,710	0.3	..	TCE	-2.2	-2.1	-2.3									4.0	2.9	-2.6	-2.0		
France	TF	75,121	0.1	..	NHS	2.4	2.8	-0.5	5.7		5.1	7.2	4.5	0.5	-2.2		0.4	0.4	-1.4	2.8		
Germany	TCE	20,137	9.5	..	TCE	6.5	6.1	6.0	7.1		5.4	12.4	3.6	5.6	6.9		9.7	12.8	8.4	7.3		
Liechtenstein	THS	49	-1.0	..	THS	1.4	8.6	-6.8	2.1		10.2	1.7	-5.0	-3.9	14.0		-8.3	9.8	5.9	0.4		
Netherlands	TCE	9,646	5.1	2.8	TCE	4.2	16.0	-0.9	2.8		12.3	-0.5	-2.9				0.2	4.3	3.4	13.1		
Switzerland	THS	..	..	..	NHS	5.7	8.4	0.1	5.8		6.4	7.8	2.3	14.7	7.2		-1.0	5.3	0.0	-2.2
Central/Eastern Europe		89,071	11.0	3.6		4.0	12.8	4.0	2.0	0.9	1.1	1.4	3.8	0.7	0.9	1.1	13.9	13.9	11.9	10.6		
Bulgaria	TF	4,630	14.4	4.5	TF	4.5	3.7	6.6	7.4	-5.1	6.9	7.4	8.2	-3.5	-6.7	-5.6	24.6	19.4	14.7	1.4		
Czech Rep	TCE	6,061	19.4	..	TCE	6.3	14.8	5.4	2.9		2.5	3.3	2.8				23.1	22.5	17.8	15.0		
Estonia	TF	1,750	19.7	..	TCE	6.5	29.9	8.1	1.9		-2.6	3.5	7.8	0.4	-6.3		19.8	20.7	27.2	22.9		
Hungary	TF	12,212	..	..	TCE	4.6	18.0	5.4	0.6		-1.2	-1.7	6.0	2.3	1.0		14.2	10.0	7.5	17.6
Latvia	TF	1,080	11.2	..	VF	20.4	28.6	28.4	18.5	10.3	20.8	22.4	10.1	13.0	16.1	2.3	17.5	9.7	26.6	41.8		
Lithuania	TF	1,800	20.7	..	TCE	14.8	16.6	24.7	7.9		8.6	5.7	10.5				26.2	32.4	46.5	18.2		
Poland	TF	14,290	4.2	..	VF	4.9	12.3	0.3	4.7		4.5	4.7	5.1	3.2			19.8	21.9	17.0	17.2		
Romania	TF	..	..	..	VF	-12.1	0.2	-11.2	-17.1		-19.0	-15.0	-17.5	-18.1	-11.4		25.0	18.8	19.1	11.0
Slovakia	TCE	1,401	1.0	..	TCE	6.4	10.1	10.4	2.3		3.8	-2.3	8.1				-0.6	4.8	-3.0	8.5		
Southern/Medit. Eu.		149,456	1.2	6.2		6.1	4.3	3.1	8.8	6.8	9.4	6.5	11.2	6.7	8.0	5.8	8.6	4.9	-2.2	0.4		
Andorra	TF	2,791	-11.0	..	TF	-14.6	-17.6	-13.7	-11.1		-9.7	-14.8	-5.5				-11.3	-9.3	-14.6	-8.6		
Croatia	TCE	7,912	6.8	..	TCE	7.0	18.2	3.5	7.7		11.2	2.9	12.4	12.3	4.4		21.7	0.9	8.5	10.7		
Cyprus	TF	2,349	2.0	5.2	TF	5.2	10.0	4.5	6.9	0.2	10.8	10.0	-0.2	4.8	-8.1	-3.9	6.6	8.2	-1.7	-1.7		
F.Yug.Rp.Macedonia	TCE	165	4.8	..	TCE	19.3	21.1	17.9	21.1		17.6	33.3	13.5	14.6			9.0	6.5	0.3	5.5		
Israel	TF	1,506	41.6	..	TF	25.7	25.2	28.9	23.0		34.6	9.5	28.5	26.7			82.4	57.8	33.9	16.9		
Italy	TF	37,071	-6.4	..	TF	-0.3	-6.3	-7.8	8.0		3.6	7.0	14.5	5.8			13.5	2.8	-15.3	-17.5		
Malta	TF	1,156	6.1	..	TF	1.4	2.9	0.7	1.5		1.0	0.7	3.2	0.2	2.8		-3.2	4.2	9.6	9.8		
Portugal	TF	11,617	-0.8	..	NHS	5.2	6.7	-0.2	8.6		9.3	9.8	6.5	6.1	6.1		-3.3	-1.2	-3.2	5.2		
Serbia & Montenegro	TCE	580	20.6	..	TCE	27.4	14.5	29.1	33.8		37.5	33.6	29.8	10.2			19.4	23.7	19.9	18.9		
Slovenia	TCE	1,499	9.2	..	TCE	3.1	13.4	0.2	0.2		4.4	-3.6	0.9	6.8	9.7		5.8	8.0	11.7	7.7		
E Spain	TF	52,430	1.2	6.0	TF	6.0	7.2	4.6	7.0	4.9	7.7	5.5	8.3	4.6	7.7	2.8	3.6	-1.3	-1.5	7.7		
Turkey	TF	16,835	26.2	20.4	TF	20.4	29.7	26.2	17.8	12.7	23.2	12.5	17.6	14.6	11.5	9.8	42.4	45.6	16.9	16.7		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO January 2006)

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

(1) Including holiday dwellings

(2) Hotels only

(3) City hotels, resort hotels, holiday villages and youth hostels

France's result masks differing performances across the country. Not surprisingly, all the cities affected by the autumn riots suffered to some degree – and there are concerns that the impact will continue to be felt in 2006 – but Nice for example had a very good main season (+5%) after several tough years. This was primarily due to the loyalty of the British tourists, plus the return of the US and Asian markets, which also boosted demand for Monaco, attracted by the accession of Prince Albert II to the Monégasque throne.

Growth for Central and Eastern Europe slowed by a third in 2005, but this was to be expected given the exceptionally high increase recorded the previous year. 2004's strong performance was due to the fact that ten

countries in the subregion became members of the EU in May 2004, and this stimulated traffic flows to and from Central and Eastern Europe. In Estonia, for example, strong growth continued through the first quarter of 2005 but then slowed during the remainder of the year.

No-frills airlines have been a major factor in determining the tourism success stories in Central and Eastern Europe. Latvia was the best performer in 2005 (+20% in visitor arrivals) – attributable in part to new low-cost carriers entering the market, mainly from the UK and Germany. A number of other countries achieved above average increases. Although it is too early to substantiate trends, there appears to have been a higher increase in overnight volume than arrivals in a number of countries in

International Tourism Receipts											Series	International Tourism Expenditure											
US\$		Local currencies (% on previous year)									US\$		Local currencies (% on previous year)										
2004	2004	2005*									2004	2004	2005*										
(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	O	N	D	(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	Q4	O	N	D	
Europe																							
Northern Europe																							
2,060	0.0	1.7	3.0	1.4	0.0	2.6					Finland	2,828	5.7	4.8	5.8	10.4	10.4	10.3					
4,279	0.5	-5.0	0.5	5.7	4.6	3.5	7.8				Ireland	5,200	0.5	-0.3	-0.9	8.9	3.7	7.8	12.3				
3,087	10.6	6.1	10.6	3.7	5.0	3.8	2.9				Norway	8,428	20.3	15.6	18.4	13.9	15.5	15.0	12.2				
6,167	5.8	5.3	19.9	22.0	19.6	23.0	22.7				Sweden	10,123	11.8	7.1	12.6	8.0	5.4	9.3	8.9				
27,299	7.5	8.7	9.5	7.3	20.3	11.7	0.5	-1.5	3.8		United Kingdom	55,930	4.1	4.2	8.6	5.8	12.8	8.0	2.0	-0.1	6.2		
Western Europe																							
15,351	0.0	1.1	-5.6	1.3	2.2	-11.7	10.4				Austria	11,351	-12.2	-2.2	-25	-0.7	-2.3	-12	5.6				
9,220	2.4	3.4	-1.2	2.3	-0.8	3.1	4.0				Belgium	14,024	4.3	1.6	7.9	3.6	0.7	5.0	4.2				
40,842	1.5	-0.7	3.6	3.5	3.6	3.0	5.7	1.5	-1.5		France	28,636	11.1	9.4	8.8	9.0	7.6	9.7	11.8	9.6	-1.7		
27,657	8.9	8.2	8.5	4.5	3.9	7.4	2.6	3.0	5.9		Germany	70,972	-0.2	0.5	-3.1	3.2	5.5	-3.5	5.2	8.3	4.9		
3,665	11.3	7.7	12.0	-0.4	-3.1	0.4	1.2				Luxembourg	2,920	9.4	7.8	12.1	2.4	4.6	0.8	2.2				
10,333	2.6	-1.3	11.4	1.0	10.8	-9.6	4.1				Netherlands	16,432	2.3	-7.7	12.7	0.9	-5.6	-1.0	6.1				
10,413	4.7	4.6	5.7	7.1	10.6	4.5	6.5				Switzerland	8,797	8.7	5.8	3.4	9.0	3.9	7.5	12.7				
Central/Eastern Europe																							
287	7.6		11.5	-0.9	-1.2	-0.8					Belarus	\$ 524	10.7		38	12.1	-1.4	22.3					
2,168	19.6	18.8	8.9	8.8	8.1	9.7	10.1	-0.8	-1.4		Bulgaria	963	17.3	11.9	11.4	4.7	3.4	4.4	7.1	-4.6	8.5		
4,169	6.8	3.7	7.4	1.5	-1.8	5.2	0.9				Czech Rep	2,271	7.2	5.6	7.8	1.8	-4.5	9.2	0.2				
806	20.3	26.1	19.9	3.7	8.2	-0.9	5.9				Estonia	365	14.2	14.4	26.7	13.5	24.1	9.5	9.2				
4,061	-9.3	-6.7	-34	3.3	10.0	-0.8	2.0				Hungary	€ 2,864	0.0	15.7	-21	4.7	16.6	13.6	-8.0				
267	14.0	0.6	33.7	30.0	50.4	26.3	24.4				Latvia	377	8.8	-0.3	36.4	70.2	87.6	74.0	58.0				
778	11.3	25.7	10.8	33.7	65.4	40.1	18.0				Lithuania	637	23.6	23.5	16.8	20.2	53.5	3.1	18.5				
5,828	35.0	26.7	57.6	24.3	22.2	26.0					Poland	€ 3,861	29.4	66.9	18.4	12.2	6.2	17.5					
95	63.8	61.0	122	54.9	68.9	51.1	49.6				Rep Moldova	\$ 135	28.1	33.0	40.5	25.8	28.9	22.2	26.9				
505	10.8	3.1	-11	98.8	49.4	102.1	115	152			Romania	€ 530	-1.6	5.7	-42	46.8	17.9	38.2	61.2	97.2			
5,226	16.1	20.9	-2.1	-0.7	4.5	1.5	-4.3				Russian Federation	\$ 15,730	22.1	26.6	7.6	11.4	12.6	10.2	11.5				
901	-8.4	-8.5	14.3	34.4	52.4	31.6	23.5				Slovakia	745	14.2	49.8	14.0	7.4	15.6	21.4	-7.1				
1,141	22.0	36.4	4.0	31.3	24.2	40.2	28.6				Ukraine	\$ 996	26.2	22.9	24.5	33.1	35.1	12.0	54.0				
Southern/Mediterranean Europe																							
490	20.1	16.8	14.7	13.3	10.2	18.8	10.2				Bosnia & Herzg	126	-8.1	-10	19.2	3.0	5.8	11.9	0.0				
6,848	-3.3			-0.9	21.4	-3.9					Croatia	€ 850	13.9	4	2	-6.1	-0.8	-11					
2,096	-3.2	-6.1	-3.2	2.3	2.8	-0.1	3.5	3.9	0.0		Cyprus	208	-70.9										
72	26.6	19.0	19.9	21.7	23.3	20.4	21.6				F.Yug.Rp.Macedonia	\$ 55	13.5	11.5	3.4	11.8	7.2	26.1	3.7				
12,872	9.0	11.4	0.9	6.9	18.2	3.6	8.3	1.0			Greece	2,874	8.2	-0.7	3.8	7.1	31.2	-0.6	5.7	-13.6			
2,386	15.4	15.3	8.2	16.3	6.9	23.5	17.7				Israel	\$ 2,796	9.6	5.2	-2.0	1.0	-2.3	9.6	-3.8				
35,656	3.8	-2.3	-6.5	0.6	-1.1	-5.9	4.3	10.9			Italy	20,543	-9.4	-12	-7.6	12.1	1.4	15.9	16.4	13.1			
779	2.5	6.7	3.5	1.3	-1.8	0.9	3.2				Malta	256	8.8	12.3	20.3	5.3	11.2	13.4	-3.5				
7,846	7.8	3.8	9.3	1.3	4.9	-7.2	4.0	5.8	5.0		Portugal	2,767	4.4	4.2	7.9	10.9	12.4	12.6	7.5	10.5	15.0		
1,630	13.0	12.6	17.5	10.9	16.9	8.3	10.4	7.2	11.3		Slovenia	911	12.3	7.6	5.7	5.3	-2.5	5.0	7.8				
45,248	3.8	5.2	8.5	3.3	-0.8	-0.3	6.6	8.4			Spain	12,156	22.0	18.2	25.4	25.5	27.4	27.9	23.3	23.1			
15,888	20.3	9.0	19.6	15.6	16.5	15.0	15.1	16.9	17.8		Turkey	\$ 2,524	19.5	5.8	28.2	10.0	22.3	9.4	3.8	8.1	3.3		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO January 2006)

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



the subregion, reflecting the fact that awareness of the destinations and their tourism potential has grown – so tourists stay longer.

Southern and Mediterranean countries owe much to the excellent results achieved by Turkey (+20%) and the solid performance of Spain (+6%), which has succeeded in diversifying its markets through the development of new products that highlight the multiple, lesser-known attractions of the country. It is also attracting more elderly, long-stay tourists. But the subregion recorded even greater percentage growth for some destinations, albeit from low bases.

Among the star performers were Serbia & Montenegro (+27% through October) and the Former Yugoslav Republic of Macedonia (+19% through October). Both have succeeded in raising awareness of their tourism potential and focused on developing sustainable tourism products. Serbia is now looking to develop its winter ski potential and spa tourism, while Montenegro is investing heavily in quality sun and beach resorts, as well as rural and mountain tourism. The country has started to attract increasing interest and investment from quality brands such as Aman Resorts.

Italy's performance (-0.3% through October), on the other hand, is still below average, but anecdotal evidence suggests there was a strong recovery from long-haul markets in the last quarter of the year. Rising prices have been a major deterrent to growth from key European source markets, but Italy appears to have achieved very good growth out of two important emerging source markets: Russia and China.

Israel had a second consecutive year of very healthy growth (+26% Jan-Oct), hopefully reflecting a major step on the path to full recovery. But it is still early days, especially given the current uncertainties regarding the country's political leadership. Greece and Portugal, which both failed to maximise the expected growth potential of the 2004 Summer Olympics and the European Football Cup, had a much better year in 2005. Data for Greece is not available but anecdotal evidence suggests that Athens recorded a double-digit increase in arrivals in 2005, while Portugal's overnight volume grew by 5% through November.

