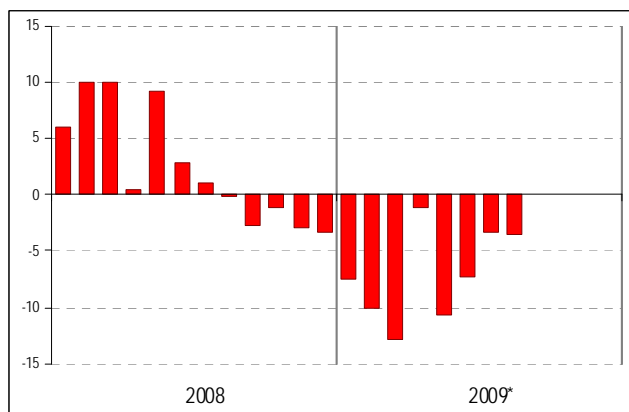




## Confidence in tourism sector is gradually picking up

Even though there is still a long road ahead, preliminary results through August indicate that the decline in international tourism may have bottomed out. International arrivals in the two high season months of July and August declined by an estimated 3% compared to the same months last year, following decreases of 7% in June, 11% in May and 10% in the first quarter. Many individual destinations, particularly in Asia, Europe and the Middle East, show a similar pattern of a gradual pick-up.

International Tourist Arrivals, monthly evolution  
World (% change)



Source: World Tourism Organization (UNWTO) ©

UNWTO's Panel of Tourism Experts confirms this relative improvement. The Panel members worldwide, regularly surveyed since 2003, are notably more confident now than four months ago. Their evaluation of the period May-August was up 16 points on the one for January-April to 73, while their call on the prospects for the period September-December was up 24 points to 92, compared with that expressed in June for the period May-August.

For the eight months to August, international tourism demand declined by 7% compared to the same period of last year. If the current trend is sustained through the remainder of the year, full-year results are expected to show a decline in arrivals of between 4% and 6%.

(Continued on page 5)

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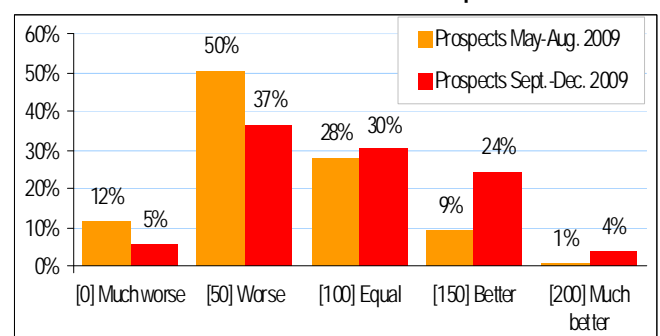
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## UNWTO Panel of Tourism Experts

### *Regaining confidence after two periods at a historic low*

The assessment of tourism prospects by UNWTO's Panel of Experts unarguably indicates a gradual improvement in market conditions. In the May survey, a clear majority of Panel Members (62%) considered prospects for the coming four-month period, May-August, as 'worse' or 'much worse'. In the latest survey, however, when asked about their outlook for the period September-December, the percentage of Panel Members with a negative outlook has decreased from 62% to 42%, while for 30% prospects are 'equal' and for 28% they are 'better' or 'much better'. (Continued on page 15)

### UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

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

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

The *UNWTO World Tourism Barometer* is prepared by UNWTO's Market Trends, Competitiveness and Trade in Tourism Services Section, with the collaboration of consultants, Nancy Cockerell and David Stevens. 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](http://www.unwto.org/facts/menu.html).

We welcome your comments and suggestions at [barom@unwto.org](mailto:barom@unwto.org), tel +34 915678206 / fax +34 915678217.

#### Explanation of abbreviations and signs used

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

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

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

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

#### Series International Tourist Arrivals

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

#### Series International Tourism Receipts and Expenditure

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



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

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Data collection for this issue was closed on 31 October 2009.

The next issue of the *UNWTO World Tourism Barometer* will be published in the third week of January 2010 by the occasion of the Spanish Tourism Fair FITUR.

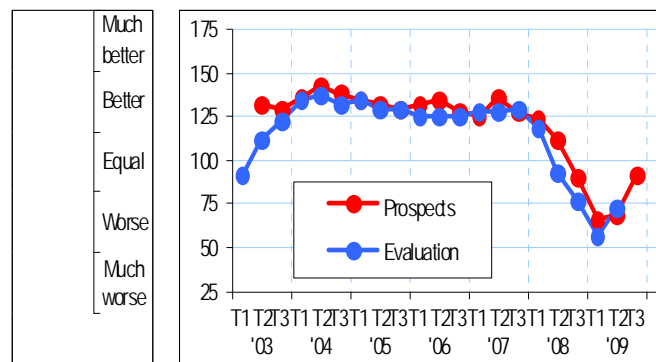
# UNWTO World Tourism Barometer, October 2009

## Quick overview of key trends

### International tourism January-August 2009

- Worldwide, international tourist arrivals declined by 7% between January and August 2009.
- The downward trend which began in September last year may have started to bottom out. Arrivals in the two high season months of July and August declined by 3%, compared to a decrease of 8% in the first half of the year. Data available for September points to a continuation of this trend.
- Year-to-August growth was negative in all world regions except for Africa, which bucked the global trend. Europe, the Middle East and the Americas were the hardest hit.
  - In **Europe** (-8%), destinations in Central and Eastern Europe (-11%) were the most affected, but results for all other subregions were close to the average.
  - Asia and the Pacific** (-5%) shows the clearest signs of improvement, with growth turning positive in August.
  - In the **Americas** (-7%) there are still no clear signs of a reversal in the current decline. Growth continued to be negative during the second quarter as well as in the months of July and August. South America shows the best performance so far (-1%), but the decline accelerated in July and August.
  - The **Middle East** (-8%), though still well down after the rapid growth seen in previous years, has seen a significant reversal of trends in recent months, with growth turning positive between June and September.
  - Africa's** growth (+4%) was especially positive given the current difficult environment.
- Despite the overall decline, several destinations worldwide reported encouraging results for the first eight months of 2009. These were Morocco, Kenya, Rwanda, South Africa, Swaziland, Cuba, Jamaica, Honduras, Nicaragua, Chile, Colombia, Guyana, Uruguay, the Republic of Korea, Taiwan (pr. of China), Indonesia, Malaysia, Myanmar, several Pacific Islands, Iceland, Sweden, Hungary, FYR of Macedonia, Serbia, Turkey, Bahrain, Jordan, Lebanon and Syria.
- Receipts from international tourism are estimated to have contracted in real terms by 9% to 10% in the first six months of 2009, i.e. 1 to 2 percentage points more than the decline in international arrivals in the same period of the year (-8%).
- Still, there were nine destinations worldwide which managed to see growth in receipts from international tourism during the first half of 2009 despite the adverse environment. Among these, it is worth noting the positive results of Australia, Hungary, Sweden, the Republic of Korea and Taiwan (pr. of China).
- The shallow recovery in the air transport sector in recent months is confirmed by data from IATA and various regional air transport associations. According to IATA, September 2009 was the first month with a slight increase (+0.3%) in passenger traffic after a year of declines. Overall, worldwide passenger traffic through August was 5% down, while capacity declined by 3%, leaving load factors at 75.0%, down from 75.8% for full year 2008.
- Meanwhile, global airline capacity is showing positive growth for the third consecutive month in October, according to OAG. Capacity on domestic and international flights by full-service as well as low-cost airlines is estimated to have shown growth of just over 1% in October 2009 as compared to last year, following September's growth of 1.5% and a very slight increase in August.
- Hotel performance data for the first eight months, as analysed by Deloitte based on data reported by STR Global, shows that overall occupancy rates in the year-to-August was down in all regions, but to a higher extent in Asia Pacific and in the Middle East (-8 percentage points each).
- The UNWTO Confidence Index is also improving after two periods at a historic low. The over 330 members of the UNWTO Panel of Experts gave the period May-August 2009 an overall 'evaluation' of 73 – up 16 points on the January-April period.

UNWTO Panel of Tourism Experts



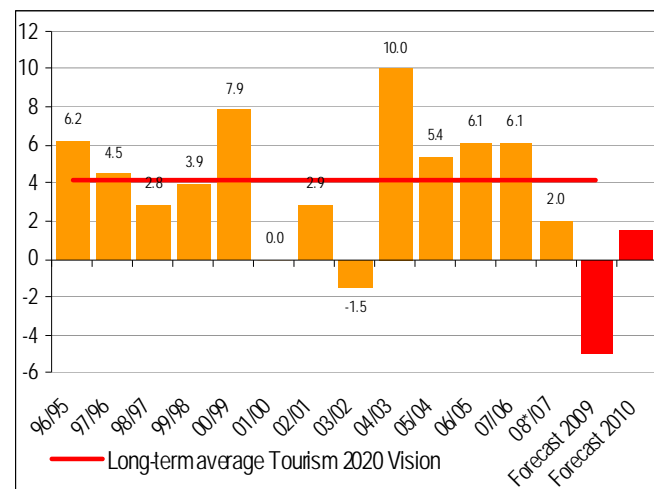
Source: World Tourism Organization (UNWTO) ©

## Prospects for the full year 2009

- Latest tourism and economic data confirms UNWTO's forecast of a decrease of around 5% in international tourist arrivals for the full year 2009.
- Though the unfavourable economic conditions are expected to continue affecting tourism demand, the rates of decline are easing, and are expected to continue doing so during the remainder of the year.
- This gradual improvement is again confirmed by the UNWTO Panel of Experts. The overall score for the 'prospects' for the period September-December 2009 has increased to 92 points – up 24 points compared with the prospects expressed in June for the period May-August 2009.
- Growth is still expected to be negative in all regions, except for Africa. Though various subregions might return to positive results in the last months of 2009, this will not be enough to compensate for the losses felt so far.
- Given the high level of correlation between arrivals' and receipts' growth, and considering the projected decline of 4% to 6% in international tourist arrivals, receipts are expected to decrease by 6% to 8% for the whole of 2009.

