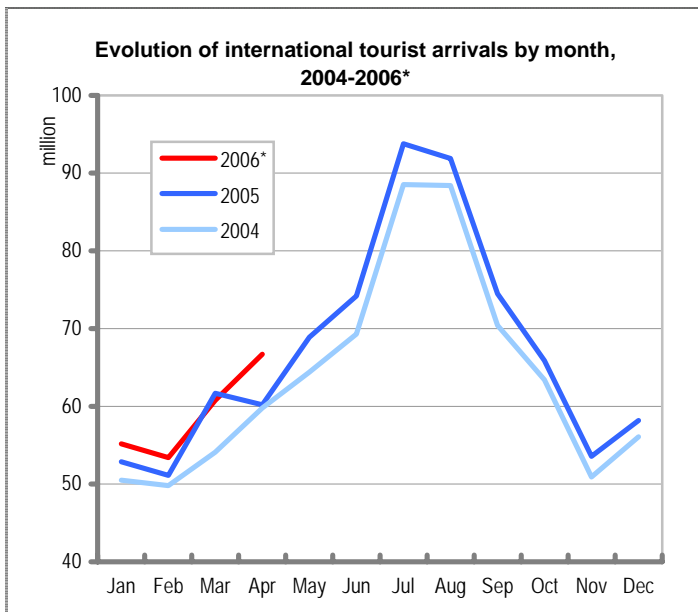


2006 starts with sustained demand

Although many destinations have reported somewhat uneven figures for the first four months of 2006, due to Easter falling late this year – in April rather than March, as in 2005 – international tourism overall continued to grow from January through April. International tourist arrivals in the first four months of 2006 are estimated at 236 million worldwide, or some 10 million more than in the same period of 2005. This corresponds to an increase of 4.5% – fully in line with the estimate for the year published in the January issue of *UNWTO World Tourism Barometer*. Africa and the Middle East (both +11%), as well as Asia and the Pacific (+8%), showed faster than average growth, while Europe and the Americas grew at a more moderate pace – at just under 3%.



Source: World Tourism Organization (UNWTO) ©

On a month-by-month basis, growth is estimated at 4% for both January and February, -1% for March, and 11% for April compared with the same months the previous year. The weak performance in March was therefore compensated for by a strong April because of the late Easter holiday. As can be seen in the graph above, this year's growth pattern is very similar to that of 2004, when the Easter holiday also fell in April. (Continued on page 7)

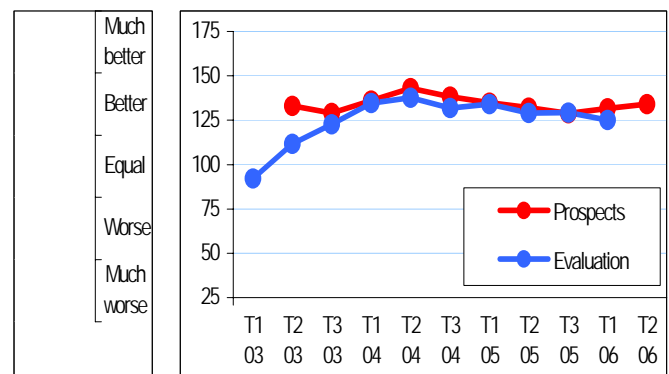
Contents

International tourism receipts 2005	2
Top destinations 2005	5
Short-term tourism data	7
World	7
Results	7
Prospects	8
Evaluation by UNWTO <i>Panel of Tourism Experts</i>	9
Air transport	11
Regions	14
Europe	14
Asia and the Pacific	18
Americas	22
Africa and the Middle East	26
The economic environment	29

UNWTO Panel of Tourism Experts *Confidence on the rise again*

The trend of slightly increasing confidence already noted in the January Barometer is confirmed, as the overall rating of 'Prospects' rose for the second consecutive period, from 132 for January-April to 134 for the coming May-August period. However, the 'Evaluation' of results for the January-April period did not meet the expectations expressed four months earlier, as the 250-plus members of the UNWTO Panel of Experts who participated in the survey gave a rating of 125 to the period, seven points lower than the rating for Prospects in January 2006. Most likely, the generally sluggish month of March due to the late Easter holiday has influenced perceptions, as most experts responded before having seen the more encouraging April results. (Continued on page 9)

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@unwto.org

www.unwto.org

Copyright © World Tourism Organization, Madrid 2006

All Rights Reserved. The contents of this issue may be quoted provided the source is given accurately and clearly. Distribution or reproduction in full is permitted for own or internal use only. Please do not post copies on publicly accessible websites, UNWTO encourages you to include a link to the Facts & Figures section of the UNWTO website instead.

International Tourism Receipts 2005

Receipts from international tourism increased by US\$ 49 billion

Based on information from the large majority of destination countries that have reported receipts data for the full year, it is estimated that worldwide receipts from international tourism reached US\$ 682 billion (euro 548 billion) in 2005. For destination countries, receipts from international tourism count as exports and cover all transactions related to the consumption by international visitors of, for instance, accommodation, food and drink, transport in the country, fuel, entertainment, shopping, etc. It includes transactions generated by same-day as well as overnight visitors. Receipts from same-day visitors can be substantial, especially in the case of neighbouring countries where a lot of shopping for goods and services is done by cross-border visitors. However, it does not include receipts from international passenger transport contracted from companies outside the travellers' countries of residence, which are reported in a separate category, international passenger transport (see next page).

In absolute terms, international tourism receipts increased by US\$ 49 billion in 2005. In size, this signifies an amount comparable to the receipts of the world's second biggest tourism earner, Spain, or the combined receipts of the Caribbean, Central America, South America and South Asia. All regions and subregions shared in this increase. Europe gained an additional US\$ 19 billion, lifting receipts to US\$ 347 billion (51% of the world total). The Americas improved results by US\$ 13 billion, to US\$ 145 billion (21% share), and Asia and the Pacific added US\$ 11 billion taking the total to US\$ 139 billion (20% share). Estimates based on still limited available data point to an increase by US\$ 3 billion to US\$ 29 billion for the Middle East and a rise of US\$ 2 billion to US\$ 21 billion for Africa, representing 4% and 3% of the world total respectively. By sub-region, growth in absolute terms was strongest in North America (up by US\$ 8.8 billion), Southern and Mediterranean Europe (up by US\$ 7.2 billion) and North-East Asia (up by US\$ 7.2 billion).

In relative terms, it is more complicated to determine the increase, as receipts are expressed in US dollars at current prices, thus not taking account of changes in

exchange rates and inflation. On average for the full year 2005 the US dollar and the euro maintained an exchange rate equal to the 2004 average (1 dollar = 0.80 euro, 1 euro = 1.24 US dollar). However, both currencies did depreciate against a range of other currencies (as reflected in the comparison of the 2005 average with the 2004 average in the exchange rate table on page 35). As a result, increases in tourism receipts are boosted when expressed in US dollars or euros instead of local currencies. The International Monetary Fund (IMF) reported inflation in 2005 of 3.8% worldwide, broken down to 2.3% for advanced economies, among which 3.4% for the United States, 2.2% for the eurozone, and 5.4% for emerging countries.

In order to account for exchange rate changes and inflation, international tourism receipts in US dollar values were computed back to the local currencies of each destination, weighted by the share in the total, and deflated by the corresponding rate of inflation. Computed in this way, the increase in worldwide international tourism receipts was 3.4% in 2005, building on the extraordinary increase of 9.3% of 2004. By comparison, international tourist arrivals worldwide increased by 5.6% in 2005 and 10.0% in 2004.

By region and also in local currencies at constant prices, the highest growth was recorded in Africa (+7.8%), followed by the Middle East (+5.8%), Asia and the Pacific (+4.5%), the Americas (+4.3%) and Europe (+2.3%). In all cases the growth in receipts lagged a few percentage points behind the increase in international tourist arrivals. This means that, in 2005, arrivals grew at a faster pace than receipts. This can be attributed to various factors, such as the still somewhat fragile recovery of high-yield business tourism, a comparatively strong increase in short trips, very much stimulated by the attractive fares from low-cost airlines, and a shift towards destinations that offer good value for money. Finally, current values might also be slightly underestimated and the total might still increase marginally. The calculations are based on data from countries that reported 2005 results, covering 93% of total world receipts. For the totals, an assessment is made for countries that have not yet reported results based on the previous year's value and the trend for the subregion. In many cases, data is still preliminary and subject to revision. Unlike arrivals, where revisions generally more or less balance out, receipts data tends to be revised upwards.

International Tourism Receipts, World

	International Tourism Receipts								Change					Change				
	(billion)								current prices					constant prices				
	1990	1995	2000	2001	2002	2003	2004	2005*	01/00	02/01	03/02	04/03	05*/04	01/00	02/01	03/02	04/03	05*/04
Local currencies									1.0	1.2	0.7	12.4	6.7	-1.6	-0.9	-1.7	9.3	3.4
US\$	273.3	412.6	482.9	471.6	486.9	532.8	632.7	681.5	-2.3	3.2	9.4	18.8	7.7	-5.0	1.6	7.0	15.6	4.2
Euro	214.7	315.5	522.9	526.6	514.9	471.0	508.7	547.8	0.7	-2.2	-8.5	8.0	7.7	-1.6	-4.3	-10.4	5.8	5.4

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)



International tourism receipts including receipts for international passenger transport

As already indicated, the above values exclude receipts from international passenger transport. For a proper understanding, this category refers to receipts from international passenger transport services by companies registered in the reporting country rendered to residents of another country. It should be realised that it does not relate to total receipts from international passenger transport, but only to its export value, as many people travel with transport companies registered in their own country of residence (which is not included).

Although the availability of comparable international data broken down at this level is somewhat limited, the export value of international passenger transport has in

recent years been estimated at some 16% of the total of international tourism and international passenger transport receipts. For 2005, this corresponds to some US\$ 130 billion.

Total receipts from international tourism, including international passenger transport, thus exceeds US\$ 800 billion, an amount that by comparison would rank between the gross domestic products of Spain and the Republic of Korea, the world's ninth and tenth largest economies. In other words, more than US\$ 2 billion a day is earned by international tourism. As an export category, it represents 6% of the total value of worldwide exports of goods and services and ranks fourth after fuels, chemicals and automotive products. Yet, for many destination countries, in particular developing countries and islands, tourism counts as the most important category of export earnings.

International Tourism by (Sub)region

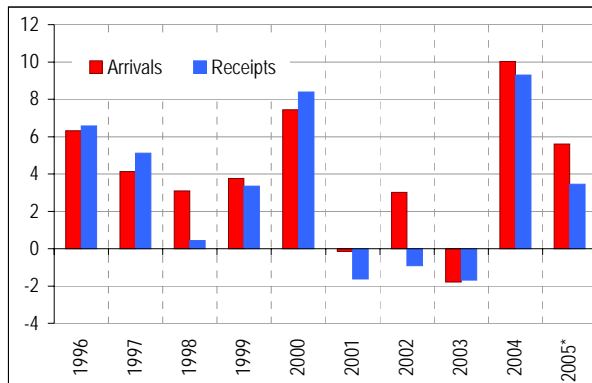
	International Tourism Receipts									International Tourist Arrivals				
	Change			US\$		euro			Share	Share	Change			
	Local currencies, constant prices (%)			(billion)		Receipts per arrival		Receipts per arrival			(million)	(%)		
	03/02	04/03	05*/04	2004	2005*	2005	2004	2005*	2005	2005*		2005*	04/03	05*/04	2005*
World	-1.7	9.3	3.4	633	682	840	509	548	680	100	808	10.0	5.6	100
Europe	-1.4	3.1	2.3	328.2	347.4	790	263.9	279.3	630	51.0	441.6	4.3	4.0	54.6
Northern Europe	-1.9	5.5	6.7	48.8	52.9	1,000	39.2	42.5	800	7.8	52.9	8.4	6.6	6.5
Western Europe	-3.3	1.7	1.8	117.5	122.1	860	94.4	98.2	690	17.9	142.7	2.2	2.6	17.6
Central/Eastern Europe	-2.6	5.4	0.4	28.9	32.3	370	23.3	25.9	290	4.7	88.0	10.0	2.0	10.9
Southern/Mediterr. Eu.	0.8	2.9	1.5	133.0	140.2	890	106.9	112.7	710	20.6	158.0	1.9	5.7	19.5
Asia and the Pacific	-9.3	24.4	4.5	127.7	138.9	890	102.7	111.6	710	20.4	156.7	27.2	7.8	19.4
North-East Asia	-11.3	30.4	8.1	64.0	71.2	810	51.5	57.2	650	10.4	87.6	28.6	10.3	10.8
South-East Asia	-16.7	26.2	-0.8	32.2	33.1	650	25.8	26.6	530	4.9	50.6	30.1	4.8	6.3
Oceania	1.3	8.3	1.0	22.9	24.7	2,340	18.4	19.8	1,880	3.6	10.5	12.1	4.0	1.3
South Asia	17.8	20.7	6.5	8.7	9.9	1,240	7.0	8.0	1,000	1.5	8.0	18.5	5.4	1.0
Americas	-2.1	11.8	4.3	132.1	145.3	1,090	106.2	116.8	870	21.3	133.6	11.2	6.1	16.5
North America	-4.7	12.8	4.2	98.2	107.0	1,190	78.9	86.0	950	15.7	90.1	10.9	4.9	11.1
Caribbean	5.6	4.2	3.5	19.2	20.7	1,100	15.5	16.7	880	3.0	18.9	5.9	4.3	2.3
Central America	9.9	13.2	11.4	3.9	4.6	700	3.1	3.7	560	0.7	6.5	17.2	14.1	0.8
South America	5.4	16.5	4.0	10.9	13.0	720	8.7	10.5	580	1.9	18.1	17.2	11.6	2.2
Africa	24.3	6.5	7.8	19.1	21.3	580	15.4	17.1	470	3.1	36.8	8.4	10.0	4.5
North Africa	-0.4	13.4	13.0	6.1	6.9	480	4.9	5.5	390	1.0	14.3	15.1	12.2	1.8
Subsaharan Africa	38.1	3.4	5.3	13.0	14.4	640	10.5	11.6	520	2.1	22.4	4.7	8.6	2.8
Middle East	21.8	12.0	5.8	25.5	28.6	720	20.5	23.0	580	4.2	39.7	19.9	9.5	4.9

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

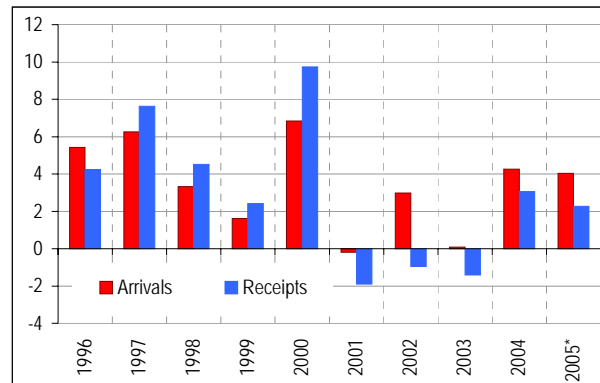
International tourist arrivals and receipts (local currencies, constant prices)

World (% change over previous year)



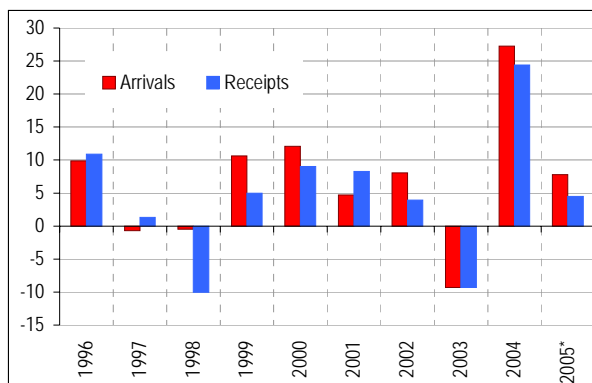
Source: World Tourism Organization (UNWTO) ©

Europe (% change over previous year)



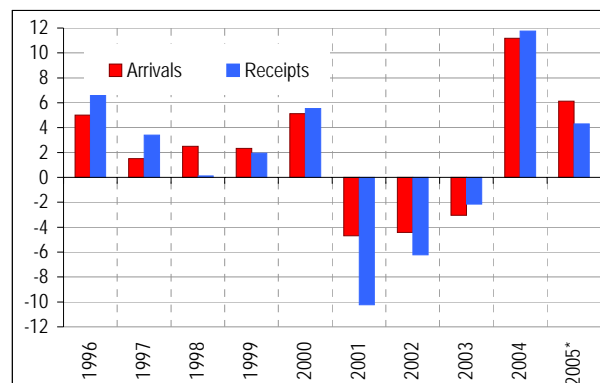
Source: World Tourism Organization (UNWTO) ©

Asia and the Pacific (% change over previous year)



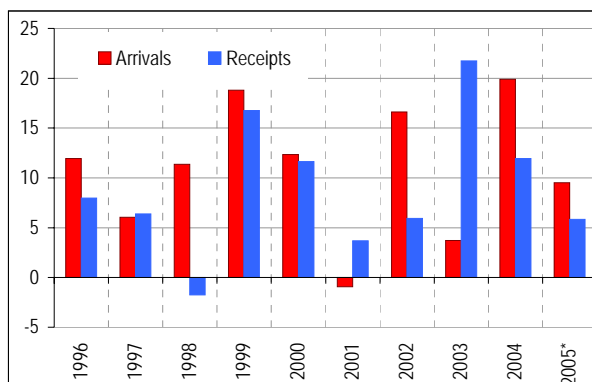
Source: World Tourism Organization (UNWTO) ©

Americas (% change over previous year)



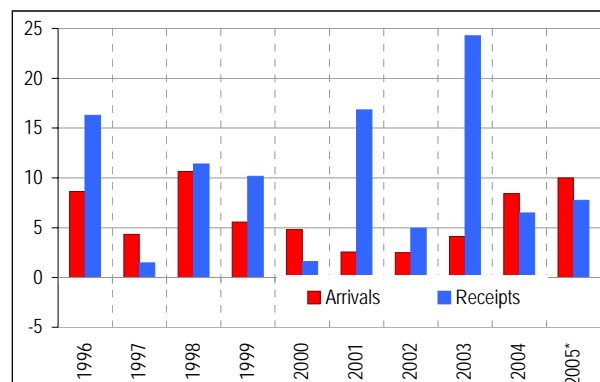
Source: World Tourism Organization (UNWTO) ©

Middle East (% change over previous year)



Source: World Tourism Organization (UNWTO) ©

Africa (% change over previous year)



Source: World Tourism Organization (UNWTO) ©

World's Top Tourism Destinations 2005

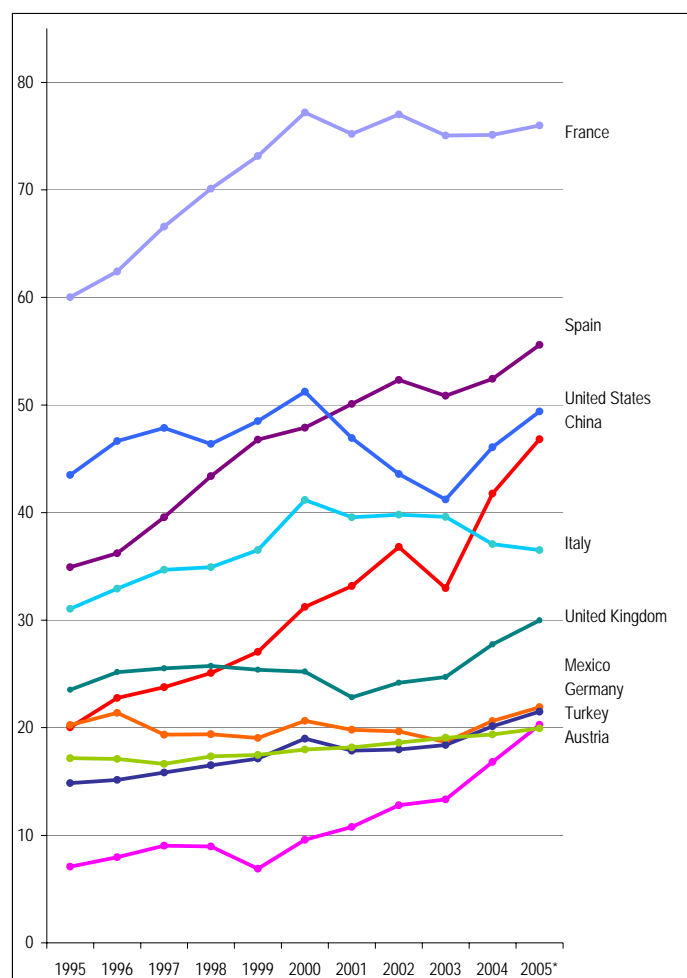
When talking about top destinations for international tourism, it is always advisable to take more than just one indicator into account. If we rank destinations according to the two key tourism indicators –international tourist arrivals and international tourism receipts–, nine of the top ten destinations appear in both lists, albeit in a different order. The first three places are occupied by the United States, Spain and France. The USA ranks first in terms of receipts but third in arrivals and France is first in arrivals but third in receipts, while Spain comes second in both lists. Italy ranks fourth in receipts but fifth in arrivals, while China ranks fourth in arrivals and sixth in receipts. The United Kingdom, Germany, Turkey and Austria occupy position 5, 7, 8 and 9 in receipts and rank one place lower respectively in arrivals. Mexico only appears among the first ten destinations for arrivals and Australia only for receipts. The differences between both rankings find their root in the fact that every destination has its own characteristics with regard to length of stay, visitor profile, expenditure level, cost of living, share of receipts from same-day visitors and cruise passengers, etc. France for instance, as an open country surrounded by a number of large European source markets, attracts a relatively high share of short-staying tourists, while the average length of

stay of international visitors in the much larger USA tends to be comparatively much higher. Except for these specific characteristics of every country's tourism, there are also sometimes differences in the respective data compilation methodologies –i.e. the measurement of indicators– that should be taken into account.

Compared with 2004, UNWTO's top ten rankings in 2005 remained virtually unchanged. The only development with regard to receipts was that China ousted Germany from sixth place, continuing its inexorable rise with a 13% increase as against Germany's still commendable 6%. For international tourist arrivals, the major change has been that Turkey entered the ranking in ninth position, as a result of its 20% increase in 2005 –on top of a 26% rise in 2004. Both China and Turkey are examples of destinations that have shown very dynamic growth over the past decade. China leads in Asia and the Pacific by a wide margin. In the worldwide ranking, it is climbing steadily and is approaching the USA in terms of arrivals and the UK in terms of receipts. Turkey has consolidated its position in recent years as the fourth most important destination in the Mediterranean region and the sixth in Europe after the tourism giants France, Spain, Italy, the UK and Germany.

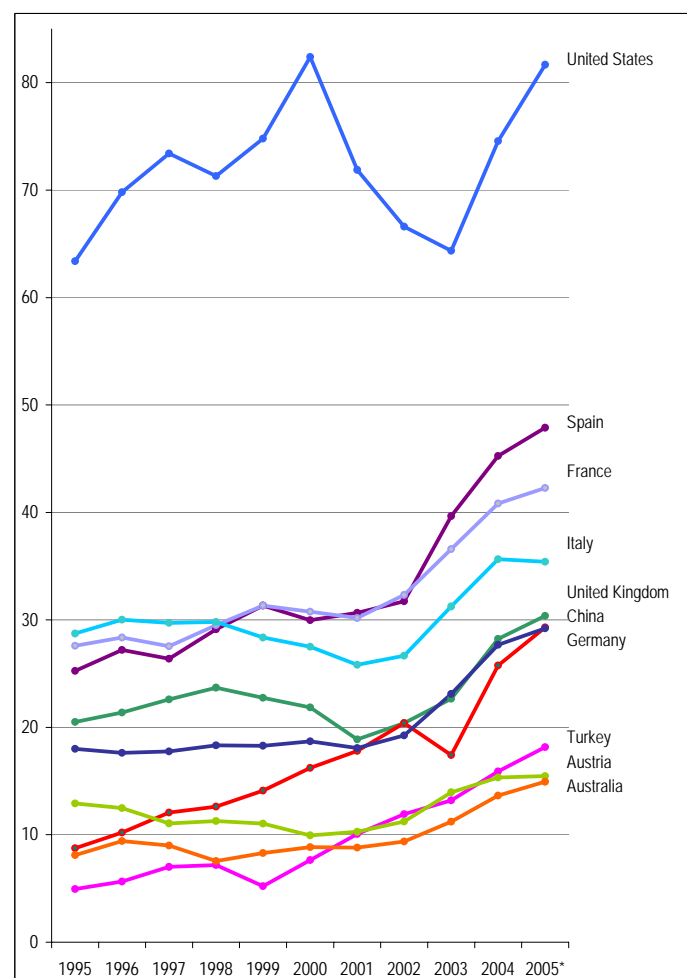
For values of other countries with data available, see the tables on the regions on pages 14-28.