Arrivals in Europe from long-haul markets, show very significant differences from one destination to another. According to the Office of Travel & Tourism Industries in the US Department of Transport, US trips to Europe increased by a modest 3% in the first ten months of 2005. Yet a large number of destinations in Europe recorded double-digit increases. These included both destinations such as Malta, Greece and Monaco, and a number of countries in Central and Eastern Europe. Yet, firm favourites among Americans, like France, also attracted double-digit growth.

At the other extreme, as already indicated, the Americans' number one destination in Europe, the UK, registered a 6% decline – probably due in no small part to the 7 July bomb attacks on London. It is hoped that the

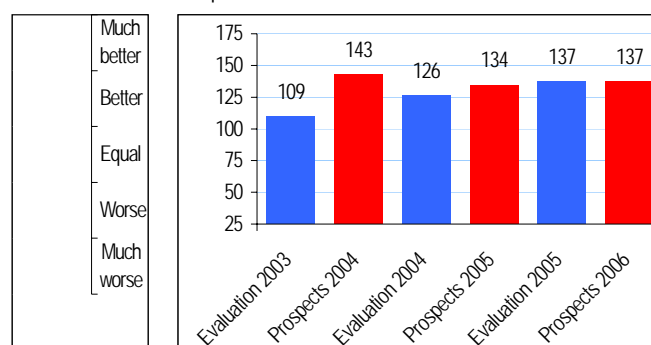
planned switch of capacity by US airlines this year from domestic to transatlantic routes will benefit the UK.

After several difficult years, the Japanese market to Europe finally started to recover in 2004-05. Nevertheless, it is a lot less predictable than it used to be and performance has varied sharply, as with the US. One important characteristic of the market is that concerns about safety are widespread, so travel plans are often changed at the last minute. The new Japanese traveller in Europe is above all interested in experiencing the lifestyle of local people at the destinations they visit. And Japanese visitors to Europe today are led by travellers – and primarily females – aged over 50.

Most European countries now have 'approved destination status' (ADS) from China and spent much of 2005 gearing up to receive what they hoped would be hundreds of thousands of Chinese on group tours. But the competition is tough and yields in this sector of the market are low. Moreover, results have so far not matched expectations due to some initial problems in the implementation of ADS.

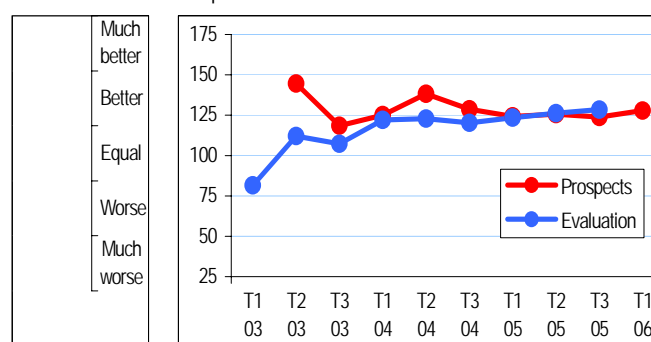
UNWTO Panel of Tourism Experts

Europe



Source: World Tourism Organization (UNWTO) ©

Europe



Source: World Tourism Organization (UNWTO) ©

Prospects

The positive factors enumerated by UNWTO's Panel of Experts that are likely to influence tourism in Europe in 2006 far outweigh the negatives. The economic situation in key outbound travel source markets looks robust, interest rates are still at a historic low, and inflation is also low in advanced economies.

There are a large number of sporting and cultural events taking place in Europe in 2006 – from the Winter Olympics in Turin, Italy, to the FIFA World Football Cup in Germany, celebrations for Rembrandt's 400th anniversary in the Netherlands and Mozart's 250th in Austria and Germany. Patras in Greece is this year Cultural Capital of Europe and Hungary has named 2006 its Year of Gastronomy.

Also important for air transport is the agreement for a European Common Aviation Area, which should stimulate traffic growth, and more and more secondary airports in Europe are expected to benefit from no-frills airline service. As for no-frills airlines, the problem for European destinations now is that they cannot afford not to have them, because it makes them look much less attractive to potential holidaymakers. Some destinations are concerned that, since no-frills airline travellers tend to stay in the cities, outlying rural areas are losing business. Others fear that the low-cost airlines may use them simply as a hub, diverting tourists who might have stayed in the country to destinations further afield. And countries with good domestic markets, like Hungary, are increasingly seeing their citizens lured by foreign shores.

Following its recent outbreak in Turkey there are increasing concerns about the spread of avian flu. While all evidence so far suggests that the new cases provide no indication that the virus can spread from human to human, companies, countries and international organisations are developing contingency plans to ensure they are ready for all eventualities.

As already indicated, major events in Europe, such as the FIFA World Football Cup in Germany and the Winter Olympics in Turin, should boost tourism in 2006. But past experience has shown that big events often have the opposite impact in terms of arrivals, although they do contribute to excellent results in terms of tourism receipts. Traditional visitors may stay away because they anticipate excessive congestion and high prices. And other destinations can suffer, too, since people hold back from making travel plans during those events.

One growing trend expected to intensify in 2006 is greater cooperation between national tourism organisations and between the public and private sectors of the tourism sector – a trend that is growing in many parts of Europe. One such example is the joint campaign undertaken by VisitBritain, Maison de la France, Visit London and the Paris Tourist Office to promote the new film, *The Da Vinci Code*.

E-marketing and dynamic packaging will be increasingly widespread in 2006 as more and more travellers choose to book their trips through the internet, tailoring their own tour programmes. The new operating environment – which includes zero commissions in many countries for travel agents – has been a tough one for the travel trade to adapt to. But there are already clear signs that tomorrow's successful destinations and other tourism industry stakeholders are those that adapt to the new operating environment and cater for all forms of distribution.

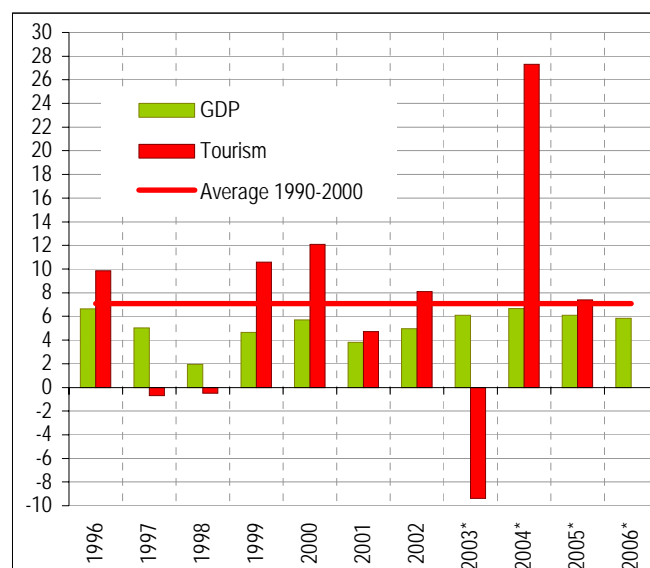
Asia and the Pacific

Results

Asia and the Pacific recorded another year of good growth in 2005, currently estimated by UNWTO at more than 7%. Admittedly, this was well down on 2004's spectacular 27% increase in the context of the SARS recovery, but it is nonetheless impressive coming immediately after such a strong performance the previous year. More significantly, the region is still suffering the lingering impact of December 2004's Indian Ocean tsunami and seaquake, which dealt a severe blow to tourism in the Maldives and also seriously affected the other destinations involved – Sri Lanka, Thailand and Indonesia. In addition, Indonesia's most popular holiday resort, Bali, is still reeling from the terrorist bombing of October 2005 – the second in three years.

These separate events largely explain why South-East and South Asia turned in the weakest performances in the region last year – +4% each following growth of 30% and 18% respectively in 2004. The most successful region was North-East Asia, up 10%, led by China (+13%). Oceania's arrivals increased by a more modest 4%.

International Tourist Arrivals and Economic Growth (GDP)
Asia and the Pacific (% change over previous year)



Source: IMF, World Tourism Organization (UNWTO) ©

Although results are only available through November last year, almost all destinations in North-East Asia turned in good performances in 2005. And the subregion's outbound markets, with the exception of Japan, were among the world's leaders in terms of percentage growth. The Republic of Korea and Taiwan (pr. of China) are estimated to have recorded double-digit increases in spending on travel abroad.

As predicted in the October 2005 issue of the *UNWTO World Tourism Barometer*, the Republic of Korea has overtaken Japan to become China's leading source market. Meanwhile, a decline in Japanese arrivals in China is due in no small part to political tension between the two

countries, which erupted in March / April with anti-Japanese public demonstrations in Beijing. Political tension between Japan and the Republic of Korea also dampened demand for travel between these two countries, despite Japan's granting of visa-free access to Koreans, as well as to Taiwan (pr. of China) travellers, in March 2005. A visa waiver for all tourists visiting the Aichi World Expo in the six months from end of March to September, on the other hand, contributed to boosting Japan's foreign arrivals overall (+9% through November).

Hong Kong (China) (+7% in arrivals, and +11% in receipts for the first nine months) and Macao (China)(+8% in arrivals), both benefited from increased intra-regional demand in 2005, stimulated by the increased availability of no-frills airline service. In the case of Hong Kong (China), Disneyland was also clearly a major attraction. And Macao (China) attributes its own good results to new hotels and attractions, such as gaming facilities.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)																		
	Series	2004	04/03	05/04	Series	2005*														2004			
				(%)		YTD	Q1	Q2	Q3	Q4	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4			
Asia and the Pacific		145,429	27.3	7.4		7.3	10.1	8.2	6.5	4.6	7.0	6.4	6.2	5.1	4.0	4.9	11.1	85.6	23.8	13.1			
North-East Asia		79,413	28.6	10.2		10.2	16.2	10.7	8.3	6.6	8.6	7.6	8.7	7.2	5.5	7.1	6.1	97	23.2	16.9			
China	TF	41,761	26.7	..	TF	12.8	19.9	13.3	10.8		12.7	10.6	9.2	7.9	5.3		1.9	87.2	22.7	17.9			
Hong Kong (China)	TF	13,655	41.1	..	VF	7.3	10.8	8.5	4.0		3.8	2.6	5.9	6.4	5.6		14.7	208.4	30.1	17.0			
Japan	TF	6,138	17.8	..	TF	9.1	10.3	7.3	10.2		9.7	8.9	12.2	8.6	8.1		10.9	56.0	8.9	6.5			
Korea, Republic of	VF	5,818	22.4	3.5	VF	3.5	15.0	1.4	1.1	-1.6	-2.3	1.4	4.4	-1.1	-3.6	-0.2	6.5	61.8	19.3	14.2			
Macao (China)	TF	8,324	31.9	..	TF	8.1	11.7	7.4	5.3		2.9	3.4	10.4	8.5	9.3		17.2	79.9	26.7	21.2			
Taiwan (pr. of China)	VF	2,950	31.2	..	VF	15.0	18.8	17.5	10.5		10.2	11.1	10.1	11.6			-10.9	246.2	29.6	14.5			
South-East Asia		48,263	30.3	4.1		3.7	2.7	4.8	4.6	2.6	5.2	5.6	2.9	2.5	2.8	2.5	16.2	98.4	29.0	10.2			
Cambodia	TF	1,055	50.5	..	TF	35.4	41.9	40.9	29.6		34.2	32.2	21.5	35.1	22.2		31.1	102.2	57.4	38.4			
Indonesia	TF	5,321	19.1	..	TF(1)	-8.8	-3.0	-4.8	-7.4		-4.8	-12.8	-4.0	-30.3	-20.6		20.6	51.2	18.4	10.0			
Lao P.D.R.	TF	236	21.2	..	VF	26.9	23.0	33.8	23.8								19.7	44.9	39.5	61.0			
Malaysia	TF	15,703	48.5	..	TF	4.3	4.6	2.5	5.9		7.3	9.9	0.6				38.4	127.4	51.5	15.4			
Myanmar	TF	242	17.7	..	TF	-3.7	0.7	-7.0	-7.0		-6.1	-8.3	-6.4	0.9	-8.0		3.5	56.1	22.2	13.2			
Philippines	TF	2,291	20.2	..	TF	13.6	11.0	14.5	14.0		18.1	12.2	11.0	17.7			17.0	53.2	16.3	5.0			
Singapore	TF	..	..	..	VF	7.8	8.5	8.0	8.4		9.3	8.7	6.9	6.9	4.4		3.0	186.6	29.9	17.6
Thailand	TF	11,737	16.4	..	TF	-6.0	-10.1	-1.3									4.4	73.5	14.0	2.3			
Vietnam	VF	2,928	20.5	18.4	VF	18.4	17.9	29.7	14.6	12.9	8.4	21.8	14.3	18.5	12.2	8.7	0.7	85.9	31.5	0.7			
Oceania		10,165	12.4	3.9		3.9	8.4	3.4	3.5	0.6	4.5	3.2	2.6	2.1	-0.5	0.4	11.8	26.6	12.5	4.0			
Australia	TF	..	..	..	VF	5.4	12.3	3.0	5.9	0.8	6.4	6.5	4.8	2.8	-1.5	1.2	7.5	24.8	9.5	3.2
Cook Is	TF	83	6.4	..	TF	5.2	-4.2	11.9	9.5		19.4	9.0	-0.5	-3.3			-6.3	4.5	14.8	10.7			
French Polynesia	TF	212	-0.4	..	TF	-2.5	2.8	-8.9	-2.1		-4.7	-3.0	1.6	2.5	-4.4		-2.4	4.8	3.6	-7.3			
Guam	TF	1,160	27.5	5.8	TF	5.8	5.3	10.0	2.6	6.3	12.4	-3.6	-0.3	8.9	9.1	1.5	47.6	49.7	24.4	1.3			
Kiribati	TF	..	..	..	VF	-14.2	-44.2	5.9	5.3		-6.5	45.7	-13.0				23.3	-18.7	-29.6	-60.1
Marshall Is	TF	7	-2.4	..	TF	4.8	-1.8	30.8	1.0		11.1	3.0	-12.2	-7.8	-12.3		-14.8	-19.7	19.6	4.1			
Micronesia (Fed.St.of)	TF	19	6.0	-1.5	TF												-1.5	4.2	5.8	19.4			
N.Mariana Is	TF	525	16.2	..	VF	-1.4	-0.2	-2.0	-2.1		-2.8	-2.3	-1.1				3.2	50.4	22.4	3.4			
New Caledonia	TF	100	-2.0	..	TF	1.6	14.9	-8.9	-0.7		1.7	3.5	-7.2	-0.2	3.5		-5.2	-0.3	-5.6	1.4			
New Zealand	VF	2,348	11.5	..	VF	2.0	5.8	3.6	-0.8		-2.8	-0.9	1.6	-2.8	-2.7		9.0	23.8	13.3	6.0			
Palau	TF	95	39.1	..	TF	-8.7	3.7	-18.0	-4.9		-3.4	11.5	-21.5	-19.6	-23.7		33.9	129.2	21.4	23.1			
Papua New Guinea	TF	59	5.0	..	TF	17.0	8.6	34.5	10.8		13.1	12.6	6.6	18.8	11.1		16.5	9.3	8.3	-12.0			
Samoa	TF	98	6.2	..	TF	2.4	0.0	-10.4	14.9		14.6	11.7	18.3	7.2			4.9	11.3	2.3	6.0			
Tonga	TF	41	2.7	..	TF	-11.9	1.3	-10.3	-21.5		-12.8	-31.6	-22.8				-4.6	4.3	3.8	4.7			
Vanuatu	TF	61	20.3	..	VF	32.6	10.8	43.3	50.9		22.6	104.2	31.5				43.2	-25.9	-8.9	-4.8			
South Asia		7,588	18.1	4.5		4.2	3.4	8.9	3.4	2.1	3.7	1.9	4.6	0.4	1.1	4.6	30.1	21.2	15.2	8.7			
Bhutan	TF	9	47.6	47.4	TF	47.4	144.9	20.5	27.1	40.2	-0.7	21.8	35.3	51.4	20.3	36.8	35.4	15.5	116.4	50.0			
India	TF	3,457	26.8	13.2	TF	13.2	18.7	18.5	8.4	8.8	7.3	6.9	11.4	7.0	7.8	11.0	27.4	32.1	21.1	27.5			
Maldives	TF	617	9.4	..	TF	-39.1	-54.8	-40.9	-30.3		-31.4	-31.3	-27.9	-22.8	-21.5		10.6	23.1	11.2	-2.6			
Nepal	TF	360	6.5	..	VF(2)	-3.9	-32.0	-18.0	23.8	15.8	9.2	16.4	46.5	15.1	14.2	18.5	48.6	25.5	-6.3	-14.3			
Sri Lanka	TF	566	13.1	..	TF	-0.4	-5.1	38.6	0.5		12.3	5.2	-15.5	-25.8	-25.4		9.5	-2.8	23.6	17.2			