International Tourist Arrivals, World

(% change over same period of the previous year)



Source: World Tourism Organization (UNWTO) ©

## Outlook for 2010

- UNWTO's initial forecast for the coming year indicates that international tourist arrivals are likely to witness a moderate recovery of 1% to 3% in 2010.
- Asia will show the strongest rebound, while Europe and the Americas will probably take longer to recover. Africa is expected to continue in positive territory as in 2009, with an extra boost for South Africa from the FIFA World Cup. Growth is expected to return to the Middle East.
- This outlook reflects the gradual improvement of international tourism figures in recent months as well as the better-than-expected economic indicators in some major source markets.
- Still, 2010 will be a difficult year as the pace of recovery is expected to be modest. IMF projects economic growth worldwide at 3.1%, but still fairly sluggish for advanced economies (+1.3%) and stronger for emerging ones (+5.1%). Unemployment has been rising fast, and is set to continue to do so during next year. Stimulus measures are likely to be phased out and in many advanced economies potential increases in taxation may put extra pressure on household budgets. Another factor of uncertainty is the evolution of the A(H1N1) influenza pandemic.
- On the positive side, consumer confidence is showing signs of picking up, and interest rates and inflation are expected to remain at low levels.

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.

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## Inbound Tourism: short-term trends 2009

### World

(Continued from page 1)

In absolute terms, the number of international tourist arrivals worldwide is estimated to have reached 600 million between January and August 2009, down from 643 million in the same period of 2008. The 2009 level is currently between the 617 million of 2007 and 578 million of 2006. The first eight months of the year generally account for roughly 69% of the total annual number.

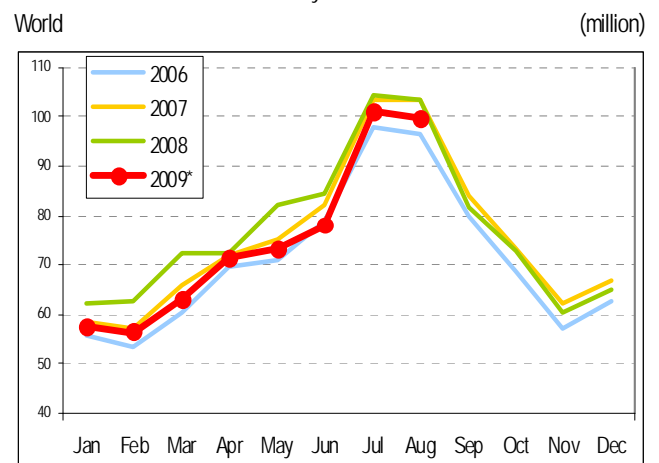
In relative terms the decline in international tourism demand through the first eight months of 2009 equals 7%. Monthly declines eased in July and August (to -3%) and data already available for September points to a continuation of this trend. Still, whatever Q4 brings in terms of good news, it is practically certain that the final count for the year will be below the magic 900 million mark, taking world arrivals back to pre-2007 levels.

On a positive note, Africa has continued to post good results through the year to date (+4%). The Middle East (-8%) has posted positive growth since June, partly setting off the large decreases in the first five months. And Asia and the Pacific (-5%) – and particularly South-East Asia – now looks as though it will succeed in achieving positive growth in the coming months of the year, thanks to the first clear signs of a sustained recovery in August (+3.5%) and September, although the growth is likely to be modest.

In Europe and the Americas results remain sluggish. With a few minor exceptions (mainly in Western Europe), European countries (-8% in the first eight months) have shown no real improvement since the middle of the year, and any growth that comes in the last four months of 2009 will be from the low base recorded in the second half of 2008. The same can be said for the Americas, which is down 7% over January-August 2008, with monthly 6% declines in July and August reflecting little overall change.

In the first eight months of 2009, the world's tourism industry was faced with a large number of challenges, led by the global economic crisis, the credit crunch and rising

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

#### International Tourist Arrivals by (Sub)region

	Full year		Share	Change		Monthly or quarterly data series (% change over same period of the previous year)																
	2007	2008		2008	07/06	08/07	2009*													2008		
	(million)	(%)	(%)	(%)	(%)	YTD	Q1	Q2	Q3	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4
<b>World</b>	904	922	100	6.1	2.0	-6.7	-10.3	-6.6		-7.6	-10.1	-12.8	-1.1	-10.6	-7.3	-3.3	-3.4		8.5	4.0	-0.5	-2.3
<i>Europe</i>	486.8	488.5	53.0	4.1	0.4	-8.0	-13.4	-7.7		-7.5	-13.4	-18.0	-1.5	-11.8	-8.3	-4.0	-5.1		6.8	2.2	-0.9	-4.2
Northern Europe	58.1	57.0	6.2	2.8	-2.0	-8.3	-13.2	-6.9		-8.7	-17.1	-13.6	-1.7	-14.5	-3.7	-4.5	-7.7		7.5	0.2	-4.3	-8.9
Western Europe	153.8	152.4	16.5	3.5	-0.9	-7.4	-14.0	-6.9		-2.1	-13.1	-23.1	1.3	-12.3	-7.8	-2.3	-2.3		7.4	-1.8	-3.4	-3.3
Central/Eastern Europe	96.6	99.6	10.8	5.6	3.1	-10.6	-13.7	-10.0		-12.7	-14.3	-14.2	-8.4	-11.2	-10.4	-8.4	-8.7		5.4	5.3	4.0	-3.8
Southern/Mediterr. Eu.	178.2	179.6	19.5	4.3	0.8	-7.1	-12.7	-7.3		-8.9	-11.5	-16.1	0.6	-11.0	-9.0	-3.1	-4.8		6.7	4.5	-0.3	-3.4
<i>Asia and the Pacific</i>	182.0	184.1	20.0	9.6	1.2	-5.3	-7.5	-6.0		-5.1	-10.6	-6.9	-0.7	-10.0	-7.4	-5.2	3.5		8.3	3.4	-1.9	-4.4
North-East Asia	101.0	101.0	11.0	9.8	-0.1	-5.7	-7.5	-7.3	-0.6	-4.7	-9.7	-8.2	-0.2	-11.6	-10.7	-6.9	5.8	-0.7	9.7	1.7	-4.6	-5.5
South-East Asia	59.7	61.7	6.7	12.3	3.5	-4.3	-6.5	-4.5	4.1	-3.9	-12.3	-3.4	-2.1	-8.6	-2.9	-2.7	1.8	15.3	7.3	7.1	2.7	-2.9
Oceania	11.2	11.1	1.2	1.7	-1.0	-4.8	-5.8	-3.3		-1.9	-8.5	-6.6	4.5	-5.1	-9.8	-7.8	-2.0		1.7	-1.3	-1.9	-2.5
South Asia	10.1	10.3	1.1	2.6	2.1	-8.0	-14.1	-3.5	-2.2	-17.3	-11.2	-13.5	-2.9	-6.3	-1.7	0.2	-5.1	-2.0	8.8	4.9	1.4	-3.9
<i>Americas</i>	142.9	147.1	16.0	5.2	2.9	-6.7	-6.6	-7.1		-1.3	-4.8	-12.6	2.7	-11.9	-11.4	-6.3	-6.4		9.6	3.4	1.7	-2.3
North America	95.3	97.8	10.6	5.2	2.6	-8.2	-7.7	-9.6		-1.9	-4.9	-14.4	2.4	-15.6	-14.1	-7.1	-7.1		9.9	3.6	1.3	-2.8
Caribbean	19.8	20.2	2.2	1.6	2.1	-5.0	-7.6	-3.2		-3.4	-6.7	-11.7	-2.6	-3.0	-4.2	-2.2	-4.1		8.8	2.6	-1.8	-2.7
Central America	7.8	8.3	0.9	12.0	7.0	-6.2	-4.6	-8.4		4.5	-6.3	-11.9	2.4	-13.9	-13.8	-7.9	-3.5		13.8	8.6	4.1	1.6
South America	20.1	20.8	2.3	6.5	3.6	-1.3	-2.5	3.9		0.2	-2.4	-6.0	11.2	1.6	-1.2	-5.0	-5.3		7.9	1.0	6.2	-1.5
<i>Africa</i>	45.3	46.9	5.1	9.0	3.6	3.8	1.7	6.5		5.2	3.0	-2.7	11.6	4.6	3.6	5.7	0.2		4.9	3.2	-0.5	2.8
North Africa	16.3	17.2	1.9	8.5	4.9	1.4	2.2	7.2	-1.9	5.3	5.2	-2.5	16.6	4.6	2.3	4.7	-13.5	5.4	9.6	8.0	0.6	6.1
Subsaharan Africa	28.9	29.8	3.2	9.4	2.9	5.4	1.4	6.1		5.2	2.1	-2.8	8.9	4.6	4.6	6.8	14.0		3.1	0.5	-1.6	1.4
<i>Middle East</i>	46.6	55.1	6.0	14.0	18.2	-7.6	-18.0	-6.9	4.9	-35.0	-10.0	-4.1	-15.7	-8.7	7.3	11.0	1.6	1.9	21.1	33.5	3.0	17.1

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2009)

unemployment – not to mention the influenza pandemic and the usual round of political tensions and natural disasters. Seldom in recorded tourism history has the industry had to contend with so many different issues at the same time. And these in turn brought added problems and challenges – such as new travel advisories due to A(H1N1), increased security and visa restrictions, and a wealth of new (and, in some cases, unreasonable) taxes.

In many countries, government stimulus packages helped to ease the burden – either directly or indirectly supporting the travel and tourism industry – but these were by no means as widespread as the industry would have hoped. And, in some countries, additional tax burdens were placed on travel and tourism in an effort to help refill depleted treasury coffers.

As has been widely reported, business travel demand has been much more seriously affected than leisure travel through the downturn as many companies have retrenched, battering down the hatches in preparation for the prospect of a long period of difficulties. In the leisure travel sector, main annual vacations have held up better than expected, although people have generally chosen destinations closer to home – including domestic trips – but secondary short breaks have tended to be sacrificed. As a result, low-cost carriers and legacy airlines have reduced capacity on unprofitable routes, even suspending flights to some destinations.