International Tourist Arrivals (million)



Source: World Tourism Organization (UNWTO) ©

International Tourism Receipts (US\$ billion)



Source: World Tourism Organization (UNWTO) ©

World's Top Tourism Destinations

International Tourist Arrivals						International Tourism Receipts								
Rank	Series	million		Change (%)		Rank	US\$		Local currencies					
		2004	2005*	04/03	05*/04		billion	Change (%)	Change (%)	04/03	05*/04			
1	France	TF	75.1	76.0	0.1	1.2	1	United States	74.5	81.7	15.8	9.6	15.8	9.6
2	Spain	TF	52.4	55.6	3.1	6.0	2	Spain	45.2	47.9	14.1	5.8	3.8	5.8
3	United States	TF	46.1	49.4	11.8	7.2	3	France	40.8	42.3	11.6	3.5	1.5	3.5
4	China	TF	41.8	46.8	26.7	12.1	4	Italy	35.7	35.4	14.1	-0.7	3.8	-0.7
5	Italy	TF	37.1	36.5	-6.4	-1.5	5	United Kingdom	28.2	30.4	24.6	7.6	11.1	8.4
6	United Kingdom	VF	27.8	30.0	12.3	8.0	6	China	25.7	29.3	47.9	13.8	47.9	12.7
7	Mexico	TF	20.6	21.9	10.5	6.3	7	Germany	27.7	29.2	19.7	5.6	8.9	5.5
8	Germany	TCE	20.1	21.5	9.4	6.8	8	Turkey	15.9	18.2	20.3	14.2	14.7	7.8
9	Turkey	TF	16.8	20.3	26.1	20.5	9	Austria	15.3	15.5	9.9	0.9	-0.1	0.9
10	Austria	TCE	19.4	20.0	1.5	3.0	10	Australia	13.6	14.9	21.7	9.5	7.7	5.7

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

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 UNWTO Publications at www.unwto.org/pub or contact UNWTO's Publications Department by telephone on +34 (0) 91 567 8106.



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

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.unwto.org/facts/menu.html.

We welcome your comments and suggestions at barom@unwto.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 non seasonally adjusted series in local currencies, unless otherwise indicated: \$: US\$; €: euro; sa: seasonally adjusted series.

Short-term tourism data

World

Results

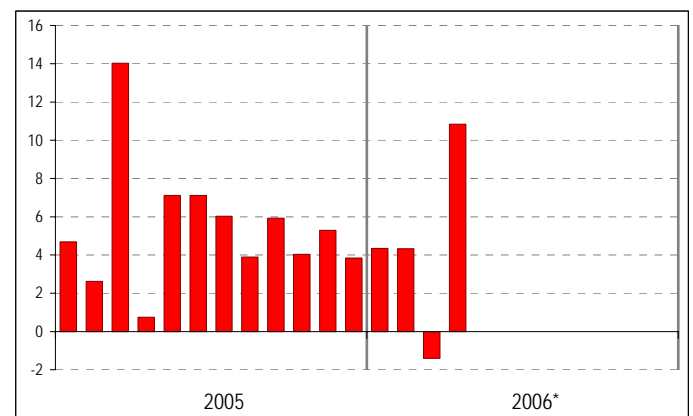
(Continued from page 1)

Looking back on tumultuous times, 2006's trends so far confirm that disruptions, while definitely affecting destinations at a local level and over a certain period of time, do not alter the global or regional traffic flows. Major factors contributing to the current growth trend include the favourable economic situation in key generating markets, the fact that consumer confidence remains high, and last but not least, the efforts of national administrations to develop and promote tourism. Tourism has been given more and more attention by national governments, and measures such as increased investment in infrastructure and promotion, the development of domestic markets, the liberalisation of border procedures and of air travel, growing intraregional cooperation and increased public/private partnerships are key factors that have helped the tourism industry to expand and successfully overcome the obstacles that it has had to face in recent times.

International Tourist Arrivals, monthly evolution

World

(% change)



Source: World Tourism Organization (UNWTO) ©

Although the rate of growth has slowed slightly, in line with the forecasts presented in the January issue of the *UNWTO World Tourism Barometer*, 2006 has got off to a good start, with the first four months of the year recording just over 4% growth in international tourist arrivals worldwide – well on target to meet UNWTO's full-year expectations. On a month-by-month basis, arrivals in January and February 2006 rose by 4%. March's total count was 1% down – due to the fact that, in 2005, Easter fell in the month of March but was in April this year – but strong demand over the 2006 Easter period resulted in an 11% rise in April. Clearly, the results vary from one region to another, depending on the relative importance of Easter and other religious events, as well as on school holidays and different seasonal patterns.

According to available data, the best-performing regions were Africa and the Middle East (both +11%), thanks to, among other factors, a strong rebound in tourism demand for the Lebanon, followed by Asia and the Pacific (+7.5%), the Americas (+2.7%) and Europe (+2.5%).

One of the main contributors to 2006's healthy tourism start has been the underlying strength of the air transport market, due in no small part to fairly widespread economic and political stability. Demand for air transport has increased despite the high price of fuel, resulting in fuel surcharges, not to mention concerns over avian flu and continued terrorism.

The emergence of more and more low-cost airlines around the world has been a major contributor to the growth in air transport, which has become accessible to a constantly rising share of the world population. New low-cost long-haul carriers are now emerging, such as Oasis Hong Kong and the Canadian carrier Zoom, which operates transatlantic routes to the UK and France.

Prospects

The signs are that, even if oil prices remain high, as predicted, more efficient aircraft will help to keep airfares down and this, in turn, will stimulate continued growth in demand. Of course, there are a number of other 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 major impediments to growth, although there have been

significant strides forwards in some regions in terms of the abolition of visa requirements and simplification of the visa process.

The months of May through August comprise the most important tourism season in leading northern hemisphere destinations and outbound source markets, such as Europe and North America. So trends in travel demand over this period often reflect longer-term marketplace trends. Most regions are fairly bullish about prospects for the four coming months, with members of the UNWTO Panel of Experts in the Middle East being the most optimistic for their region.

One sector that is expected to do particularly well in 2006 is the cruise business, although the biggest constraint faced by cruise operators in 2005 was the increasing cost of fuel, and this is expected to continue into 2006. Two other major issues might also challenge the industry this year: the changes in US passport regulations and higher capacity growth. Nevertheless, industry forecasts point to a 6% increase in cruise passengers in 2006 compared with an estimated 3% for 2005, with a number of markets such as the UK recording double-digit increases. Improved yield management should help compensate for high fuel prices, and the expanded capacity will be to some extent offset by ship relocations to more exotic markets.

UNWTO clearly has a full agenda for the coming months, and is continuing to work closely with other UN agencies, intergovernmental and non-governmental organisations, as well as with industry associations and the private sector, to address the challenges facing travel and tourism.

International Tourist Arrivals by (Sub)region

	Full year								Monthly or quarterly data series (% change over same period of the previous year)															
	2004	2005	00/99	01/00	02/01	03/02	04/03	05/04	2006*				2005*				2004							
	(million)								YTD								Q1				Q2			
World	766	808	7.4	-0.2	3.0	-1.8	10.0	5.6	4.5	2.0	4.3	4.3	-1.4	10.8	7.3	5.1	5.3	4.4	9.6	17.4	6.7	7.3		
Europe	424.5	441.6	6.8	-0.2	3.0	0.1	4.3	4.0	2.5	-1.5	0.4	1.8	-5.2	11.9	5.3	2.1	4.3	3.7	6.9	6.0	2.0	3.4		
Northern Europe	49.7	52.9	1.4	-5.4	3.8	1.9	8.4	6.6	7.6	3.3	7.5	0.7	1.7	19.3	11.5	10.3	6.8	7.4	8.4	7.7	4.2	6.3		
Western Europe	139.0	142.7	5.5	-2.8	1.6	-1.4	2.2	2.6	1.7	-4.3	-1.3	2.1	-10.2	17.4	4.7	-1.7	4.4	3.0	2.5	3.3	0.7	3.1		
Central/Eastern Europe	86.3	88.0	6.3	3.8	5.6	2.8	10.0	2.0	-2.7	-2.7	-4.9	-0.9	-2.3	-2.8	3.4	1.8	-3.6	-0.2	11.3	13.1	11.1	6.9		
Southern/Mediterr. Eu.	149.5	158.0	10.4	2.1	2.7	-0.6	1.9	5.7	4.5	0.5	3.1	3.9	-3.7	13.0	4.8	3.1	7.7	5.7	9.2	4.5	-1.8	0.2		
Asia and the Pacific	145.4	156.7	12.1	4.7	8.1	-9.3	27.2	7.8	7.5	6.7	8.6	6.7	5.3	9.6	10.5	8.6	7.1	5.3	11.3	86.6	24.2	12.9		
North-East Asia	79.4	87.6	12.6	4.7	11.9	-9.6	28.6	10.3	7.0	6.5	8.6	6.7	4.3	8.4	16.3	10.8	8.3	6.7	6.0	98.9	23.5	16.3		
South-East Asia	48.3	50.6	13.4	7.9	5.1	-13.3	30.1	4.8	8.2	7.1	8.2	7.2	7.6	10.0	3.5	5.9	5.8	4.2	16.7	99.0	29.5	10.5		
Oceania	10.1	10.5	8.4	-2.0	0.8	-1.0	12.1	4.0	-1.1	-2.3	-1.3	-2.4	-5.3	6.0	8.6	3.6	3.9	0.0	11.5	26.3	12.3	3.7		
South Asia	7.6	8.0	5.4	-4.5	0.4	10.2	18.5	5.4	20.5	18.7	24.7	17.5	14.5	27.0	3.7	8.1	5.4	4.2	30.5	21.7	15.6	9.0		
Americas	125.9	133.6	5.1	-4.7	-4.4	-3.0	11.2	6.1	2.7	1.4	5.1	2.0	-2.5	7.2	10.5	3.8	6.5	3.9	11.9	15.6	9.5	8.0		
North America	85.8	90.1	5.2	-5.6	-3.6	-7.1	10.9	4.9	-0.4	-1.9	4.7	-2.1	-6.7	4.0	10.7	3.3	4.9	1.8	10.5	16.9	9.3	7.3		
Caribbean	18.1	18.9	6.0	-1.7	-4.7	6.7	5.9	4.3	6.7	5.5	4.4	7.0	3.9	11.8	5.0	1.4	4.3	6.8	8.2	9.4	4.5	1.3		
Central America	5.7	6.5	8.9	1.6	6.5	4.2	17.2	14.1	11.2	10.7	16.6	11.2	4.7	13.0	17.9	14.1	20.1	5.1	18.5	14.1	12.6	23.0		
South America	16.2	18.1	2.6	-4.5	-12.3	8.4	17.2	11.6	7.9	6.1	3.5	8.2	7.1	16.3	13.0	6.0	15.9	10.1	19.3	17.1	16.4	14.3		
Africa	33.4	36.8	4.8	2.6	2.5	4.1	8.4	10.0	11.3	7.2	12.2	11.2	5.3	17.1	14.8	7.4	9.5	6.5	0.1	4.6	10.9	11.3		
North Africa	12.8	14.3	8.5	4.7	-1.5	5.1	15.1	12.2	9.2	2.9	6.4	2.7	-0.1	24.1	13.0	19.5	10.6	9.8	18.9	18.6	14.2	10.4		
Subsaharan Africa	20.7	22.4	2.8	1.4	4.8	3.6	4.7	8.6	12.4	9.0	14.5	14.8	7.8	12.7	15.6	0.1	8.3	5.0	-6.6	-2.4	7.6	11.7		
Middle East	36.3	39.7	12.3	-0.9	16.6	3.7	19.9	9.5	10.8	10.3	7.3	21	6.1	12.0	-3.8	39.5	5.0	6.9	28.5	29.9	10.6	16.1		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)



Evaluation by UNWTO Panel of Tourism Experts

UNWTO Tourism Confidence Index continues on the high side

(Continued from page 1)

The more than 250 specialists from 100 countries and territories who constitute the UNWTO Panel of Tourism Experts were positive overall in their evaluation of tourism's performance in the first months of 2006. Although their ratings of the past four-month period (January-April 2006) was down on their previously expressed rating for its prospects (125 vs. 132), tourism stakeholders worldwide gave the coming May-August 2006 period an average score of 134, corresponding to an evaluation of "better than what would reasonably be expected". Representatives of the public sector (127) and the private sector (124) are in fairly close agreement regarding their analysis of tourism performance in the first four months of 2006, while public sector representatives (138) continue to be slightly more positive than those from the private sector (132) in their rating of prospects for the coming four months. (See the box opposite for an explanation of the way UNWTO Tourism Confidence Index is compiled.)

Evaluation of January–April 2006

By region, the highest scores by far in the evaluation of this period were given by Global Operators (143), followed by experts in the Middle East (138), Africa (130) and the Americas (125). Experts in Europe (122) and in Asia and the Pacific (119) were comparatively less optimistic. It is important to note, however, that in all cases, the evaluation ratings of the panel are lower than the prospects' ratings made by its members at the beginning of the year for the same period, except in the case of the experts in the Middle East and Global Operators. (See regional graphs in the Regions part on pages 14-28).

By activity, scores are higher among representatives of the following sectors: Transport (138), General Industry Bodies & Other (133) and Consultancy, Research & Media with an average of 130, which all rated the past four-month period above average (125). Meanwhile Destinations (123), representatives from Accommodation & Catering (117) and, in particular, experts from Tour Operators & Travel Agencies (112) rated the first four months of 2006 lower than average (125).

Prospects for May–August 2006

For the coming four-month period, prospects are highly positive (134), and far above the evaluation of the previous period (125). In terms of regions, experts from the Middle East (150) and from Asia and the Pacific, the Americas and Europe (133, 132 and 132 respectively) recorded the highest averages, all well above their evaluation of the first four months of 2006. Meanwhile there are less optimistic

scores from Global Operators (130) –which is the only category of panellists expecting the period May through August to be less buoyant than the previous four months. In Asia and the Pacific, prospects have improved significantly compared with the rating for the period January through April 2006 (to 133 from 119).

By activity, all categories show higher scores for the coming period –compared with their evaluation of the previous four months. The most optimistic prospects' ratings have come from representatives of the group Transport (142), General Industry Bodies & Other (140) and from Destinations (137). The Accommodation & Catering (120) and Tour Operators & Travel Agencies (126) sectors are the least optimistic regarding the coming four months.

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@unwto.org>.

How to read this data

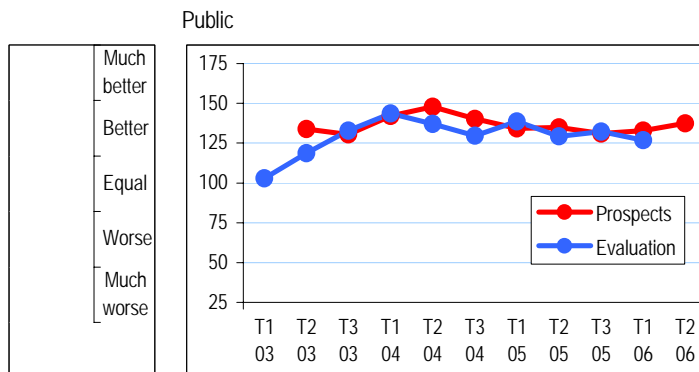
For the UNWTO *Tourism Confidence Index* members of the UNWTO Panel of Tourism Experts are asked once every four months by email to answer the following two simple questions:

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

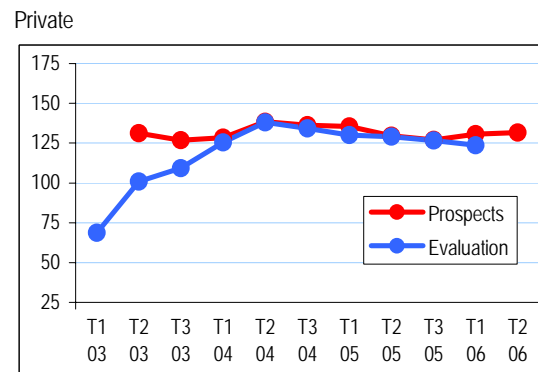
Participants should select one of the following five options: much worse [0]; worse [50], equal [100]; better [150], much better [200]. Results are averaged and broken down by region and by activity. A value above 100 means that the number of participants who evaluate the situation as "better" or "much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

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

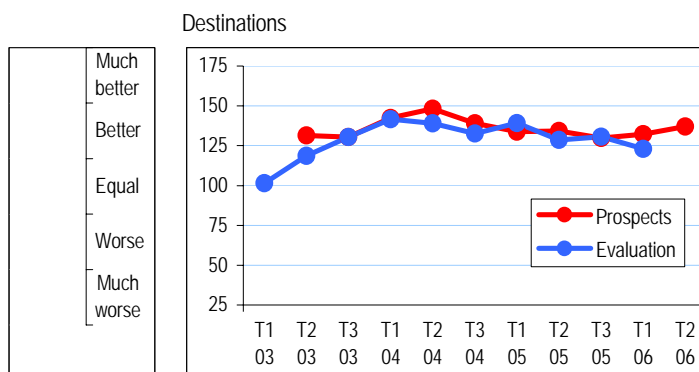
UNWTO Panel of Tourism Experts: evaluation 4-month period



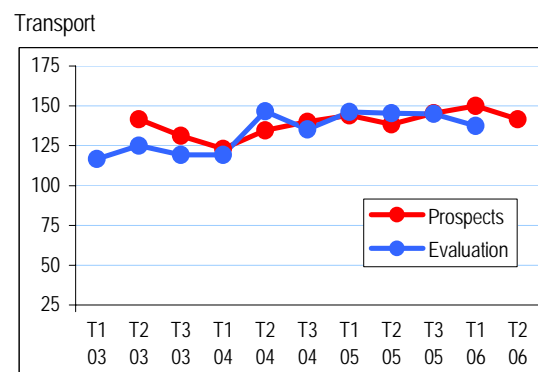
Source: World Tourism Organization (UNWTO) ©



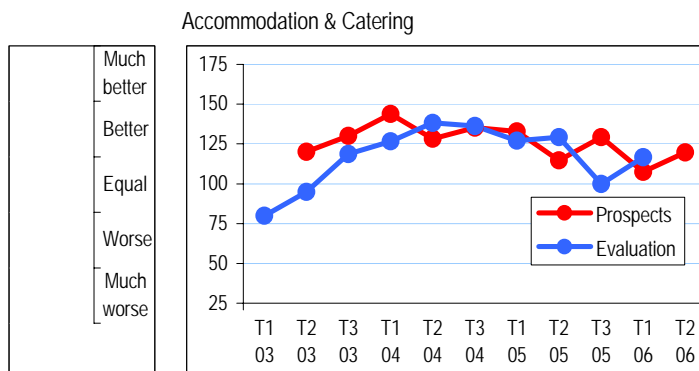
Source: World Tourism Organization (UNWTO) ©



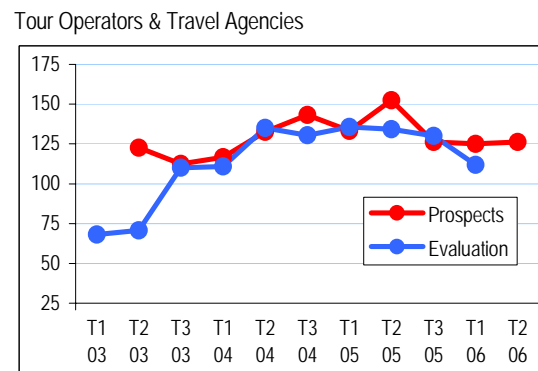
Source: World Tourism Organization (UNWTO) ©



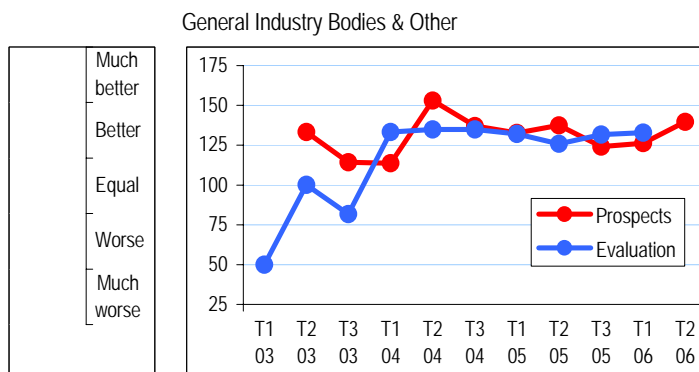
Source: World Tourism Organization (UNWTO) ©



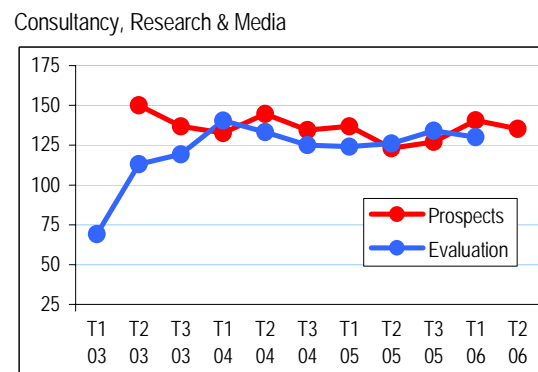
Source: World Tourism Organization (UNWTO) ©



Source: World Tourism Organization (UNWTO) ©



Source: World Tourism Organization (UNWTO) ©



Source: World Tourism Organization (UNWTO) ©

For this edition responses have been received from experts based in Argentina, Australia, Austria, Bahamas, Barbados, Belgium, Bermuda, Bosnia and Herzegovina, Brazil, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, Finland, France, Germany, Greece, Guatemala, Guinea, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Macao (China), Madagascar, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Morocco, Myanmar, Netherlands, New Caledonia, New Zealand, Nicaragua, Nigeria, Norway, Panama, Paraguay, Peru, Philippines, Portugal, Puerto Rico, Republic of Korea, Reunion, Romania, Russian Federation, Rwanda, Saba, Saint Lucia, Sao Tome and Principe, Serbia and Montenegro, Seychelles, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan (pr. of China), Thailand, Togo, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom, United States, Uruguay, Venezuela and Zambia.

Air transport

Following a year of healthy growth in 2005, almost all regions of the world enjoyed continuing strong increases during the first four months of 2006. The only rather weak spots were domestic routes in North America (including traffic between the USA and Canada) and the transatlantic route, where the effect of a late Easter holiday was most notable.

Members of the International Air Transport Association (IATA) achieved a 7% industry-wide increase in international passenger traffic – measured in revenue passenger-km (RPK) – with seat load factor averaging 75% worldwide. The best-performing region (by airline registration) was once again the Middle East, which achieved an 18% rise in RPK. In second place, but some way behind, was Africa, up 7.1%. The lowest increase in traffic (+4%) was recorded by IATA’s Latin American member carriers – well down on 2005’s 12% growth.

“Strong economies are supporting strong demand growth for both freight and passenger traffic,” said Giovanni Bisignani, IATA’s Director General and CEO, announcing the results just prior to the association’s Annual General Meeting (AGM) in Paris in early June. “Even with the high price of oil and rising interest rates, there is no apparent drop in demand and carriers are responding with careful capacity management.”

April’s growth was particularly strong due to the impact of a late Easter holiday. Passenger traffic grew by 10% over the previous April, while capacity expanded by only 5.5%, driving average load factor to 76.5% – its highest point of the past decade. “Strong demand is good news for an industry that continues to take a beating from oil prices averaging US\$ 20 a barrel more than in 2005,” Bisignani said. “Airlines continue to cut costs and improve efficiency, but it will still not be enough to fully mitigate the price of fuel. Even more efficiency and great change are needed.”

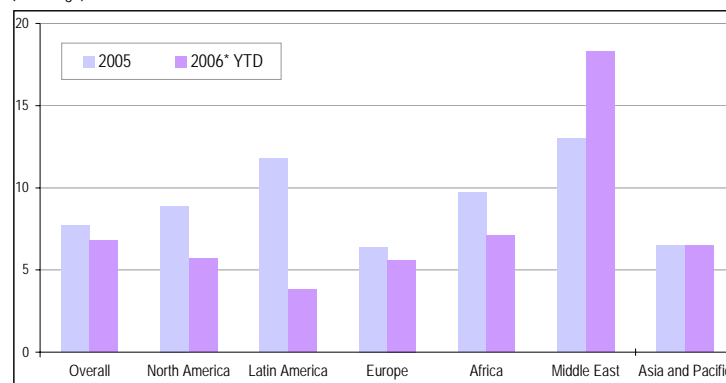
Airports

The performance of IATA’s 261 member airlines based in 136 countries, which account for 94% of total international scheduled traffic worldwide, correlates fairly well with the results of the world’s airports, compiled by Airports Council International (ACI). The latter, of course, covers domestic as well as international traffic and uses number of passengers handled as its base measure.