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO January 2006)

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

(1) Foreign arrivals through thirteen selected Ports of Entry

(2) Air arrivals only

The growth in arrivals in South-East Asia slowed last year to one quarter of what it was in 2004, largely due to Thailand's estimated 6% decline. However, this decline is estimated on results for just six months. Anecdotal evidence, meanwhile, suggests that demand picked up quite strongly in the last half of 2005 and that the final figure may turn out to be positive, which will of course also affect overall results for the subregion. Needless to say, the trend for the most afflicted regions, such as Phuket, is still well down. Indonesia, meanwhile, has been extremely unfortunate, suffering a 9% drop, as results were aggravated by the bomb attack in Bali on 4 October 2005.

Destinations not affected by the tsunami in South-East Asia had an excellent year, led by Cambodia (+35% through November), Lao PDR (27% through September), Vietnam (18%) and the Philippines (+14%). Indochina's growing popularity is in large part attributable to joint marketing and promotions of the Mekong region.

As was the case for South-East Asia, the overall growth for South Asia was much lower last year than in 2004 – largely attributable to the Maldives' decline, but also to an estimated 4% drop in demand for Nepal. UNWTO's Panel of Experts claims that the situation in Nepal has improved in recent months, but not enough for growth to move into more positive figures. Thanks to renewed consumer confidence, airline capacity seems to be picking up and this, in turn, augurs well for a further recovery in demand in 2006. The Maldives' difficulties to bounce back from the tsunami effects was primarily due to a shortage of airline seat capacity – the destination of course suffers from not having its own national airline – but some markets, notably Russia, recovered quite strongly. India (+13%) and Bhutan (+47%), on the other hand, both achieved record years. The country's rapid growth, after many years of expectations that failed to materialise, is attributable to a number of factors: air transport liberalisation, increased public and private sector investment in tourism, and new product development and diversification. Medical tourism – curative and preventative, or wellness – seems to be showing strong promise. All these have given new life to the industry and stimulated new investments.

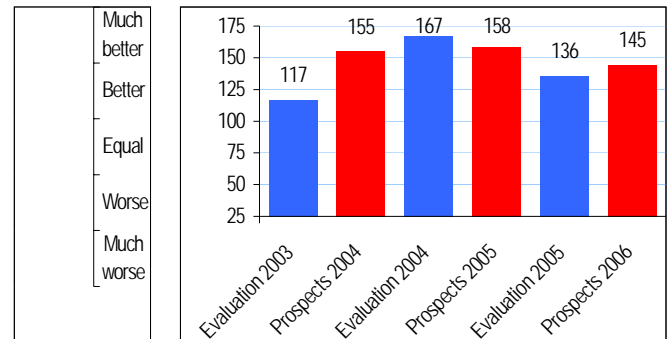
The only slight decline in Sri Lanka's arrivals through November 2005 (-0.4%) masks a change in market break-down and dispersion patterns. Traditional markets from Europe are still down, but India has shown great promise and the country has attracted a large number of Sri Lankan expatriates since the tsunami hit. These, plus aid workers have boosted overnights in Colombo, but overnight volume is still down in the southern coast resorts and in the country's ancient cities.

Despite the strong Australian dollar, increased marketing by Tourism Australia boosted tourist arrivals in Australia by more than 5% in 2005, and a number of the Pacific island destinations looked likely to reach a similar growth level. These included the Cook Islands, Guam and the Marshall Islands. But the best performances were turned in by Vanuatu and Papua New Guinea. New Zealand's annual increase, meanwhile, looks more modest

(+2%) – dampened, as in Australia, by a strong local currency – but returns on investment from promotional campaigns such as '100% Pure New Zealand', or based on well-known movies should start to be seen this year.

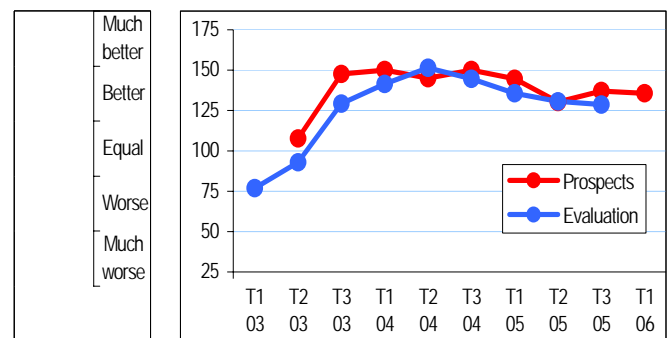
UNWTO Panel of Tourism Experts

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

Prospects

As predicted last year by UNWTO's Panel of Experts, a major factor contributing to growth within Asia and the Pacific in 2005 was the increased availability of low-cost carriers (LCC) and no-frills airline services generally. LCCs are operating 27% more flights within Asia in January 2006 than at the same time in 2005, according to the Centre for Asia Pacific Aviation – for a total of just over 7,000 LCC flights. The international expansion of LCC services between Asia and other regions – notably the Middle East – is also significant, up 257% year on year.

Further growth by LCCs is forecast by several of UNWTO's experts in the region, despite what seems to be a strong possibility of continued high oil prices. And, as in Europe, this is expected to be a main driver of growth in travel demand. The approval of charter flights between China and Taiwan (pr. of China) over Chinese New Year has stimulated huge demand from both sides and may well lead to the Chinese Government permitting more regular direct services in the future.

Increased intercontinental flights into the region should also ensure growth from long-haul source markets. China and India are two of the countries that will see significantly increased air capacity in 2006. By way of example, new regional destinations such as Guilin in China

will be served directly from Europe and Qantas Airways is returning to China from January 2006.

Other positive events and developments for tourism in the region this year include massive capital investments for Macao (China) – US\$ 12 billion in investments are planned over the next five years – which will reinforce the destination's image as the Las Vegas of Asia. And casinos are planned for other locations in the region, including Singapore. Melbourne will also be hosting the Commonwealth Games in March. While not as big a draw as the Olympics, it should attract interest from around the region and Commonwealth countries further afield.

Terrorism is nonetheless still a concern in the region, – notably among Japanese travellers, who are apparently more sensitive to 'threats', and slower to recover from such events. The possible impact of Avian flu is causing some concerns, which spread also outside the region. But, led by UNWTO and regional bodies such as the Pacific Asia Travel Association (PATA), countries are developing crisis management plans and continue to inform and reassure the public through regular communications' bulletins. The majority of experts agree that it is either too early, or inappropriate, to talk of pandemics.

Barring any unforeseen developments, all the tsunami-afflicted destinations are looking forward to a better tourism year in 2006. Countries around the region are gearing up for months of activities to maximise their tourism opportunities. By way of example, Japan is launching its Yokoso (Welcome) Japan Campaign, Taiwan (pr. of China) has developed a Tourism Flagship Plan, and New Caledonia has developed a ten-year Strategic Plan, which it is starting to put into action this year. This will include more aggressive promotion in new markets and a focus on opportunities for short breaks and MICE business.

Although French Polynesia suffered a second annual decline in 2005, prospects for 2006 are much brighter thanks to improved air links and new tax regulations that are favourable to cruise lines. In addition, public-private sector cooperation in tourism development and management has enhanced the operating environment for tourism stakeholders. It is hoped that this in turn will provide added incentives for investment in infrastructure and hotels, resulting in new business for the islands.

International Tourism Receipts												Series International Tourism Expenditure											
US\$ Local currencies (% on previous year)												US\$ Local currencies (% on previous year)											
2004	2004			2005*								2004	2004			2005*							
(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	O	N	D		(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	Q4	O	N	D
<i>Asia and the Pacific</i>																							
<i>North-East Asia</i>																							
25,739	47.9	43.8	35.4	15.7	24.7	18.6	12.6		9	4		China	\$ 19,149	26.1									
9,007	26.2	10.5	0.8	11.4	16.1	11.1	7.3					Hong Kong (China)	13,270	15.9	10.0	10.3	4.4	8.9	3.9	1.2			
11,294	19.5	13.9	8.7	10.5	9.6	9.6	11.0	11.1	13.6			Japan	38,209	23.7	25.7	12.3	0.5	8.7	-0.6	-2.1	-3.5	-5.2	
6,053	13.3	12.4	-4	-7.1	-6.5	-19.7	-8.1	-11.1	38.6			Korea, Republic of	\$ 9,856	19.5	9.7	32.4	19.9	19.7	25.4	19.4	6.0	20.6	
4,054	36.2	48.7	28.0	28.9	25.0	34.7	27.5					Taiwan (pr. of China)	\$ 8,170	26.1	5.9	22.1	10.5	6.8	11.5	12.9			
<i>South-East Asia</i>																							
4,798	18.8	16.3	6.3	-5.2	-3.0	-4.8	-7.4					Indonesia	\$ 3,507	13.8	40.2	1.6	2.5	-5.1	16.9	0.2			
8,198	39.0	44.0	8.3	3.6	3.9	2.4	4.4					Malaysia	3,093	8.0	6.2	8.2	17.1	-0.6	31.7	24.1			
2,012	30.2	22.2	20.7	10.7	15.2	5.5	11.4					Philippines	\$ 1,315	9.0	19	46	2.0	15.7	-6.1	-1.6			
5,090	30.4	28.1	18.8	13.1	9.3	14.4	15.3					Singapore	7,744	37.5	27.7	25.9	2.3	3.2	2.3	1.4			
10,034	24.3	26.3	13.0	-1.3	-7.6	4.0	0.8					Thailand	4,517	50.3	39.5	53.5	10.1	13.3	6.8	10.8			
<i>Oceania</i>																							
12,952	10.7	8.5	-2.3	6.1	8.0	3.1	7.0					Australia	10,293	25.4	22.5	23.8	9.1	11.6	7.8	8.2			
4,790	5.4	14.3	2.5	-1.9	-5.3	-2.3	4.6					New Zealand	2,207	9.6	31.8	-4.5	14.7	23.8	13.6	10.2			
18	5.0	8.3	-12	17.6	8.2							Papua New Guinea	..										
4	99			-34.6	-37.2	-38.3	-29.9					Solomon Is	9	124			14.6	1.2	27.9	12.9			
<i>South Asia</i>																							
12	50.0	116	52.9	52.0	148	21.8	25.3	55.0				Bhutan	\$..										
4,769	35.0	19.0	46.8	20.2	19.8	26.2	23.0	17.4	12.5	15.9		India	\$ 5,068	41.6	47.1	79.2	50.5	45.0	37.7	66.0			
186	36.9	31.4	27.9	-4.4	-10.2	2.4	-4.3					Pakistan	\$ 1,275	37.8	35.4	0.5	-10.6	-27	4.6	0.0			
513	22.0	33.5	31.0	-12.0	-3.6	38.4	-19.4	-52.2	-42.3			Sri Lanka	296	11.2									

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO January 2006)

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

Tsunami recovery update

When the first 2005 edition of the *UNWTO World Tourism Barometer* was published, the world and the tourism community were still in shock over the December 2004 tsunami tragedy. A year after, although the situation has improved month by month, tourism has not yet fully recovered to pre-tsunami levels. Tourism flows and airline traffic have not yet returned to their 2004 levels, which has led to a decrease in revenues from tourism for the tsunami-affected countries. Full recovery is expected to by 2006-07, which means that the efforts of the international community to assist the tsunami-affected destinations should be maintained in 2006 to help them recover fully from tragic event.

Among the countries affected, the Maldives reported a 39% decrease through November 2005, although the rate of decline has eased over the last months. Arrivals in Indonesia were down by nearly 9%, as the country also suffered from the October Bali bombing. Sri Lanka reported only a slight 0.4% drop through November 2005, although this result may in part be attributed to the large number of Sri Lankan expatriates who visited the country in the aftermath of the tsunami, as well as to flow of aid workers. As for Thailand, although overall data up to June shows a 6% decline, arrivals through Bangkok airport registered a 4% growth in the period through October.

But reconstruction of hotels and beach areas severely damaged by the tsunami is still underway. As at November 2005 there were 6,000 fewer rooms available in Thailand's Andaman Sea resorts, and in the Maldives, although only nine out of 87 resorts are still closed or being renovated, capacity was still down by around 3,000 beds. Several of Sri Lanka's large beach resorts remained closed for extensive renovations.

Air passenger capacity, so essential for bringing tourists to these island destinations, has not yet recovered to pre-tsunami levels. Seat capacity of flights registered to arrive in the Maldives in December, for example, was 15% lower than at the same time the previous year. The number of flights arriving at Phuket International Airport in October was still lower than in January, while in Sri Lanka many charter carriers have not yet resumed services, resulting in a 79% drop in charter traffic through November 2005 compared with the same period of the previous year. This decline was somewhat compensated for by traffic on scheduled carriers - up by 4% in the above-mentioned period.

Future prospects are nonetheless very optimistic. In the Maldives, an additional 35 islands have been proposed for tourism development, which will add 5,000 to 7,000 beds over the next two to five years, while in Phuket, Thailand, tourism is expected to be buoyant in 2007 as some 3,000 hotel rooms will be open to visitors, up from the 1,200 rooms now available, according to the Tourism Authority of Thailand (TAT).

An electronic copy in PDF-format of the full Tsunami Recovery report can be downloaded for free at www.world-tourism.org/tsunami/reports/reassessment.pdf.

An assessment of the implementation of the UNWTO Phuket Action Plan is also available at www.world-tourism.org/tsunami/the_book/tsunami_one_year_on.pdf.