*Detailed results for arrivals and receipts by country are included in the 'Regions' section (pages 18-35).*

## Prospects

The end of the recession in a number of key markets is welcome news. But just as it does not mean a restoration of pre-crisis levels of economic activity, a sudden sharp recovery in demand is highly unlikely. Unemployment, as a lagging indicator, is still expected to increase in many

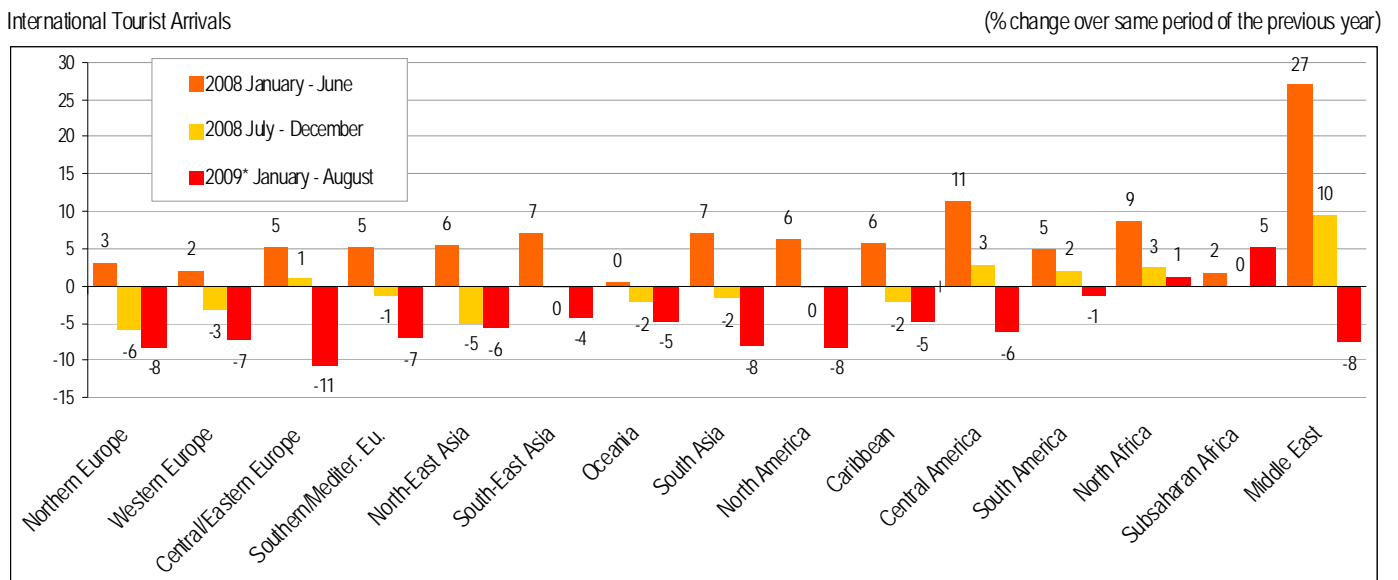
countries this year and throughout 2010, and the unnaturally low interest rates that are currently helping to reduce the impact on household disposable incomes surely cannot be sustained for long.

Similarly, tax burdens will rise as many governments face pressure to balance public accounts. And, while the reduced airline capacity has resulted in higher seat load factors on many routes and regional networks, yield has generally plummeted, taking the air transport industry even further into debt. Airfares will inevitably rise – even without taking account of the proposed taxes and the rebound in oil prices – and there is little analysis as yet with regard to the elasticity of demand if, or when, prices rise.

Another cloud remaining on the horizon is the A(H1N1) influenza virus. Admittedly, it has not hit as hard, or caused as much damage, as initially expected. But we are not out of the woods yet. Although still relatively mild, the number of cases of A(H1N1) flu has increased rapidly in some Northern Hemisphere countries in recent weeks, suggesting that there is still a risk that large numbers of people will be affected, affecting travel and tourism demand as well as business continuity.

For the time being, there are fairly wide differences of opinion among UNWTO's Panel of Experts as to how 2009 and 2010 will pan out. Confidence levels have certainly risen since the last survey was carried out four months ago, but any signs of optimism are cautious, to say the least. The general consensus among the experts is that long-haul travel will continue to suffer more than short-haul – primarily because of fuel's much higher share of costs in the overall price of a long-haul trip, but also because of unfavourable exchange rates for many source markets and the uncertainties still surrounding the economic outlook and the A(H1N1) pandemic.

The price of oil does not in itself appear to be a major concern at the moment. Crude prices tumbled from record highs above US\$ 147 in July 2008 to around US\$ 30 in December last year on falling demand due to the recession.



Source: World Tourism Organization (UNWTO) ©

They have since clawed back ground on mounting hopes of global economic recovery and are now hanging around the US\$ 80 mark – still far too high to make it easy for airlines to be profitable. But fragile global demand and oversupply mean that the market is not expected to be able to sustain prices above US\$ 80– at least in the short to medium term.

In addition to China and India, which seem to have kept outbound travel growing through the recession, most leading emerging and developed markets are forecast to improve their performance over the remaining months of 2009. But the majority will end the year in negative territory, in terms of both spending and trip volume.

## Roadmap for Recovery: UNWTO's Response to the Global Economic Crisis

### *Tourism & Travel, a primary vehicle for job creation and economic recovery*

UNWTO has recently presented a *Roadmap for Recovery* at its XVIII General Assembly, held early October 2009 in Kazakhstan ([www.unwto.org/pdf/roadmap\\_EN.pdf](http://www.unwto.org/pdf/roadmap_EN.pdf) or [www.unwto.org/trc](http://www.unwto.org/trc)).

The *Roadmap*, which was unanimously endorsed by Members States, is a manifesto on how tourism and travel, one of the world's biggest sources of jobs and export earnings, can be a primary vehicle for job creation and economic recovery. The document aims to show how the tourism sector can contribute to the ongoing actions to respond to the current crisis – by creating jobs, promoting trade and enhancing development – and to the long-term challenge of the transformation to a green economy.

The *Roadmap* sets the way forward to support the global economy and the tourism sector through 15 strategic guidelines in three interrelated areas:

- **Resilience** – supporting the sector's immediate response through job retention and training, partnerships and regional support, innovation and the enhancement of the use of technology;
- **Stimulus** – advocating the inclusion of tourism in general economic stimulus packages, namely in regards to fiscal and monetary measures, highlighting its capacity to contribute to the global objectives of job creation and economic recovery;
- **Green Economy** – advancing tourism in the Green Economy as a sector that can deliver on smart growth, intelligent infrastructure and clean energy jobs.

This is a call to national and world leaders as they seek to stimulate the global economy to place tourism and travel at the core of stimulus packages and the long-term green economy transformation. Actions are needed to boost trade promotion, simplify regulation, build infrastructure and rationalise taxes, which in turn will incite companies to invest, innovate and stimulate demand.

This is no time to ease the support for the economic recovery. UNWTO's XVIII Assembly stressed the importance of all measures that stimulate tourism and travel, and called for a moratorium on burdensome travel taxes which target tourism, citing in particular the UK Airport Passenger Duty. These taxes place a serious burden on all destinations, but particularly on poor countries, and undermine ongoing efforts to promote tourism trade by numerous economies worldwide.

### Summary of Recommendations

**I. RESILIENCE**

1. Focus on Job Retention and Sector Support
2. Understand the Market and Respond Rapidly
3. Boost Partnerships and Cooperation
4. Advance Innovation and Technology
5. Strengthen Regional and Interregional Support

**II. STIMULUS**

6. Create New Jobs – particularly in Small and Medium Enterprises (SMEs)
7. Mainstream Tourism in Stimulus and Infrastructure Programs
8. Review Tax and Visa Barriers to Growth
9. Improve Tourism Promotion and Capitalize on Major Events
10. Include Tourism in Aid for Trade and Development Support

**III. GREEN ECONOMY**

11. Develop Green Jobs and Skills Training
12. Respond Effectively to Climate Change
13. Profile Tourism in all Green Economy Strategies
14. Encourage Green Tourism Infrastructure Investment
15. Promote a Green Tourism Culture in Suppliers, Consumers and Communities



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(For information on UNWTO's response to the economic crisis see [www.unwto.org/trc](http://www.unwto.org/trc) and for information on Tourism and Economic Stimulus see [www.unwto.org/trc/response/response.php?lang=E](http://www.unwto.org/trc/response/response.php?lang=E))

## Influenza A(H1N1): UNWTO's Response

As part of the preparedness efforts for a possible pandemic, UNWTO established some three years ago regular and active contacts within the United Nations system, in particular with the World Health Organization (WHO), the United Nations System Influenza Coordination (UNSIC), the International Civil Aviation Organization (ICAO) and the Department of Public Information of the UN (UNDPI). Internally, UNWTO reinforced its preparedness work with the establishment of a Risk and Crisis Management Section, which is the focal point for the coordination with the UN on pandemics.

Since the outset of the outbreak of the A(H1N1) influenza in April 2009, UNWTO has been actively involved in the coordination and communication efforts for the travel and tourism sector. The overall objectives of our activities were:

- Facilitating fast and targeted communications and providing relevant real-time information;
- Promoting consistent messages throughout the travel and tourism sector;
- Minimising the impacts of the pandemic on the sector through coordination and close cooperation with Member States, WHO, UNSIC and TERN; and
- Providing guidance and assistance to Member States.

To meet those objectives, UNWTO engaged at three levels:

- Inside the **UN-system**, UNWTO actively participated in the top-level coordination effort with WHO, ICAO and UNSIC to ensure that the views and concerns of the travel and tourism sector were taken into account in the decision making process.
- At the **Member States'** level, UNWTO immediately activated the Influenza Focal Point structure, which had been put in place as part of the Avian Flu preparedness. UNWTO provided the Influenza Focal Points with regular information updates, guidelines and common messages, and shared lessons learned from previous pandemic simulation exercises. Two review and preparation exercises took place for Africa, Europe and the Middle East and the Americas to address the current and coming challenges posed by the pandemic, and how to best adjust the preparations of the travel and tourism sector.
- With respect to the **industry**, UNWTO was in close contact and coordinated frequent meetings with the Tourism Emergency Response Network (TERN) and WHO. TERN consists of key global travel and tourism network associations, both public and private, across all sectors. The active coordination and communication between UNWTO, TERN and WHO provided an insight into the needs, views and concerns of the travel and tourism sector.

At this particular stage, it is important to highlight that despite the declaration of the pandemic alert, travel restrictions are not recommended by WHO. Limiting travel and imposing travel restrictions would have very little effect on stopping the spread of the influenza A(H1N1) virus but would be highly disruptive to the global community.

The severity of the virus is currently considered moderate by WHO and measures recommended are prevention practices that apply in daily life, such as hand-washing and normal cough 'etiquette'. However, WHO has also pointed out that influenza viruses are well known for their instability. The further development of the influenza A(H1N1) virus remains uncertain and the severity of the pandemic can change considerably over time and differ by location and population. Staying informed is therefore important. Travellers should regularly check with [www.SOS.travel](http://www.SOS.travel) or other reliable resources for the latest updates and information issued by health and travel authorities as the situation evolves.