ACI data for the months of January through April 2006 points to a 4% increase year on year in airport passenger throughput. The big winner was the Middle East, with a 15% increase, and North America was the weakest region, reporting stagnant numbers.

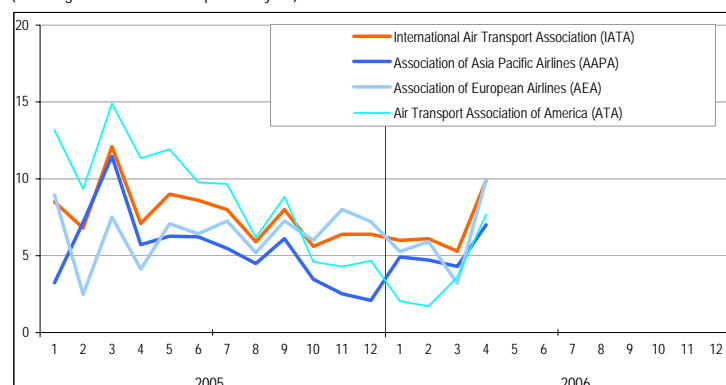
As is the case with IATA airlines’ results, ACI highlights a particularly strong month of April, due to heavy Easter travel and major Chinese holidays. Several popular destinations from across all regions reported double-digit

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



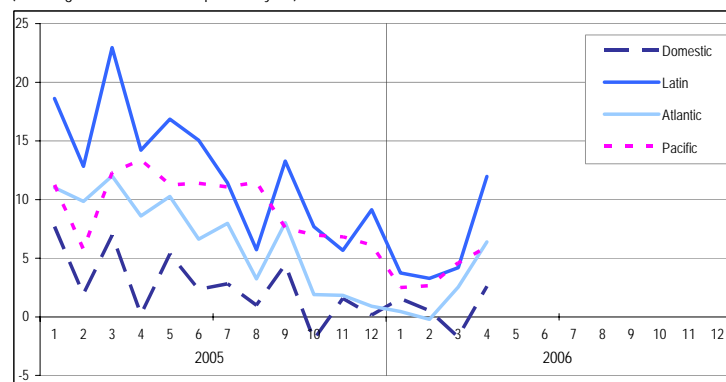
Source: compiled by UNWTO from IATA

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



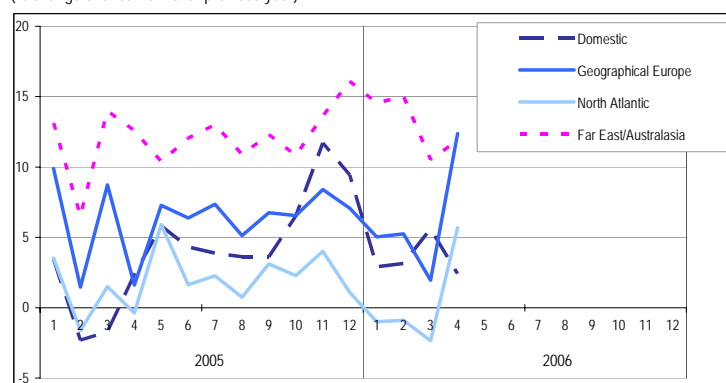
Source: compiled by UNWTO from ATA, AEA and AAPA

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

increases, according to ACI, including Beijing, Hong Kong, Tokyo Haneda, Dubai, Tel-Aviv, Casablanca, Durban, Lisbon, Madrid, Dublin, Milan, Rome, Brasilia, Buenos Aires, Mexico City, Fort Lauderdale, Tampa and Las Vegas.

North America

As already indicated, weak domestic demand in the USA contributed to a disappointing performance in the first four months of 2006 from US member airlines of the Air Transport Association of America (ATA), which account for some 90% of revenue passenger-miles (RPM) of US airline traffic. International services, on the other hand, recorded a 4% increase, resulting in an overall rise of just 1.6%.

The best routes for ATA member airlines were to/from Latin America, which recorded a growth in RPM of 5.7%, while traffic on transpacific and transatlantic routes rose by only 3.9% and 2.6% respectively. In all cases growth was less than half the growth recorded over the 12 months of 2005.

Europe

The Association of European Airlines (AEA) has also reported lower growth (3.5%) for domestic traffic (RPK) than for international services (6%) over the January through April 2006 period. As expected, the late Easter this year contributed to a series of strong growth rates across the region in April, counterbalancing lower figures for March. Overall, traffic grew 9% in April on a capacity increase of less than 4%, pushing load factor up by four percentage points to 79% – a figure previously achieved on only a very few occasions in peak summer months, according to AEA.

Over the first four months of this year, AEA members achieved the best traffic growth on routes between Europe and the Far East/Australasia (+13%), but the South Atlantic (+12%) did not lag far behind. In line with trends for other airline associations, the weakest routes for AEA members were on the North Atlantic (+0.5%).

Asia and the Pacific

A strong performance in the month of April also lifted the overall results of members of the Association of Asia Pacific Airlines (AAPA) in the period January through April 2006. But the overall growth, at just above 5%, was only very slightly down on 2005's level. AAPA has not yet published a detailed breakdown of results by region of operation.

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

	2004 (billion)	05/04 (%)	2006*			
			YTD (% on previous year)	Jan	Feb	Mar	Apr

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

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

	2004 (billion)	05/04 (%)	2006* (% on previous year)	Jan	Feb	Mar	Apr
Overall	2,000 ¹	7.7	6.8	6.0	6.1	5.3	9.9
North America		8.9	5.7	3.5	3.2	6.2	9.5
Latin America		11.8	3.8	3.3	4.7	0.5	7.3
Europe		6.4	5.6	4.9	6.0	3.2	8.4
Africa (incl. Egypt)		9.7	7.1	6.5	5.8	4.0	12.3
Middle East (incl. Israel, Iran)		13.0	18.3	19.0	15.0	16.7	22.1
Asia and Pacific		6.5	6.5	5.8	5.9	5.3	9.2

Air Transport Association of America (ATA)

Scheduled Passenger Traffic Statistics ATA US Member Airlines

	2004	05/04	2006*	Jan	Feb	Mar	Apr
Scheduled mainline service	1,053	4.4	1.6	1.7	0.9	-0.2	4.0
Domestic (incl. USA-Canada)	764	2.6	0.7	1.5	0.5	-1.7	2.6
International	290	9.0	3.9	2.0	1.7	3.6	7.7
Atlantic	134	6.7	2.6	0.4	-0.2	2.5	6.4
Latin	68	12.7	5.7	3.7	3.3	4.2	12.0
Pacific	88	9.6	3.9	2.5	2.6	4.6	6.0

Association of European Airlines (AEA)

Passenger Traffic of AEA Member Airlines

	2004	05/04	2006*	Jan	Feb	Mar	Apr
Total scheduled	655	6.2	5.9	5.1	5.7	3.4	9.3
Domestic	54	3.7	3.5	2.9	3.2	5.6	2.4
Total International	601	6.5	6.1	5.3	5.9	3.2	9.9
Geographical Europe	145	7.5	6.4	5.0	5.3	2.0	12.4
North Africa	7	7.2	7.8	6.4	4.3	4.0	16.1
Middle East	21	7.0	7.3	3.6	3.4	6.8	14.8
Total long-haul	429	6.4	5.9	5.4	6.3	3.4	8.7
among which:							
North Atlantic	183	7.3	0.5	-1.0	-0.9	-2.3	5.7
Mid Atlantic	45	7.1	4.4	-1.1	2.8	4.1	12.5
South Atlantic	33	12.9	12.2	12.8	10.8	12.3	13.1
Far East/Australasia	120	19.3	12.9	14.6	15.0	10.5	11.9
Sub Saharan Africa	48	4.7	2.4	2.7	5.0	-2.3	4.8

Association of Asia Pacific Airlines (AAPA)

Consolidated Passenger Traffic

	2004	05/04	2006*	Jan	Feb	Mar	Apr
International operations	505	5.3	5.2	4.9	4.7	4.3	7.0

Arab Air Carriers Organization (AACO)

Arab Airlines Traffic Data

	2004	05/04	2006*	Jan	Feb	Mar	Apr
Total	148	11.1	6.4				
within the Arab World	10	11.3	8.0	10.7	6.4	14.6	10.2
Interregional	138	8.2	5.6	8.7	6.6	7.0	15.1

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

¹ All IATA carriers

Middle East

Preliminary data from the Arab Air Carriers Organization (AACO) confirms the trends identified by IATA and other regional air transport bodies – i.e. that the Middle East has turned in one of the best performances of all world regions so far in 2006. Clearly, different measures and definitions mean that regions cannot strictly be compared, but there is no doubt that the Arab world is on track to achieve another record year in terms of air transport growth.

Forecasts for 2006

Although traffic demand remains strong and seat load factors are reaching record levels on certain routes, airlines around the world are still wrestling with the impact of extremely high fuel prices, which have seriously undermined profitability. IATA calculations show that the cost of fuel for its member carriers has risen from US\$ 46 billion in 2000, or 14% of total operating expenditure, to US\$ 112 billion – or a 26% share of operating costs – projected for 2006.

“Oil remains the wild card,” Bisignani told delegates at IATA’s AGM. “The break-even fuel price has increased from US\$ 14 per barrel to US\$ 50 since 2001.” Nevertheless, while the price of fuel continues to race ahead of efficiency gains, it is a major achievement that profitability has not deteriorated from last year. Losses for 2006 are forecast at US\$ 3 billion in 2006, slightly less than the US\$ 3.2 billion recorded in 2005.

The airlines’ financial performance is largely attributable to the strong revenue environment, but it is also fragile, IATA’s CEO reminded members. A weaker global economy could change prospects dramatically.

Nevertheless, there has been massive progress in labour productivity, up 33% since crisis hit the airline industry in 2001. Sales and distribution costs have dropped by 10% and non-fuel unit costs are down 13%.

Bisignani also noted that IATA airlines are on track to achieving US\$ 6.5 billion in cost savings by simplifying industry processes to make air transport more convenient. Over 70 airlines are implementing bar-coded boarding passes, five airports are testing IATA standard radio frequency identification baggage labels (RIFD), and 46 airports are implementing IATA Common-Use Self Service kiosks.

“We met our electronic ticketing (ET) 40% target for 2005 in November,” Bisignani added. “And now nearly one of every two tickets issues is an ET.”

Overall, as explored in the UNWTO report, *The impact of rising oil prices on international tourism* (UNWTO, 2006), the recent rise and volatility in oil prices has not noticeably influenced tourism demand – at least as far as demonstrated by the latest data on tourist arrivals and the continued growth of air travel. In fact, in real terms, the highest prices reached to date have still been below those reached in the shock of the 1980s. Moreover, it is argued that this time, the world economy has been relatively

unaffected by energy price increases. And, while the past oil price peaks did affect tourism negatively through the impact on the economy at large, on this occasion the global economy has remained steady and the inflationary pressure appears to be limited for the time being.

According to the International Monetary Fund’s (IMF’s) analysis, the global economy is set for a fourth consecutive year of global growth in 2007, of close to 5%, in spite of recent shocks, most notably in terms of higher oil prices (for more detailed information see the chapter on the Economic Environment). Growth is markedly above the historical trend and is also very broadly extended geographically. As expressed on various occasions by IMF’s Managing Director Rodrigo de Rato, the impact of higher oil prices on the global economy has so far been moderate, although it remains a risk. It is likely that higher prices are going to remain and this means that we will all have to get used to the situation.

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 of, but not all air traffic, as the carriers included are mostly full-service airlines and the traffic operated by charter and low-cost airlines is only reflected to a rather limited extent.

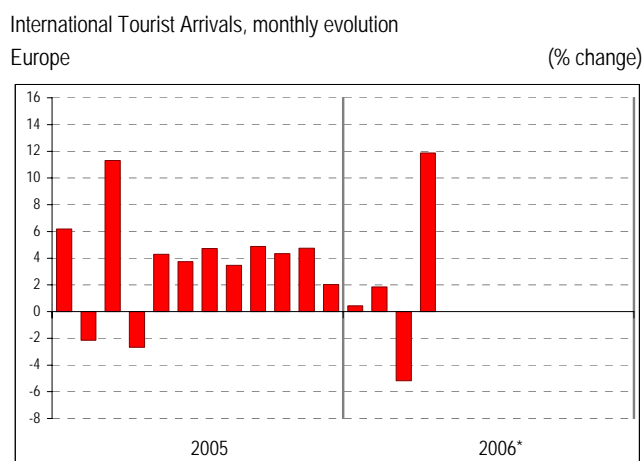
Airline data is a particularly good indicator for the short-term evolution of medium- and long-haul traffic. For short-haul traffic, however, air transport is in competition with alternative modes of transport (in particular land-based, but also over water), and might be subject to shifts between different 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.

Regions

Europe

Results

Except for mountain resorts and possibly cities, the months of January through April tend to be among the least important months of the year for European tourism. Much depends, of course, on when Easter falls – the later it is, the more likely the skiing season will extend through the month of April, as indeed it did this year. And since this generally means that school holidays are scheduled later to fit in with the public holiday calendar, Europeans who do not like winter sports or snow conditions are also more likely to take holidays in Europe, rather than looking for warmer climes.



Source: World Tourism Organization (UNWTO) ©

After stagnation during the first quarter of 2006, the month of April saw an impressive 12% rise in arrivals in Europe, taking the overall growth trend to +2.5% for the first four months. If this seems slightly disappointing – and many members of the UNWTO Panel of Experts did rate tourism's performance over the four months well below earlier expectations – it should be remembered that the growth is most probably not indicative of longer-term trends for Europe in 2006.

Northern Europe achieved the strongest overall increase of just under 8%, ahead of Southern and Mediterranean Europe with +5%. Central and Eastern Europe recorded a 3% decline. After double-digit growth in 2004, final results for 2005 point to only a 2% increase in arrivals in the subregion – mainly due to an 18% decline for Hungary. The country appears to have been another poor performer in the subregion in the first quarter of 2006, recording a 16% drop. Nevertheless, the Hungarian National Tourist Office says that business and conference tourism (MICE) has been good.

MICE business was also a major contributor to double-digit growth in foreign arrivals in Lithuania (+15.5%), one of the best two performers in Central and Eastern Europe from January through April, together with Latvia (+29%) and Romania (+12%). As far as source mar-

kets are concerned, Lithuania is enjoying good increases from other parts of the subregion.

Latvia attributes its very strong performance to continuously improving access – in large part, but not only, thanks to low-cost airlines – which has also increased awareness of the destination. Meanwhile, Estonia, which has benefited significantly from the low-cost airline sector over the past couple of years, believes that its 4% decline from January through April reflects a certain saturation of demand from this sector. It has also suffered a drop in arrivals from Finland, which account for more than 50% of its total arrivals count.

Romania's growth is all the more impressive since the country has already faced a number of challenges in 2006 – from flooding in the south of the country in April to avian flu scares affecting the Danube Delta region.

Slovakia (+10%) – like many European countries with winter sports' facilities – enjoyed a longer winter season than usual this year, which boosted its overall tourism count. This, too, was the case for Switzerland (+9%), which is also reaping the benefits of more aggressive marketing in emerging source markets like India and China and an increase in MICE business generally.

In Western Europe, in addition to Switzerland, the Netherlands (+8%) and Germany (+6%) also recorded robust growth in the first months of 2006. For the Netherlands, despite a further decline out of Germany, events linked to Rembrandt's 400th anniversary have stimulated demand from the rest of Europe. And Germany's good growth is attributed to the pre-FIFA World Football Cup build-up.

Austria's poor results in the first three months of the year can reportedly be blamed on a disappointing performance of the German market. But Mozartmania seems to have started to generate returns as arrivals were up by an extraordinary 45% in April. Data on overnights in France (-0.2%, Jan-May), were negative for the first three months of 2006, probably due in part to the riots in November 2005 and March 2006, but were compensated for by the results for April (+19%) and May (+2.4%).

Finland was Northern Europe's best performer in the first three months of 2006, achieving a 15% increase in overnights – well above the average for the subregion. Strong demand from Russia and other Nordic markets was the main contributor, but there were also good increases from the UK and Estonia, and China and Japan have shown renewed growth. Despite an unfavourable exchange rate, Iceland achieved an 11% rise, and is expecting to see further growth through the year since the Icelandic krone was sharply devalued at the end of April.

Among the other Nordic destinations, Norway's overnights stagnated due to declines from its main markets, and though it recorded a significant growth out of Russia. Sweden (+6.5%) and Denmark (+0.5%) also benefited from increased demand by Russians.

The UK (+8%) maintained its strong growth level achieved in 2005 although, while business travel demand has been sustained, demand for leisure trips has been depressed from some markets, and the impact on demand from the new EU accession states has started to wane.

Ireland (+8% through March), meanwhile, did better than some expected, attributed largely to improved access from continental Europe.

Southern and Mediterranean Europe's 5% increase from January through April masks some very strong performances from individual destinations, as well as some negative trends. Israel (+30%) and Croatia (+12%) recorded the highest increases, followed by Italy, up 5% over the first three months – a welcome change from the declines of the past two years. Hosting the Winter Olympics has proved very positive for Italy. Not only

European markets, but also long-haul sources such as the USA, Japan, India and China, all recorded good increases. Italy is rated by both Japanese and mainland Chinese as their favourite destination in Europe – or, for those who have not yet visited Europe, number one on their European wish list. Israel also enjoyed good increases out of long-haul markets in the first four months of 2006, with the USA up 42%. But European sources have also shown good growth – Russia grew by 48%, the Nordic markets by 56% and Austria by 70%.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)																
	Series	2004	2005	04/03	05/04	Series	2006*					2005				2004					
		(1000)	(%)				YTD	Q1	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Europe		424,477	441,624	4.3	4.0		2.5	-1.5	0.4	1.8	-5.2	11.9		5.3	2.1	4.3	3.7	6.9	6.0	2.0	3.4
<i>Northern Europe</i>		49,670	52,946	8.4	6.6		7.6	3.3	7.5	0.7	1.7	19.3		11.5	10.3	6.8	7.4	8.4	7.7	4.2	6.3
Denmark	TCE	3,663	4,562	5.4		NHS(1)	0.5	-1.9	3.7	4.2	-10.1	5.3		3.1	-5.6	-2.8	5.6	7.8	2.7	-1.5	-0.4
Finland	TF	2,840	3,140	3.0	10.6	NHS(2)	15.1	15.1	17.2	12.4	15.1			-5.5	3.9	-0.5	8.7	9.9	-11.5	-4.4	1.8
Iceland	TCE	836	871	8.4	4.2	THS(2)	10.9	9.8	11.4	10.0	8.8	13.1		-0.2	9.7	7.0	1.6	12.4	7.7	9.9	17.4
Ireland	TF	6,982	..	3.2	..	TF	7.7	7.7	8.0	17.4	0.2			6.5	2.4	6.2	10.3	8.4	3.4	-0.6	5.0
Norway	TF	3,628	3,859	11.0	6.4	NHS	-0.4	-3.5	2.3	-5.2	-6.0	14.8		1.7	3.7	3.0	9.3	5.7	8.9	2.7	4.7
Sweden	TCE	3,003	3,133	1.7	4.3	NCE(3)	6.5	5.1	5.0	10.0	0.2	11.4		7.0	3.3	6.7	9.8	3.3	3.8	2.0	3.8
United Kingdom	VF	27,754	29,971	12.3	8.0	VF	8.4	2.0	7.1	-5.0	3.0	25.2		14.0	12.5	4.2	3.2	10.2	15.6	12.8	10.0
<i>Western Europe</i>		139,043	142,689	2.2	2.6		1.7	-4.3	-1.3	2.1	-10	17.4		4.7	-1.7	4.4	3.0	2.5	3.3	0.7	3.1
Austria	TCE	19,373	19,952	1.5	3.0	TCE	1.7	-4.3	-3.0	3.1	-13.2	45.2		11.1	-9.2	1.2	6.8	3.6	5.1	0.5	-4.1
Belgium	TCE	6,710	6,747	0.3	0.6	TCE								-2.1	-2.3	1.6	4.9	4.0	2.9	-2.6	-2.0
France	TF	75,121	76,001	0.1	1.2	NHS	-0.2	-9.3	-5.3	-0.5	-17.7	19.0	2.4	2.8	-0.9	6.6	1.8	0.4	0.5	-1.4	2.8
Germany	TCE	20,137	21,500	9.4	6.8	TCE	5.8	7.2	6.5	4.9	9.9	2.7		6.1	6.1	7.2	7.4	9.7	12.8	8.4	7.3
Liechtenstein	THS	49	50	-1.0	2.6	THS								8.2	-6.2	3.3	6.9	-10.7	6.7	2.7	-4.1
Luxembourg	TCE	878	913	1.2	4.0	TCE															
Netherlands	TCE	9,646	10,012	5.1	3.8	TCE	7.8		11.6	4.2				14.3	-3.1	3.2	5.9	0.2	4.3	3.4	13.1
Switzerland	THS	..	7,229	..	..	THS	8.6	6.5	6.0	8.9	4.8	15.2									
<i>Central/Eastern Europe</i>		86,277	87,996	10.0	2.0		-2.7	-2.7	-4.9	-0.9	-2.3	-2.8		3.4	1.8	-3.6	-0.2	11.3	13.1	11.1	6.9
Belarus	TF	67	91	4.8	35.2	TF															
Bulgaria	TF	4,630	4,837	14.4	4.5	TF	0.5	1.1	-6.0	8.2	2.3	-1.3	0.6	3.7	6.6	7.4	-5.1	24.6	19.4	14.7	1.4
Czech Rep	TCE	6,061	6,336	19.4	4.5	TCE	-0.3	-0.3						10.5	2.8	1.3	7.1	24.0	22.5	17.8	15.0
Estonia	TF	1,750	1,900	19.7	8.6	TCE	-4.0	-5.8	1.0	-5.9	-10.2	-0.5		29.9	8.1	1.9	-3.5	19.8	20.7	27.2	22.9
Hungary	TF	12,212	10,047	..	-17.7	TF	-16.1	-16.1						-17.7	-8.9	-26.1	-12.6				
Latvia	TF	1,080	1,116	11.2	3.4	VF	29.1	28.2	23.3	26.7	33.8	31.4		28.6	28.4	18.5	13.4	17.5	9.7	26.6	41.8
Lithuania	TF	1,800	..	20.7	..	TCE	15.5	15.5	17.3	17.1	13.1			16.6	24.7	7.9	18.8	26.2	32.4	46.5	18.2
Poland	TF	14,290	15,200	4.2	6.4	VF	-1.0	-1.0	-5.2	3.5	-0.9			12.3	0.3	4.7	1.1	19.8	21.9	17.0	17.2
Romania	TCE	1,359	1,430	23.0	5.2	TCE	12.1	12.1	12.3	14.1	10.3			14.9	3.7	3.1	4.7	21.6	26.6	23.5	18.1
Slovakia	TCE	1,401	1,515	1.0	8.1	TCE	10.0	10.0						10.1	10.4	2.3	16.3	-0.6	4.8	-3.0	8.5
<i>Southern/Medit. Eu.</i>		149,488	157,993	1.9	5.7		4.5	0.5	3.1	3.9	-3.7	13.0		4.8	3.1	7.7	5.7	9.2	4.5	-1.8	0.2
Andorra	TF	2,791	2,418	-11.0	-13.4	TF								-17.6	-13.7	-11.1	-9.5	-11.3	-9.3	-14.6	-8.6
Croatia	TCE	7,912	8,467	6.8	7.0	TCE	12.0	-13.4	4.9	12.8	-28.4	29.6		18.2	3.5	7.7	10.0	21.7	0.9	8.5	10.7
Cyprus	TF	2,349	2,470	2.0	5.2	TF	-3.9	-15.1	-6.8	-8.9	-21.9	12.5		10.0	4.5	6.9	0.2	6.6	8.2	-1.7	-1.7
F.Yug.Rp.Macedonia	TCE	165	197	4.8	19.3	TCE	-1.0	-5.8	-0.3	-7.1	-8.0	10.2		21.1	17.9	21.1	17.5	9.0	6.5	0.3	5.5
Israel	TF	1,506	1,903	41.6	26.4	TF	29.9	25.1	18.2	33.1	24.6	40.8		25.2	28.9	23.0	28.8	82.4	57.8	33.9	16.9
Italy	TF	37,071	36,513	-6.4	-1.5	TF	4.6	4.6	10.4	10.9	-3.4			-5.9	-7.7	3.5	4.0	13.5	2.8	-15.3	-17.5
Malta	TF	1,156	1,171	3.4	1.3	TF	0.8	-4.3	-4.9	4.8	-9.7	10.8		2.9	0.7	1.5	0.6	-3.2	4.2	9.6	9.8
Portugal	TF	11,617	..	-0.8	..	NHS	7.1	-0.3	1.5	1.2	-2.4	24.2		6.6	-0.2	8.6	4.7	-3.9	-2.2	-3.2	5.8
Serbia & Montenegro	TCE	580	725	20.5	25.0	TCE	9.8	9.8	5.7	21.3	4.7			14.5	29.1	33.8	8.3	19.4	23.7	19.9	18.9
Slovenia	TCE	1,499	1,552	9.2	3.5	TCE	3.7	-0.5	9.9	-1.0	-8.3	12.8		12.9	0.2	0.2	7.9	5.8	8.0	11.7	7.7
Spain	TF	52,430	55,577	3.1	6.0	TF	6.1	0.6	-0.1	2.0	0.0	17.7	6.9	8.2	4.4	7.0	4.9	4.9	-0.3	1.6	9.3
Turkey	TF	16,826	20,272	26.1	20.5	TF	-6.5	-10.9	-3.8	-9.0	-16.5	1.5		29.7	26.2	17.8	12.7	42.4	45.6	16.9	16.7

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

See box at page 7 for explanation of abbreviations and signs used

(1) Including holiday dwellings

(2) Hotels only

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



Croatia (+12%), like Serbia & Montenegro (+10%), owes its sustained strong growth to a continuous improvement in infrastructure, accommodation and tourist facilities. As an example, both former Yugoslavian states are building up their spa/wellness facilities to attract markets in the shoulder and winter seasons. More than euro 600 million is being spent on upgrading and expanding wellness facilities at 50 existing spas in Serbia, for example – an important attraction for the future given that it is losing

its coastal region and, therefore, sun and beach product, as a result of Montenegro's independence.