For further updates on each destination's progress, see UNWTO's dedicated Tsunami Recovery website at www.world-tourism.org/tsunami/eng.html

Trends in international tourist arrivals in key tsunami-affected destinations

	Full year				YTD				2005/2004											
	2003	2004	03/02	04/03	2004	2005*	05*/04		Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
	(1000)			%	(1000)		%													%
Indonesia¹	3,691	4,541	-9.8	23.0	4,125	3,762	-8.8	-2.7	-3.9	-2.4	3.6	-6.8	-9.7	-4.8	-12.8	-4.0	-30.3	-20.6		
Bali²	993	1,458	-22.8	46.8	1,458	1,390	-4.7	-2.0	19.3	17.4	4.7	-0.5	3.5	7.0	1.0	14.2	-36.8	-43.3	-36.9	
Maldives³	564	617	16.3	9.4	572	348	-39.1	-69.7	-50.8	-44.0	-46.4	-40.0	-33.2	-31.4	-31.3	-27.9	-22.8	-21.5		
Sri Lanka	501	566	27.3	13.1	500	498	-0.4	-23.5	-15.9	31.2	37.8	35.5	42.3	12.3	5.2	-15.5	-25.8	-25.4		
Thailand⁴	6,877	8,188	-9.7	19.1	6,592	6,831	3.6	-18.7	7.3	17.6	-3.8	4.9	8.3	6.1	8.0	5.9	6.5			

Source: UNWTO, based on data gathered by PATA from respective member national tourism organisations (NTOs)

1 Arrivals through 13 ports of entry

3 Air arrivals

2 Direct foreign tourist arrivals

4 At Bangkok Int'l Airport (excludes overseas Thais)

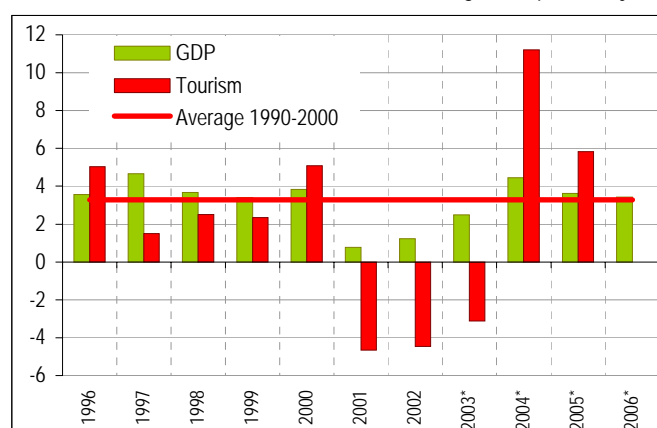
The Americas

Results

Back-to-back hurricanes, resulting in infrastructure damage, unsteady bookings and fragile consumer confidence, not to mention the perceived imminent danger of the new passport rules planned by the US Government – all these factors contributed to a difficult second half-year in 2005 for the Americas, and particularly for North America and the Caribbean. This goes a long way to explaining why the UNWTO's Panel of Experts in the region became less positive through the year in terms of their evaluation of past trends and less optimistic about future prospects. Nevertheless, as the graph shows, expectations are now starting to pick up.

Last year the region is estimated to have ended up 6% in terms of international arrivals, compared with a growth of 11% in 2004. Once again, the best performing subregions were Central and South America (+14% and +13% respectively), according to preliminary data gathered by UNWTO, followed by the Caribbean (+5%) and North America (+4%).

International Tourist Arrivals and Economic Growth (GDP)
Americas (% change over previous year)



Source: IMF, World Tourism Organization (UNWTO) ©

Perhaps not surprisingly, given the negative events that conspired to dampen demand, North America's growth more than halved in 2005. The average was brought down by a weak performance by Canada (-2% through the month of November). It should nonetheless be noted that this was due to a decline out of the US, attributed by the UNWTO Panel of Experts to a wide range of factors. These included the strength of the Canadian dollar, inadequate air capacity – largely due to United Airlines being in Chapter 11 bankruptcy – high fuel prices and a certain amount of confusion resulting from media reports about the planned US Western Hemisphere Travel Initiative.

Despite the US's disappointing long-term inbound tourism performance – arrivals are still down on its 2000 peak – and the impact of natural disasters, led by Hurricane Katrina, 2005 trends reflect the sustained recovery of US tourism, up 8% on 2004 – following a 12% rise the previous year. Moreover, the increase in international tourism receipts is expected to be higher, at more than 12%. Never-

theless, arrivals growth slowed in the last quarter of the year, due – to quote industry observers – to the hurricanes, high fuel prices and a stronger US dollar.

Mexico was heading for an excellent year until hurricane Wilma struck in late October, devastating much of the Caribbean coast, especially around the resort areas of Cancun. This will undoubtedly impact very negatively on Mexico's tourism in the last two months of 2005 but, thanks to a strong 10% growth over the first ten months of the year, the country still expects to have exceeded 2004's 21 million arrivals by a comfortable margin. Meanwhile, the Pacific coast has continued to prosper, with the number of cruise ships calling at Puerto Vallarta, for example, increasing by 25% to 260 last year.

The hurricanes have also taken their toll on tourism to the Caribbean, but the situation has been seriously exacerbated by inadequate airlift. Arrivals overall were up an estimated 5% in 2005, although several Caribbean destinations bucked the general trend. The best performers appear to have been Anguilla, the British Virgin Islands, Cuba, St Lucia, St Vincent and the Grenadines, and Trinidad and Tobago. The Cayman Islands, Grenada and Saba, on the other hand, reported strong declines since, despite much improved results in the last few months, they were unable to recover fully from the impact of the hurricanes. Arrivals in the Dominican Republic grew by a significant 7%, due in large part to the boom from the US market that surpassed the million mark. But a 40% appreciation of the Peso Dominicano over 18 months has undermined profit margins for resort operators, with demand from the US and Canada softening in the last half of 2005. Despite the continuing US embargo, Cuba (+13% through November) had a good 2005, attracting healthy growth from many Latin American markets, as well as key European sources and emerging markets like Russia and China.

The mixed results from one destination to another are reflected in the wide range of conflicting evaluations made by UNWTO's panel of Experts. Positive trends are attributed to improved and expanded air services and increases in accommodation supply. In addition, by way of example, Bermuda says that event-driven tourism was buffered by buoyant cruise business. And St Lucia seems to have benefited from growth in niche markets, such as yacht tourism, small events and honeymooners.

Natural disasters in Central and South America also dealt a blow to some of the region's economies, but most of Central America appears to have survived the floods caused by hurricane Stan more or less unscathed. The current 14% growth estimates for Central America, if realised, would make it the fastest growing subregion in the world in 2005. With the exception of Belize and Panama, all Central American destinations recorded healthy double-digit increases last year, according to preliminary data – despite a slowdown in the last few months.

Positive factors cited by UNWTO's experts included improved awareness of the subregion in Europe, increased air capacity, the benefits of joint marketing – cited by experts from Nicaragua and Honduras – and greater investment in marketing and promotions abroad.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)																	
	Series	2004	04/03	05/04	Series	2005*													2004			
				(%)		YTD	Q1	Q2	Q3	Q4	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4		
Americas		125,771	11.2	5.8		6.5	10.4	4.0	6.6	5.4	7.4	4.2	8.6	4.7	5.1	6.1	11.6	15.8	9.5	8.1		
North America		85,850	10.9	4.1		5.5	11.3	3.5	5.2	3.0	7.3	2.1	6.2	3.0	2.0	3.9	10.6	17.0	9.2	7.4		
Canada	TF	19,150	9.2	..	TF	-2.1	4.3	-1.6	-3.3		-1.5	-6.3	-1.6	-9.0	-1.6		-3.4	17.4	10.6	4.8		
Mexico	TF	20,618	10.5	..	TF	8.0	12.3	8.0	10.9		16.6	4.1	11.0	1.0	-7.4		14.6	7.7	9.1	10.5		
United States	TF	46,082	11.8	..	TF(1)	8.0	12.7	3.8	8.2		9.5	6.5	8.5				11.7	20.2	7.3	5.6		
Caribbean		18,187	6.7	5.4		4.7	4.9	1.2	4.1	9.0	2.5	0.0	14.1	6.5	9.1	10.6	8.7	10.1	5.1	1.9		
Anguilla	TF	54	14.9	..	TF	14.7	16.5	8.8	10.7		11.1	5.0	29.5	40.1	29.4		18.9	25.3	16.5	-0.6		
Antigua,Barb	TF	245	9.4	..	TF(2)	-4.0	4.1	-10.6			-9.5	-4.6					19.0	12.2	4.5	2.6		
Aruba	TF	728	13.4	..	TF	6.8	13.4	2.8			0.0						14.0	18.5	11.6	10.2		
Bahamas	TF	1,561	3.4	..	TF(2)	2.3	-4.1	-0.9	12.8		1.7	-2.3	127.0	12.2			7.9	9.8	-5.1	-9.7		
Barbados	TF	552	3.8	..	TF	-1.8	1.9	-5.4	-4.6		-3.3	-6.3	-4.3	-1.1	4.3		11.5	1.9	4.9	-2.7		
Bermuda	TF	272	5.9	..	TF	-0.4	12.4	3.9	-9.5		-12.2	-11.4	-2.5	0.9	-0.9		-7.0	-5.1	12.2	28.6		
Bonaire	TF	63	1.6	..	TF	-0.5	15.5	-7.1	1.0		16.9	0.9	-20.6	-31.1			6.3	11.9	-10.5	-4.9		
Br.Virgin Is	TF	332	22.6	..	TF	11.1	24.4	6.0			9.8	-31.3					10.5	29.1	7.3	31.0		
Cayman Islands	TF	260	-11.4	..	TF	-41.2	-56.2	-51.9	-39.6		-49.8	-48.6	70.5	464.2	255.4		8.6	17.6	1.7	-76.0		
Cuba	TF	2,017	9.2	..	VF	13.2	7.5	8.6	24.6		21.6	19.2	37.1	11.9	21.6		13.2	11.5	2.6	1.1		
Curaçao	TF	223	0.9	..	TF	-1.2	7.5	-7.4	-7.5		-14.2	-5.1	-1.5	2.3	6.3		8.1	5.1	1.7	-9.1		
Dominican Rp	TF	3,450	5.1	7.0	TF	7.0	8.0	7.7	5.3	6.8	8.3	0.9	6.7	11.2	4.5	5.9	8.9	6.5	2.5	2.6		
Grenada	TF	134	-6.0	..	TF	-36.0	-30.9	-39.0			-40.7	-36.8					6.0	13.3	-1.4	-40.9		
Jamaica	TF	1,415	4.8	..	TF	2.7	7.9	-2.4	-3.5		-5.6	-9.0	12.3	3.1	25.4		7.0	12.0	1.7	-1.7		
Martinique	TF	471	3.9	..	TF	3.6	7.4	-1.0	3.5		5.4	1.7	4.2				-6.0	1.7	12.5	11.6		
Montserrat	TF	10	14.1	..	TF	-2.5	7.3	-0.9	-6.5		11.7	-23.0	-14.9	-9.5	-19.4		21.2	18.2	20.5	22.1		
Puerto Rico	TF	3,541	9.4	..	THS(3)	3.4	3.1	2.3	5.1		3.7	3.9	9.3				5.4	8.6	8.6	4.9		
Saba	TF	11	10.0	..	TF	-16.5	18.8	-35.5			-32.6	-44.4					6.0	6.9	11.8	4.6		
Saint Lucia	TF	298	7.8	..	TF	6.8	15.6	12.5	-5.8		-3.6	-5.7	-9.8	6.6	1.4		3.0	3.2	11.0	15.1		
St.Eustatius	TF	11	5.7	..	TF	-9.1	-1.6	-9.4	-18.3		-25.4	-13.2	-13.1	-1.6			10.3	6.7	16.2	-8.3		
St.Maarten	TF	475	11.1	..	TF(2)	-2.5	-2.1	-3.0									19.0	13.1	9.0	2.7		
St.Vincent,Grenadines	TF	87	10.4	..	TF	16.4	43.4	-4.8									12.8	14.4	6.1	9.5		
Trinidad Tbg	TF	443	8.2	..	TF	8.1	14.3	2.9			4.1						12.2	6.2	5.5	10.7		
US.Virgin Is	TF	544	1.1	..	VF(2)	5.1	15.9	0.0	-0.2		1.3	-2.2	0.1	-1.7			1.0	19.9	6.5	-0.7		
Central America		5,771	17.8	13.9		14.4	16.7	13.2	20.6	7.6	18.0	23.6	20.3	3.2	10.4	8.6	18.7	14.2	12.8	22.9		
Belize	TF	231	4.5	..	TF	3.0	4.9	4.1			-7.7	4.9					12.6	-0.4	-1.4	6.2		
Costa Rica	TF	1,453	17.3	..	TF	19.2	13.3	25.0			25.2						31.3	13.0	1.5	22.3		
El Salvador	TF	966	12.7	..	TF	18.6	7.2	17.7	32.5		28.9	39.2	29.7	10.4	23.4		7.5	-4.1	25.9	26.0		
Guatemala	TF	1,182	34.3	..	TF	11.2	26.9	2.5	11.6		6.6	12.7	17.2	-6.2			21.2	48.0	38.5	29.9		
Honduras	TF	672	10.1	..	TF	11.5	30.9	14.6	39.6	-22.2	35.4	50.7	31.5	-22.2	-22.2	-22.2	-6.2	7.1	-12.0	57.7		
Nicaragua	TF	615	16.9	..	TF	13.6	35.3	8.5	9.7		16.5	7.6	2.5	-7.4	-1.0		19.3	14.7	15.6	18.2		
Panama	TF	652	15.2	..	VF	4.8	3.1	8.8			1.3						32.1	11.8	6.1			
South America		15,963	16.2	12.7		11.3	10.9	7.1	15.0	11.9	10.5	18.8	16.1	12.4	13.4	10.4	16.9	16.5	16.3	13.9		
Argentina	TF	3,353	12.0	..	TF	12.4	10.2	10.7	16.8								15.4	8.1	8.8	14.3		
Bolivia	TF	405	9.5	..	TCE	1.8	10.0	-5.7			-0.7	3.6										
Brazil	TF	4,725	15.5	..	TF												6.1	20.3	29.2	17.3		
Chile	TF	1,785	10.6	..	TF	11.7	11.1	3.6	15.9		12.9	21.4	13.8	15.9	17.5		21.1	14.2	7.2	0.4		
Colombia	TF/VI	770	23.1	21.8	VF	21.8	15.4	22.4	39.6	9.5	22.4	48.8	48.8	13.3	13.3	4.2	19.7	39.5	15.5	22.6		
Ecuador	VF	819	7.6	..	VF	5.0	20.8	4.0	-4.5	1.2	-6.5	11.3	-21.1	-7.9	6.5	5.1	11.4	6.8	3.2	10.2		
Guyana	TF	122	20.9	..	TF	-3.9	0.0	-11.7	-5.9		-13.0	-1.9	3.7	7.7	12.5		23.0	28.7	32.5	1.6		
Paraguay	TF	309	15.3	10.2	TF	10.2	10.3	7.5	12.8	9.9	9.3	14.5	15.7	9.2	9.6	10.7	16.4	15.5	10.9	19.0		
Peru	TF	1,208	17.5	..	VF	15.3	13.9	17.3	15.0	15.1	15.3	14.2	15.4	14.7	15.8	14.9	17.5	17.5	17.5	17.5		
Suriname	TF	138	..	..	TF	21.3	24.4													
Uruguay	TF	1,756	23.7	..	VF	2.4	7.0	-12.0	7.0		3.2	10.6	8.5	1.8	0.4		40.1	23.2	11.6	14.0		
Venezuela	TF	492	45.9	23.0	TF	23.0	15.0	18.5	35.7	20.9							122.9	20.6	44.5	31.1		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO January 2006)

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

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

(2) Non-resident air arrivals only

(3) Non-resident hotel registrations only

Results and trends were similar for South America, with most countries in the subregion benefiting from favourable exchange rates, an improved range of quality tourism products, enhanced air capacity and economic recovery in key source markets. The prosperity of South American countries is also attracting increased business travellers and investments. Destinations such as Argentina, Chile, Colombia and Peru posted double-digit growth rates following already very positive 2004 results, while Uruguay performed below average with a 2.4% growth rate. Peru attributes its excellent performance in 2005 to major marketing campaigns and an enhanced presence at international trade events, all of which have helped the country win several major awards. And Colombia, which will be the host country for UNWTO's General Assembly in 2007, says that improved security has benefited domestic as well as international tourism.