It is important to keep in mind that the current influenza pandemic is the first one for which the global community has extensively prepared. These preparedness efforts were reflected in the global response to the challenges of the outbreak over the last months. Although the development of the virus remains uncertain, we are confident that our joint work will help us avoid unnecessary repercussions on the travel and tourism sector.

For more information see [www.SOS.travel](http://www.SOS.travel) and [www.unwto.org](http://www.unwto.org)

The institutions currently collaborating to face and deal with the challenges of the influenza A(H1N1) are: African Travel and Tourism Association (ATTA), Airport Council International (ACI), American Hotel and Lodging Association (AHLA), American Society of Travel Agents (ASTA), Asociación Latinoamericana de Transporte Aéreo (ALTA), Association of Asia and Pacific Airlines (AAPA), Association of European Airlines (AEA), Canadian Tourism Commission (CTC), Caribbean Hotel and Tourism Association (CHTA), Caribbean Tourism Organization (CTO), Cruise lines International Association (CLIA), European Travel Commission (ETC), Federation Internationale de l'Automobile (FIA), International Air Transport Association (IATA), International Association of Amusement Parks and Attractions (IAAPA), International Civil Aviation Organization (ICAO), International Federation of Tour Operators (IFTO), International Hotel and Restaurant Association (IH&RA), International Shipping Federation (ISF), Meeting Professionals International (MPI), National Tour Association (NTA), Pacific Asia Travel Association (PATA), SKAL International, Tour Operators' Initiative for Sustainable Tourism Development (TOI), United Federation of Travel Agents' Associations (UFTAA), US Travel (UST), World Health Organization (WHO), World Tourism Organization (UNWTO), World Travel Agents Associations Alliance (WTAAA), World Travel & Tourism Council (WTTC), World Youth Student and Educational Travel Confederation (WYSETC).



## International Tourism Receipts and Expenditure 2009

### International Tourism Receipts down an estimated 9% to 10% in the first half of 2009

Receipts from international tourism are estimated to have contracted in real terms by some 9% to 10% in the first six months of 2009. As the volume of international tourist arrivals decreased by 8% in this period, this means that the decline in receipts is some 1 to 2 percentage points more. This is the first time the *UNWTO World Tourism Barometer* includes an assessment of receipts during the current year, based on preliminary half-year data available for countries whose combined receipts represent around 90% of the worldwide total.

In 2008, international tourism receipts grew to US\$ 944 billion, a 1.8% increase in real terms (i.e. adjusted for exchange rate fluctuations and inflation) as compared to a 2.0% growth in arrivals, showing the close relation between the trends for both indicators. Also, over a longer period (see graph below), receipts tend to follow the growth in international arrivals closely, but at a slightly slower pace. In the period 1990-2008, international tourism receipts grew at an average annual rate of 4.2% a year, while receipts in real terms increased on average by 4.0% a year (with correlation of 0.93). This small difference can be attributed to the trend of volume to grow faster in price-competitive emerging destinations as well as in the shoulder seasons with comparatively shorter trips, thus bringing down average expenditure. Also, with growing volumes, unit costs tend to decrease due to economies of scale and smaller margins are needed.

In times of crises, however, the impact on receipts tends to be higher than on arrivals. Tourism earnings suffer somewhat more than arrivals as consumers trade down, stay closer to home and travel for shorter periods of time.

This happened for instance in 2001 when arrivals stagnated while receipts declined by 2%, and in 2002 when arrivals grew slightly and receipts stagnated. However, there is also a certain counterbalance as the decrease in volume will be mainly in the shorter secondary trips, and not so much in the main trips, lifting average expenditure per trip.

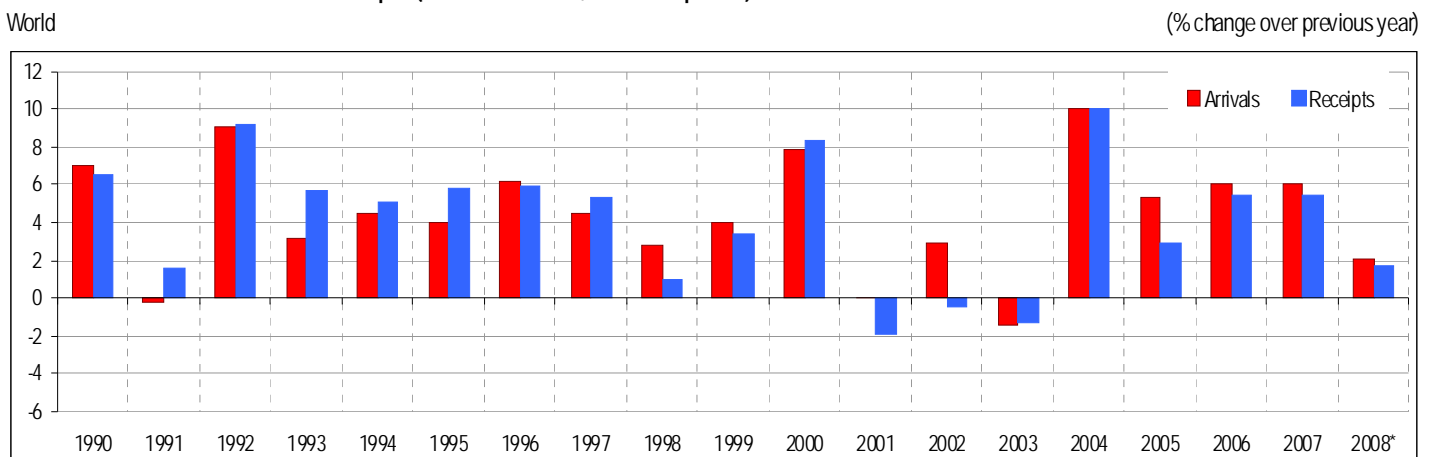
For the assessment presented here, preliminary data on International Tourism Receipts for the first half of 2009 is analysed in local currencies, weighted for their shares in the total and provisionally corrected for inflation. This shows an aggregated decrease in receipts of nearly 10%, compared to an 8% decrease in international arrivals in the same period. Most countries will report the third quarter of 2009 only towards the end of the year, perhaps masking the real trends during a period in which the first shoots of global economic recovery seem to be appearing. Also it should be stressed that the analysis uses preliminary data that is often revised upwards.

Given the high level of correlation, the trend in arrivals can be considered a useful proxy for the trend in receipts. With a projected decline of 4% to 6% in international tourist arrivals, receipts for the whole of 2009 can be forecast to decrease by 6% to 8%.

Even though it is a common practice to use volume data, such as arrivals, for short-term analysis, in the end everybody is above all interested in the trend in receipts and expenditure. For various reasons estimating the trend in receipts is a far more complicated exercise than for arrivals:

- On average receipts data lags some two months behind arrivals data. Most countries report data on a quarterly basis and typically preliminary data is made available 2-3 months after the end of the period which is being reported.
- Trends in receipts data can be heavily distorted by exchange rate fluctuations.
- Inflation should be taken into account in order not to overestimate growth.
- The preliminary data can in practice be subject to substantial revisions.

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



Source: World Tourism Organization (UNWTO) ©

## The top destinations...

Of the 50 largest destinations in terms of international tourism receipts, 47 have posted results for at least the first half year of 2009, of which 38 recorded declines in receipts.

Still, there were nine destinations which achieved growth in receipts from international tourism, in spite of the adverse environment. Among these, it is worth noting the results of the Republic of Korea, with an impressive 23% increase (expressed in US dollar terms), Sweden (+16%), Taiwan (pr. of China) (+11%) and Australia (+10%). Furthermore, Hong Kong (China) (+1%), Malaysia (+2%), Switzerland (+1%), Poland (+5%) and Hungary (+7%) also managed to buck the trend for a decline in terms of international tourism receipts.

On the other hand, around 19 destinations recorded double-digit declines in receipts for the first part of the year. The most seriously affected so far appear to have been Saudi Arabia (-36%), the Russian Federation (-24%), Thailand (-23%), the USA and Mexico (both -18%), Belgium (-17%), Greece (-16%), Spain and Germany (-10% each) among others.

## ...and the top tourism spenders

Of the 50 largest source markets by international tourism expenditure, 33 of 44 that have reported results for at least six months have registered decreases in the corresponding levels of expenditure over 2008. Despite a drop in the global levels of spending, the accompanying table shows that at least 50 source countries are likely to spend in excess of US\$ 2.5 billion on tourism abroad in 2009, accounting together for four fifths of global international tourism spend.

Of the 11 source markets that stand out with growth in expenditure, the best performances occurred in emerging markets such as China (+20%), Turkey (+11%), India and Hungary (+10% each), and in the more mature market of Austria (+10%). Another six source markets recorded some increase – Finland (+5%), the Netherlands, Australia and Malaysia (+4% each), Belgium and Singapore (+1% each).

The biggest declines in expenditure among the market leaders came from countries most hit by the crisis and/or suffering weak currencies, such as the Republic of Korea (-33% through September, but expressed in US dollars), Japan (-21% up to August), the Russian Federation (-17% for the first six months), Spain (-15% through July) and the UK (-14% through June). Norway and the USA also recorded 10% declines (to June in the case of Norway and to August in the case of the USA).

The trends in expenditure quite closely mirror those in outbound trip volume (for countries reporting outbound travel statistics). The UK's decline comes as no surprise given the weakness of sterling, and the same is true of the Republic of Korea, whose local currency, the won, has

been trading at very unfavourable exchange rates for outbound travellers.

However, the economic crisis and unfavourable currency fluctuations are clearly not the only factors depressing outbound travel demand in 2009 so far. The A(H1N1) influenza pandemic has also had an impact on demand in a number of markets (specially those in North-East Asia) and airline capacity cuts have also had some influence.

*The tables in this section list the first 50 destinations in terms of receipts. For values of other countries with data available, see the tables on the regions on pages 18-35.*

### About receipts and expenditure data

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

With financial data measured in different currencies it is fairly complicated to accurately determine variations in relative terms, as receipts have to be expressed in a common currency like the US dollar or the euro and are generally also reported at current prices, thus not taking account of exchange rate fluctuations and inflation. In 2008 the dollar depreciated 7% against the euro and in 2007 8%, while over the two years 2005 and 2006, the US dollar and the euro maintained a fairly steady exchange rate, although both currencies did fluctuate against a range of other currencies. On average for the year, in 2008 one euro exchanged at US\$ 1.4708, in 2007 at 1.3705, in 2006 at 1.2556 and in 2005 at 1.2441 (or 1 US\$ to 0.6799 euro on average for 2008, 0.7297 euro in 2007, 0.7964 euro in 2006 and 0.8038 euro in 2005).