Spain (+6% through May) and Slovenia (+4%) are two other destinations in Southern and Mediterranean Europe that have recorded growth this year. Mallorca's recovery in the German market, plus the continued diversification of Spain's tourism product, are important factors in the destination's continuing success.

International Tourism Receipts												Series International Tourism Expenditure														
US\$		Local currencies (% on previous year)										US\$		Local currencies (% on previous year)												
2005	2005	2006*					2006*					2005	2005	2006*					2006*							
(million)	YTD	Q1	Q2	Q3	Q4	YTD	Q1	J	F	M	A	M	(million)	YTD	Q1	Q2	Q3	Q4	YTD	Q1	J	F	M	A	M	
<i>Europe</i>																										
<i>Northern Europe</i>																										
4,491	-20.7	-34	-21	-11	-25	5.1	5.1						5,690	-21.6	-23	-13	-19	-33	1.1	1						
2,154	3.7	-0.1	3.1	4.3	7.1								2,968	4.9	10.5	10.0	0.3	0.4								
409	-1.3	-3.4	-3.0	-0.1	-0.5	13.1	13.1						972	26.3	23.5	24.0	30.2	26.3								
4,571	6.6	4.6	3.5	7.8	10.3								5,811	11.7	3.7	7.8	12.3	22.9								
3,441	6.5	5.0	5.6	4.8	11.7	-0.7	-0.7						9,752	10.6	15.4	14.7	12.0	0.0	9.7	9.7						
7,427	21.9	21.0	20.9	24.1	20.9	21.5	21.5						10,775	7.8	5.4	9.5	8.9	6.9	8.3	8.3						
30,373	8.4	14.2	10.4	1.1	8.1								59,529	6.1	11.2	8.2	4.1	1.1								
<i>Western Europe</i>																										
15,467	0.9	7.2	-12	8.1	-6.2								11,051	-7.4	-7.9	-19	6.0	-24								
9,810	6.3	-0.8	2.9	5.7	17.8								14,815	5.6	0.8	5.2	4.7	12.3								
42,276	3.5	3.6	3.0	5.7	1.2	1.2	0.2	-0.5	2.2	-0.7	3.7		31,190	8.9	7.6	9.7	11.8	5.1	4.6	4.6	4.1	5.5	4.2	4.7		
29,204	5.5	4.4	7.6	5.1	4.9	2.2	3.2	3.6	4.1	2.1	-0.6		73,181	3.1	-0.1	-0.8	6.0	5.9	3.5	2.3	13	3.2	-6.6	6.6		
3,632	-0.9	-3.1	0.5	1.2	-2.8								2,979	2.0	4.6	0.8	2.2	0.4								
10,477	1.4	10.8	-9.6	-2.4	9.7	1.6	1.6						16,116	-1.9	-5.6	-3.1	3.1	-5.4	0.4	0.4						
11,269	8.4	10.6	4.5	6.6	12.7								9,699	10.4	3.9	7.5	12.3	16.1								
<i>Central/Eastern Europe</i>																										
251	-7.0	-1.2	-0.8	1.2	-4.5								\$ 599	11.4	-1.4	22.3	25.6	-8.4								
2,401	8.0	7.9	9.8	9.9	-2.2	2.2	2.2	-4.7	9.0	3.6			1,293	-3.2	-7.0	-5.7	1.1	-2.2	8.8	8.8	3.5	9.9	15			
4,631	3.5	1.5	8.2	7.6	-3.6	-0.8	-0.8						2,412	-1.1	-4.4	4.2	0.1	-4.6	1.3	1.3						
938	6.2	8.2	-0.9	5.9	15.7								451	12.6	24.1	9.5	10.8	8.2								
239	35.1	23.1	33.0	40.3	39.5								\$ 169	14.4	-3.9	24.2	23.2	11.0								
4,271	5.1	10.0	-0.8	2.0	13.8								€ 2,920	2.0	16.6	13.6	-8.0	-9.6								
685	-3.0	-11	2.8	-0.1	-6.0								\$ 667	-12.2	-9.5	-27	-2.4	-12								
341	34.2	50.4	26.3	24.4	48.5								584	62.4	87.6	74.0	58.0	44.5								
921	18.4	55.5	24.9	7.2	7.6								744	16.8	50.0	-0.6	22.4	8.9								
6,284	-3.1	3.2	10.9	-5.8	-15								4,332	0.7	-10	3.5	-8.9	30.1								
128	34.5	61.7	55.4	45.0	0.7								\$ 167	24.1	26.4	21.6	25.9	23.1								
1,051	108	50.6	101	115	158	23	23.4	35	20	18			€ 882	63.4	14.7	40.9	61.2	137	42.2	42.2	42	126	-26			
5,466	4.6	4.5	1.5	-4.4	27.7								\$ 17,804	13.2	12.6	10.2	11.7	19.4								
1,210	29.1	52.4	31.6	23.5	16.5	1.2		4.5	-2.3				846	9.2	15.6	21.4	-7.1	14.9	20.8		27	15				
3,125	22.1	37.8	8.2	31.2	8.3								\$ 2,805	13.9	12.0	11.8	22.1	7.8								
<i>Southern/Mediterranean Europe</i>																										
861	17.1	22.5	14.7	18.3	13.3								\$ 790													
567	9.0	22.1	-1.2	12.2	8.1								124	4.4	2.1	10.3	5.7	-16								
7,463	9.0	21.4	-3.9	12.3	16.0								€ 752	-11.6	-0.7	-11	-9.6	-26								
2,329	2.4	2.8	-0.1	3.5	3.2	2.5	-9.4	2.4	-1.7	-18	20		932													
84	16.8	23.3	20.4	21.6	3.2								\$ 60	9.5	7.2	26.1	3.7	2.8								
13,731	6.7	18.2	3.6	8.3	1.1	-0.7	-10.0	-18	-8.3	-5.3	15		3,043	5.9	31.2	-0.6	5.7	-4.1	-6.4	-13.8	8.6	-11	-33	18		
2,842	19.4	10.0	26.5	21.3	18.8								\$ 2,895	3.6	-2.3	9.6	-3.8	17.0								
35,398	-0.7	-1.0	-6.1	0.4	6.1	-0.8	-0.8	6.2	2.4	-7.9			22,394	9.0	1.6	15.4	11.3	6.5	-0.2	-0.2	5.0	-7.6	0.5			
775	1.8	-1.8	0.9	3.2	3.5								269	5.5	11.2	13.4	-3.5	6.1	-11.1	-11.1						
7,931	1.1	4.9	-7.2	4.0	3.3	4.4	4.4	7.2	6.1	1.2			3,077	11.2	12.4	12.6	7.5	13.1	9.5	9.5	12	7.8	9.0			
1,800	10.6	16.9	8.2	11.3	6.9	7.7		7.9	7.6				930	5.1	-2.5	4.7	8.1	3.7	14.9		15	15				
47,891	5.8	4.1	-3.9	13.9	4.9	-7.6	-7.6	-14	-2.5	-5.9			15,085	24.1	27.4	27.9	23.3	19.3	18.2	18.2	29	13	13			
18,152	14.2	16.5	15.0	15.1	10.4	2.1	0.4	4.6	0.2	-3.4	6.0		\$ 2,872	13.8	22.3	9.4	3.8	22.5	-14.6	-16.3	1.9	-40	-2.1	-8.1		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

See box at page 7 for explanation of abbreviations and signs used



Malta's modest performance (+1%) is attributed to increased competition from more competitively priced destinations, especially new destinations in the Balkans. Portugal's 7% growth in terms of overnights is in large part due to April's results, in the Algarve especially, thanks to stable prices and product diversification. Traffic through Faro Airport increased by 8% from January through April.

Although there is no data on arrivals from Greece yet for 2006, and data for tourism receipts points to stagnation, anecdotal evidence suggests that the country is continuing to benefit from hosting the Summer 2004 Olympics. The number of meetings planned for the first quarter was well up on the same period in 2005. The first quarter is nevertheless not usually an important period for Greece's tourism – it accounts for just 10% of total annual arrivals.

Cyprus, meanwhile, has had a disappointing start to the year (-4%). The impact of fuel price rises has been greater than for some competitive destinations because Cyprus is located farther away from key source markets, but concerns over avian flu and loss of tourism to Northern Cyprus are also cited as contributing factors.

Among the other numerous events being hosted this year in Europe, Patras in Greece is Cultural Capital of Europe and Hungary has named 2006 its Year of Gastronomy. It is also the 800th anniversary of Latvia's medieval town, Cesis – located at 90km from Riga, the capital.

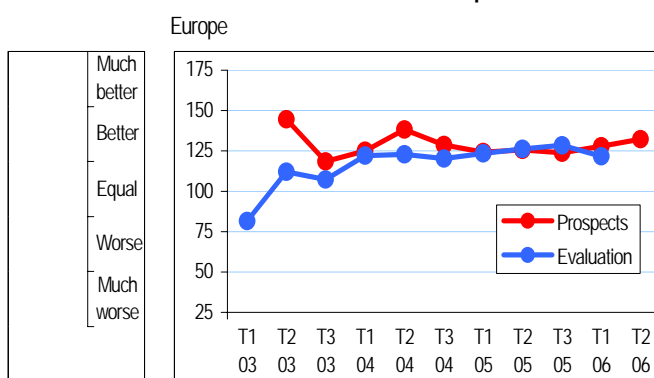
Germany's hosting of the FIFA World Football Cup should further boost arrivals and overnights in 2006. Prior to the start of the event, the German National Tourist Board (DZT) was predicting that foreign guests would generate an additional euro 1 billion of spending in the country during the event. Meanwhile, some tour operators are saying that bookings for June have been extremely slow as a result of the FIFA World Cup, suggesting that those not going to Germany prefer to stay home and watch the matches on television. But bookings should pick up immediately after the event.

Also positive for tourism in the region this year are the expected growth in the Europe/Mediterranean cruise business – intra-European and from non-European markets – and the rise in online travel bookings, which will favour self-booking and likely stimulate short breaks. European cities, both capitals and secondary points, have already benefited from the trend, which will be intensified by the expansion of low-cost airline service to points further afield such as Istanbul.

Concerns facing Europe's tourism industry are in fact very similar to those experienced in other parts of the world – primarily oil price rises, currency fluctuations, interest rate rises, stock market turbulence, terrorism and health scares.

Following its outbreak in Turkey and apparent spread to the Aegean coast, as well as isolated cases in other European countries, there are understandably fears about the spread of avian flu within bird populations, not to mention the risk that the H5N1 virus might mutate, resulting in a possible human flu pandemic. While there is so far no indication that the virus can spread easily from human to human, UNWTO member countries are developing contingency plans to ensure they are ready for all eventualities.

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

Prospects

As Europe's tourism industry enters its peak summer season, there are a large number of sporting and cultural events taking place. After the Winter Olympics in Turin, Italy, and the FIFA World Football Cup in Germany, events such as the year-long celebrations for Rembrandt's 400th anniversary in the Netherlands and Mozart's 250th across Europe – especially in Austria, Germany, the Czech Republic and Hungary – are already pulling in the crowds (www.rembrandt400.com and www.mozart2006.net).

Not to be outdone by Mozartmania, Spain is celebrating the 125th anniversary of the birth of Picasso, with exhibitions in many of Madrid's and other cities' museums and art galleries. It is also the 25th anniversary of the return to Madrid's Museo del Prado of Picasso's masterpiece, Guernica, now exposed in the Reina Sofia museum. A blockbuster exhibition under the title 'Tradición y vanguardia' has just started in the two museums (www.picassotradicionyvanguardia.com).

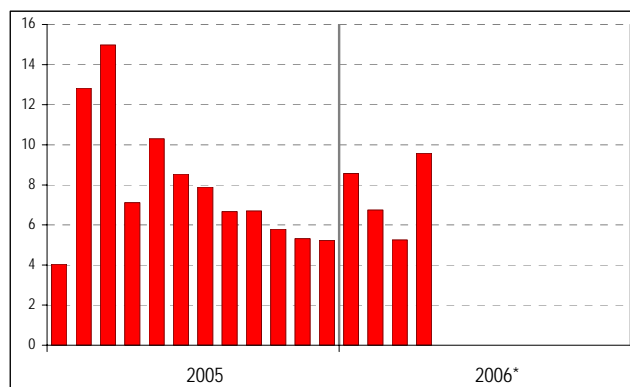


Asia and the Pacific

Results

UNWTO's Panel of Experts members based in Asia and the Pacific were not very positive in their rating of the region's tourism performance over the first four months of 2006. The panellists' overall rating (119) was well down on that for the previous four-month period (129) and lower than the average for any other world region. Yet the statistics available suggest that Asia and the Pacific overall achieved very good growth. The only disappointing subregion, in fact, was Oceania, which suffered a decline of just over 1%.

International Tourist Arrivals, monthly evolution
Asia and the Pacific (% change)



Source: World Tourism Organization (UNWTO) ©

The big winner was South Asia, up 21% in arrivals over the same period in 2005, although this was of course due in no small part to the fact that the months of January through April 2005 saw a massive drop as a result of the December 2004 tsunami. North-East and South-East Asia recorded average increases of over 7%, matching the regional growth count.

In North-East Asia –which accounted for around 56% of total arrivals in Asia and the Pacific in 2005 – Macao (China) (+21%) and Hong Kong (China) (+12%) were the best performers. In Macao's case, this was no doubt because of the continuing expansion of gaming and entertainment facilities and the growth of low-cost airline service. China, up a relatively modest 4% through March, is clearly showing signs of consolidation after more than two years of double-digit increases. Moreover, the country continued to suffer from tensions in its political relations with Japan, one of its important source markets. The Republic of Korea, recorded a modest decline over the first five months (-0.4%), although growth in arrivals rebounded in April and May, so the situation could be improving.

Korea's slightly weaker performance is attributed by some UNWTO experts to poor numbers from Japan –a market that has reportedly been negatively impacted by the anti Japanese movement in Korea and China– oil price rises and resulting airfare surcharges. Japanese outbound growth generally was slower than expected, no doubt also affecting travel to China and Taiwan (Pr. of China),

although the latter destination recorded an increase in arrivals of 8%.

In South-East Asia (+8%), Thailand, for which official data is not yet available, reports that international air arrivals through Bangkok Airport increased by 29% – clearly, over a depressed first four months in 2005 – and Thailand's tourism industry stakeholders seem very confident that a strong winter season 2005/06 should finally have put an end to the post-tsunami crisis that has dragged down arrivals and tourism revenues for many months. Accommodation capacity is nonetheless still below pre-tsunami levels in some areas of Thailand's Andaman Coast, such as Phi Phi Island and Khao Lak.

One very positive contributor to Thailand's recovery has been the Tourism Authority of Thailand's campaign 'Thailand - Happiness on Earth', which was delayed last year as marketing efforts mostly concentrated on the Andaman recovery. This year's campaign, which has already attracted a lot of interest from established and emerging international markets, includes massive celebrations commemorating the 60th anniversary of the King's accession to the throne. Thailand's King Bhumibol is the world's longest-reigning monarch and, arguably, the most loved and revered.

Indonesia's recovery, meanwhile, has been sorely compromised. As tourism facilities in Bali, the country's leading tourism destination, were not damaged in the tsunami that destroyed Aceh, arrivals started to recover from as early as March 2005, and continued increasing month by month until terrorist attacks on 1 October drove demand down again, resulting in a 6% decline in arrivals last year for the country as a whole. By April 2006, despite the collapse of Air Paradise International – an airline set up to handle the Australian market to Bali after the collapse of the Ansett Group – the decline had more or less been arrested. Arrivals in Indonesia through thirteen ports of entry for the month of April fell by only 1% over the same month in 2005, although the first four months were admittedly 10% below 2005's level.

However, according to anecdotal evidence, the 27 May earthquake that devastated Indonesia's second favourite tourism destination, Yogyakarta, has already taken its toll, plunging the country into another tourism crisis. Recovery will be difficult and will depend on strong support and cooperation from the international community, which was so supportive following the tsunami tragedy. About 50% of the hotel capacity in registered three- to five-star hotels has been damaged, bringing the hotel room count down to about 1,400. Tourism is a key economic sector for Yogyakarta, providing employment and income directly and indirectly to thousands of people in the province. The Bantul region, for instance, where the earthquake did the most damage and where loss of life has been greatest, is home to hundreds of craft villages that make souvenirs, arts and crafts for the tourism sector throughout Indonesia.

Elsewhere in South-East Asia, the first three to four months were generally strong. Vietnam recorded a 12% rise in visitor arrivals, with regional markets showing

than average growth, thanks to new low-cost links from Singapore and Thailand. New airline services from long-haul markets are also stimulating growth and Hue and Dalat airports are to be designated this year as international gateways following the completion of their runway extensions and extensive terminal renovations.

Cambodia has recorded even more impressive growth, up 19% through April this year. This very positive performance is attributable to simplified visa procedures, new international borders check-points, and a liberal open-

skies policy due to the absence of a strong national carrier. In 2005, scheduled airlines from the Republic of Korea and Taiwan (Pr. of China) launched flights to Siem Reap-Angkor; and low-cost carriers AirAsia and Jetstar Asia inaugurated airline services from Bangkok, Kuala Lumpur and Singapore to both Phnom Penh and Siem Reap. An important step this year will be the possible opening of a non-stop connection from Dubai to Phnom Penh by Emirates Airlines. It would be the first long-haul route for the country.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)																
	Series	2004	2005	04/03 05/04	Series	2006*					2005				2004						
		(1000)	(%)	(%)		YTD	Q1	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Asia and the Pacific		145,426	156,724	27.2	7.8		7.5	6.7	8.6	6.7	5.3	9.6		10.5	8.6	7.1	5.3	11.3	86.6	24.2	12.9
North-East Asia		79,412	87,569	28.6	10.3		7.0	6.5	8.6	6.7	4.3	8.4		16.3	10.8	8.3	6.7	6.0	99	23.5	16.3
China	TF	41,761	46,809	26.7	12.1	TF	3.7	3.7	5.8	6.0	-0.1			19.9	13.3	10.8	5.8	1.9	87.2	22.7	17.9
Hong Kong (China)	TF	13,655	14,773	41.1	8.2	TF	11.5	12.3	12.4	11.2	13.2	9.3		11.4	8.9	4.3	8.7	14.8	241.9	32.8	14.1
Japan	TF	6,138	6,728	17.8	9.6	TF	9.2	7.1	18.8	-1.1	3.8	15.1		10.3	7.3	10.2	10.7	10.9	56.0	8.9	6.5
Korea, Republic of	VF	5,818	6,022	22.4	3.5	VF	-0.4	-4.9	-7.3	-5.1	-2.7	8.4	4.3	15.1	1.4	1.1	-1.6	6.5	61.8	19.3	14.2
Macao (China)	TF	8,324	9,014	31.9	8.3	TF	20.8	18.3	19.7	15.1	20.2	28.3		11.7	7.4	5.3	9.4	17.2	79.9	26.7	21.2
Taiwan (pr. of China)	VF	2,950	3,378	31.2	14.5	VF	7.5	7.5	8.2	11.2	3.7	7.6		18.8	17.5	10.5	11.9	-10.9	246.2	29.6	14.5
South-East Asia		48,262	50,593	30.1	4.8		8.2	7.1	8.2	7.2	7.6	10.0		3.5	5.9	5.8	4.2	16.7	99.0	29.5	10.5
Brunei Darussalam	VF	..	815	..	..	VF															
Cambodia	TF	1,055	1,422	50.5	34.7	TF	18.9	17.7	17.5	21.1	14.3	23.1		41.9	40.9	29.6	28.6	31.1	102.2	57.4	40.2
Indonesia	TF	5,321	5,002	19.1	-6.0	TF(1)	-10.2	-13.1	-15.3	-14.5	-9.7	-1.2		-3.0	-4.8	-7.4	-25.6	20.6	51.2	18.4	10.0
Lao P.D.R.	TF	407	672	108	65.1	VF	106		106					23.0	33.7	19.2	15.5	19.7	44.9	39.5	61.0
Malaysia	TF	15,703	16,431	48.5	4.6	TF	3.6		4.3	2.8				4.6	2.5	5.9	5.6	38.4	127.4	51.5	15.4
Myanmar	TF	242	232	17.7	-4.0	TF								0.7	-7.0	-7.0	-4.8	3.5	56.1	22.2	13.2
Philippines	TF	2,291	2,623	20.1	14.5	TF	13.3	13.0	22.1	11.5	5.5	14.1		11.0	14.5	14.0	18.2	17.0	53.2	16.3	5.0
Singapore	TF	..	..	..	..	VF	14.5	14.0	14.8	15.9	11.7	16.0		8.5	8.0	8.4	4.9	3.0	186.6	29.8	17.6
Thailand	TF	11,737	..	16.4	..	TF								-10.1	-1.5	1.7		4.4	74.4	14.0	2.3
Vietnam	VF	2,928	3,468	20.6	18.4	VF	12.1	17.7	15.9	18.4	19.2	15.6	-6.8	13.3	31.0	11.3	12.9	4.8	84.2	35.4	0.7
Oceania		10,138	10,540	12.1	4.0		-1.1	-2.3	-1.3	-2.4	-5.3	6.0		8.6	3.6	3.9	0.0	11.5	26.3	12.3	3.7
Australia	TF	4,774	..	9.6	..	VF	-0.5	-2.6	0.9	-2.6	-5.7	6.9		12.4	2.8	5.9	0.9	7.5	24.8	9.5	3.2
Cook Is	TF	83	88	6.4	6.1	TF	3.2	1.5	0.4	4.6	0.3	7.0		-4.2	11.9	13.9	0.6	-6.3	4.5	14.8	10.7
Fiji	TF	499	550	15.7	10.3	TF								14.1	9.4	9.7	8.7	21.7	19.4	14.5	9.3
French Polynesia	TF	212	208	-0.4	-1.8	TF	1.6	-3.7	-8.6	0.5	-2.9	17.8		2.8	-8.9	-2.1	1.6	-2.4	4.8	3.6	-7.3
Guam	TF	1,157	1,228	27.2	6.1	TF								5.3	10.0	2.6	6.3	47.6	49.7	24.4	1.3
Marshall Is	TF	9	7	25.2	-16.8	TF	-31.2	-13.1	-10.1	-19.4	-10.0	-85.0		-1.8	31.0	1.5	1.6	-14.8	-19.7	19.6	4.1
Micronesia (Fed.St.of)	TF	19	19	4.4	0.0	TF												-1.5	4.2	5.8	19.4
N.Mariana Is	TF	525	..	16.2	..	VF	-21.4		-21.4					-0.2	-2.0	-2.1	-17.2	3.2	50.4	22.4	3.4
New Caledonia	TF	100	101	-2.4	1.1	TF	-3.6	-8.5	-3.0	-10.7	-12.0	14.1		14.9	-8.9	-0.7	0.2	-5.2	-0.3	-5.6	1.4
New Zealand	VF	2,334	2,365	10.9	1.3	VF	1.4	-0.6	0.2	0.9	-3.0	9.7		5.8	3.6	-0.8	-2.4	9.0	23.8	13.3	6.0
Niue	TF	3	3	-5.8	9.8	TF												95.8	-6.6	-51.3	9.1
Palau	TF	95	86	38.9	-9.4	TF	-7.0		-17.8	4.8				3.7	-18.0	-4.9	-20.7	33.9	129.2	21.4	23.1
Papua New Guinea	TF	59	69	4.9	17.3	TF	-1.7	0.4	-22.4	-8.0	30.5	-6.9		8.2	34.6	11.2	16.9	17.0	9.3	8.3	-12.0
Samoa	TF	98	102	6.1	3.7	TF	7.5	5.8	4.4	1.5	11.2	12.8		0.0	-10.4	14.9	8.3	4.9	11.3	2.3	6.5
Tonga	TF	41	..	2.7	..	TF								1.3	-10.3	-21.5		-4.6	4.3	3.8	4.7
Vanuatu	TF	61	..	21.9	..	VF								10.8	43.3	50.9	11.2	43.2	-25.9	-8.9	-4.8
South Asia		7,613	8,022	18.5	5.4		20.5	18.7	24.7	17.5	14.5	27.0		3.7	8.1	5.4	4.2	30.5	21.7	15.6	9.0
Bangladesh	TF	271	208	10.9	-23.4	TF								-23.3	-14.5	-29.9	-25.1	26.3	10.9	14.7	-4.5
Bhutan	TF	9	14	47.7	47.4	TF	-25.7	-25.7	24.1	-15.8	-36.2			144.9	20.5	27.1	40.2	35.4	15.5	116.4	50.0
India	TF	3,457	3,915	26.8	13.2	TF	14.5	12.1	15.1	10.1	11.0	24.7	14.7	18.7	18.4	8.4	8.8	27.4	32.1	21.1	27.5
Maldives	TF	617	395	9.4	-35.9	TF	96.9	99.9	211	86.3	52.8	88.4		-54.8	-40.9	-30.3	-14.2	10.6	23.1	11.2	-2.6
Nepal	TF	385	376	13.9	-2.5	VF(2)	13.3	18.7	14.6	12.7	26.9	-2.2		-32.0	-18.0	23.8	15.8	48.6	25.5	-6.3	-14.3
Pakistan	TF	648	798	29.4	23.2	TF								20.0	13.0	31.8	26.5	53.9	40.3	24.2	38.6
Sri Lanka	TF	566	549	13.1	-3.0	TF	25.0	27.4	36.4	43.8	8.6	17.8		-5.1	38.6	0.5	-24.6	9.5	-2.8	23.6	17.2