Prospects

There appears to be general consensus that 2006 will be an even better year for the Americas, thanks in no small part to economic growth at home and abroad and the growth of no-frills/low-cost airline services, expanding strongly now also in Latin America following the recent liberalisation of air traffic in many countries in the area. However, a number of uncertainties remain. These include the impact of presidential and/or congressional elections in Peru (in April), Colombia (in May), Mexico (July), Brazil (October) and the US (November). The price of oil and currency fluctuations are also subjects of concern to many industry stakeholders in the region, as well as – for later in the year – the likely return of hurricanes and other natural disasters.

For North America, the Western Hemisphere Travel Initiative (WHTI), which was due to be introduced in December 2006, is top of mind as it could seriously affect tourism flows to/from Canada and the Caribbean. But it now looks as though the US travel industry has successfully lobbied the Senate Committee on Foreign Relations Subcommittee on Western Hemisphere, Peace Corps and Narcotics Affairs to suspend its plans. Instead of the planned WHTI, which would have required all travellers to and from the Caribbean, Bermuda, Panama, Mexico and Canada, including US citizens, to carry a passport or other approved document to enter/re-enter the US, a passport-substitute document, the PASS Card (People Access Security Service), is now expected to be introduced.

Opinions on the growth potential of the US market are very mixed, with more than one expert talking of the new American *Angst* (fear) at a time of economic turmoil. The Canadian Tourism Commission also highlights the significance of Generation X in North America as the market trend leaders, surpassing the significance of baby boomers in market volume and weight within North America's domestic and outbound tourism.

For Mexico, understandably, the main concern is rebuilding and re-opening resorts in the areas affected by

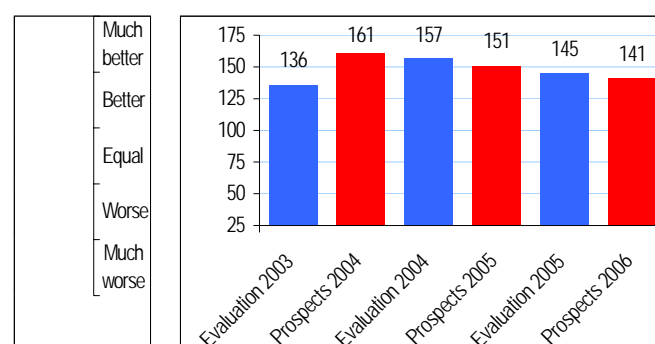
the hurricanes of 2005. The Maya Riviera is reportedly almost back to normal as it suffered less damage as a result of its location protected by Cozumel. But some hotels in Cancun will not re-open until at least May this year. Arrivals are likely to remain well below normal levels for the first four months of 2006 and there is a fear that the events of 2005 might affect the willingness of tourists, especially from the US, to travel to susceptible regions during the hurricane season. The Pacific coast, on the other hand, may benefit from the diversion of bookings from hurricane-affected areas.

One very positive piece of news is the announcement by Delta Airlines of a major push into Mexico, with 12 new non-stop routes from the US due to be launched by June. The US Department of Transport has already given the green light, and tickets have gone on sale. Increased airline capacity and new gateways will also boost traffic to the Caribbean, Central and South America, UNWTO's Panel of Experts believes. And Central America should benefit from the current US and Canadian trend towards shorter trips abroad and continued price competitiveness due to exchange rate factors.

Increased investment in tourism by governments and public-private partnerships – especially in marketing and promotions – should help raise awareness of less well-known destinations, such as El Salvador and Ecuador, and stimulate demand. And many destinations in the region are making efforts to develop new tourism products in line with increased demand for rural and environmentally friendly tourism, as well as niche products. Wine tourism, for example, is one that offers good potential for growth, according to Argentina.

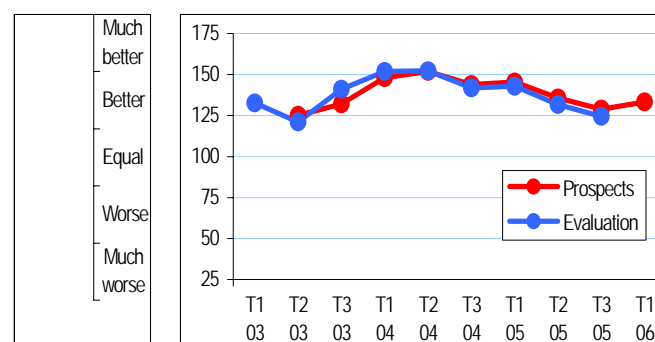
UNWTO Panel of Tourism Experts

Americas



Source: World Tourism Organization (UNWTO) ©

Americas



Source: World Tourism Organization (UNWTO) ©



International Tourism Receipts											Series	International Tourism Expenditure											
US\$		Local currencies (% on previous year)										US\$		Local currencies (% on previous year)									
2004	2004	2005*								2004		2004	2005*										
(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	O	N	D		(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	Q4	O	N	D
Americas																							
North America																							
12,843	13.1	18.5	16.0	-0.4	5.7	-2.9	-3.9				Canada	sa	16,017	10.8	10.8	4.3	4.9	7.2	2.8	4.8			
10,753	14.9	11.9	18.1	13.8	19.4	14.7	11.2	-1.9			Mexico	\$	6,959	11.3	9.6	16.0	16.9	12.3	16.5	20.8	17.9		
74,481	15.7	15.5	6.7	12.4	11.8	14.5	13.2	11.6	6.4		United States	sa	65,635	14.3	13.4	8.7	6.6	9.7	9.8	4.4	1.0	0.1	
Caribbean																							
1,884	7.2	-5.9	-4.6	-3.4	-3.0	-3.8					Bahamas		316	3.6	-14	12.4	11.7	18.0	5.4				
810	6.9	7.9	-7.9	0.2	0.2						Barbados		..										
354	1.7	17.9	23.6	18.4	18.4						Bermuda		232	2.7	3.6	1.7	0.0	0.0					
3,180	2.3	0.7	5.3	12.8	25.8	7.7	2.9				Dominican Rp	\$	310	14.0									
Central America																							
1,358	13.3	4.2	19.0	19.9	12.7	30.7					Costa Rica	\$	404	14.8	14.5	24.3	4.6	1.0	7.8				
337	17.1	48.3	64.3	93.5	57.3	134.2					El Salvador	\$	240	22.1	38.8	45.9							
770	28.4	34.2	70.0	13.9	14.1	11.9	23.5	5.2	1.6		Guatemala	\$	649	7.9	12.6		6.4	11.9	3.8	13.1	4.7	-13.0	
South America																							
2,563	27.8	18.3	26.3	28.8	26.8	29.6	30.8				Argentina	\$	2,964	18.0	9.7	13.2	11.5	13.6	11.8	8.4			
3,222	30.0	10.1	22.6	21.3	14.7	15.2	39.6	15.1	18.4		Brazil	\$	2,871	27.0	20.2	45.7	69.0	47.7	82.7	91.3	43.2	50.7	
1,091	0.0	24.5	18.3	15.1	18.1	11.1	13.6				Chile	\$	892	15.1	7.9	12.4	8.7	14.8	-0.6	11.0			
1,058	18.5	21.0	29.4	11.3	20.2	10.6	5.1				Colombia	\$	1,108	4.3	2.5	-0.1	12.4	17.1	10.4	9.8			
367	-9.6	-9.6	-9.6	-9.5	-9.4	-9.5					Ecuador	\$	391	10.3	10.3	10.3	1.4	1.3	1.4				
1,078	14.7	16.2	9.5	12.3	15.5	21.3	4.4				Peru	\$	620	3.7	2.7	4.5	10.6	16.1	20.4	0.6			
455	31.9	17.0	29.0	21.4	22.7	17.4					Uruguay	\$	194	14.7									

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO January 2006)

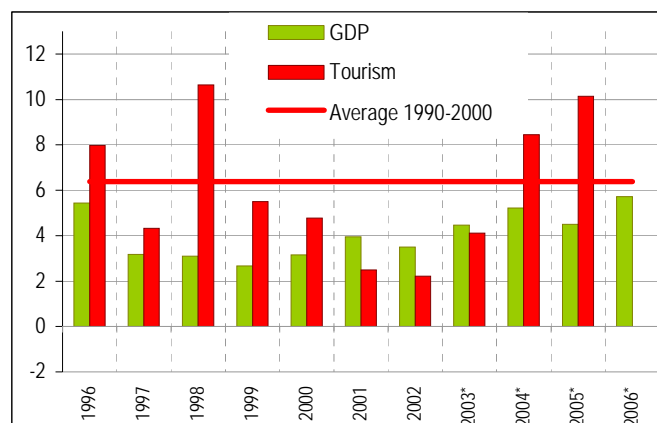
See box at page 2 for explanation of abbreviations and signs used

Africa and the Middle East

Results

Africa was the only region in the world to have performed much better in 2005 than in 2004, according to preliminary data gathered by UNWTO. The region overall recorded more than a 10% increase, up from 8% the previous year.

International Tourist Arrivals and Economic Growth (GDP)
Africa (% change over previous year)



Source: IMF, World Tourism Organization (UNWTO) ©

Growth was stronger in Sub-Saharan Africa (+13%) as against 5% in 2004. Particularly remarkable results were reported by Kenya (+26% between January and October compared with the same period of the previous year) following an already buoyant 2004, and Mozambique (+37% Jan-Sep). South Africa (+11% Jan-Aug), as well as

the island destinations of Seychelles (+7%) and Mauritius (+6%), all improved on their 2004 results. In North Africa growth continued, but at a more moderate pace, with Tunisia recording an increase of 8% between January and November and Morocco 5% for the full year. In particular for Sub-Saharan the estimated aggregate for the subregion should be taken with caution as available data is comparatively scarce.

Interestingly, the region's excellent results are not clearly reflected in the evaluation of UNWTO's Panel of Experts, who are less satisfied than one might expect with the past four months, or with 2005 overall. But this could well be due to the fact that many countries do not yet have their full results for 2005 and are still uncertain about general trends.

Nevertheless, product improvement and diversification have been two of the main factors boosting tourism demand for African destinations such as Kenya, according to responses from UNWTO's Panel of Experts. Investment in infrastructure has also been very positive, and enhanced co-operation between the public and private sectors has helped to ensure increased benefits for all stakeholders.

Despite the continuing strength of the rand, South Africa is still considered good value for money as a tourism destination. The rand's appreciation has meant greater disposable funding for South African Tourism's (SAT's) marketing and promotions abroad. New branding strategies and marketing campaigns by SAT have increased awareness of South Africa's tourism attractions, as has the industry's increased presence at trade fairs and other international events.

International Tourist Arrivals by Country of Destination

	Series	Full year			Monthly or quarterly data series (% change over same period of the previous year)															
		2004	04/03	05/04	Series	2005*										2004				
				(%)		YTD	Q1	Q2	Q3	Q4	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4
Africa		33,301	8.4	10.1		10.6	11.1	9.6	10.3	11.4	12.2	8.1	10.5	9.4	12.8	12.2	-0.1	4.0	10.4	10.8
<i>North Africa</i>		<i>12,807</i>	<i>15.5</i>	<i>6.1</i>		<i>6.1</i>	<i>6.7</i>	<i>11.8</i>	<i>4.4</i>	<i>2.8</i>	<i>6.9</i>	<i>0.6</i>	<i>6.0</i>	<i>-0.2</i>	<i>6.8</i>	<i>3.0</i>	<i>19.3</i>	<i>18.8</i>	<i>14.6</i>	<i>10.8</i>
Morocco	TF	5,516	15.9	..	TF	5.1	6.0	10.7	1.1	7.8	2.6	-3.8	7.1	7.8	11.4	5.1	20.9	15.8	15.1	11.5
Tunisia	TF	5,998	17.3	..	TF	7.5	7.6	12.5	8.0		14.3	4.7	5.4	-5.4	2.8		19.0	24.0	14.6	13.5
<i>Subsaharan Africa</i>		<i>20,493</i>	<i>4.5</i>	<i>12.6</i>		<i>13.4</i>	<i>13.1</i>	<i>8.3</i>	<i>16.4</i>	<i>15.2</i>	<i>19.2</i>	<i>16.4</i>	<i>13.5</i>	<i>14.7</i>	<i>15.1</i>	<i>15.6</i>	<i>-7.1</i>	<i>-3.4</i>	<i>6.4</i>	<i>10.8</i>
Kenya	TF	1,132	30.7	..	VF(1)	25.8	34.9	24.2	22.7		29.4	29.4	8.2	14.9			10.4	12.9	34.8	27.8
Mauritius	TF	719	2.4	5.9	TF	5.9	7.1	2.4	5.2	7.8	5.3	9.8	0.2	0.3	5.7	16.3	1.5	-3.5	3.1	7.2
Mozambique	TF	470	6.6	..	THS	37.5	13.6	88.6	3.3								56.8	89.4	56.2	80.6
Seychelles	TF	121	-1.0	7.1	TF	7.1	5.0	-3.7	11.4	14.2	5.3	14.0	15.5	9.7	24.4	9.9	-4.2	-10.5	1.6	9.4
South Africa	VF	6,815	2.6	..	TF	10.7	10.3	6.9			18.9	14.5					-0.8	0.8	2.8	7.3
Uganda	TF	512	68.2	..	TF	-21.7	-14.2	-15.7			-26.9	-62.1					96.5	116.2	41.7	38.9
Middle East		35,941	19.8	6.9		6.8	-3.3	32.6	1.2	1.8	3.5	-2.6	3.4	-0.4	-0.5	6.7	23.6	33.1	12.1	12.6
Bahrain	TF	..	..	..	VF	10.9	-2.5	18.0	16.2								25.4	18.0	14.8	11.1
Egypt	TF	..	..	..	VF	6.1	16.5	13.0	-7.4		5.9	-15.3	-12.4				52.3	79.9	23.3	7.6
Jordan	TF	2,853	21.2	4.7	TF	4.7	3.2	15.1	6.7	-6.4	12.8	4.6	2.7	-7.0	-14.1	5.3	31.6	47.3	17.4	3.7
Lebanon	TF	1,278	25.8	..	TF	-2.9	-10.9	-19.2	-10.3	44.1	-15.4	-13.3	5.7	-11.7	16.1	114.2	31.4	52.2	16.2	13.1
Palestine	TF	..	..	..	THS	45.5	-0.7	65.1	84.2		129.0	79.0	54.1				129.7	62.0	6.6	44.4
Saudi Arabia	TF	8,580	17.0	..	TF	21.0	-21.9	119.0									17.2	17.9	3.5	31.7
Untd Arab Emirates	THS	..	..	..	THS(2)	6.7	5.7	9.8	5.0		-3.6	2.2	17.3				10.9	7.9	8.0	8.6

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO January 2006)

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 Seychelles, recovering from its slight decline of 2004, attributes its healthy growth last year (+7%) to an increased focus on environmentally friendly tourism – ensuring that the islands' tourism products fit naturally into the local environment. But growth has to some extent been dampened by a shortage of hotel capacity – a situation that the industry is trying to resolve.