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

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

## International Tourism Receipts

	Monthly or quarterly data series																				
	US\$				Series	Local currencies, current prices (% on previous year)															
	2000	2006	2007	2008*		07/06	08*/07	2009*							2008*						
(billion)						YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4		
World	475	744	857	944																	
1 United States	82.4	85.7	96.7	110.1	sa	12.8	13.8	-17.7	-13.2	-19.7											
2 Spain	30.0	51.1	57.6	61.6		3.3	-0.4	-10.0	-14.3	-8.0											
3 France	30.8	46.3	54.3	55.6		7.3	-4.6	-6.1	-8.9	-10.1											
4 Italy	27.5	38.1	42.7	45.7		2.5	-0.1	-8.8	-8.9	-10.7											
5 China	16.2	33.9	37.2	40.8	\$	9.7	9.7	-7.9	-15.4	-9.2	1.5	-10.0	-11.2	-6.2	-0.7	5.4	-0.3	13.1	-2.0	-11.3	-7.4
6 Germany	18.7	32.8	36.0	40.0		0.7	3.5	-9.9	-8.1	-10.3											
7 United Kingdom	21.9	34.6	38.6	36.0	sa	2.6	1.6	-3.4	-3.4	-3.4											
8 Australia	9.3	17.8	22.3	24.7		12.5	10.4	10.5	10.2	10.8											
9 Turkey	7.6	16.9	18.5	22.0	\$	9.7	18.7	-3.8	-11.1	-9.6											
10 Austria	9.8	16.6	18.9	21.8		4.0	7.5	-7.5	-10.6	0.9											
11 Thailand	7.5	13.4	16.7	18.2		13.3	5.2	-23.3	-22.0	-25.3											
12 Greece	9.2	14.3	15.5	17.1		-0.3	2.8	-15.6	-18.2	-14.2											
13 Hong Kong (China)	5.9	11.6	13.8	15.3		18.7	11.0	1.0	8.2	-6.8											
14 Malaysia	5.0	10.4	14.0	15.3		26.3	5.5	2.3	0.6	3.9											
15 Canada	10.8	14.6	15.3	15.1		-0.8	-2.1	-3.8	-0.6	-6.1											
16 Switzerland	6.6	10.8	12.2	14.4		8.0	6.7	0.8	-0.4	2.0											
17 Macao (China)	3.2	9.8	13.6	13.4		39.1	-1.9														
18 Netherlands	7.2	11.3	13.3	13.3		7.4	-6.6	-7.8	-19.9	4.7											
19 Mexico	8.3	12.2	12.9	13.3	\$	5.5	3.4	-18.0	-8.5	-27.1											
20 Sweden	4.1	9.1	12.0	12.5		21.0	1.5	16.2	14.2	18.0											
21 Belgium	6.6	10.3	10.9	12.4		-3.0	5.6	-16.7	-10.9	-20.4											
22 Russian Federation	3.4	7.6	9.6	11.9	\$	25.9	24.3	-24.3	-23.6	-24.8											
23 India	3.5	8.6	10.7	11.8		13.4	16.0	-1.4	-7.4	6.9											
24 Poland	5.7	7.2	10.6	11.8		30.6	-3.3	5.1	3.1	6.8											
25 Egypt	4.3	7.6	9.3	11.0	\$	22.6	18.1	-9.5	-17.2	-1.6											
26 Croatia	2.8	7.9	9.3	11.0	€	7.3	10.5	-16.1	-2.8	-18.3											
27 Portugal	5.2	8.4	10.1	10.9		10.9	0.5	-10.2	-15.0	-8.7											
28 Japan	3.4	8.5	9.3	10.8		11.6	1.8	-20.0	-20.4	-24.1											
29 Singapore	5.1	7.5	9.2	10.6		15.3	8.4	-8.8	-9.7	-7.8											
30 Saudi Arabia	..	5.0	5.2	9.7		5.4	86.1	-36.2	-39.9	-30.5											
31 Korea, Republic of	6.8	5.8	6.1	9.1	\$	6.1	47.9	22.7	49.9	11.9	6.2	22.4	-6.3	21.9	6.4	21.9	-6.0	38.7	30.4	28.6	85.9
32 Czech Rep	3.0	5.5	6.6	7.7		7.5	-2.0	-8.5	-7.3	-9.5											
33 South Africa	2.7	7.9	8.4	7.6	sa	11.2	6.0	-0.3	3.1	-3.4											
34 Indonesia	5.0	4.4	5.3	7.4	\$	20.2	38.0	-12.8	-14.5	-11.2											
35 Morocco	2.0	6.0	7.2	7.2		11.8	-5.1														
36 Lebanon	..	5.0	5.5	7.2	\$	9.7	31.6														
37 United Arab Emirates	1.1	5.0	6.1	7.2		22.1	17.9														
38 Denmark	3.7	5.6	6.2	6.7		2.4	0.7	-2.3	-6.8	0.7											
39 Ireland	2.6	5.3	6.1	6.3		3.9	-3.3	-12.7	-13.4	-12.2											
40 Hungary	3.8	4.2	4.7	6.0	€	2.3	18.9	6.9	10.9	4.1											
41 Taiwan (pr. of China)	3.7	5.1	5.2	5.9	\$	1.5	13.9	10.6	2.6	18.4											
42 Brazil	1.8	4.3	5.0	5.8	\$	31.9	16.8	-10.8	-11.5	-11.4	-9.3	-11.6	-17.0	-5.5	-4.9	-8.8	-14.4	20.7	17.0	22.4	7.9
43 Ukraine	0.4	3.5	4.6	5.8	\$	31.9	13.9	-37.0	-32.4	-39.2											
44 New Zealand	2.3	4.7	5.4	5.0		0.6	-3.0	-3.2	-0.9	-6.6											
45 Argentina	2.9	3.3	4.3	4.6	\$	29.0	7.4	-14.2	-14.8	-13.4											
46 Norway	2.2	3.8	4.5	4.6		7.8	0.1	-13.2	-13.5	-12.9											
47 Luxembourg	1.8	3.6	4.0	4.5		1.5	3.8	-5.0	-0.6	-8.7											
48 Philippines	2.2	3.5	4.9	4.4	\$	40.8	-11.0	-40.2	-39.6	-40.9											
49 Dominican Rp	2.9	3.9	4.1	4.2	\$	3.8	2.8	-7.1	-7.9	-6.0											
50 Israel	4.1	2.8	3.1	4.1	\$	12.4	31.1	-10.5	-15.3	-6.7											

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2009)