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

See box at page 7 for explanation of abbreviations and signs used

(1) Foreign arrivals through thirteen selected Ports of Entry

(2) Air arrivals only



After the successful introduction two years ago of the 'Uniquely Singapore' branding campaign, Singapore has introduced the second phase this year – 'Beyond Words' – in which various visitors are asked to express their Singapore experience. The campaign is intended to show how visitors are motivated, exhilarated, inspired, entertained and captivated by Singapore. The Singapore Tourism Board is particularly targeting India, China and ASEAN countries, all fast growing segments due to the massive expansion of air links – up 14.5% from January through April 2006.

Like most of its neighbours, the Philippines has also recorded healthy growth this year (+13% to the end of April) – attributed to increasing confidence in the destination and to more aggressive marketing by the Department of Tourism. While data as only been released for January, Lao PDR looks set to achieve another record year. Malaysia's growth this year, meanwhile, was a more modest 4% over January and February, but the signs are that this will pick up during the next few months.

Oceania's 1% decline in the first few months of the year, as indicated, is largely due to stagnation in Australia's arrivals and a lower than expected rise for New Zealand. UNWTO panellists from both countries say that the rise in the price of jet fuel is certainly a key factor, since this has dampened demand from a number of long-haul markets. The impact of the Commonwealth Games in Melbourne last March was limited in terms of arrivals, although Australia's receipts rose by 6% through April. Nevertheless, the destination expects its latest advertising campaign, which has attracted a lot of attention so far, to start showing returns very shortly. In fact, the month of April already recorded a 7% increase in arrivals.

Some Pacific Islands have also had a tough start to 2006, with declines fairly widespread. The Marshall Islands (-31%) attributes this to the suspension of Air Nauru flights, which significantly reduced capacity to the destination. However, the repaving of the runway at the Amata Kabua International Airport started in March is expected to enhance international and domestic air travel between the islands and the Central Pacific. On the other side Samoa achieved fairly good growth in the first months of 2006 (+7.5%) as so did the Cook Islands (+3.2%).

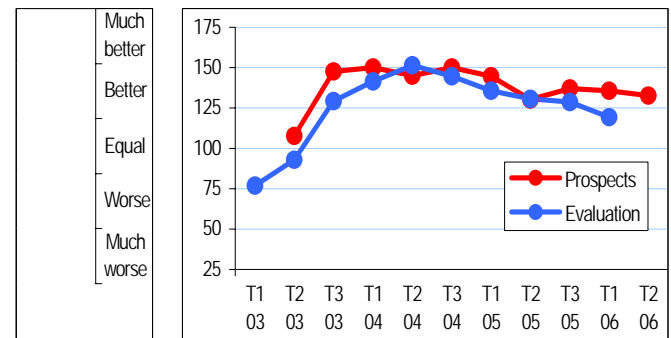
South Asia's star performers, the Maldives (+97%) and Sri Lanka (+25%), owe their strong growth to depressed demand in the months following the tsunami. The Maldives, in particular, has been helped by a renewal of air links suspended immediately after the disaster. The impact of the recent civil unrest and political tension in Nepal (+13%), which culminated in the withdrawal of most of the king's powers, is not yet evident in the country's arrivals data. Things have been very tough for Nepal's tourism over the last couple of years but, despite the recent unrest following the imposition of martial law by the Nepalese King, there appears to be renewed confidence in the destination and most government travel advisories warning against travel to Nepal have been withdrawn.

India's tourism goes from strength to strength (+15%

to the end of May) thanks largely to increased government commitment to tourism, which has resulted in open-skies policies with a number of countries and stimulated a sharp rise in airline capacity from important markets. Huge investments are also being made in tourism infrastructure.

UNWTO Panel of Tourism Experts

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

Prospects

The Asian Development Bank (ADB) expects GDP growth in the region's developing economies to slow in 2006, but to remain nonetheless robust, while the economies of China and India are forecast to expand. However, ADB believes the outlook for the whole region could worsen due to avian flu fears and high oil prices. The main concern over oil prices is that higher and higher fuel surcharges will be imposed, making travel too expensive.

As far as avian flu is concerned, the results of a recent survey sponsored by Visa International Asia Pacific with the Pacific Asia Travel Association (PATA), show that perceptions are difficult to control. While 43% of the 5,600 respondents to the survey (a representative sample taken from several key source markets) said they were considering holidays to Asia this year, up from 34% in 2005, avian flu was cited by respondents as the third biggest deterrent to travel to Asia, after media advisories and terrorism.

The situation is made worse due to confusion among potential travellers about which areas in Asia have been hit by avian flu. One third of respondents reportedly do not know the areas affected, and more than one in five believe that areas with no cases of avian flu have been affected.

Despite these concerns, which were also highlighted by UNWTO's Panel of Experts, there were several positive factors cited that are likely to influence tourism growth in and to Asia and the Pacific over the next few months, and indeed the whole of 2006. This explains why the panel's rating for the May through August period is so much higher (133), albeit three points down on their rating for prospects four months ago.

Among the positive moves that should stimulate tourism demand, ASEAN's ministers of tourism – who represent Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam – have agreed to speed up visa-free access for

ASEAN citizens and to work towards the development of a single ASEAN visa for foreign visitors. No date has been set for either measure but the ten ministers have already agreed on a joint marketing programme. The programme includes ASEAN information centres in Japan, China and Republic of Korea and there are discussions about cooperating in major international travel shows.

Indonesia has also increased the number of markets that can obtain visas on arrival, bringing the total to 52 (in addition to the 11 countries granted Visa-Free Short Visits). Another positive development is the possible return of Garuda to Europe with a daily flight to Amsterdam, Frankfurt or London.

A string of low-cost terminals are opening this year in South-East Asia – with dedicated facilities for Singapore and Kuala Lumpur. In Bangkok, the move to the new Suvarnabhumi airport before the end of 2006 will leave Don Muang Airport to low-cost carriers and charter flights.

As far as Asian source markets are concerned, the good performances of Japanese companies have resulted in significant bonuses for employees which, it is hoped, will provide an added stimulus for travel abroad. China is expected to continue its staggering growth due to increasing liberalisation in outbound travel policy, as well as to the appreciation of its currency, the Yuan, with Asian destinations the major beneficiaries in the short term. Meanwhile the Republic of Korea continues its expansion

with a 20% increase in international tourism expenditure over the first four months of 2006.

In terms of market segments to watch, Asia's medical market has firmly taken root and, according to Abacus, could be worth US\$ 4 billion by 2012. Many countries are investing in the sector, among which India, Thailand, Singapore, Malaysia and the Philippines.

Demographics will also play an increasingly important role in the region's short- and long-term tourism future. Asian Demographics points out that, with a few exceptions – e.g. India – Asia is not a young market, as many believe. For example, China's one-child policy has created a numeric imbalance between older and younger generations in the same way that the baby-boomers' generation has in Japan. Japan has the largest and most affluent baby-boomer market which, according to JTB Foundation, is currently driving the country's outbound travel, together with Generation X (those born between 1965 and 1980). The younger Generation Y is less eager to travel, preferring to purchase goods, so the travel industry must compete with home entertainment and the internet for their attention.

In other parts of Asia, the over-40 segment in Hong Kong (China), Taiwan (Pr. of China) and the Republic of Korea is climbing the fastest and already having an impact on travel patterns and behaviour.

International Tourism Receipts							Series International Tourism Expenditure																			
US\$	Local currencies (% on previous year)						US\$	Local currencies (% on previous year)																		
2005	2005					2006*	2005	2005					2006*													
(million)	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	
<i>Asia and the Pacific</i>																										
<i>North-East Asia</i>																										
29,296	13.8	24.0	18.6	12.6	3.1	3.5	3.5	1.4	9.9	0.1																
10,119	12.3	15.8	10.9	11.0	11.6																					
12,440	12.5	9.6	9.6	12.2	18.3	10.5	11.3	25	2.2	8.5	8.6															
5,660	-4.4	4.0	-1.6	-2.4	-2.2	-11.2	-12.4	-16	-20	-0.9	-7.5															
5,040	24.3	25.0	34.7	27.5	12.7	-0.5	-0.5																			
4,316	-10.0	-2.7	-4.6	-7.1	-2.5																					
147																										
8,543	3.9	3.9	2.4	4.4	4.7																					
2,130	5.9	7.7	3.8	11.2	1.5																					
5,740	8.3	8.8	12.9	12.1	0.6	22.1	22.1																			
10,108	0.7	-7.6	4.0	0.8	6.1	25.2	25.2																			
<i>South-East Asia</i>																										
4,316	-10.0	-2.7	-4.6	-7.1	-2.5																					
147																										
8,543	3.9	3.9	2.4	4.4	4.7																					
2,130	5.9	7.7	3.8	11.2	1.5																					
5,740	8.3	8.8	12.9	12.1	0.6	22.1	22.1																			
10,108	0.7	-7.6	4.0	0.8	6.1	25.2	25.2																			
<i>Oceania</i>																										
14,938	5.4	8.1	3.0	6.3	4.2	6.1	5.2	4.6	5.6	5.3	8.9															
92																										
431	1.6	8.9	-2.3	0.9	0.3																					
4,977	-2.2	-5.3	-2.3	4.6	-3.0																					
..	17.6	8.2																								
77																										
70	4.8	4.6	3.4	2.3	8.8																					
19	48.6	148	21.8	25.3	46.3	-22.5	-22.5	70	-12	-32																
7,356	17.3	18.5	26.0	10.3	16.3																					
180	1.1	-10	2.4	-4.3	19.5																					
..	-22.3	-39	35.2	-19	-40	82.1	108	194	17	101	30															
<i>South Asia</i>																										
137	-19.9	-33	7.6	-28	-17																					
..																										
5,835	12.0	37.4	6.9	-3.2	12.5																					
1,270	0.2	-27	4.6	0.0	32.7																					
314																										

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

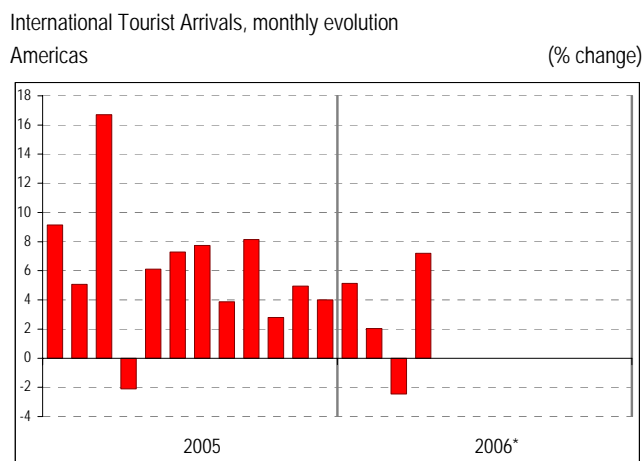
See box at page 7 for explanation of abbreviations and signs used

The Americas

Results

After recording a 6% increase in arrivals in the region overall in 2005, the different subregions of the Americas appear to have turned in very mixed performances in the first four months of 2006, resulting in an average increase of less than 3%, a result much influenced by the performance of North America. Interestingly, the weaker performance is not clearly reflected in the comments and ratings of UNWTO's Panel of Experts, except in the – understandable – case of Mexico. So this means that, when a more comprehensive set of data is available for the January through April period (including the whole Easter period), the picture may be different.

Meanwhile, whereas Central America (+11%) has sustained its impressive double-digit growth level achieved in 2004 and 2005, the Caribbean (+7%) has significantly improved its average. South America's growth has slowed somewhat (+8%) over the double-digit performance of the past two years, but it nevertheless remains comfortably above the world average.



Source: World Tourism Organization (UNWTO) ©

North America, on the other hand, recorded a decline of 0.4% overall in the first months of 2006. In the case of the USA, stagnant tourism numbers can be attributed to a 10% decline in arrivals from Western Europe. This in turn seems to have been due to confusion over the US Government's tougher immigration and passport/visa requirements, which have had a fairly serious impact on nationals from Visa Waiver Program countries. The growth in arrivals in the USA from Canada through the first three months of the year can be attributed to the strength of the Canadian dollar. It is nonetheless important to note that this data reflects trends for only the first three months of the year.

By contrast, the strong Canadian dollar –which has attained its highest value against the US dollar in nearly 30 years– has also had a negative impact on Canada's inbound tourism, with foreign arrivals falling by 4% from January through April 2006. (However it has boosted outbound flows, in particular to destinations other than the USA). The sustained increase in motor vehicle fuel prices and

mixed messages regarding the proposed US Western Hemisphere Travel Initiative are also affecting tourism from the USA to Canada.

Mexico's 2% drop is of course totally attributable to the fact that affected areas were still recovering from Hurricane Wilma, which hit the Yucatan Peninsula in October 2005. From November to March arrival figures were between 4% and 7% down compared with the same months of the previous year. However, April was the first month to show positive growth again (+4%).

The temporary closure of many hotels and of cruise port facilities, as well as the damage caused to the overall infrastructure, had a severe impact on the destination's high season results. According to the Mexican Association of Hotels and Motels, this resulted in 365,000 fewer tourists and a shortfall of US\$ 255 million in receipts over the period October 2005 through February 2006.

Despite this, the Cancun Convention & Visitors Bureau (CCVB) remains positive saying that, while Hurricane Wilma caused widespread devastation along the Riviera Maya, "this lady did do some good since, because of her, we are a completely revitalised destination." Practically all Cancun's hotel and conference facilities have been – or are being – rebuilt. Some 20,000 rooms were operational by the end of April – out of a total 27,000 or so prior to October 2005. Hotels are currently running at around 80% occupancy – up from an average of 72% in 2005 – which is a remarkable achievement given the hurricane season's impact.

Many of the hotels are now considered safe havens in the event of a future hurricane because of the extremely solid way in which they have been reconstructed. In addition, all the main streets, restaurants and shopping facilities are new, and the main boulevard that runs through Cancun has 3,000 new palm trees brought in from other parts of the country.

At least US\$ 1.6 billion has been invested by the Mexican Government and private insurance companies to aid the recovery, according to the CCVB. Some US\$ 20 million was spent by government just on Cancun's beaches.

Very healthy tourism performances from two major destinations in the Caribbean, the Dominican Republic (+12%) and Jamaica (+16%), the good results of Cuba (+4%), with even stronger increases for some smaller islands, such as Cayman (+84%), recovering from 2005 strong hurricane season's impact, demonstrate that the Caribbean is very much in favour. There have been a few poorer performances, e.g. from St Lucia and Bonaire, but gaps in data coverage mean that trends may still alter.

Interestingly St. Lucia attributes its decline in part to the end of the tsunami diversion effect, although this is not rated as a factor influencing tourism to other Caribbean islands. But some say they have benefited from a temporary shift away from Cancun.

The stronger US economy, greater consumer awareness of the region's tourism attractions and, most importantly, improved airlift, are cited as the main reasons for the good growth overall. In addition, more aggressive

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)																		
	Series	2004	2005	04/03 05/04	Series	2006*										2005				2004			
		(1000)	(%)	(%)		YTD	Q1	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Americas		125,900	133,612	11.2	6.1		2.7	1.4	5.1	2.0	-2.5	7.2		10.5	3.8	6.5	3.9	11.9	15.6	9.5	8.0		
North America		85,848	90,084	10.9	4.9		-0.4	-1.9	4.7	-2.1	-6.7	4.0		10.7	3.3	4.9	1.8	10.5	16.9	9.3	7.3		
Canada	TF	19,145	18,768	9.2	-2.0	TF	-3.8	-6.9	-1.8	-10.5	-7.4	4.1		4.7	-1.5	-3.2	-4.5	-3.4	17.2	11.2	4.6		
Mexico	TF	20,618	21,915	10.5	6.3	TF	-2.2	-4.0	-3.5	-3.6	-4.8	3.8		11.4	8.0	10.9	-4.0	14.6	7.7	9.1	10.5		
United States	TF	46,085	49,402	11.8	7.2	TF(1)	0.5	0.5	11.1	1.2	-7.5			12.6	3.8	8.2	7.3	11.7	20.2	7.3	5.6		
Caribbean		18,091	18,873	5.9	4.3		6.7	5.5	4.4	7.0	3.9	11.8		5.0	1.4	4.3	6.8	8.2	9.4	4.5	1.3		
Anguilla	TF	54	62	15.1	15.0	TF	16.5	9.7	11.3	7.6	10.3	37.2		16.5	8.8	10.7	24.7	18.9	25.3	16.5	-0.6		
Antigua, Barb	TF	245	239	9.6	-2.7	TF(2)	4.0	3.0	-1.8	9.6	1.7	6.7		4.1	-10.6	-6.0	0.3	19.0	12.2	4.5	2.6		
Aruba	TF	728	733	13.4	0.6	TF	-15.8		-15.8					13.4	2.8	-5.2	-7.9	14.0	18.5	11.6	10.2		
Bahamas	TF	1,561	1,608	3.4	3.0	TF(2)	3.9		5.6	2.5				-4.1	-0.8	12.8	15.5	7.9	9.8	-5.2	-9.6		
Barbados	TF	552	548	3.8	-0.7	TF	4.5	1.6	3.5	5.1	-3.3	13.8		1.9	-5.4	-4.1	4.2	11.5	1.9	4.9	-2.7		
Bermuda	TF	272	270	5.9	-0.7	TF	4.6	-1.3	0.8	3.6	-5.1	14.1		12.4	3.9	-9.5	-1.9	-7.0	-5.1	12.2	28.6		
Bonaire	TF	63	59	1.6	-7.3	TF	0.6		-11.9	13.8				-14.8	-4.6	3.0	-9.7	12.8	9.9	-12.1	-4.0		
Br. Virgin Is	TF	305	337	-4.2	10.7	TF	3.3	1.0	-0.5	24.2	-11.2	10.5		19.7	6.0	20.9	-7.0	1.0	18.2	0.6	19.8		
Cayman Islands	TF	260	168	-11.4	-35.4	TF	84.2	84.2	110	89.4	67.4	84.2		-56.2	-51.9	-39.6	174.2	8.6	17.6	1.7	-76.0		
Cuba	TF	2,017	2,261	9.2	12.1	VF	4.3	2.5	-3.2	4.7	5.8	7.5	8.8	7.5	8.6	24.9	15.1	13.2	11.5	2.6	1.3		
Curaçao	TF	223	222	0.9	-0.6	TF	4.1	-0.1	1.4	5.4	-6.0	18.2		7.5	-7.4	-7.5	4.7	8.1	5.1	1.7	-9.1		
Dominican Rp	TF	3,450	3,691	5.1	7.0	TF	11.5	7.6	5.8	10.9	6.2	24.5	12.5	8.0	7.7	5.3	6.8	8.9	6.5	2.5	2.6		
Grenada	TF	134	98	-6.0	-26.6	TF	30.5	26.6	28.4	28.3	23.2	44.2		-30.9	-38.8	-35.5	19.4	6.0	13.3	-1.4	-40.9		
Jamaica	TF	1,415	1,479	4.8	4.5	TF	15.7	10.5	11.9	12.5	8.0	32.1		7.9	-2.4	-3.5	17.9	7.0	12.0	1.7	-1.7		
Martinique	TF	471	484	3.9	2.8	TF	-0.6		0.0	-1.2				6.9	-1.0	3.5	-10.0	-6.0	1.7	12.5	11.6		
Montserrat	TF	10	10	13.7	1.3	TF	-7.8		-9.8	-5.8				6.4	-1.3	-6.6	-11.4	22.2	18.7	20.6	22.2		
Puerto Rico	TF	3,541	3,686	9.3	4.1	THS(3)	10.6		10.6					3.1	2.3	5.1	0.2	5.4	8.6	8.6	4.9		
Saba	TF	11	11	7.3	4.1	TF	-3.9	-5.4	-18.6	9.2	-7.2	0.5		18.4	0.8	-5.1	2.1	6.0	6.9	11.8	4.6		
Saint Lucia	TF	298	318	7.8	6.5	TF	-9.6	-2.3	-3.0	5.1	-8.2	-25.4		15.6	12.5	-5.8	4.0	3.0	3.2	11.0	15.1		
St. Eustatius	TF	11	10	5.8	-6.3	TF								-1.6	-9.4	-18.3	5.2	10.3	3.1	8.7	-10.7		
St. Maarten	TF	475	462	11.1	-2.7	TF(2)	-1.6	-1.6	-3.6	4.8	-5.4			1.4	-3.3	-3.7	-1.4	19.0	13.1	9.0	2.7		
St. Vincent, Grenadines	TF	87	..	10.4	..	TF			-0.3					43.4	-4.8	6.7		12.8	14.4	6.1	9.5		
Trinidad Tbg	TF	443	..	8.2	..	TF								14.3	2.9	1.0		12.2	6.2	5.5	10.7		
US. Virgin Is	TF	544	..	1.1	..	VF(2)	0.4	-2.8	-0.6	0.4	-7.0	10.4		15.9	0.0	-0.2	6.4	1.0	19.9	6.5	-0.7		
Central America		5,740	6,549	17.2	14.1		11.2	10.7	16.6	11.2	4.7	13.0		17.9	14.1	20.1	5.1	18.5	14.1	12.6	23.0		
Belize	TF	231	236	4.7	2.4	TF								4.9	4.1	-2.5	1.9	12.6	-0.4	-1.4	6.2		
Costa Rica	TF	1,453	1,679	17.3	15.6	TF								13.3	25.1	21.3	5.2	31.3	13.0	1.5	22.3		
El Salvador	TF	966	1,154	12.7	19.5	TF	22.5	20.0	27.2	29.6	6.2	30.0		7.2	17.7	32.5	20.8	7.5	-4.1	25.9	26.0		
Guatemala	TF	1,182	1,316	34.2	11.4	TF	12.2	12.2	27.1	12.9	-0.8			26.9	2.5	11.6	6.0	21.2	48.0	38.5	29.9		
Honduras	TF	672	749	10.1	11.4	TF	7.0	7.0	7.0	7.0	7.0			30.9	14.6	39.6	-22.2	-6.2	7.1	-12.0	57.7		
Nicaragua	TF	615	712	16.9	15.9	TF	-0.2		13.4	-13.8				39.0	11.3	12.6	3.4	19.3	14.7	15.6	18.2		
Panama	TF	621	702	9.8	13.0	VF	8.6	9.1	1.6	17.0	10.4	6.5		3.1	8.8	6.4	9.3	32.1	11.8	6.1	-4.1		
South America		16,221	18,106	17.2	11.6		7.9	6.1	3.5	8.2	7.1	16.3		13.0	6.0	15.9	10.1	19.3	17.1	16.4	14.3		
Argentina	TF	3,457	3,895	15.4	12.7	TF	11.9	11.9						11.7	7.5	19.1	12.4	26.8	8.9	11.6	13.0		
Bolivia	TF	405	423	9.3	4.5	THS								10.0	-5.7			8.7	-0.4	-3.6	28.9		
Brazil	TF	4,794	5,358	16.0	11.8	TF								13.4	7.9	16.6	8.6	6.1	20.3	29.2	17.3		
Chile	TF	1,785	2,027	10.6	13.6	TF	12.5	12.5						13.9	4.3	16.2	17.3	21.1	14.2	7.2	0.4		
Colombia	VF	791	933	26.6	18.0	VF	15.4	12.1	6.2	20.5	10.2	26.7		23.2	11.2	35.4	9.5	19.5	52.0	19.1	22.6		
Ecuador	VF	819	861	7.6	5.1	VF	-8.4	-11.8	0.9	-22.0	-14.2	5.0		20.8	4.0	-4.5	1.5	11.4	6.8	3.2	10.2		
Guyana	TF	122	117	20.9	-4.4	TF	15.2	8.1	24.5	18.1	-8.5	50.9	-2.0	0.0	-11.7	-5.9	1.2	23.0	28.7	32.5	1.6		
Paraguay	TF	309	341	15.3	10.2	TF	22.8	21.4	30.1	17.0	16.3	27.6		10.3	7.5	12.8	9.9	16.4	15.5	10.9	19.0		
Peru	TF	1,277	1,486	19.4	16.4	TF	15.5	15.5	14.9	18.0	13.6			17.9	15.5	17.3	14.8	21.0	20.7	16.2	20.3		
Suriname	TF	138	160	68.1	16.1	TF								24.7	20.5	15.8	6.1						
Uruguay	TF	1,756	1,808	23.7	2.9	VF	-6.2	-10.7	-3.8	-9.9	-24.8	29.1		7.0	-12.0	7.0	2.0	40.1	23.2	11.6	14.0		
Venezuela	TF	486	605	44.3	24.3	TF								15.8	19.5	37.3	22.8	121.4	19.6	42.8	29.0		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

See box at page 7 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

marketing and promotion in key and emerging source markets, with an increased emphasis on cooperative efforts with the private sector, have also seen good returns on investment.