Meanwhile, a new government in Mauritius has made a very positive impact on tourism performance, although industry opinion suggests that it came too late to change things significantly in 2005. But the island's 6% arrivals increase comes after five years of sluggish growth.

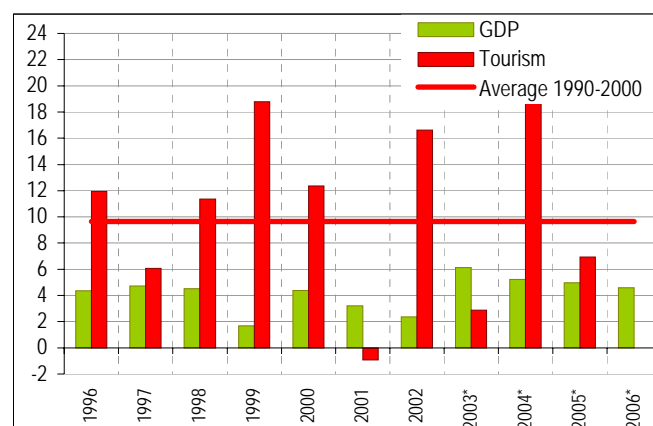
Though the arrivals growth for Morocco and Tunisia has fallen well short of 2004's double-digit increases (at +6% and +8% up to November respectively), both North African destinations have confirmed their sustained recovery. It is, however, important to note that tourism receipts grew at a much faster pace in both countries. In the case of Morocco, in particular, this is attributable to the positive return generated by improved promotions abroad and by the country's increased investments in tourism infrastructure, hotels, attractions and other facilities. Tunisian tourism stakeholders all agree that greater stability has contributed towards its own healthy performance.

Following its very strong performance over the past couple of years, the Middle East seems to have entered a more moderate phase of growth, with the increase for 2005 estimated at 7%. Available data, however, is rather limited and results could still improve as full-year results become available. Interestingly, UNWTO's experts are also quite optimistic about the present situation in the Middle East.

Terrorist attacks in the Lebanon, Egypt and Jordan also took their toll to a greater or lesser degree on tourism demand for the Middle East last year, although the latest trends thankfully suggest the impact will be short-lived. As a result of several incidents through 2005, starting in

February with the car bomb that killed former Prime Minister Rafiq Hariri, Lebanon's tourism fell by 11% through the month of November, but recovered quite strongly in December as flows increased due to the coming Eid al-Adha – Festival of Sacrifice–, held in early January. But the local tourism industry is expecting demand to be back to 2004's monthly growth levels by the end of the first quarter of 2006. Despite the terrorism in Cairo and Sharm el Sheikh, arrivals in Egypt increased by 6% over 2004, while international tourism receipts are expected to grow by 5%. And according to European tour operators, demand has already bounced back for the destination.

International Tourist Arrivals and Economic Growth (GDP)
Middle East (% change over previous year)



Source: IMF, World Tourism Organization (UNWTO) ©

It is too early to assess the impact of the 9 November bombings in Amman on Jordan's tourism, but anecdotal evidence suggests the industry is fairly bullish, especially since arrivals are estimated to have increased by over 4%.

International Tourism Receipts

US\$		Local currencies (% on previous year)								
2004	2004	2005*								
(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	O	N	D
Africa										
North Africa										
3,921	12.6	10.7	22.4	18.4	15.7	19.8	22.4	13.1	6.9	
1,910	16.7	21.6	19.4	12.9	10.8	13.1	13.7			
Subsaharan Africa										
109	17.0	28.3	12.2	1.9	2.1	6.9	-1.9			
853	20.8	14.6	6.9	7.7	9.1	1.1	10.5	15.5		
95	-2.4	-14	22.5	58.6	3.3	21.7	124			
403	4.3	6.0	7.6	-14.2	5.2	-5.5	-37.5			
6,282	-2.9	-4.8	5.2	13.8	14.8	13.2	13.6			
Middle East										
6,125	33.6	29.3	14.0	10.9	12.1	11.2	10.0			
6,542	15.6			43.3	37.4					

Series International Tourism Expenditure

US\$		Local currencies (% on previous year)									
2004	2004	2005*									
(million)	year	Q3	Q4	YTD	Q1	Q2	Q3	Q4	O	N	D
Africa											
North Africa											
	575	-2.8									
	326	5.0									
Subsaharan Africa											
	78	-0.4	-2.3	1.7	-5.8	18.1	-14	-17			
	255	16.2	18.2	6.2							
\$	134	-4.0	-0.3	-37	39.1	22.2	18.7	73.4			
	87	1.6	-4.1	1.4	0.0	0.7	-0.7	0.0			
sa	2,668	-20.0	-12	-12	5.2	8.6	3.5	3.6			
Middle East											
\$	1,257	-4.8	1.9	-16	32.4	20.2	39.6	42.1			
	4,406	5.8	-2.0	-3.8	1.0	0.3					

Source: World Tourism Organization (UNWTO) ©

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

(Data as collected by UNWTO January 2006)

Prospects

The outlook for tourism in Africa would seem to be very good, although, as already indicated, UNWTO's Panel of Experts in the region is less bullish about prospects for 2006 and, in particular, for the next four months. But the members of the panel cited a number of positive factors that are expected to boost demand in 2006, among which Tunisia's hosting of the World Handball Cup, the solar eclipse in Libya in March, the opening up of Mauritius's air space and development of duty free shopping for tourists, and the further improvement of product and services throughout the region.

A number of countries – including South Africa, Seychelles and Kenya – are focusing greater efforts on developing ecotourism and other niche tourism products to enhance sustainable tourism. But, given the increased attention being paid by governments to tourism as a means of economic diversification and development, competition has become tougher.

As for the Middle East, there are clearly concerns as to the impact of last year's terrorist attacks and the continuing unrest in the Lebanon. But past experience suggests that consumer confidence tends to recover quite quickly. The Egyptian Government's swift and confident response to the Luxor attacks of 1997, for example, enhanced the image of the country and motivated tourists to return. And the same was true after the bomb attacks in Taba Heights in October 2004.

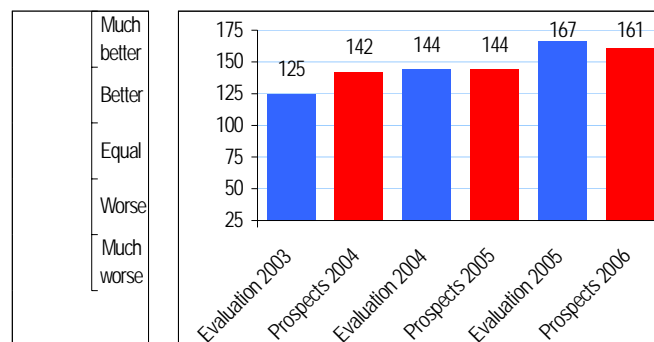
Dubai is without doubt one of the tourism success stories of recent years – it recorded a 7% increase in arrivals through September 2005 following last year's 9% growth and it looks as though the destination is a long way from reaching its maximum potential. Investment in the tourism sector accounted for 28.5% of total capital investment in Dubai last year – not taking account of major infrastructure projects such as the US\$ 4 billion airport expansion – and is forecast to grow even faster.

Nevertheless, competition from other Gulf states is growing fast – a number of Gulf airports are planning huge airport expansions, for example, to cater to an expected surge in demand – and some industry observers are becoming more cautious in their prognoses, as reflected by the panel of Experts' comments. Expectations are still high, but there are concerns that rising prices, especially in hotels, will deter visitors in the medium term.

Meanwhile, Egypt hopes to see its profile improved in 2006 by hosting the African Cup of Nations (20 January to 10 February), Qatar will benefit from the 15th Asian Games being held in Doha next December, and Syria plans to reinforce its position on the world tourism map through the rehabilitation of five archaeological sites and parts of the Mediterranean coast.

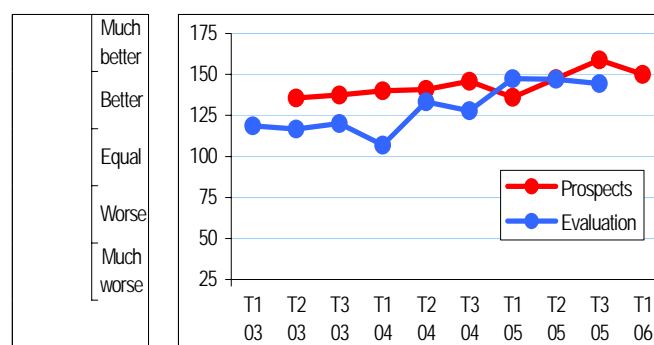
UNWTO Panel of Tourism Experts

Africa



Source: World Tourism Organization (UNWTO) ©

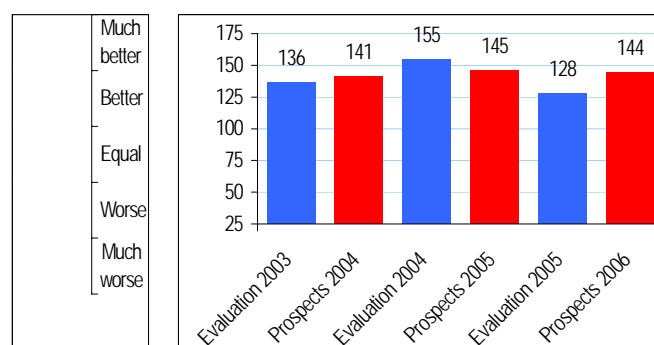
Africa



Source: World Tourism Organization (UNWTO) ©

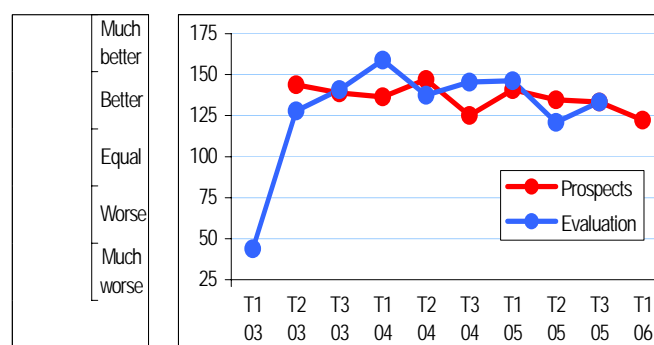
UNWTO Panel of Tourism Experts

Middle East



Source: World Tourism Organization (UNWTO) ©

Middle East



Source: World Tourism Organization (UNWTO) ©

The economic environment

World economy remains favourable

According to the most recent growth projections released by the International Monetary Fund (IMF) last September, world GDP grew by 4.3% during 2005 and is set to continue with the same positive performance in 2006. Although major economies saw a slight setback on 2004 results, the overall trend indicates a sustained growth, after the previous year's peak values (+5% for World GDP).

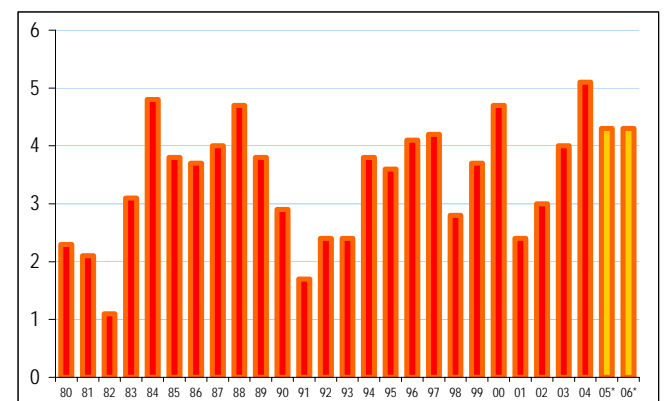
The basic economic growth forecasts for 2006 released by the IMF in the September issue of the World Economic Outlook (www.imf.org/external/pubs/ft/weo/weorepts.htm) were presented in a detailed table in last October's issue of the *UNWTO World Tourism Barometer* (available in www.world-tourism.org/facts/wtb.html). The June 2006 issue will include IMF's updated estimates for this year and its preliminary forecast for 2007.

In 2005, Europe's overall growth slipped as compared to 2004 (2.5% vs. 3.6%), as major economies such as the eurozone (1.2% vs. 2%) or the United Kingdom (1.9% vs. 3.2%) saw their GDP expansion slow. Both the US (from 4.2% to 3.5%) and Japan followed the same trend (from 2.7% to 2%).

Economic perspectives for 2006 are positive overall. Important European tourism source markets such as Germany (+1.2%), the UK (+2.2%) and France (+1.8%) are expected to improve their results over 2005. Economic growth in the US will probably slow, but will still be around 3.3%, while Japan will maintain its rhythm of 2005 (+2.2%). In major economies such as the US, Japan and the eurozone, short-term indicators are also positive overall. There is a general recovery in terms of goods and services production, inflation rates remain relatively contained and

consumer confidence is on the high side. In the UK, although industrial production may reach a stabilisation point, private consumption is expected to sustain the growth pace.