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

## International Tourism Expenditure

	Monthly or quarterly data series																				
	US\$				Local currencies, current prices (% on previous year)																
	2000	2006	2007	2008*	Series	07/06	08/07	2009*						2008							
(billion)							YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4	
World	475	744	857	944																	
1 Germany	53.0	73.9	83.1	91.0		2.9	2.0	-3.2	-4.6	-4.2		2.2	-14.8	1.9	-6.6	4.3	5.8	4.9	1.2	-3.2	
2 United States	64.7	72.1	76.4	79.7	sa	5.9	4.4	-9.9	-8.6	-12.5		-9.0	-16.6	-11.7	-8.2	-7.8	9.3	7.0	3.0	-1.1	
3 United Kingdom	38.4	63.1	71.4	68.5	sa	4.1	4.4	-14.4	-15.4	-13.3							13.6	4.2	4.6	-4.3	
4 France	17.8	31.2	36.7	43.1		7.9	9.6	-3.4	1.3	-9.4		-2.4	-11.8	-13.9	0.0	0.0	13.5	16.5	0.1	12.9	
5 China	13.1	24.3	29.8	36.2	\$	22.5	21.4	19.6	19.6	19.6							20.9	20.9	21.9	21.9	
6 Italy	15.7	23.1	27.3	30.8		8.4	4.9	-3.4	-1.6	-3.6		2.8	0.5	-11.9	-6.2		4.7	7.8	1.1	9.2	
7 Japan	31.9	26.9	26.5	27.9		-0.2	-7.6	-20.5	-21.3	-25.1		-14.6	-28.6	-31.5	-15.2	-11.3	-3.9	-6.8	-9.5	-10.1	
8 Canada	12.4	20.6	24.7	26.9		13.3	8.4	-6.6	-5.1	-8.3							18.5	14.0	4.9	-5.3	
9 Russian Federation	8.8	18.1	22.1	24.9	\$	22.2	12.5	-16.6	-17.9	-15.7							20.2	19.6	11.1	1.3	
10 Netherlands	12.2	17.0	19.1	21.7		2.6	6.2	4.0	4.1	3.9							2.9	8.5	7.4	4.3	
11 Spain	6.0	16.7	19.7	20.3		8.3	-3.7	-14.6	-20.2	-11.5		-7.7	-16.0	-11.7	-10.5	-12.0	6.0	-2.1	-5.8	-10.8	
12 Belgium	9.4	15.5	17.3	18.9		2.1	1.5	1.2	-4.9	6.1		26.9	3.8	-8.8			0.0	-2.0	7.7	-2.2	
13 Australia	6.4	11.7	14.7	18.4		13.5	24.8	3.5	0.8	2.4		6.1	2.4	-0.9	12.1	4.9	32.1	33.2	25.2	11.9	
14 Korea, Republic of	7.1	18.9	22.0	17.1	\$	16.6	-22.1	-33.2	-51.8	-31.9	-15.7	-31.6	-32.4	-31.8	-30.2	-13.8	7.4	-4.2	-11.7	-17.8	-53.3
15 Hong Kong (China)	12.5	14.0	15.0	16.1		7.6	6.5	-7.7	-11.4	-3.8							22.8	6.6	6.6	-7.7	
16 Norway	4.6	11.7	13.7	15.9		6.9	12.1	-10.0	-9.2	-10.6							20.2	11.8	13.5	11.9	
17 Sweden	8.0	11.5	13.9	15.2		11.1	6.4	-5.5	-8.3	-2.8							17.0	4.8	7.7	-2.5	
18 Singapore	4.5	11.1	12.5	14.2		6.4	7.0	0.8	0.3	1.2							13.8	8.0	4.8	2.6	
19 Untd Arab Emirates	3.0	8.8	11.3	13.3		27.7	17.9														
20 Austria	6.3	9.6	10.6	11.4		0.8	0.2	9.6	3.1	14.3							7.1	-8.8	2.9	1.5	
21 Brazil	3.9	5.8	8.2	11.0	\$	42.5	33.5	-16.9	-24.5	-15.3	-12.8	-18.0	-23	-5.7	-20.0	-10.5	-6.5	59.2	57.5	56.5	-21.3
22 Switzerland	5.4	9.2	10.1	10.9		4.9	-2.3	-5.1	-12.4	0.1							0.9	-2.9	0.0	-7.2	
23 Ireland	2.5	6.8	8.6	10.4		15.7	12.0	-6.0	-10.1	-2.4							26.7	6.5	12.8	4.8	
24 Denmark	4.7	7.5	8.8	9.8		7.7	4.2	-4.9	-8.4	-2.0							4.5	4.3	4.8	3.0	
25 India	2.7	6.8	8.2	9.6		9.6	22.9	9.9	11.0	8.5							51.7	14.7	42.7	-4.2	
26 Poland	3.3	7.2	7.8	9.6		-4.3	7.7	-7.6	-9.4	-6.4							8.4	10.2	6.2	10.0	
27 Taiwan (pr. of China)	8.1	8.7	9.1	9.1	\$	3.7	0.5	-22.9	-22.8	-23.1							9.9	4.8	-2.0	-9.8	
28 Iran	0.7	5.3	6.8	8.7	\$	28.1	27.6										12.9	12.9	13.0	55.7	
29 Mexico	5.5	8.1	8.4	8.5	\$	3.3	1.8	-19.5	-12.7	-24.4		-16.0	-32.1	-25.0	-18.4	-24.7	6.2	0.3	4.8	-2.8	
30 Kuwait	2.5	5.6	6.6	7.6		16.6	7.9														
31 Malaysia	2.1	4.0	5.6	6.7		30.1	17.1	3.7	-1.3	8.6							14.8	8.8	23.9	19.8	
32 Saudi Arabia	..	1.8	4.9	5.9		170	21.0	-8.5	-26.5	26.8		59.2	36.3	-7.8			154	-13.6	11.9	-4.7	
33 Indonesia	3.2	4.0	4.9	5.4	\$	21.7	10.1	-6.9	-11.8	-2.1							5.1	14.8	13.6	7.8	
34 Thailand	2.8	4.6	5.1	5.0		1.9	-6.0	-14.5	-5.6	-21.7							4.8	-2.3	-9.4	-13.2	
35 Czech Rep	1.3	2.8	3.6	4.6		18.3	5.9	-0.6	4.8	-5.3							29.8	11.1	-5.4	-3.5	
36 Argentina	4.4	3.1	3.9	4.5	\$	26.5	14.9	-4.6	1.6	-13.4							18.6	17.9	27.9	2.2	
37 Nigeria	0.6	1.0	2.4	4.5	\$	152.6	82.1														
38 Finland	1.9	3.4	4.0	4.4		6.8	2.1	5.2	3.7	6.6							-1.0	0.6	5.3	3.3	
39 Portugal	2.2	3.3	3.9	4.3		7.9	2.4	-5.0	-7.4	-2.0		9.4	-12.2	-2.3	-7.2		8.0	4.0	2.0	-3.6	
40 South Africa	2.1	3.4	3.9	4.2	sa	20.7	26.8	-8.2	6.1	-19.4							20.7	39.7	34.0	13.2	
41 Hungary	1.7	2.1	2.9	4.0	€	27.4	27.5	10.0	12.0	8.4							21.5	36.1	28.2	23.2	
42 Ukraine	0.5	2.8	3.3	4.0	\$	16.2	22.2	-21.2	-18.5	-23.2							27.8	38.7	27.1	-6.9	
43 Greece	4.6	3.0	3.4	3.9		4.3	7.8	-5.8	-16.7	0.7		10.2	-10.9	1.8	9.3		26.8	2.7	15.5	-7.0	
44 Luxembourg	1.3	3.1	3.5	3.8		1.8	2.3	-0.9	-4.6	2.5							13.5	-1.7	2.0	-2.9	
45 Qatar	0.3	3.8	..	..		..	..														
46 Lebanon	..	3.0	3.1	3.6	\$	3.6	14.5														
47 Turkey	1.7	2.7	3.3	3.5	\$	18.8	7.5	11.2	11.4	-7.0		-9.4	-4.1	-7.4	48.5	32.2	19.8	11.5	-2.0	2.9	
48 Israel	2.8	3.0	3.3	3.4	\$	9.3	5.5	-22.1	-24.6	-20.6							1.0	15.2	1.7	2.5	
49 New Zealand	1.5	2.5	3.1	3.0		6.8	0.6	-5.1	-4.1	-6.0							5.6	0.1	-0.6	-1.5	
50 Egypt	1.1	1.8	2.4	2.9	\$	37.1	19.2	-12.6	0.0	-24.0							55.6	40.6	29.7	-18.2	

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO June 2009)

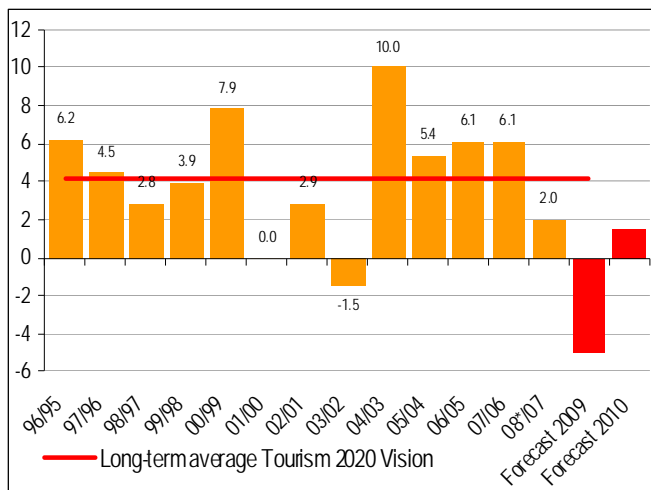
See box at page 2 for explanation of abbreviations and signs used

# UNWTO forecast for 2009 and 2010

## Modest growth expected for 2010

The latest available tourism and economic data confirms UNWTO's forecast for 2009 of a decrease of around 5% for the full year 2009, while its initial 2010 forecast points to a return to positive growth next year.

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



Source: World Tourism Organization (UNWTO) ©

## Full year 2009

The trend seen so far for the period January to August is very much in line with the full-year projection included in the June issue of the *UNWTO World Tourism Barometer*. The unfavourable economic conditions are expected to continue affecting tourism demand, but the rates of decline are easing, and are expected to continue doing so during the remainder of the year. For the last four months of 2009 decreases are expected to moderate further. For the full year 2009 UNWTO maintains its current forecast according to which international tourist arrivals worldwide will decrease within a range of -6% to -4%, with the most likely outcome somewhere in the middle of this range. And

though various subregions might return to growth in the last months of 2009, this will not be enough to compensate for the losses suffered so far. Growth for the full year is still projected to be negative in all regions, except for Africa. As Asia and the Pacific and the Middle East have shown signs of a rebound, they are expected to end the year at the high end of the range forecast for 2009, while the Americas and Europe might end the year at the lower end.

### About these forecasts

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

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

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

### Forecast of growth in International Tourist Arrivals

	2007		2008		2009		2010	
	real		real		real	Full year projection		
	year	year	Jan.-June	July-Dec.	Jan.-Aug.	between	between	
World	6.1%	2.0%	6.0%	-1.2%	-6.7%	-6% and -4%	0% and 2%	
Europe	4.1%	0.4%	4.0%	-2.1%	-8.0%	-8% and -5%		
Asia and the Pacific	9.6%	1.2%	5.9%	-3.2%	-5.3%	-4% and -1%		
Americas	5.2%	2.9%	6.4%	-0.2%	-6.7%	-6% and -3%		
Africa	9.0%	3.6%	4.0%	0.9%	3.8%	1% and 5%		
Middle East	14.0%	18.2%	27.0%	9.6%	-7.6%	-10% and -5%		

Source: World Tourism Organization (UNWTO) ©

## Outlook for 2010

UNWTO's initial forecast for the coming year indicates that the tourism sector is likely to witness a moderate recovery in 2010. This outlook reflects the gradual improvement of international tourism figures in recent months as well as the better-than-expected economic indicators in some major source markets.

Still, 2010 will be a difficult year as the pace of economic recovery is expected to be modest. IMF projects economic growth at 3.1% worldwide in 2010. Growth is expected to be reasonably strong for emerging market and developing countries at 5.1%, but still fairly sluggish for advanced economies at 1.3%. Unemployment has been rising fast over the past year-and-a-half, and is set to continue to do so during next year. Stimulus measures are likely to be phased out and in many advanced economies potential increases in taxation may put extra pressure on household budgets. On the positive side, consumer confidence is giving signs of picking up, and interest rates and inflation are expected to remain at low levels. Another factor of uncertainty is the evolution of the A(H1N1) influenza pandemic.

For 2010, UNWTO forecasts international tourist arrivals to increase slightly, with a growth of 1% to 3%, calculated on the base of a very weak first part of 2009. Asia will show the strongest rebound, while Europe and the Americas will probably take longer to recover. Africa is expected to continue in positive territory as it did in 2009, with the extra positive impact from the 2010 FIFA World Cup in South Africa. Growth is expected to return to the Middle East.

Again, much of the performance of tourism in 2010 will depend on the economic developments, consumer confidence and governments' continued support for the recovery. The International Monetary Fund (IMF) warns that "the pace of recovery is expected to be slow and, for quite some time, insufficient to decrease unemployment"

A comprehensive forecast for 2010, including the five regions, will be featured in the forthcoming full issue of the *UNWTO World Tourism Barometer* to be published in the second part of January 2010.

## UNWTO Tourism Highlights, 2009 Edition

On the occasion of World Tourism Day, celebrated annually on 27 September, UNWTO released its updated overview of basic tourism facts and figures in its *Tourism Highlights, 2009 Edition*. In 2009, the 30th World Tourism Day has been commemorated in Ghana under the theme 'Tourism – Celebrating Diversity' (see [www.unwto.org/wtd](http://www.unwto.org/wtd)).