The Dominican Republic, for example, is seeing new business from markets such as Russia, the Ukraine, Poland and Bulgaria, and Cuba is expecting increases from Venezuela and other Latin American source countries.

Although there are still gaps in coverage that may influence final results – notably from Costa Rica, for which anecdotal evidence points to a disappointing first quarter – Central America has turned in another stellar performance, recording double-digit growth in arrivals in the first four months of the year.

El Salvador is the big success story, achieving a growth of nearly 23% in arrivals from January through April, attributed to the enthusiastic support of all stakeholders in the destination's tourism, including the country's President. The National Plan for Tourism Development to 2014 focuses on El Salvador as an important meeting place, whether for business or pleasure, offering a wide range of attractions, activities and facilities. Guatemala also recorded double-digit increase in arrivals (+12%), while results in Nicaragua (-0.2% in the first two months of the year) were negatively impacted by the fact that since 2005 tourists from Costa Rica are required visa payment.

Important advances in airline connectivity, communications infrastructure and a sustainability mindset have all contributed to Central and South America's robust results over the past couple of years. International arrivals in Argentina are reported to be up 12% in the first quarter of 2006, with the stable exchange rate sustaining the competitive advantage derived from the peso's devaluation in January 2002. Brazil, where receipts were up by 20% in the first quarter, is also reported by the UNWTO Panel of Tourism Experts to be showing continued strong growth this year, with regional markets such as Argentina well up on the same period in 2005.

Other strong markets include Chile (+13% for the first quarter) which, according to Sernatur, has reaped good returns from investment in long-haul markets. Asia is up 20% and Europe 11% overall, with the UK recording a 30% increase. Even more impressive have been the results reported by Colombia (+15%) – attributed to improved security and extensive marketing and promotions – Guyana (+15%) and Paraguay (+23%).

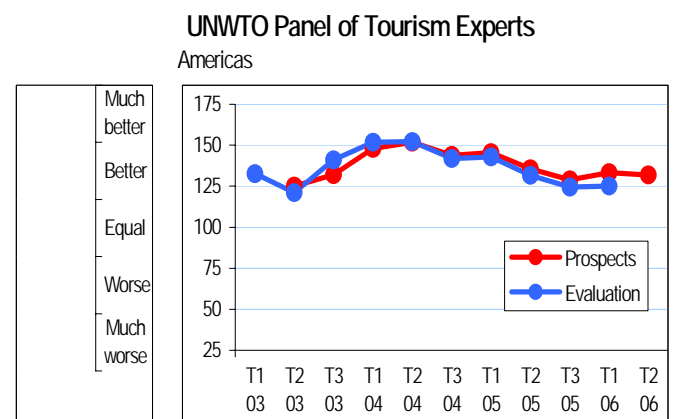
There were nonetheless weaker performances from Ecuador (-8%) and Uruguay (-6%). Sustained development in Ecuador's tourism has been somewhat comprised by the social, political and economic situation in the country and in neighbouring countries. Uruguay's results, meanwhile, have been negatively affected by blockades of bridges linking the country to Argentina by Argentine environmentalists protesting against the construction of pulp mills on the Rio Uruguay.

Venezuela's tourism also continues to be affected by the collapse of a viaduct on the highway between Caracas and the airport. The journey now takes four hours and weekend travel to the interior is suspended. Nevertheless, a

huge effort by Mintur, the Ministry of Tourism of the Bolivarian Government of Venezuela, to enhance and diversify the country's tourism product, has already produced excellent returns. In addition, important investments have been made in building up the airline Conviasa and the state-tourism company, Venetur, set up to develop tourism products and activities and to market events.

Prospects

Although the overall result so far seems below target, prospects for the next four months are bright, according to the ratings of the Panel of Experts from the Americas. Improved political stability is one factor cited, as well as increased promotional efforts – supported by investments –, opening up new tourism projects, such as on the north coast of the Dominican Republic, Boca Chica, Andres and Juan Dolio.



Source: World Tourism Organization (UNWTO) ©

Also important is the fact that, thanks in part to increased marketing and promotional efforts by the subregion's governments, Central and South America is seeing good growth in intra-regional and domestic tourism, which is expected to be sustained.

Central and South America are bullish about prospects from Europe, especially given the strong euro. Costa Rica is one of the fashionable destinations in the region for increasingly environment-friendly Europeans. However, passport and visa issues may continue to affect demand from Europe for the USA, and tourism to northern British Columbia in Canada could be seriously undermined by the sinking of the North Coast ferry and closure of the route.

There are, of course, a number of uncertainties, not least regarding the region's major source market, the USA. The impact of high oil prices, higher interest rates and consumer indebtedness could have an impact on outbound travel demand by US travellers, as could security and health concerns. There are already signs that long-haul travel is being replaced by short-haul trips, although air transport is likely to be less affected than land travel by private or rented vehicles.

The hurricane season in the Caribbean has officially started, but local authorities and the tourism industry are

confident that they are better prepared than ever before to meet the challenges this might bring. Cancun reports solid bookings for the next few months and the industry is quietly confident that business will be good through the summer. In line with measures taken by other hurricane-

afflicted regions, such as Florida, Cancun is offering incentives to meeting planners not to shun the region. If a hurricane hits, causing a cancellation, the meeting's organisers can expect to be handsomely compensated.

International Tourism Receipts											Series International Tourism Expenditure																
US\$		Local currencies (% on previous year)									US\$		Local currencies (% on previous year)														
2005	2005	2006*				2006*						2005	2005	2006*				2006*									
(million)	YTD	Q1	Q2	Q3	Q4	YTD	Q1	J	F	M	A	M	(million)	YTD	Q1	Q2	Q3	Q4	YTD	Q1	J	F	M	A	M		
<i>Americas</i>																											
<i>North America</i>																											
13,584	-1.5	5.5	-1.6	-2.6	-6.8	-5.8	-5.8						Canada	sa	18,370	6.8	6.1	3.2	8.6	9.6	5.7	5.7					
11,755	9.3	18.0	14.7	11.2	-6.2	-3.2	-5.5	-2.0	-6.7	-7.3	4.6		Mexico	\$	7,607	9.3	12.3	10.6	7.9	7.1	6.8	2.4	2.2	3.0	2.0	19	
81,680	9.6	11.9	12.1	9.0	5.5	2.8	3.6	8.1	1.4	1.5	0.5		United States	sa	69,175	5.2	8.9	6.9	3.5	1.8	-0.1	-0.6	1.1	-2.8	-0.2	1.4	
<i>Caribbean</i>																											
86	25.3	32.6	16.9										Anguilla	..													
..	-5.0	1.2	-12										Antigua, Barb	..													
1,096	4.1	3.0	9.0	7.5	-1.7								Aruba	241													
2,069	11.8	4.0	8.5	25.2	14.0								Bahamas	344	9.2	18.0	5.4	22.7	-6.5								
772	-0.4	0.2	-6.9	8.1	2.0								Barbados	108													
393	18.4	18.4											Bermuda	294	0.0	0.0											
85	1.7	18.6	-7.0	4.3	-7.5								Bonaire	5	-8.7	7.7	17.4	-8.7	-41								
239	7.5	18.8	1.8	-2.6	9.9								Curaçao	167	-12.8	-5.8	-7.6	-24	-12								
..	-8.9	-5.6	-13										Dominica	..													
3,508	11.7	22.3	7.5	10.6	2.9								Dominican Rp	\$..												
..	-35.1	-34	-37										Grenada	..													
1,545	8.9	8.0	3.5	11.7	12.7	9.7		9.7					Jamaica	\$	249	-13.1	-13	-24	-8.0	-9.1	-6.4		-6.4				
3,239													Puerto Rico	\$	1,142												
..	12.8	14.1	11.4										Saint Lucia	..													
..	19.8	4.5	39.3										St. Kitts-Nevis	..													
619	1.1	-1.0	0.1	1.3	4.1								St. Maarten	104	18.3	13.7	56.5	8.2	-1.5								
..	3.5	17.6	-12										St. Vincent, Grenadines	..													
<i>Central America</i>																											
..	2.4	7.0	3.9	-5.4									Belize	..	-1.8	13.2	-18	-3.0									
1,551	14.2	11.6	29.3	20.8	-0.8								Costa Rica	\$	..	4.6	1.0	7.8								
543	61.0	47.3	108	64.3	31.1								El Salvador	\$	347	44.6	189	-60	37.1	24.9							
869	12.8	14.1	11.9	23.5	3.3	16.5	21.0	22	22	19	12	8.2	Guatemala	\$..	2.7	11.9	3.8	13.1	-13	13.4	17.0	16	18	17	1.7	14
472													Honduras	\$	248												
207	7.9	33.0	-1.3	5.6	-3.6	-1.0	-1.0						Nicaragua	\$	90	1.1	18.8	-4.3	0.0	-6.3	4.8	4.8					
780	19.8	17.6	23.6	20.8	18.0	16.3	16.3						Panama	271	13.5	26.3	17.8	10.8	-0.8	-16.2	-16.2						
<i>South America</i>																											
3,336	30.1	26.8	29.6	30.8	33.2								Argentina	\$	3,341	12.7	13.6	11.9	8.4	16.7							
190													Bolivia	\$..												
3,861	19.8	14.7	15.2	39.6	13.3	19.7	20.5	18	10	33	17		Brazil	\$	4,720	64.4	47.7	82.7	91.3	39.9	40.4	43.7	34	40	59	32	
1,256	9.3	9.0	7.7	7.9	11.3	8.4	8.4						Chile	\$	1,057	8.2	33.8	-14	-4.6	19.6	11.3	11.3					
1,218	15.1	21.4	17.3	16.1	8.7								Colombia	\$	1,127	1.7	2.1	-0.3	15.7	-11							
486	5.1	25.9	-1.3	-1.2	-1.2								Ecuador	\$	401	2.6	1.3	1.4	3.5	4.4							
82	22.4	16.7	13.2	14.6	45.5								Paraguay	\$..	3.1	16.8	-1.6	-6.1								
1,241	15.0	16.6	24.0	-1.4	30.0	14.3	14.3						Peru	\$	680	9.6	17.5	20.9	-19	39.2	9.4	9.4					
594	20.2	26.9	12.1	30.1	6.5								Uruguay	\$	194	30.0	103	44.3	24.5	-28							
641													Venezuela	1,281													

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

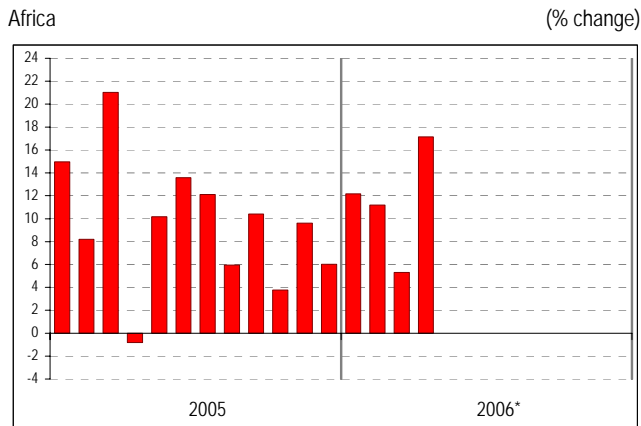
See box at page 7 for explanation of abbreviations and signs used

Africa and the Middle East

Results

Africa was the only region in the world to perform better in 2005, in terms of international tourist arrivals growth, than in 2004. And the growth trend has continued into 2006, according to preliminary data gathered by UNWTO.

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

Although there are still several gaps in data coverage of the subregion, Subsaharan Africa's arrivals are estimated to be up around 12% over the first few months of 2006. This is largely due to stellar performances from Kenya (+14% through March) and the Seychelles (+11% through the month of May).

The Seychelles attributes its success to new product awareness, thanks largely to the 'Affordable Seychelles' campaign, which has shifted perceptions about the islands, too often seen as only a five-star holiday destination. Cooperation between hotels and the airlines has resulted in attractive package rates in the low season. In addition, the Seychelles has benefited from new investments, both in infrastructure and accommodation, as well as from expanded airline capacity from Europe and from Qatar. Growth has been particularly impressive given that the destination, like Reunion and Mauritius, was hit by Chikungunya fever earlier in the year.

Although arrivals fell by more than 14% in March due to the "Easter effect", Mauritius achieved 7% growth in arrivals over the first four months of 2006. Thanks to a speedy reaction from the authorities, the negative impact of Chikungunya fever was outweighed by positive factors such as open-skies access for airlines and a bigger government budget for tourism. The Chikungunya virus, which is transmitted by mosquitoes, had a rather severe impact on the island of Reunion, with a large number of people infected.

South Africa continued the strong performance already apparent last year, with an increase for January and February of 14%. Confidence in the destination's tourism is high as a result of increased marketing by South African Tourism in existing and emerging markets, improved airlift, and the hosting of a number of high-profile events in the first four months of the year, such as the Formula 1 Grand Prix and the Australian Cricket Tour. The only

negative influences have been the strong rand –although this has softened somewhat in the past months and South Africa is still seen as a good-value-for-money destination – and the fragile political situation in neighbouring Zimbabwe.

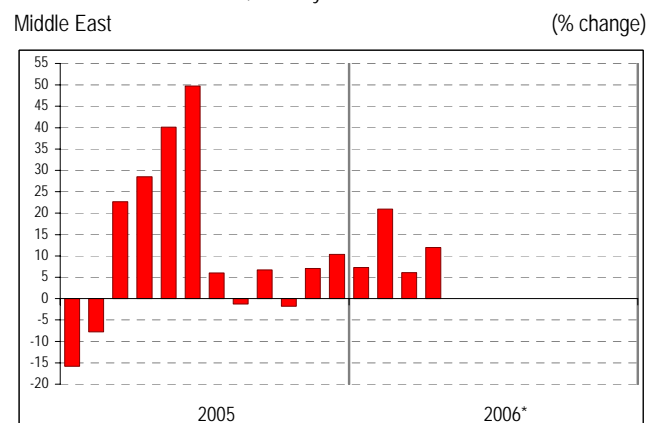
In other parts of the subregion, Liberia is still suffering the aftermath of more than 14 years of civil war, which officially ended in 2004. Security continues to be a concern for investors, as does the lack of pipe-borne water and electricity. But the situation is expected to improve in the near future. Additional resources for tourism development and promotion have created increased awareness of Zambia's tourism potential and new investments – including an increase in hotel bed capacity on the Zambia side of Victoria Falls – have also permitted product enhancement and diversification and stimulated demand. A new Hospitality Bill is being introduced, and this is expected to help remove red tape, encourage public-private partnership, and introduce a tourism levy that will provide funds for equitable distribution among industry players.

North Africa recorded around 9% growth in the first four months of this year, due in particular to Morocco's 17% increase in arrivals. The government's open-skies agreement with Europe, which is bringing new low-cost airline service to the destination, not to mention huge investments in infrastructure, have contributed to raising confidence in Morocco's tourism, as well as attracting growth from existing and new markets. Over 8 billion euros are being invested in the country's tourism sector, of which half in the hotel sector. The destination hopes to triple its bed capacity to 230,000 units by 2010.

Tunisia's arrivals increase has been less impressive this year (+2.5%) although, after negative trends in the first quarter, numbers picked up sharply in April.

Middle East's arrivals increased by an estimated 11% so far this year, boosted by a very strong performance from Lebanon (+49%) and from Bahrain (+30%). Egypt's performance fluctuated (+3% through May, but with very different results from one month to another), while Jordan reported a 5% quarter one increase in tourist arrivals. However the picture might still change as data is still missing for a number of destinations, among which Saudi Arabia, the Middle East's leading destination.

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

Lebanon rebounded strongly from the negative results of the first part of last year. The political tension and civil unrest that spread through 2005, starting with the car bombing that killed former Prime Minister Rafiq Hariri, has eased significantly in recent months. The last major incident was in December 2005. Stricter immigration controls plus the recognition, on the part of tourists, that terrorism can occur anywhere, has stimulated the recovery in demand. Arab tourism, in particular, is booming.

Egypt has also suffered more than its fair share of terrorism but, as for Lebanon, the terrorist attacks in Dahab on 24 April 2006 – the fifth of such attacks in 18 months – have highlighted the fact that the country and its tourism sector are well experienced at restoring confidence. A new airport terminal has just opened at Hurghada, and expansion at Sharm-el-Sheikh airport is due to be completed in July. Also, a major expansion at Cairo airport is underway, which should increase passenger capacity to 18 million from 9 million today.

Another destination for which little 2006 data is so far available – but which, by all accounts, continues to be a major success story – is the United Arab Emirates. Its emirate Dubai, where arrivals were up by 7% through

April, has not ceased to amaze the rest of the world with its initiative and innovation, but neighbouring emirates, notably Abu Dhabi and Qatar, are catching up fast and attracting new tourism business from around the world.

Prospects

The only cloud on the horizon, as the Africa and Middle East region enters the summer season, is that the stock market crash in Saudi Arabia might lead to a decline in demand for holidays abroad. So, favourite summer destinations such as Egypt may suffer. Nevertheless, Lebanon is reporting good bookings from Saudi Arabia – in fact, from the whole Middle East region – and Arab investments in real estate in Beirut and Mount Lebanon are reportedly breathing new life into the country.

In addition, it is important to note that competition for the lucrative Middle East outbound market is growing and that a number of countries, such as Australia, are making efforts to simplify visa requirements and processing for Arab nationals, and this is starting to have a very positive impact on demand.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)																
	Series	2004	2005	04/03 05/04	Series	2005										2004					
		(1000)	(%)	YTD		Q1	Jan	Feb	Mar	Apr	May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Africa		33,435	36,779	8.4	10.0		11.3	7.2	12.2	11.2	5.3	17.1	14.8	7.4	9.5	6.5	0.1	4.6	10.9	11.3	
<i>North Africa</i>		<i>12,769</i>	<i>14,330</i>	<i>15.1</i>	<i>12.2</i>		<i>9.2</i>	<i>2.9</i>	<i>6.4</i>	<i>2.7</i>	<i>-0.1</i>	<i>24.1</i>	<i>13.0</i>	<i>19.5</i>	<i>10.6</i>	<i>9.8</i>	<i>18.9</i>	<i>18.6</i>	<i>14.2</i>	<i>10.4</i>	
Morocco	TF	5,477	5,843	15.0	6.7	TF	17.2	11.7	15.2	10.2	9.0	31.2	6.0	10.7	1.1	14.0	20.9	15.8	15.1	11.4	
Tunisia	TF	5,998	7,106	17.3	18.5	TF	2.5	-5.1	-3.7	-3.8	-7.0	18.6	7.5	12.5	8.0	-4.8	19.0	24.0	14.6	13.5	
<i>Subsaharan Africa</i>		<i>20,665</i>	<i>22,448</i>	<i>4.7</i>	<i>8.6</i>		<i>12.4</i>	<i>9.0</i>	<i>14.5</i>	<i>14.8</i>	<i>7.8</i>	<i>12.7</i>	<i>15.6</i>	<i>0.1</i>	<i>8.3</i>	<i>5.0</i>	<i>-6.6</i>	<i>-2.4</i>	<i>7.6</i>	<i>11.7</i>	
Angola	TF	194	210	82.3	8.1	TF															
Cape Verde	TF	157	198	4.7	26.1	TF															
Gambia	TF	90	111	1.1	23.2	TF							21.6	34.7			-5.6	8.6	30.0	-1.8	
Kenya	TF	1,199	..	29.3	..	VF(1)	13.6	13.6	18.4	16.4	5.9		34.9	24.2	22.7	17.9	10.4	12.9	34.8	27.8	
Mali	TF	113	143	2.1	26.9	THS															
Mauritius	TF	719	761	2.4	5.9	TF	6.5	6.0	18.0	15.1	-14.4	8.3	7.1	2.4	5.2	7.8	1.5	-3.5	3.1	7.2	
Sao Tome Prn	TF	..	11	..	..	TF														
Seychelles	TF	121	129	-1.0	7.1	TF	10.5	8.1	17.5	22.7	-11.3	19.7	8.7	5.0	-3.7	11.4	12.1	-4.2	-10.5	1.6	9.4
Sierra Leone	TF	44	40	14.3	-8.2	TF															
South Africa	VF	6,815	7,518	2.6	10.3	TF	13.8		13.3	14.3			10.3	6.9	15.1	9.0	-0.8	0.8	2.8	7.3	
Swaziland	THS	459	839	-0.4	82.8	VF															
Togo	THS	83	81	36.5	-2.0	THS															
Uganda	TF	512	468	68.2	-8.7	TF								-14.2	-15.7			96.5	116.2	41.7	38.9
Zimbabwe	VF	1,854	1,559	-17.8	-15.9	VF								29.7	-34.6	-27.0	-19.2	-44.9	-28.2	-5.6	7.4
Middle East		36,265	39,711	19.9	9.5		10.8	10.3	7.3	20.9	6.1	12.0	-3.8	39.5	5.0	6.9	28.5	29.9	10.6	16.1	
Bahrain	TF	3,514	..	18.9	..	VF	29.6	37.1	4.2	17.6	20.0	10.3	-2.5	18.0	16.2	13.0	25.4	18.0	14.8	11.1	
Egypt	TF	7,795	..	35.7	..	VF	3.0	2.5	11.2	4.5	-5.8	12.6	-7.0	16.5	12.9	-7.4	6.7	52.3	79.8	23.3	7.6
Jordan	TF	2,853	2,987	21.2	4.7	TF	5.2	5.2	3.3	-1.6	14.1		3.2	15.1	6.7	-6.3	31.6	47.3	17.4	3.7	
Lebanon	TF	1,278	1,140	25.9	-10.9	TF	49.4	37.2	24.1	40.1	50.1	89.5	-11.3	-20.1	-10.8	1.8	33.3	54.6	16.7	13.4	
Palestine	TF	THS								-0.7	65.1	84.2		129.7	62.0	6.6	44.4
Saudi Arabia	TF	8,579	..	17.0	..	TF								-25.9	175.1			27.8	-7.2	-6.3	43.5
Untd Arab Emirates	THS	..	..	..	..	THS(2)	7.3	7.3	4.9	9.6	7.4		11.8	17.3	12.7	4.4	13.7	11.4	9.8	9.5