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



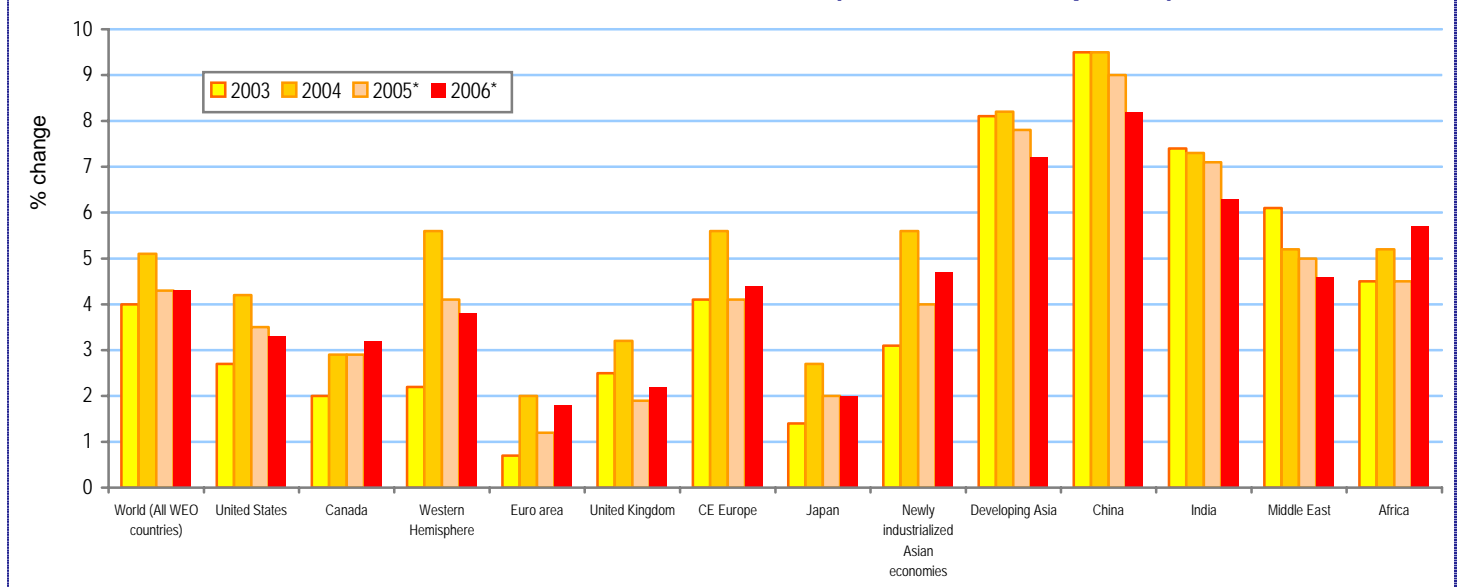
Source: International Monetary Fund

Major uncertainties: oil prices and interest rates

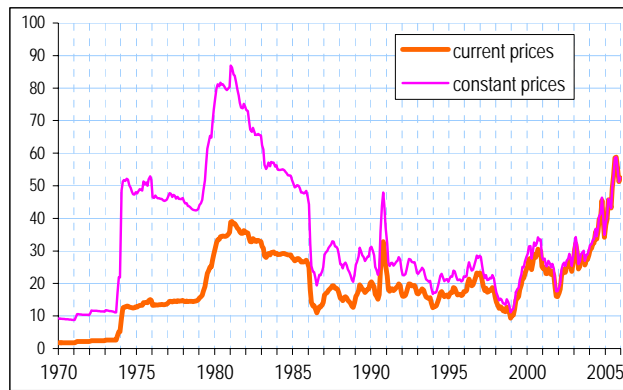
According to the IMF, some imbalances persist: the high current deficit and the increasing debt in the US, and the high current surpluses in Japan, in other Asian emerging economies and in oil-producing countries as Russia or Middle East economies. In addition, two major uncertainties cloud the outlook: the evolution of oil prices, and the potential increase of interest rates in the some major tourism generating countries such as the US, the UK, and in the euro area.

As for oil prices, although reaching an all-time high in current prices, in real terms, the price per barrel is still below, or only very slightly higher, than the one of the peaks of the early 1980s and the early 1990s. As for the impact on travel demand, and according to a recently

Growth of Gross Domestic Product (GDP, constant prices)

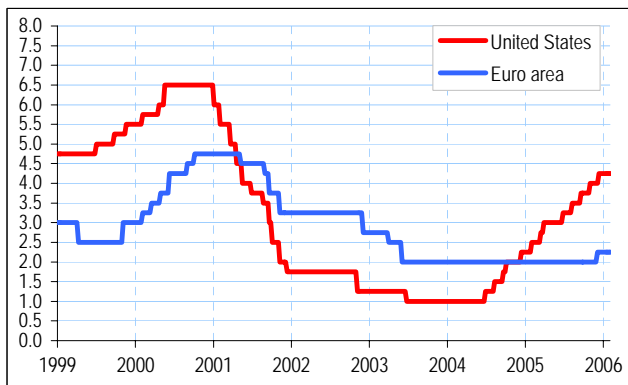


Crude oil in current and constant prices, 1970-2005 (US\$ per barrel)



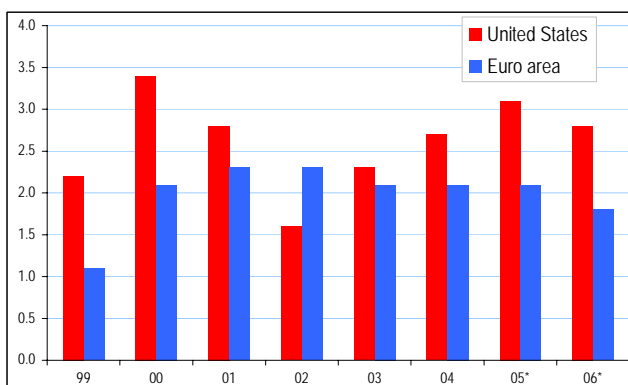
Source: Energy Information Administration (EIA)

Interest rate Federal Reserve and ECB (%)

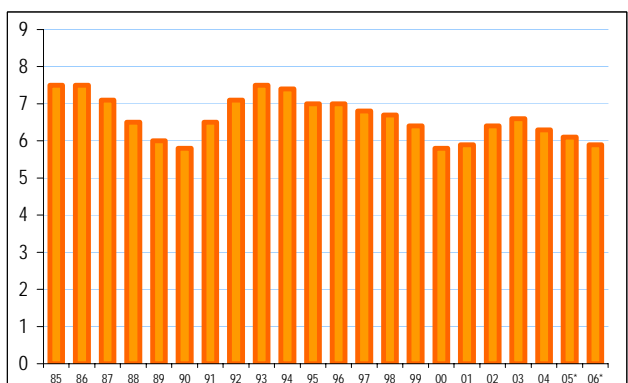


Source: Federal Reserve and European Central Bank (ECB)

Inflation (%)



Source: International Monetary Fund

Unemployment rate
Advanced economies %

Source: International Monetary Fund

concluded UNWTO report¹, until now such impact has been limited. A survey among tour operators and travel agencies shows that, only a small percentage of the increase in oil prices has been passed onto consumers in terms of final purchase price. In addition, the imposition of surcharges by many airlines does not appear to have discouraged demand for air transport - at least for the time being. According to the latest data from IATA, passenger traffic from January through November 2005 increased by 7.7 %. Moreover, in recent crises, and though with different time gaps, higher oil prices had no direct impact on tourism, but rather an indirect effect, as they contributed to the deterioration of the economic situation, and consequently to the corrosion of consumers' purchasing power. But, while the past oil price peaks had a significant negative impact on tourism as a result of its impact on the economy at large, on this occasion the global economy has remained relatively steady, with demand in China and India being a powerful factor. While this same demand may mean that oil prices do not fall back to historical average levels, tourism is expected to continue showing a healthy trend. A more sustained economic growth, and some decrease of the expansion rate of emerging economies such as China or India, may also mean lesser pressure on raw materials and in particular on oil, thus contributing to stabilising prices.

Another factor that could restrain economic growth somewhat, and in particular households' discretionary income, is the increase of interest rates, particularly in the US, where gradual interest rates increases - at the moment at 4.25% - have been used in an attempt to contain growing inflation, consumer debt and the housing boom. In the euro area, this indicator, which has been stable at 2% since mid-2003, is still comparatively much lower even following the 0.25 percentage point increase implemented by the European Central Bank (ECB) at the end of 2005. Doubts remain, however, whether the ECB will further increase interest rates as the European economy continues to expand. Higher concerns emerge in the case of the UK, where interest rates already reached 4.5% in 2005.

The good news: employment improves

In an environment of stability and economic growth the employment situation has also improved. Lower unemployment will generally translate into higher consumer confidence and greater expenditure. By way of example - just as a guideline - in advanced economies employment tend to be created if economic growth rises above 2%, while employment will shrink if economic growth falls below 2%.

According to IMF data (*World Economic Outlook*, September 2005), the unemployment rate worldwide in advanced economies is forecast to have declined by 0.2 percentage points in 2005 (from 6.3% to 6.1%) and be even lower in 2006 (5.9%), thereby recovering to pre-2001 levels. In the eurozone, although an overall decrease was

¹ The impact of rising oil prices on international tourism, Special Report 26, UNWTO, 2006

registered (from 8.9% to 8.7%), major tourism source markets such as Germany (9.5% in 2005 vs. 9.2% in 2004) or France (from 9.7% to 9.8% in 2005) saw a slight deterioration of their unemployment rates during 2005. On the other hand, Spain saw its unemployment rate drop by 0.9 percentage points to 9.1%, the lowest rate in ten years. The healthy performance of the Spanish economy, together with the improvement of indicators such as employment, is impacting significantly on the outbound travel market. The country, which is already the 13th most important source market in terms of tourism expenditure in the world with a volume of US\$ 12 billion, recorded an amazing 26% increase in international tourism expenditure up to October 2005, following an increase of 22% in 2004.

In the US, unemployment rates also improved in 2005 as compared to 2004 (from 5.5% to 5.2%), while Canada showed a significant 0.4 percentage points reduction on the previous year's rate. The same applies to Japan (4.3% in 2005 vs 4.7% in 2004) and to the New Industrialised Asian Economies (NIAE).

Prospects for 2006 are even better as many of the major tourism source markets, such as Germany, France, Italy, the Netherlands, Austria or Japan, are expected to improve their unemployment rates while others, such as the UK or the US, are projected to sustain their levels of 2005.

Overview of the September 2005 World Economic Outlook Projections of the International Monetary Fund (IMF)
Unemployment rate (%)

							Current projections		Trend ¹				Average 1995-2004
	1995	2000	2001	2002	2003	2004	2005*	2006*	03-02	04-03	05*-04	06*-05*	
Advanced economies	7.0	5.8	5.9	6.4	6.6	6.3	6.1	5.9	-	+	+	+	6.4
Europe													
Euro area	10.5	8.2	7.9	8.3	8.7	8.9	8.7	8.4	-	-	+	+	9.3
Austria	3.9	3.7	3.6	4.1	4.3	4.8	5.0	4.7	-	-	-	+	4.1
Belgium	9.7	6.9	6.7	7.3	7.9	7.8	7.9	8.0	-	=	=	=	8.2
Finland	15.4	9.8	9.1	9.1	9.0	8.8	8.0	7.8	=	+	++	+	11.0
France	11.2	9.1	8.4	8.9	9.5	9.7	9.8	9.6	-	-	=	+	10.2
Germany	8.0	7.8	7.9	8.7	9.6	9.2	9.5	9.3	-	+	-	+	8.6
Greece	9.1	11.4	10.8	10.3	9.7	10.5	10.5	10.5	++	-	=	=	10.7
Ireland	12.2	4.3	3.9	4.4	4.7	4.5	4.2	4.0	-	+	+	+	6.8
Italy	11.6	10.6	9.5	9.0	8.7	8.5	8.1	7.8	+	+	+	+	10.8
Luxembourg	3.0	2.6	2.6	3.0	3.8	4.4	4.8	5.2	-	-	-	-	3.0
Netherlands	6.6	2.8	2.2	2.8	3.7	4.6	5.0	4.5	-	-	-	+	3.7
Portugal	7.2	3.9	4.0	5.0	6.3	6.7	7.4	7.7	-	-	-	-	5.2
Spain	22.9	13.9	10.6	11.5	11.5	11.0	9.1	8.0	=	+	++	++	16.1
Denmark	10.0	5.1	4.9	4.9	5.8	6.0	5.6	5.5	-	-	+	=	6.2
Sweden	7.7	4.7	4.0	4.0	4.9	5.5	5.2	4.9	-	-	+	+	5.8
United Kingdom	8.7	5.5	5.1	5.2	5.0	4.8	4.7	4.8	+	+	=	=	6.2
Cyprus	2.6	3.4	2.9	3.1	3.5	3.6	3.2	3.0	-	=	+	+	3.3
Iceland	5.0	1.3	1.4	2.5	3.4	3.1	2.3	1.7	-	+	++	++	2.6
Israel	6.9	8.7	9.3	10.3	10.7	10.3	9.1	8.7	-	+	++	+	8.6
Norway	5.0	3.4	3.5	3.9	4.5	4.5	4.2	4.0	-	=	+	+	3.7
Switzerland	3.7	1.7	1.6	2.3	3.4	3.5	3.7	3.7	-	=	-	=	2.9
Americas													
Canada	9.5	6.9	7.2	7.7	7.6	7.2	6.8	6.7	=	+	+	=	8.1
United States	5.6	4.0	4.8	5.8	6.0	5.5	5.2	5.2	-	+	+	=	4.8
Asia and the Pacific													
Australia	8.2	6.3	6.8	6.4	6.0	5.5	5.1	5.1	+	+	+	=	7.2
Japan	3.2	4.7	5.0	5.4	5.3	4.7	4.3	4.1	=	++	+	+	4.4
New Zealand	6.3	6.0	5.3	5.2	4.7	3.9	4.0	4.2	+	++	=	-	6.2
Newly Industrialized Asian Economies	2.1	4.0	4.2	4.2	4.4	4.1	4.0	3.7	-	+	=	+	4.0
Hong Kong (China)	3.2	5.0	5.1	7.3	7.9	6.8	5.7	4.6	-	++	++	++	4.7
Korea, Republic of	2.1	4.4	4.0	3.3	3.6	3.5	3.6	3.3	-	=	=	+	4.3
Singapore	2.7	3.1	3.3	4.4	4.7	4.0	3.6	3.4	-	++	+	+	3.0
Taiwan (pr. of China)	1.8	3.0	4.6	5.2	5.0	4.4	4.3	4.2	+	++	=	=	3.4

Source: compiled by UNWTO from International Monetary Fund, World Economic Outlook, September 2005

¹ percentage points change to previous year: ++ < -0.5; + [-0.1,-0.5]; = [-0.1,0.1]; - [0.1,0.5]; -- > 0.5

Exchange rates

In terms of exchange rates, 2005 can be characterised by a gradual (re)appreciation of the US dollar against major currencies from a low of the end of 2004. While the dollar only bought 75 euro cents in December 2004, in December 2005 this was up to 84 euro cents. However, as the downward trend of 2004 was reversed in 2005 up, the average rate for the full year 2005 shows no change when compared with 2004 (US\$ 1 = 0.80 euro). A similar trend applies to the relation of the US dollar to the Swiss franc or the British pound, as on average during 2005 the exchange rate was maintained at US\$ 1 = £ 0.55, although the rate of December 2005 compared 12 months earlier shows an appreciation of the US dollar. The corresponding table shows that in terms of average exchange rates, the US dollar depreciated even further in 2005 against some currencies in Europe such as the Polish zloty (-11%) or the Russian rouble (-1.8%), as well as against the South African rand (-1.2%), while on a year to year basis there was in fact an appreciation of the US dollar.

By contrast, the American currency depreciated during 2005 against other currencies in North America (Mexican peso and Canadian dollar), a factor of concern to both Mexico and Canada, as most of their tourism flows originate in the US market. The dollar also depreciated against some Asian currencies such as the Australian dollar (-3.5%) and the Korean won (-10.5%). By contrast, the US dollar appreciated against the Japanese yen, making the US a slightly more expensive destination for the Japanese.