*Tourism Highlights* aims to provide a consolidated set of key figures and trends for international tourism in the year prior to its date of publication. The *2009 Edition* presents in 12 pages a snapshot of international tourism in the world for 2008 based on the latest available information collected from national sources. Trends and results are analysed for the world, regions and major regional destinations, with statistics included on international tourist arrivals and international tourism receipts. Furthermore, it provides the ranking of top tourism destinations by arrivals and receipts, as well as information on outbound tourism generating regions and a list of top source markets in terms of spending.

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

## Evaluation by UNWTO's Panel of Tourism Experts

### UNWTO Tourism Confidence Index marked by cautious optimism

(Continued from page 1)

**Results of the UNWTO Panel of Experts' Confidence Index suggest that a turning point may have been reached. Results of the latest survey, in which over 330 experts from more than 100 destination countries around the world gave their evaluation of the period April-August and prospects for the period September-December, show that confidence has started to pick up after having passed through a deep trough.**

The evaluation by UNWTO's Panel of Experts of tourism performance in the period from May through August 2009 points to a gradual recovery in the last few months, though still at a seriously depressed level. On a scale of 0 to 200, in which 100 means 'equal' or 'no change', representatives from both the public and private sectors assessed world tourism performance over the period May-August 2009 with an average score of 73. This means, in the framework of the UNWTO Panel of Tourism Experts' Confidence Index, that the number of experts evaluating this period as 'worse' or 'much worse than would reasonably be expected' outnumbered that of experts rating it as 'the same as', or 'better than' the preceding period.

evaluated the four months from May through August as a continuing weak period in terms of performance. Europe (up 20 points to 71) and the Americas (up 10 points to 72) have not had a good year until now, although the months of July and August showed a slowdown in the downward trend. But the greatest surprise – indeed, one could say 'shock' – in terms of performance came from Asia and the Pacific (rated at 63, up only 4 points), where the recession and the A(H1N1) virus outbreak seem to have had a greater impact than expected.

#### The UNWTO Tourism Confidence Index

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

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

#### How to read this data

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

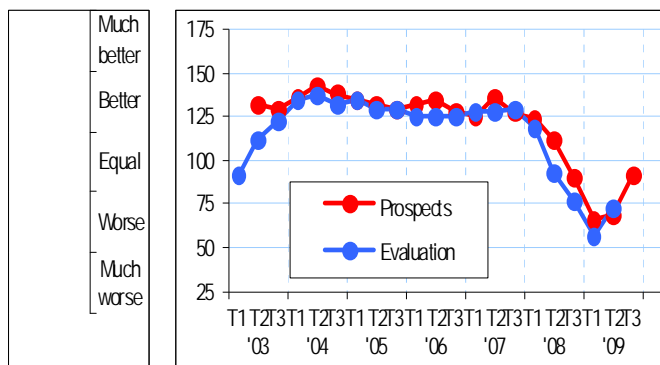
- *What is your assessment of tourism performance in your destination or business for the four months just ended (or about to end) as against what you would reasonably expect for this time of year?*

- *What are the tourism prospects of your destination or business in the coming four months compared with what you would reasonably expect for this time of year?*

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

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

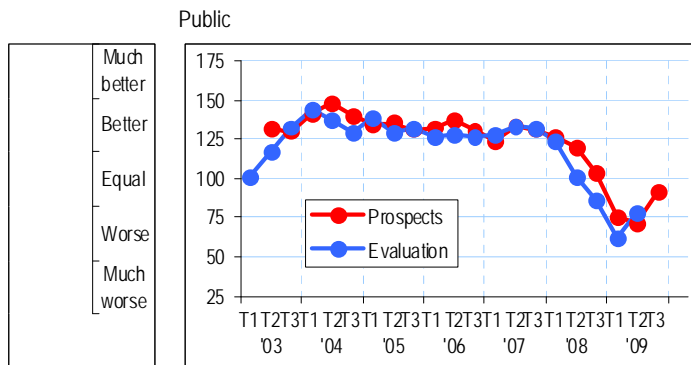
UNWTO Panel of Tourism Experts



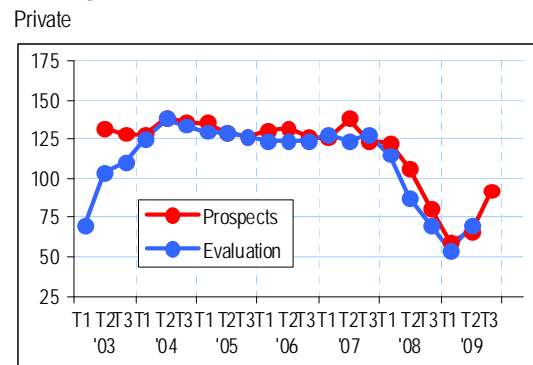
Source: World Tourism Organization (UNWTO) ©

Despite the relative improvement, the overall score of 73 given to the period May-August 2009 – up from 57 for the first four months of this year – is still the second lowest score in the history of the *UNWTO World Tourism Barometer*. Evaluation of the most recent period (73) nevertheless exceeds the score of 69 given by the Panel in early June regarding its 'prospects' for this same May through August 2009 period. The pattern of a relative upturn is very similar across all regions of the world and industry sectors, even though there are significant differences in the scores. Positive scores (i.e. above 100) were given only by experts in Africa (up 25 points to 104), justified by its relatively strong growth in arrivals for the year to date. Experts in the Middle East are close to the positive mark (up 34 points to 96). All other regions

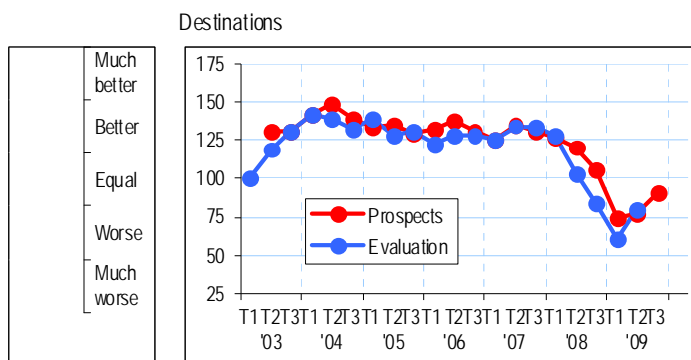
### UNWTO Panel of Tourism Experts



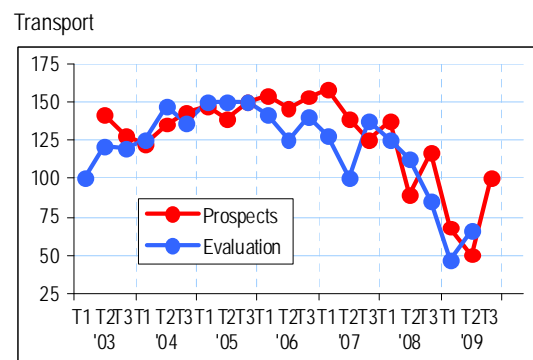
Source: World Tourism Organization (UNWTO) ©



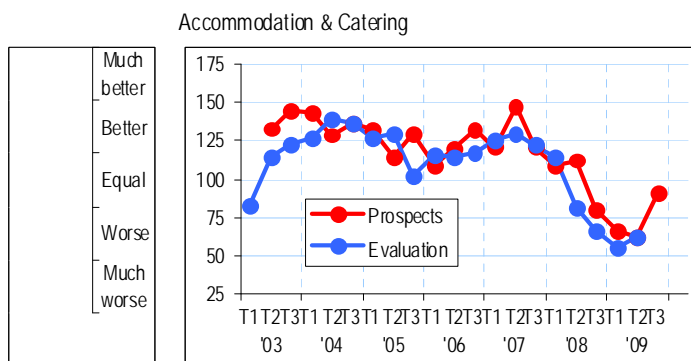
Source: World Tourism Organization (UNWTO) ©



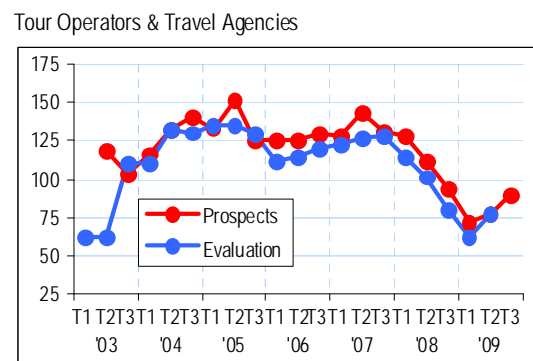
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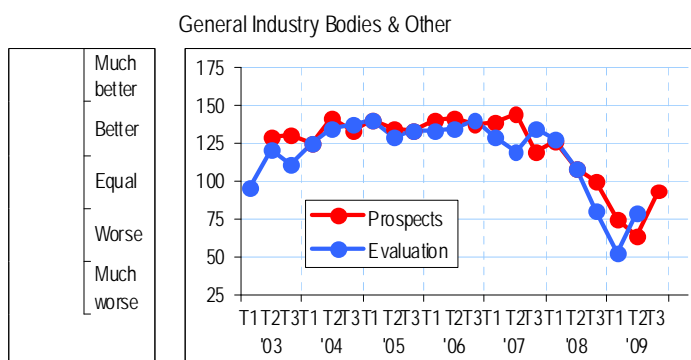
Source: World Tourism Organization (UNWTO) ©



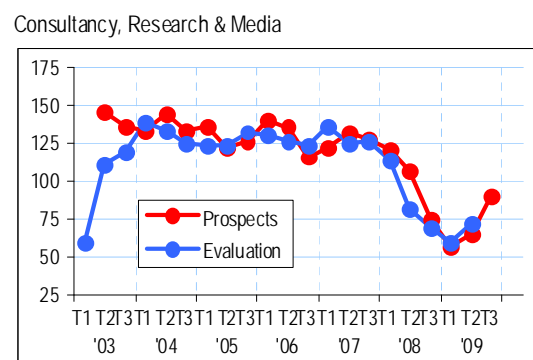
Source: World Tourism Organization (UNWTO) ©



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



Whatever the actual trends prove to be in the last months of this year, the upturn in business and consumer confidence is indisputable, with the Panel rating prospects for the months of September through December at 92, up 24 points compared with the prospects expressed in June for the period May-August. After two periods at a historic low, prospects are back at the same score as was given to the last four-month period of 2008 (12 months ago) before demand was seriously hit by the global economic recession and the influenza A(H1N1) pandemic. However, there is still a considerable gap between the current level and the level of 125 and above seen in the period 2005-2007.