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

See box at page 7 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

International Tourism Receipts												Series International Tourism Expenditure														
US\$		Local currencies (% on previous year)										US\$		Local currencies (% on previous year)												
2005	2005	2006*					2006*					2005	2005	2006*					2006*							
(million)	YTD	Q1	Q2	Q3	Q4	YTD	Q1	J	F	M	A	M	(million)	YTD	Q1	Q2	Q3	Q4	YTD	Q1	J	F	M	A	M	
Africa																										
<i>North Africa</i>																										
4,617	17.6	15.8	19.8	22.3	10.0	18.2	16.1	28	11	7.4	26	Morocco	614					11.3	14.4	5.6	25	13	2.5			
..	-29.9	-48	-1.0									Sudan	\$..	334	354	321										
2,063	12.0	11.5	13.1	13.7	8.8	2.7	2.7					Tunisia	385													
<i>Subsaharan Africa</i>																										
562												Botswana	282													
112	2.6	-5.0	2.2	-9.4	22.5	86.7	86.7					Cape Verde	67	-13.7	4.6	-24	-16	-16	-10.4	-10.4						
517	4.5	-4.5	7.3	21.4	-3.3							Kenya	\$..													
26												Malawi	54													
871	9.6	9.1	1.1	10.5	16.5	27.7	28.2	40	21	23	26	Mauritius	273	14.8	17.9	26.0	13.3	4.4								
130	36.0	3.3	159	34	1.3							Mozambique	\$ 176	31.2	22.2	22.4	7.7	97.9								
350	-14.5	5.2	-5.5	-37	-16							Namibia	89	0.0	0.7	-0.7	0.0	0.0								
192	-21.9	-20	-22	-24								Seychelles	39	2.6	-4.2	0.0	11.1									
83												Sierra Leone	62													
7,327	14.8	17.7	15.6	16.2	10.6							South Africa	sa 3,375	5.7	8.4	3.2	3.4	7.7								
<i>Middle East</i>																										
6,856	11.9	12.5	11.2	10.0	15.0	12.2	12.2					Egypt	\$ 1,629	29.5	20.2	39.6	42.1	21.8								
1,441	8.3	6.2	15.3	10.3	0.8							Jordan	585	11.7	5.4	18.5	15.3	5.5								
760												Qatar	1,759													
..	71.8	37.4	223									Saudi Arabia	3,763	-15.2	0.3	-27	-16	-22								

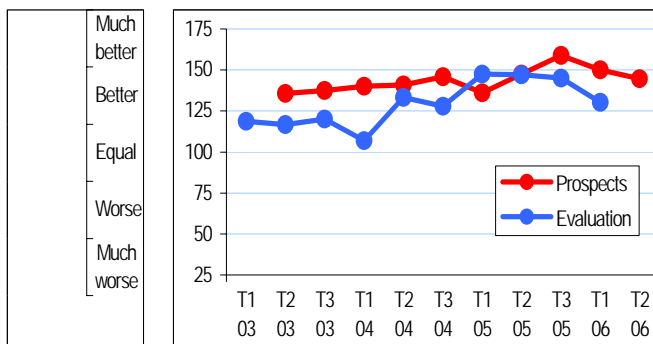
Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2006)

See box at page 7 for explanation of abbreviations and signs used

UNWTO Panel of Tourism Experts

Africa



Source: World Tourism Organization (UNWTO) ©

Developments in Africa that should be highlighted include a strong commitment by governments in many countries to stimulate domestic tourism, and in terms of supply, expanded accommodation capacity in destinations such as the Seychelles and Zambia. Mention should also be made to São Tome e Principe's new national park, Obo, whose flora, fauna and endemic birds are expected to attract increasing interest from foreign tourists.

Also important this year for Uganda is the centenary of the pioneering expedition by the Italian Duke of Abruzzi to the Mountains of the Moon, which resulted in vital botanic, zoological and geographic discoveries. A series of combined Italian-Ugandan Government celebrations of the important expedition have been planned and include a range of exhibitions, scientific conferences, and an

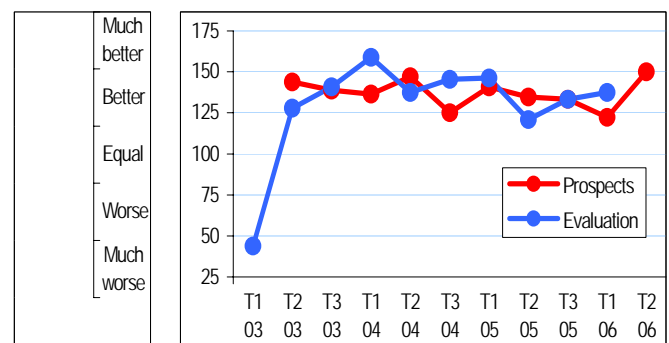
expedition up Mount Rwenzori exactly 100 years after the first one, led by the descendants of the Duke of Piedmont.

Zambia is putting a bigger effort into facilitating tourism and expects that the Southern African Development Community (SADC) UniVISA programme expected to be in place over the next months, will help boost tourism development, a benefit that will be extended to the 14 members of the SADC.

Meanwhile, Senegal – which was the host of UNWTO's last General Assembly in December 2005 – is starting to reap the benefits of the increased visibility gained through hosting the important UNWTO event. One important development is an agreement with South African Airways, which will make Dakar a new SAA hub, hopefully attracting tourists from both north and south.

UNWTO Panel of Tourism Experts

Middle East



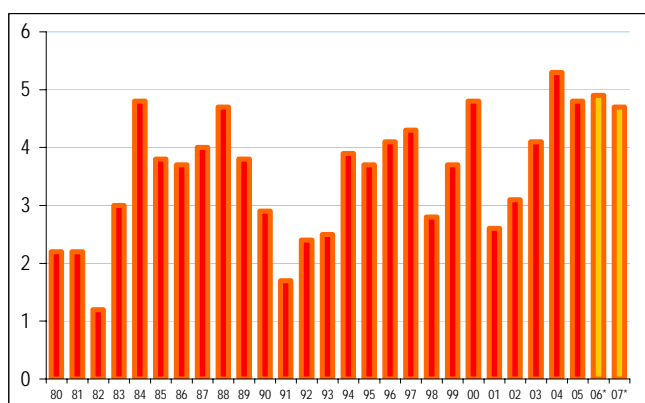
Source: World Tourism Organization (UNWTO) ©

The economic environment

Continued strong economic growth

“Global growth has continued to exceed expectations.” With these words the International Monetary Fund (IMF) began its latest *World Economic Outlook (WEO)* of last April with the subtitle *Globalization and Inflation* (www.imf.org/external/pubs/ft/weo/weorepts.htm). The forecast of 4.9% world GDP growth for 2006 is half a percentage point above IMF’s September 2005 estimate. Growth is expected to continue in 2007 at almost the same historically high rate, with the forecast for world GDP put at 4.7% for next year. Global production has increased since 2005, the service sector has proved resilient, the growth of international trade is almost into double digits and the labour market has strengthened, as have consumer confidence and that of the business community. The economies of the emerging market countries continue to be strong and, according to the IMF, those of China, India and Russia remain buoyant.

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



Source: International Monetary Fund

Against this general background the following points deserve particular mention:

- The expanding current account deficit of the United States, in contrast to the surpluses in the oil-exporting countries as well as in China, Japan and some of the emerging economies;
- Inflationary pressure remains surprisingly moderate;
- The emerging markets and the major corporations as net savers are helping to maintain low long-term interest rates.

Among the factors creating uncertainty the following give cause for concern: the rise in and volatility of oil prices, more inflexible financial market conditions, the persistence of structural imbalances and avian flu. Although the consumption of oil has been lower than expected, prices have risen owing to –to cite the International Energy Agency– market concerns about future supply.

The IMF takes the view that the challenges still to be met include correcting the structural imbalances that have to do with counteracting budget deficits in countries like the United States, strengthening domestic demand in countries

with budget surpluses and achieving more flexible rates of exchange in various countries. Only modest progress has so far been made in these areas. A lowering of the United States’ budget deficit could give rise to, among other things, a depreciation of the US dollar with a possible parallel appreciation of the national currencies of Asian and of oil exporting countries.

The Americas

The United States continues to be a powerful engine of growth. Its GDP is expected to rise by 3.4% in 2006, bringing the rate for the region as a whole to a predicted 3.6%. Company profits and comfortable financial terms are the causes of the expected growth, even though consumers are likely to curb their spending this year due to the slight cooling of the housing market and the hike in oil prices. In Canada, the relatively favourable terms of trade and increasing private consumption are fostering the development of the national economy, which is predicted to grow by 3.1% this year against a background of controlled inflation, although interest rates may have to rise. The most obvious risks for the Canadian economy are any slowdown in the US economy, an abrupt depreciation of the US dollar or a worsening of the terms of trade owing to weaker commodity prices. As in the previous financial year, the fiscal policy allows for a certain treasury surplus and the maintenance of contained government spending.

In Latin America and the Caribbean the growth rate is expected to be 4.3 %, half a percentage point up on the rate forecast in the previous issue of the WEO, a prediction influenced mainly by the higher than expected growth in countries like Argentina and Venezuela. Other decisive influences are the strength of domestic demand and the substantial external demand. According to the IMF, the factors that could possibly curb this dynamic situation are a weakening of regional exports, a worsening financial environment or an end to sound economic policies that could discourage investment from within and outside the region. For Mexico the strengthening of the global industrial cycle and the steady recovery of domestic investment are expected to yield a growth rate of 3.5% in 2006. The upsurge in oil prices has served to boost tax revenues. Brazil will stand to benefit from slightly lower rates of exchange that will stimulate investment. The country is expected to achieve growth of 3.5% in a market experiencing moderate price rises. Argentina’s economic expansion remains robust (7.3%), under the impetus of increasing domestic demand and high export levels. This expansion may however be at risk if prices are not kept down. The Andean countries as a whole experienced growth of 6.3% in 2005. This can be explained by the strengthening economies of Colombia and Peru, owing largely to increased domestic demand, as well as those of Venezuela, Bolivia and Ecuador, which have benefited from rising fuel prices. The Caribbean is forecast to grow by 5.3% because of its considerable income from tourism and the property boom. Central America will have a predicted growth rate of

Overview of the economic growth projections by the International Monetary Fund (IMF), World Economic Outlook, April 2006

	GDP US\$ bn	Growth of Gross Domestic Product (GDP), constant prices											
		Change over previous year (%)						Current projections		Trend ¹			Average (%)
		2000	2001	2002	2003	2004	2005	2006*	2007*	05-04	06*-05	07*-06*	1995-2005
World	44,433	4.8	2.6	3.1	4.1	5.3	4.8	4.9	4.7	-	=	=	4.0
of which:													
Advanced economies	34,012	3.9	1.2	1.6	2.0	3.3	2.7	3.0	2.8	-	+	=	2.7
Emerging market and developing countries	10,421	6.1	4.4	5.1	6.7	7.6	7.2	6.9	6.6	-	-	-	5.5
<i>By UNWTO regions:</i>													
Europe	15,817	4.5	2.2	2.0	2.3	3.6	2.7	3.1	3.0	-	+	=	2.6
Euro area	9,927	3.8	1.9	0.9	0.7	2.1	1.3	2.0	1.9	-	+	=	2.0
Germany	2,797	3.1	1.2	0.1	-0.2	1.6	0.9	1.3	1.0	-	+	-	1.3
France	2,106	4.1	2.1	1.3	0.9	2.1	1.4	2.0	2.1	-	+	=	2.2
Italy	1,766	3.0	1.8	0.3	0.1	0.9	0.1	1.2	1.4	-	++	=	1.3
Spain	1,127	5.0	3.5	2.7	3.0	3.1	3.4	3.3	3.2	+	=	=	3.6
Netherlands	625	3.5	1.4	0.1	-0.1	1.7	1.1	2.5	2.4	-	++	=	2.3
Belgium	372	3.7	1.2	1.5	0.9	2.4	1.5	2.1	2.4	-	+	+	2.1
Austria	307	3.4	0.8	1.0	1.4	2.4	1.9	2.2	2.1	-	+	=	2.2
United Kingdom	2,201	4.0	2.2	2.0	2.5	3.1	1.8	2.5	2.7	--	+	=	2.8
Switzerland	368	3.6	1.0	0.3	-0.3	2.1	1.8	2.2	1.7	-	+	-	1.5
Sweden	359	4.3	1.1	2.0	1.7	3.7	2.7	3.5	2.4	-	+	--	2.7
Central and Eastern Europe (excl. CIS)	882	4.1	3.2	3.2	4.2	5.7	4.5	5.0	4.7	--	+	-	3.7
Russian Federation	766	10.0	5.1	4.7	7.3	7.2	6.4	6.0	5.8	-	-	=	3.8
Turkey	362	7.4	-7.5	7.9	5.8	8.9	7.4	6.0	5.0	--	--	-	4.1
Americas	16,043	3.8	0.8	1.2	2.5	4.5	3.7	3.6	3.4	-	=	-	3.2
United States	12,486	3.7	0.8	1.6	2.7	4.2	3.5	3.4	3.3	-	=	=	3.3
Canada	1,130	5.2	1.8	3.1	2.0	2.9	2.9	3.1	3.0	=	=	=	3.3
Latin America and Caribbean	2,427	3.9	0.5	0.0	2.2	5.6	4.3	4.3	3.6	--	=	-	2.8
Mexico	768	6.6	0.0	0.8	1.4	4.2	3.0	3.5	3.1	--	+	-	3.7
Brazil	793	4.4	1.3	1.9	0.5	4.9	2.3	3.5	3.5	--	++	=	2.2
Argentina	182	-0.8	-4.4	-10.9	8.8	9.0	9.2	7.3	4.0	=	--	--	2.3
Venezuela	133	3.7	3.4	-8.9	-7.7	17.9	9.3	6.0	3.0	--	--	--	1.5
Colombia	122	2.9	1.5	1.9	3.9	4.8	5.1	4.5	4.0	+	-	-	2.2
Chile	114	4.5	3.4	2.2	3.7	6.1	6.3	5.5	5.2	=	-	-	4.2
Asia and the Pacific	10,993	6.0	4.2	5.4	6.5	7.1	7.0	6.8	6.5	=	=	-	5.4
Japan	4,571	2.9	0.4	0.1	1.8	2.3	2.7	2.8	2.1	+	=	-	1.2
Australia	708	3.3	2.2	4.1	3.1	3.6	2.5	2.9	3.2	--	+	+	3.6
Newly Industrialized Asian Economies	1,435	7.9	1.1	5.3	3.2	5.8	4.6	5.2	4.5	--	+	-	4.4
Korea, Republic of	793	8.5	3.8	7.0	3.1	4.6	4.0	5.5	4.5	-	++	-	4.4
Taiwan (pr. of China)	346	5.8	-2.2	4.2	3.4	6.1	4.1	4.5	4.5	--	+	=	4.4
Hong Kong (China)	178	10.0	0.6	1.8	3.2	8.6	7.3	5.5	4.5	--	--	-	3.8
Singapore	118	10.0	-2.3	4.0	2.9	8.7	6.4	5.5	4.5	--	-	-	5.1
Developing Asia	3,958	7.0	6.1	7.0	8.4	8.8	8.6	8.2	8.0	=	-	=	7.2
China	2,225	8.4	8.3	9.1	10.0	10.1	9.9	9.5	9.0	=	-	-	9.0
India	775	5.3	4.1	4.2	7.2	8.1	8.3	7.3	7.0	=	-	-	6.2
Indonesia, Malaysia, Philippines, Thailand	673	5.8	2.6	4.6	5.3	5.8	5.2	5.1	5.8	-	=	+	3.2
Africa	803	3.0	4.0	3.5	4.5	5.4	5.1	5.6	5.4	-	+	=	3.9
South Africa	239	4.2	2.7	3.7	3.0	4.5	4.9	4.3	4.1	+	-	=	3.3
Algeria, Morocco, Tunisia	184	2.3	4.1	3.7	6.2	5.0	4.0	5.2	5.0	-	++	=	4.1
Nigeria	99	5.4	3.1	1.5	10.7	6.0	6.9	6.2	5.2	+	-	-	4.5
Middle East	806	5.3	2.6	2.5	6.2	5.1	5.7	5.7	5.4	+	=	-	4.1
Saudi Arabia	308	4.9	0.5	0.1	7.7	5.2	6.5	6.3	6.4	++	=	=	3.3
Untd Arab Emirates	134	12.4	1.7	2.6	11.6	7.8	8.0	6.5	5.2	=	--	--	6.0
Egypt	93	5.4	3.5	3.2	3.1	4.1	5.0	5.2	5.2	+	=	=	4.9

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

3.9%. Economic activity has been affected by the high oil prices but has benefited from the export prices of some commodities and a good level of remittances.

Europe

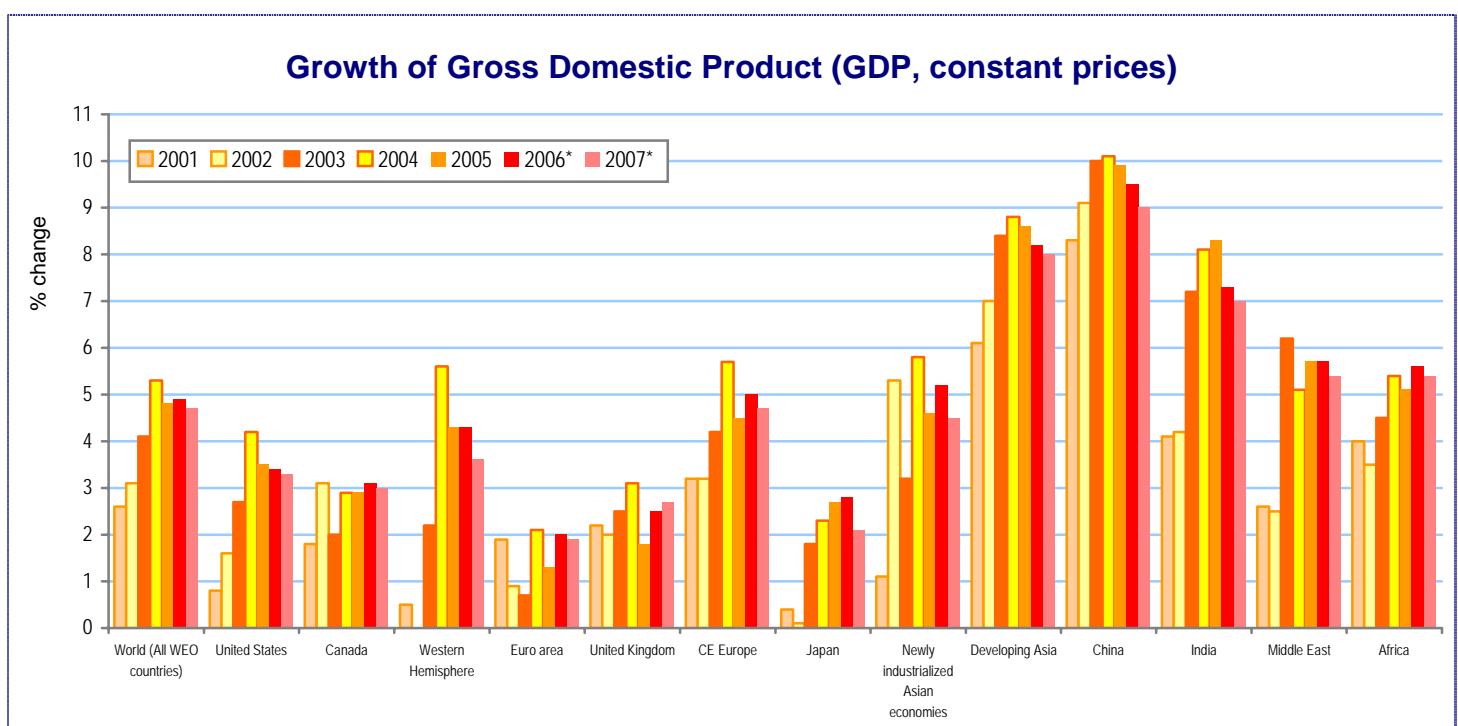
The Euro area is expected to improve growth from 1.3% in 2005 to 2.0% in 2006 and at virtually the same rate in 2007. Growth was slower in the latter months of 2005 owing to a decline in household consumption and exports. Investment levels remained steady, and there are clear signs of a recovery of business confidence. In spite of a degree of optimism, Europe must see how it can raise its potential growth rate and increase employment in line with the Lisbon Agenda.

The outlook for 2006 is that the region's economic development will depend on the state of the global economy because of its importance for European exports, which were boosted last year by a weaker euro and benign financial market conditions. The WEO warns that the situation described may be adversely affected by a rise in value of the euro and the upward pressure on oil prices. The publication repeats that there is a broad consensus about the need to carry out reforms, especially as far as the labour market is concerned. In the IMF's opinion, Germany is being affected by a slackening of domestic demand whose decisive recovery seems to depend on consolidation of the labour market and the impact of higher oil prices on disposable income. The revival of domestic consumption is the basis of the forecast growth rate for the United Kingdom of 2.5%, which could, however, be under threat from a slower rise in house prices and a monetary policy that makes no allowance for a downturn in the economy resulting from rising oil prices or falling demand. The outlook for the Nordic countries as a whole, which are important generators of international tourism, is that they will maintain robust economic development, spurred by domestic demand.

Sweden, for instance, is expected to achieve a growth rate of 3.5%. Switzerland's economy will grow by an estimated 2.2%, which is above the regional average and reflects the demand that will come from the countries of the eurozone. The IMF predicts that Turkey's domestic demand and expected investment level in particular will lift its growth rate to 6%, which is above the world average. As with other countries, however, Turkey's expansion is vulnerable to its external equilibrium, rising fuel costs or a real appreciation of its national currency. For the emerging markets of Central and Eastern Europe, the IMF predicts a growth rate of 5.0%. The Baltic States (7.5%) are all predicted to grow at a rate above the estimated average for that group of countries, as are the Czech Republic (5.5%), Slovakia (6.3%) and Bulgaria (5.6%). Another important group of countries, the Commonwealth of Independent States (CIS), will achieve an estimated growth rate of 6%, with Kazakhstan (8.0%) and Turkmenistan (6.5%) outperforming the others. Russia's economic growth is expected to match that of the CIS countries, namely eight points above the forecast of September 2005. The Russian economy has been spurred by private consumption more than by exports; investment has recently staged a recovery, although it seems that it still has some way to go before it can address the need to strengthen productivity capacity.

Asia and the Pacific

Japan's economy is still registering a clear upward trend (2.8%), encouraged by both the recovery of exports and higher domestic demand which, inter alia, boosts employment and corporate profits. The consumer price index (CPI) has been positive for some time, and labour input costs are recovering, suggesting a slightly positive CPI in 2006, which would further efforts to counter the deflation the country has suffered.



Source: International Monetary Fund

Three of the transitional needs that the Japanese economy will have to address are: to position itself within a new monetary policy framework; to recover budgetary sustainability and to increase productivity. Australia's economy is expected to grow by 2.9% because of a considerable increase in investment aimed at overcoming some limitations in production capacity. Moreover, reforms to the industrial relations system have served to stimulate job creation. In spite of a forecast four-point decline in growth, China's economy is expected to expand by 9.5%, thanks to increased investment and its export drive. If the national currency were to appreciate, household consumption would increase, and this in turn could well boost domestic and foreign travel. Hong Kong (China) and the Republic of Korea are predicted to grow by 5.5%, and the countries of South Asia should achieve growth rates of between 6-7%. India's exports have continued at a steady pace, although the volume of imports has also increased owing to strong domestic demand and rising fuel prices. The Newly Industrialised Asian Economies (NIAEs) are enjoying a boom (5.2%), which will be reflected in higher growth than in 2005. This is due to a strong export sector which has benefited from the favourable global economic climate and the countries' own efforts to contain prices and keep public debt levels low-policies that may well bring further economic development. Taken as a whole, the emerging economies of Asia will expand by 8.2%, even though there are still some imbalances needing attention. The IMF mentions, among other things, the need to strike a better balance between domestic and external growth in countries with current account surpluses, the need to reform national financial systems in order to boost domestic demand and the need to make the necessary adjustments to rates of exchange.