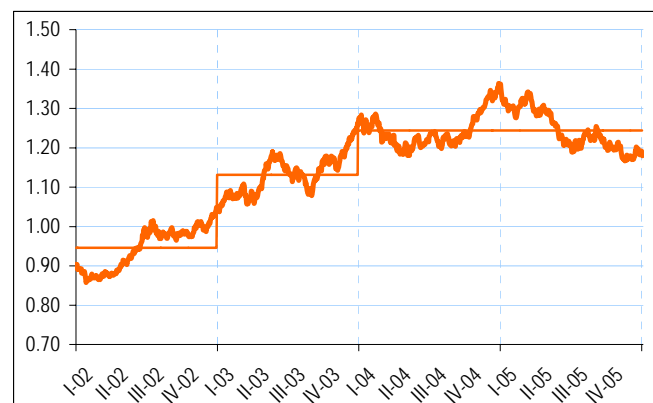
However, the most notable change comes from the exchange rate of the US dollar to the Chinese yuan, following a modification in the Chinese monetary policy. After maintaining its currency pegged to the US dollar at a rate of 8.28 for almost a decade, the country changed it into a managed floating regime with reference to a basket of currencies, including the euro. Simultaneously, the Chinese currency was appreciated against the US dollar on 21 July 2005, with the result that the exchange rate was adjusted to 8.11 yuan per US dollar. Although the adjustment was still modest it meant, on a year-by-year analysis, that the US dollar lost around 2.4% against the yuan.

As for the euro, although the average exchange rate against the US dollar was maintained at 1.24 (the same as in 2004), as compared to a year ago, the "European" currency has shown a depreciation of 11.6% over the same month one year ago – from 1 euro = US\$ 1.34 in December 2004 to 1 euro = US\$ 1.19 in December 2005. The euro has depreciated over the same period even stronger against the Canadian dollar and the Mexican peso (both -16%), while on average for the full year 2005 compared to 2004 the decrease was -6.7% and -3.4%.

As for the exchange rates of the euro against other European currencies, the trends were mixed. The euro gained some ground against the British Pound (+0.8%), while depreciating against many Central and Eastern European currencies such as the Czech koruna (-6.6%), the Polish zloty (-11.1%), the Croatian kuna (-1.3%), or the

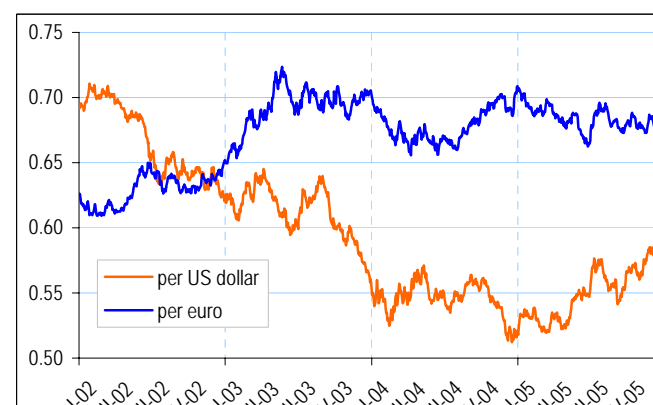
Exchange rate euro to US dollar

(US\$ per Ecu/€)



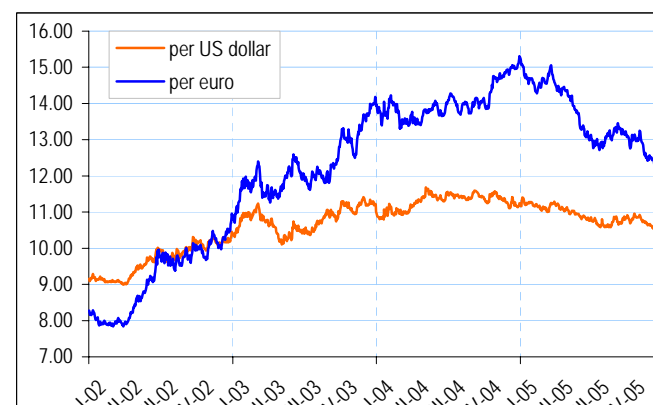
Source: De Nederlandse Bank

Exchange rate British pound



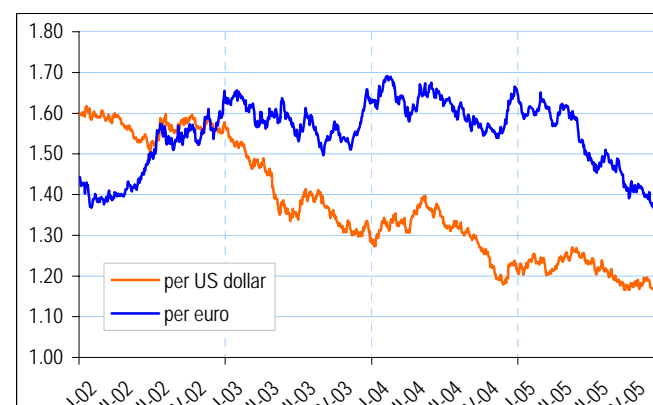
Source: De Nederlandse Bank

Exchange rate Mexican peso



Source: De Nederlandse Bank

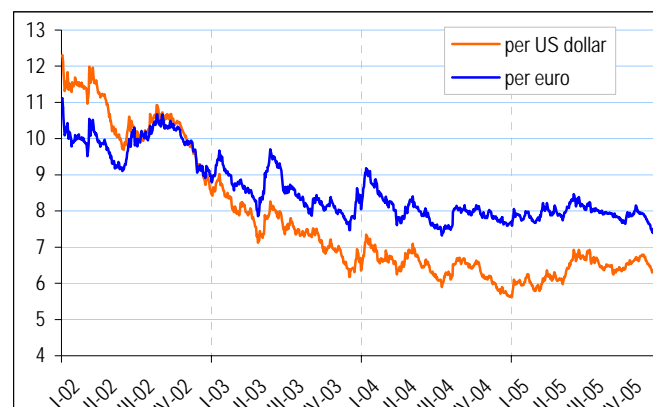
Exchange rate Canadian dollar



Source: De Nederlandse Bank

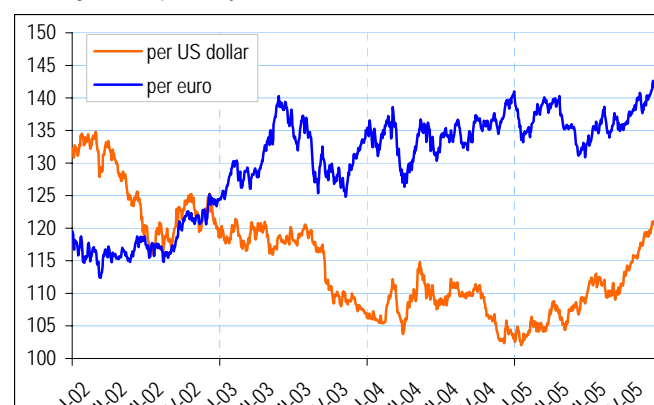
Russian rouble (-1.8%), which may somewhat decrease the price competitiveness of these destinations in the eurozone source markets. The same applies to the depreciation of the euro against the new Turkish lira (-5.6%). In relation to most Asian currencies the euro showed a clear decline, losing as much as 10.5% to the Korean won. The major exceptions were the Indonesian rupiah (+8.5%) and the Japanese yen (+1.8%), making Europe slightly more expensive for tourists from Japan.

Exchange rate South African rand



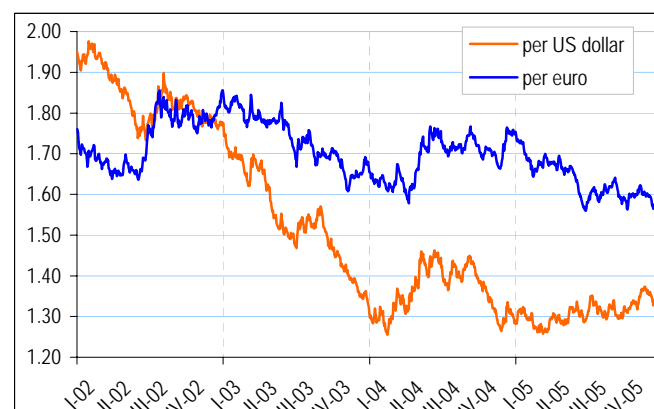
Source: De Nederlandse Bank

Exchange rate Japanese yen (100)



Source: De Nederlandse Bank

Exchange rate Australian dollar



Source: De Nederlandse Bank

Exchange rates

	Currency units per US dollar									Currency units per euro								
	Average		04/03 05/04		2004	2005	year ago	S.-D.05	Average		04/03 05/04		2004	2005	year ago	S.-D.05		
	2004	2005	%	%	Dec	Sep	Dec	%	2004	2005	%	%	Dec	Sep	Dec	%		
US dollar	-	-			-	-	-			1.24	1.24	10.0	0.0	1.34	1.23	1.19	-11.6	-3.3
Canadian dollar	1.30	1.21	-7.0	-6.7	1.22	1.18	1.16	-4.6	-1.4	1.62	1.51	2.2	-6.7	1.63	1.45	1.38	-15.6	-4.7
Mexican peso	11.29	10.90	4.5	-3.4	11.20	10.78	10.63	-5.1	-1.4	14.04	13.56	14.9	-3.4	15.02	13.21	12.60	-16.1	-4.6
Euro	0.80	0.80	-9.1	0.0	0.75	0.82	0.84	13.1	3.4	-	-			-	-	-		
Danish krone	5.98	5.99	-8.9	0.1	5.54	6.09	6.29	13.4	3.3	7.44	7.45	0.1	0.2	7.43	7.46	7.45	0.3	-0.1
Swedish krona	7.34	7.46	-9.1	1.7	6.70	7.62	7.96	18.8	4.5	9.12	9.28	0.0	1.7	8.98	9.33	9.43	5.0	1.0
Pound sterling	0.55	0.55	-10.8	0.7	0.52	0.55	0.57	10.5	3.6	0.68	0.68	-1.9	0.8	0.70	0.68	0.68	-2.3	0.2
Czech koruna	25.64	23.94	-8.9	-6.6	22.85	23.92	24.44	6.9	2.2	31.89	29.78	0.1	-6.6	30.64	29.32	28.97	-5.4	-1.2
Hungarian forint	202	199	-9.8	-1.5	183	201	213	16.3	6.3	252	248	-0.8	-1.4	246	246	253	2.8	2.8
Polish zloty	3.64	3.23	-6.4	-11.1	3.08	3.20	3.25	5.3	1.6	4.53	4.02	2.9	-11.1	4.14	3.92	3.85	-6.9	-1.7
Slovenian tolar	192	193	-7.0	0.2	179	195	202	13.0	3.4	239	240	2.2	0.2	240	239	240	-0.1	0.0
Croatian kuna	6.03	5.95	-9.9	-1.3	5.64	6.07	6.23	10.5	2.7	7.50	7.40	-1.0	-1.3	7.56	7.44	7.39	-2.3	-0.7
Norwegian krone	6.73	6.44	-4.9	-4.3	6.13	6.37	6.73	9.7	5.6	8.37	8.01	4.6	-4.3	8.22	7.81	7.97	-3.0	2.1
Swiss franc	1.24	1.24	-7.7	0.3	1.15	1.26	1.31	13.9	3.3	1.54	1.55	1.5	0.3	1.54	1.55	1.55	0.7	-0.1
Russian rouble	28.80	28.28	-6.0	-1.8	27.91	28.37	28.81	3.2	1.5	35.82	35.19	3.3	-1.8	37.42	34.78	34.15	-8.7	-1.8
new Turkish lira	1.43	1.35	-4.6	-5.6	1.40	1.34	1.35	-3.0	0.9	1.78	1.68	4.9	-5.6	1.87	1.64	1.60	-14.3	-2.4
Japanese yen	108	110	-6.7	1.8	104	111	119	14.3	6.8	134	137	2.6	1.8	139	136	141	1.0	3.3
Australian dollar	1.36	1.31	-11.5	-3.5	1.30	1.31	1.35	3.5	3.2	1.69	1.63	-2.7	-3.5	1.75	1.60	1.60	-8.5	-0.2
New-Zealand dollar	1.51	1.42	-12.4	-5.7	1.40	1.43	1.44	3.0	0.8	1.87	1.77	-3.6	-5.7	1.87	1.75	1.71	-8.9	-2.5
Chinese yuan renminbi	8.28	8.20	0.0	-1.0	8.28	8.09	8.08	-2.4	-0.2	10.30	10.20	10.0	-1.0	11.10	9.92	9.57	-13.7	-3.5
Hong Kong dollar	7.79	7.78	0.0	-0.1	7.78	7.76	7.75	-0.3	-0.1	9.69	9.68	10.0	-0.1	10.43	9.51	9.19	-11.8	-3.4
Taiwan dollar	33.41	32.15	-2.9	-3.8	32.22	32.91	33.31	3.4	1.2	41.56	40.00	6.8	-3.8	43.20	40.34	39.49	-8.6	-2.1
Singapore dollar	1.69	1.66	-3.0	-1.5	1.64	1.68	1.67	2.1	-0.4	2.10	2.07	6.7	-1.5	2.20	2.06	1.99	-9.8	-3.6
Korean won	1144	1024	-3.9	-10.5	1051	1029	1023	-2.7	-0.7	1423	1274	5.6	-10.5	1409	1261	1212	-13.9	-3.9
Thai baht	40.26	40.24	-2.9	0.0	39.21	41.04	41.10	4.8	0.1	50.08	50.07	6.7	0.0	52.58	50.30	48.73	-7.3	-3.1
Malaysian ringgit	3.80	3.79	0.0	-0.3	3.80	3.77	3.78	-0.6	0.3	4.73	4.71	10.0	-0.3	5.10	4.62	4.48	-12.1	-3.0
Indonesian rupiah	8,946	9,704	4.5	8.5	9,235	10,234	9,848	6.6	-3.8	11,127	12,073	14.9	8.5	12,382	12,542	11,675	-5.7	-6.9
Philippine peso	56.06	55.06	3.4	-1.8	56.19	56.12	53.52	-4.7	-4.6	69.73	68.49	13.7	-1.8	75.34	68.78	63.45	-15.8	-7.7
South African rand	6.44	6.36	-14.6	-1.2	5.73	6.36	6.36	11.0	0.1	8.01	7.92	-6.1	-1.1	7.68	7.79	7.54	-1.8	-3.2

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

The *UNWTO World Tourism Barometer* is developed as a service for UNWTO Members and published three times a year in English, French and Spanish. Member States, Associate and Affiliate Members receive copies of the *Barometer* as part of our Member services.

If you are interested in receiving the *UNWTO World Tourism Barometer* and you are not a UNWTO Member, you can subscribe to the next three issues for €60 (pdf version delivered electronically) or €90 (pdf plus hard copy).

To place your order, please consult the Infoshop on UNWTO's website at www.world-tourism.org/cgi-bin/infoshop.storefront/EN/product/1324-1 or contact UNWTO's Publications Department by telephone on +34 (0) 91 567 8106.



WORLD TOURISM ORGANIZATION
ORGANISATION MONDIALE DU TOURISME
ORGANIZACION MUNDIAL DEL TURISMO
ВСЕМИРНАЯ ТУРИСТСКАЯ ОРГАНИЗАЦИЯ



TEL.: (+34) 91 567 81 06



FAX: (+34) 91 571 37 33



E-MAIL: infoshop@world-tourism.org
WEBSITE: <http://www.world-tourism.org/infoshop>



4 EASY WAYS TO ORDER:

WTO PUBLICATIONS
CAPITÁN HAYA 42
28020 MADRID/ SPAIN