Africa

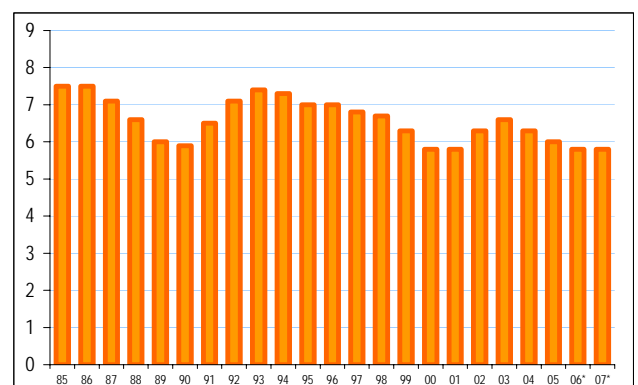
This year the Africa region is expected to record growth of 5.6%, exceeding the rate achieved in previous years. The countries of the Maghreb are predicted to attain similar growth rates (5.2%), with Tunisia and Morocco leading the field, as they are expected to exceed the subregional average. A growth rate of 5.8% is predicted for the States of Subsaharan Africa, the highest level for 30 years, owing to the rising prices of raw materials, macroeconomic policies and the structural reforms made by some countries. Nevertheless, a substantial part of this development is due to the increasing contribution of the oil-exporting countries to the overall economy of the region, especially noteworthy being the increased capacity of Angola and the Republic of the Congo and the new production in Mauritania. In the other countries, production will be spurred by better prices for non-fuel commodities, the recovery of agricultural output and higher investment. Boosted by the prices of energy products, Nigeria's economy is set to grow by 6.2% in 2006. A key concern continues to be how the income thus generated is managed in order to underpin a policy that will ensure stable growth for the long term. South Africa's

economy recorded robust growth in 2005 but is expected to perform somewhat more modestly (4.3%) this year. Vigorous domestic demand and rising fuel costs have led to a slight increase in the current account deficit, although it has been possible to contain inflation. If these limiting factors were to persist, i.e. oil prices and strong domestic demand, in tandem with a strong currency compared to many others currencies and higher food prices, the price equilibrium achieved could be at risk. Efforts to improve the efficiency of public bodies and to enhance competitiveness in domestic markets are clearly bearing fruit.

Middle East

The export of oil and other energy products has yielded considerable income for the countries concerned in the past three years. It is possible that, in 2006, they will achieve a current account surplus equal to almost 25% of their GDP. This has served to stimulate domestic demand, without, however, creating inflationary pressure. The plans for substantial public investment in the energy sector and in infrastructure, coupled with structural changes that promote private investment, will substantiate the growth forecasts (5.7%) and serve to create jobs. Saudi Arabia and Kuwait will grow at an estimated 6.3% and 6.2%, respectively, in 2006. The vigorous performance of these countries and the internal reforms made in some of them have had a beneficial ripple effect on the other countries of the region. In these circumstances, the most obvious risks are associated with the development of oil prices and the social and political uncertainty affecting the area. Already in 2005, Egypt's economy enjoyed considerable expansion as a result of buoyant domestic demand and the containment of prices, partly owing to the appreciation of the pound at the beginning of 2005. Its growth in 2006 will be an estimated 5.2%. Jordan, which has managed to absorb the rising oil prices, will continue to enjoy robust economic growth (5%), albeit slightly below the rate for 2005. Lebanon's economy is set to grow by up to 3% as a result of the relative social and political stabilisation of the area.

Unemployment rate
Advanced economies (%)



Source: International Monetary Fund

Inflation, interest rates, trade and oil price

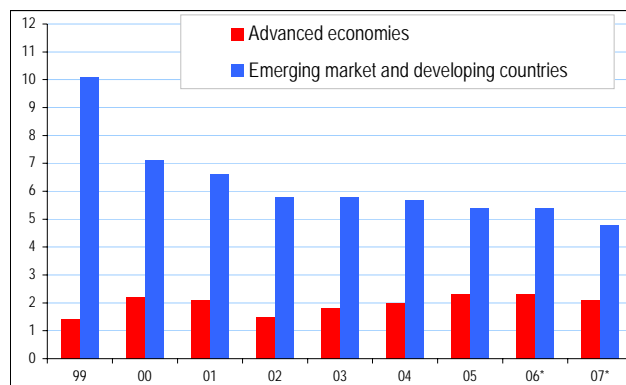
Stability is expected to be the defining characteristic of price trends. In the economically advanced countries they are predicted to rise by 2.3% and in the emerging and developing countries by 5.4% - the same rate as in 2005.

According to the IMF, the volume of international trade in goods and services will expand by 8% in 2006, almost one point up on the 2005 value. This result will be influenced by the estimated double-digit increase in the volume of trade of the emerging and developing countries, as well as by the vigorous international trade generated by the economically advanced countries, set to grow by more than 6%.

The World Trade Organization (WTO) - *World Trade in 2005 and Outlook for 2006* - predicts that global trade will expand by 7% in 2006. This prediction is based on an expected upturn in economic activity worldwide and in the European Union in particular. WTO estimates that the OECD countries will expand by between 5.5% and 6%. This forecast is however subject to the possibility that a downturn in demand from the United States will be greater than expected, owing to a rise in real interest rates and higher energy costs, and that the predicted recovery of the EU will not in fact take place (www.wto.org/english/news_e/pres06_e/pr437_e.htm).

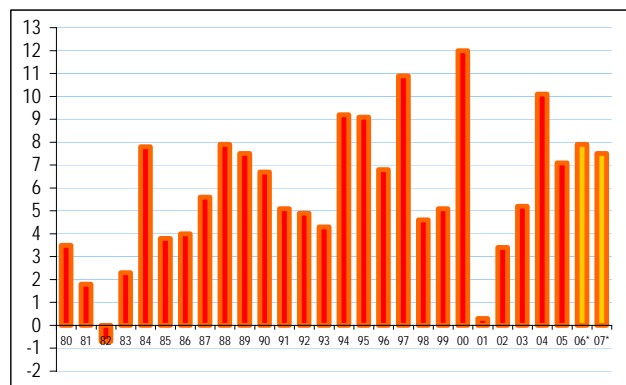
Oil prices again rose to a level not seen since the Iran-Iraq war (1979), i.e. US\$ 74 a barrel, in spite of decisions aimed at increasing output. Broadly speaking, oil consumption should rise considerably, and there will be uncertainties about production in an expanding global economy because of the oil market's limited capacity to react. The IMF maintains that the average annual price of a barrel of oil will remain at US\$ 61.25 in 2006, rising to an average of 63 dollars in 2007. These prices are the simple average of United Kingdom Brent, Dubai and West Texas Intermediate crude oils.

Inflation (%)



Source: International Monetary Fund

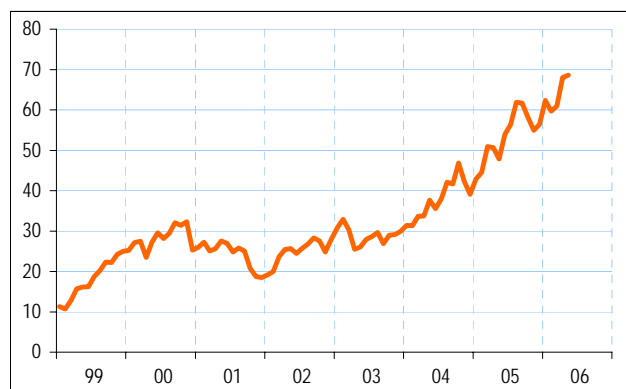
Export volume of goods and services (% change over previous year)



Source: International Monetary Fund

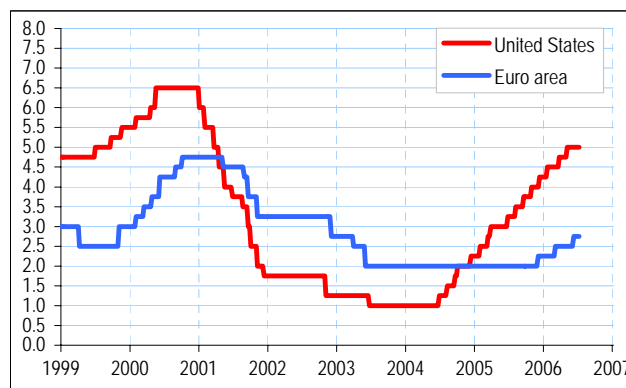
Oil: Average of UK Brent, Dubai, and West Texas Intermediate

US\$ per barrel



Source: International Monetary Fund

Interest rate Federal Reserve and ECB (%)



Source: Federal Reserve and European Central Bank (ECB)

Exchange rates

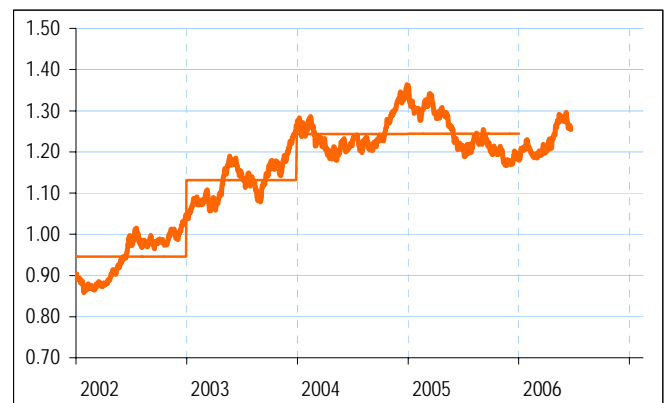
The first five months of 2006 were marked by a gradual appreciation of the euro against the US dollar, reversing the overall decreasing trend of 2005. In May 2006, one euro bought 5.5% more dollars than in January. However, the difference was much less marked when compared with the situation a year ago. In May 2005, a euro bought US\$ 1.27, while in May 2006, this was up to US\$ 1.28.

A similar appreciating trend was registered in the relation of the euro with a series of Asian currencies including the Japanese yen, which is now at 143 yen per euro against 140 yen per euro in January. On the European front the picture for the period January-May 2006 is more mixed. While appreciating against some Central European currencies such as the Hungarian forint (+4.7%) and the Polish zloty (+2.0%), the euro lost some ground against the Czech koruna (-1.6%), the Croatian kuna (-1.4%), the Norwegian krone (-3.0%) and the British pound (-0.4%).

On the other hand, besides losing to the euro (-5.2%), the US dollar also depreciated between January and May 2006 against the Russian rouble (-4.6%), as well as against most other European and Asian currencies. The most noteworthy change is its 3.3% depreciation against the Japanese yen, which contrasts with the 1.8% appreciation registered in 2005, and the slight but continued devaluation against the Chinese yuan (-0.6%). In North America, the US dollar continued to depreciate against the Canadian dollar (-4.2%) making it more and more expensive to travel from the USA to Canada. The recent series of continued significant increases of the value of the Canadian dollar have been the largest and most rapid in more than 50 years. At the end of May, the Canadian dollar reached its highest level since early 1978.

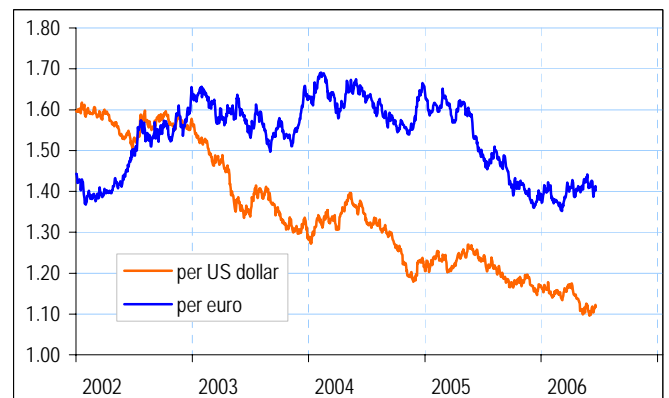
Four currencies that deviate from the overall trend are the Turkish lira, the New Zealand dollar, the Mexican Peso and the South African rand. All four depreciated both against euro and dollar, thus favouring traffic from almost all major outbound markets. In a way this also can be seen as a correction on a substantial appreciation –and loss of price-competitiveness– in previous years. The euro gained 14.9% against New-Zealand dollar, 13.9% against the Turkish lira, 10.8% against the Mexican peso and 9.5% against the South African rand (which is not only reference for South Africa, but also for other Southern African countries such as Namibia, Lesotho and Swaziland). For the US dollar the gains were some 5-6% lower.

Exchange rate euro to US dollar (US\$ per €)



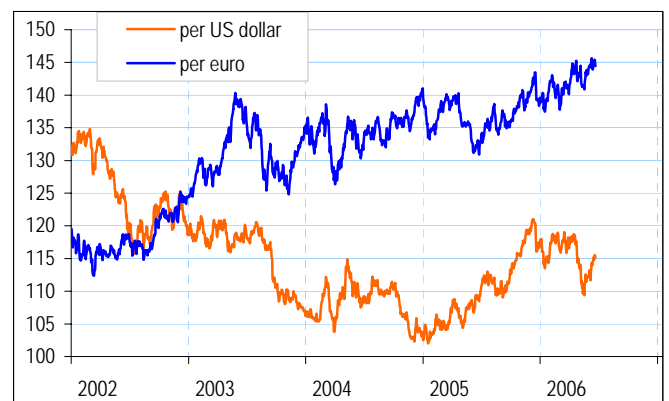
Source: De Nederlandse Bank

Exchange rate Canadian dollar



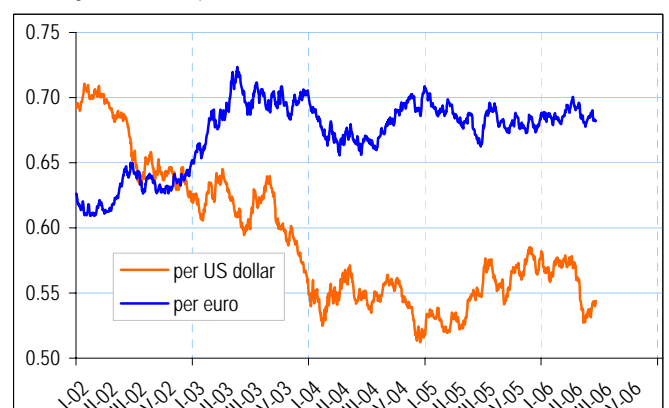
Source: De Nederlandse Bank

Exchange rate Japanese yen (100)



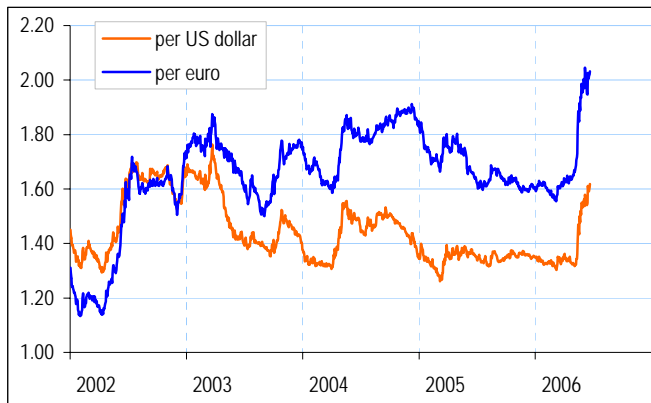
Source: De Nederlandse Bank

Exchange rate British pound



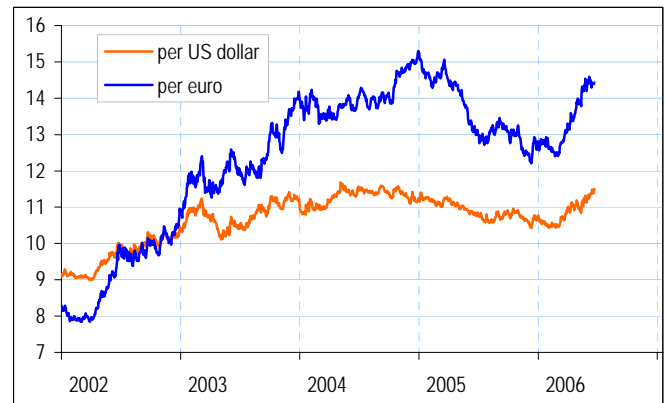
Source: De Nederlandse Bank

Exchange rate Turkish lira



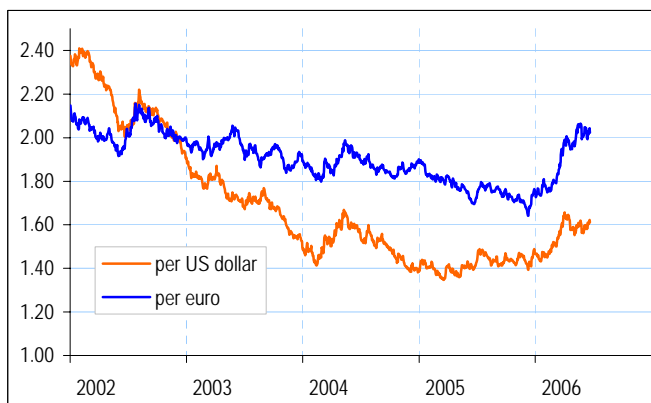
Source: De Nederlandse Bank

Exchange rate Mexican peso



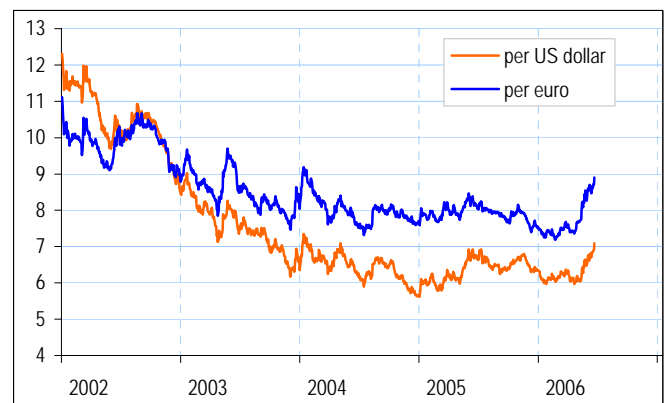
Source: De Nederlandse Bank

Exchange rate New Zealand dollar



Source: De Nederlandse Bank

Exchange rate South African rand



Source: De Nederlandse Bank

Exchange rates

	Currency units per US dollar								Currency units per euro									
	Average		04/03	05/04	2005	2006		year ago	J.-M.06	Average		04/03	05/04	2005	2006		year ago	J.-M.06
	2004	2005	%	%	May	Jan	May			2004	2005	%	%	May	Jan	May		
US dollar	-	-	-	-	-	-	-	-	-	1.24	1.24	10.0	0.0	1.27	1.21	1.28	0.6	5.5
Canadian dollar	1.30	1.21	-7.0	-6.7	1.26	1.16	1.11	-11.6	-4.2	1.62	1.51	2.2	-6.7	1.59	1.40	1.42	-11.1	1.1
Mexican peso	11.29	10.90	4.5	-3.4	10.98	10.56	11.09	1.0	5.1	14.04	13.56	14.9	-3.4	13.93	12.78	14.16	1.6	10.8
Euro	0.80	0.80	-9.1	0.0	0.79	0.83	0.78	-0.6	-5.2	-	-	-	-	-	-	-	-	-
Danish krone	5.98	5.99	-8.9	0.1	5.86	6.16	5.84	-0.4	-5.3	7.44	7.45	0.1	0.2	7.44	7.46	7.46	0.2	-0.1
Swedish krona	7.34	7.46	-9.1	1.7	7.24	7.69	7.31	0.9	-5.0	9.12	9.28	0.0	1.7	9.19	9.31	9.33	1.5	0.2
Pound sterling	0.55	0.55	-10.8	0.7	0.54	0.57	0.54	-0.7	-5.6	0.68	0.68	-1.9	0.8	0.68	0.69	0.68	-0.1	-0.4
Czech koruna	25.64	23.94	-8.9	-6.6	23.81	23.73	22.14	-7.0	-6.7	31.89	29.78	0.1	-6.6	30.22	28.72	28.27	-6.4	-1.6
Hungarian forint	202	199	-9.8	-1.5	198	207	205	3.5	-0.8	252	248	-0.8	-1.4	252	251	262	4.1	4.7
Polish zloty	3.64	3.23	-6.4	-11.1	3.29	3.16	3.05	-7.3	-3.4	4.53	4.02	2.9	-11.1	4.17	3.82	3.90	-6.7	2.0
Slovenian tolar	192	193	-7.0	0.2	189	198	188	-0.5	-5.2	239	240	2.2	0.2	240	239	240	0.0	0.1
Croatian kuna	6.03	5.95	-9.9	-1.3	5.77	6.10	5.70	-1.3	-6.6	7.50	7.40	-1.0	-1.3	7.33	7.38	7.27	-0.7	-1.4
Norwegian krone	6.73	6.44	-4.9	-4.3	6.37	6.64	6.11	-4.1	-8.0	8.37	8.01	4.6	-4.3	8.08	8.04	7.80	-3.5	-3.0
Swiss franc	1.24	1.24	-7.7	0.3	1.22	1.28	1.22	0.1	-4.8	1.54	1.55	1.5	0.3	1.54	1.55	1.56	0.7	0.5
Russian rouble	28.80	28.28	-6.0	-1.8	27.94	28.36	27.05	-3.2	-4.6	35.82	35.19	3.3	-1.8	35.47	34.33	34.54	-2.6	0.6
Turkish lira	1.43	1.35	-4.6	-5.6	1.37	1.34	1.44	5.1	7.9	1.78	1.68	4.9	-5.6	1.74	1.62	1.84	5.8	13.9
Japanese yen	108	110	-6.7	1.8	107	116	112	4.8	-3.3	134	137	2.6	1.8	135	140	143	5.4	2.1
Australian dollar	1.36	1.31	-11.5	-3.5	1.31	1.33	1.31	0.3	-1.9	1.69	1.63	-2.7	-3.5	1.66	1.62	1.67	0.9	3.5
New-Zealand dollar	1.51	1.42	-12.4	-5.7	1.39	1.46	1.58	13.9	8.9	1.87	1.77	-3.6	-5.7	1.77	1.76	2.02	14.6	14.9
Chinese yuan renminbi	8.28	8.20	0.0	-1.0	8.28	8.07	8.02	-3.2	-0.6	10.30	10.20	10.0	-1.0	10.51	9.76	10.24	-2.6	4.8
Hong Kong dollar	7.79	7.78	0.0	-0.1	7.79	7.75	7.75	-0.5	0.0	9.69	9.68	10.0	-0.1	9.89	9.39	9.90	0.1	5.5
Taiwan dollar	33.41	32.15	-2.9	-3.8	31.30	32.09	31.77	1.5	-1.0	41.56	40.00	6.8	-3.8	39.73	38.84	40.57	2.1	4.5
Singapore dollar	1.69	1.66	-3.0	-1.5	1.65	1.63	1.58	-4.5	-3.4	2.10	2.07	6.7	-1.5	2.10	1.98	2.01	-4.0	1.9
Korean won	1144	1024	-3.9	-10.5	1002	983	941	-6.1	-4.3	1423	1274	5.6	-10.5	1272	1190	1202	-5.5	1.0
Thai baht	40.26	40.24	-2.9	0.0	39.83	39.63	38.01	-4.6	-4.1	50.08	50.07	6.7	0.0	50.56	47.97	48.53	-4.0	1.2
Malaysian ringgit	3.80	3.79	0.0	-0.3	3.80	3.75	3.61	-5.0	-3.8	4.73	4.71	10.0	-0.3	4.82	4.54	4.61	-4.4	1.5
Indonesian rupiah	8,946	9,704	4.5	8.5	9,480	9,479	9,034	-4.7	-4.7	11,127	12,073	14.9	8.5	12,034	11,473	11,536	-4.1	0.6
Philippine peso	56.06	55.06	3.4	-1.8	54.33	52.54	52.17	-4.0	-0.7	69.73	68.49	13.7	-1.8	68.97	63.59	66.62	-3.4	4.8
South African rand	6.44	6.36	-14.6	-1.2	6.34	6.10	6.33	-0.2	3.8	8.01	7.92	-6.1	-1.1	8.05	7.38	8.09	0.4	9.5

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