## Regions

Not surprisingly, given the region's much better than average performance, the highest scores for the May-August 2009 period were given by experts in Africa (104), followed by those in the Middle East (96) – see the regional sections for corresponding graphs. Global Operators (69), and experts in the Americas (72) and Europe (71) gave ratings of around 70 – still highlighting the fact that the region's tourism performance was well below par – and experts from Asia and the Pacific were even more negative (63).

By contrast, prospects for the current four-month period (September-December 2009) are fairly optimistic in Asia and the Pacific (105) – an amazing 42 points above the evaluation of the period May-August – although the region's score is lower than that for the Middle East (112) and Africa (115). The Panel of Experts in the Americas is also a lot more bullish (100) about short-term prospects than it was four months ago (when it gave a rating of 70), but European experts remain fairly guarded in their

expectations, although their rating of 80 is 21 points up on their score for the May-August period measured in June. Global Operators remain the most pessimistic about the next four months (78) – a situation that can perhaps be explained by the fact that, while improvements are being seen in the operating environment in different parts of the world, these improvements are not being seen across all regions at the same time. So Global Operators may simply be more aware of the uneven playing field.

## Sectors/areas of activity

A comparison of scores by sector, or area of activity, also highlights some interesting variations in opinion. In terms of the evaluation of the May-August 2009 period, the least negative scores came from representatives of General Industry Bodies and 'Other' sectors (79), Destinations (79) and Tour Operators & Travel Agencies (77). At the other end of the scale were representatives of the Transport (65) and Accommodation & Catering (62) sectors, behind Consultancy, Media and Research (71) – all well below '100'.

As for prospects for the September-December 2009 period, scores vary less sharply, but the most optimistic is the Transport sector (100), ahead of General Industry Bodies (94), Destinations and Accommodation & Catering (at 91 each) and Tour Operators & Travel Agencies and experts working in Consultancy, Media & Research (each at 90).

A further breakdown of responses, according to public and private sources shows that public sector experts rated the period just completed somewhat better (at 78) than the private sector (70), but they gave exactly the same ratings (92) to the prospects for the final four months of 2009.

## Elibrary

One of the most comprehensive sources of tourism information prepared by the UNWTO

The Elibrary is an online collection of more than 1000 books in Spanish, English, French, Russian and Arabic, with new titles being added every day. It also allows cross-referenced searches of a large number of publications in their respective languages.

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## Regions

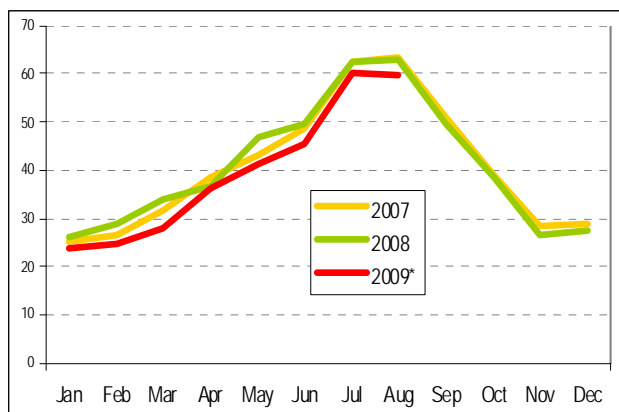
### Europe

#### Results

The global economic crisis continues to take its toll on European tourism, but the results for each succeeding month seem, mostly, to be an improvement on the last. Overall arrivals in Europe are estimated to have been down 13% in the first quarter of the year, 8% in the second – and just 4% in July and 5% in August.

However, this apparent improvement, though real, must be seen in perspective. The figures for the first part of 2009 are calculated on very strong base figures – the climax of the boom in world tourism in the first quarter of 2008. The growth in European tourism was already fading in the second quarter of 2008, and had come to an end by the third quarter. The latest monthly figures for arrivals are therefore calculated on weaker base figures for the same months in 2008, when arrivals were already beginning to fall.

International Tourist Arrivals, monthly evolution  
Europe (million)



Source: World Tourism Organization (UNWTO) ©

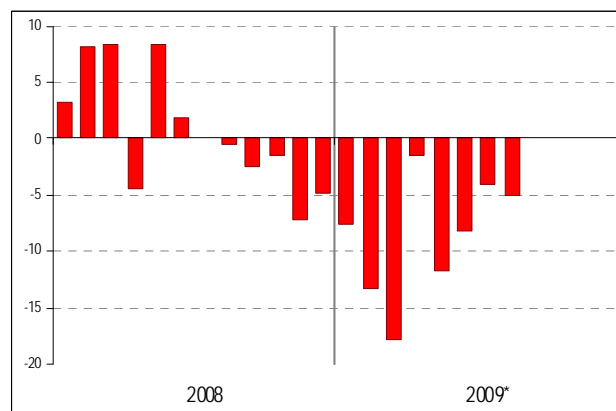
The improvement is borne out by a rise in the UNWTO's Panel of Experts' index for the last four months, from 59 points to 80. The index remains, however, in 'negative territory', and many in the panel point out that the decline in arrivals has been accompanied by a dramatic fall in yields, with declines in prices and heavy discounting on those prices. Many respondents suggest that in fact the summer season was only rescued by late bookings at discounted prices.

The declines in arrivals are still spread across all the subregions of Europe, and there is no clear evidence yet that any subregion is moving more rapidly towards a recovery. For the first eight months of the year, arrivals were down more heavily in Central and Eastern Europe (-11%) than in Northern Europe (-8%), Western Europe (-7%), and Southern and Mediterranean Europe (-7%). The recent figures for Western Europe do suggest a rather

stronger upturn trend, but there are important gaps in the figures.

Earlier in the year there were large – and sometimes wild – fluctuations in the monthly figures for individual destinations. Recent figures have tended to be less extravagant. But the usual caution needed when looking at the figures for individual destinations in individual months needs to be redoubled because the base figures were so erratic – and this will become even more important over the next few months, because the extent and timing of the downturn in Q4 2008 varied in individual destinations.

International Tourist Arrivals, monthly evolution  
Europe (% change)



Source: World Tourism Organization (UNWTO) ©

In Northern Europe, only Iceland (+5%) and Sweden (+2%) have reported increases in arrivals for the year to date. The UK (-9%) does not seem to have benefited much from the weak pound (partly because it depends heavily on the USA, which was down by 9%, and other long-haul markets, but also because of much stricter visa requirements and more costly visas). But Sweden and, of course, Iceland, have also enjoyed the competitive advantage of weak currencies. In most Northern European countries, an increase in domestic tourism has partly compensated for weak international arrivals and some (e.g. Sweden and Denmark) also report increases in arrivals from their closest neighbours. An exception is Ireland (-11%), where the severity of the recession has damaged domestic tourism and arrivals from the UK and Europe are reported to be more heavily down than long-haul arrivals. Finland is one of the few European countries which continue to report increases in arrivals from Russia.

In Western Europe, Austria (-2% through September) continues to offer the best figures. The 3.8% increase in arrivals in August was especially encouraging because arrivals in August 2008 were themselves up 6% on August 2007. Austria has successfully promoted itself as a summer destination in the domestic and neighbouring markets, compensating for the decline in long-haul traffic. Thus, in June, there were increases in arrivals from Switzerland, Italy, the Czech Republic and Germany (especially neighbouring Bavaria and Baden Württemberg), but declines from the Netherlands, UK, Spain and USA.



Switzerland (-6%) tells a similar story. Some good figures for the Netherlands (+6% in June and +4% in July), however, are deceptive, because the corresponding figures in 2008 were weak. Panel members confirm that business travel and secondary holidays, which are both very important to the Netherlands, are down. In Belgium (-7%), in contrast, business travel is reported to be holding up better, because of the attraction of Brussels as capital of the EU. France and Germany are suffering sharp declines in arrivals from important markets, including each other, the UK, Spain and the USA – all markets in which the 'stay-at-home' factor during the recession is strong. In the subregion, only Switzerland is not in the eurozone, and the strength of the euro is also a factor in discouraging inbound tourism.

In many countries in Central and Eastern Europe, the economic crisis is so severe that the usual story that domestic and neighbouring markets are doing better than medium- and long-haul markets does not necessarily hold true. In Estonia, Latvia and Lithuania international arrivals are down, but Estonia's figures for July and August show a slight improvement. Some low-cost air services (often recently introduced) have been withdrawn, but arrivals by ferry in the Baltic States are reported to be holding up relatively well. In Poland, the Czech Republic and Slovakia reports about the inbound market are similarly negative. Still, Hungary's inbound figures are stable, which in the current context is a good result. Further south, Bulgaria reports the strongest increases in Europe for July-August, but Romania reports continuing double-digit declines.

In Southern and Mediterranean Europe, the strong euro is penalising Portugal and Spain (-10% each) in traditional mass markets, and this trend is being exacerbated by the recession. Both are heavily exposed to the very weak UK market. In Italy (-3%), reports are more mixed, and the arrivals figures are only modestly down, with July showing an encouraging 4% growth.

There has also been double-digit decline in arrivals in Malta: some airline services have been cut, and even cruise passenger arrivals (which have been doing so well in recent years) are down. Further east, Greece and Cyprus face similar problems to Spain and Portugal. In many destinations, employment in tourism is reported to be affected. Since tourism is such an important sector in these countries, governments have been providing support: the Spanish Government announced a second package in July, worth 1.0 billion euros and Italy a 1.6 billion euros financing scheme (for detailed information on national stimulus packages for tourism see <[www.unwto.org/trc](http://www.unwto.org/trc)>).

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

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

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

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

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

## International Tourism Receipts

	US\$		Local currencies, current prices (% on previous year)															
	2007	2008*	Series 06/05		07/06	08/07	2009*								2008*			
	(million)				YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4
<b>Europe</b>	435,237	473,627																
<i>Northern Europe</i>	70,775	69,862																
Denmark	6,220	6,689		4.5	2.4	0.7	-2.3	-6.8	0.7						7.8	-0.2	-3.0	3.2
Finland	2,837	3,118		7.6	9.5	2.4	3.8	0.9	6.9					4.6	3.0	-1.3	5.7	
Iceland	596	611		29.8	13.0	40.7	68.0	68.5	67.7					17.8	27.9	36.4	85.0	
Ireland	6,066	6,294		10.2	3.9	-3.3	-12.7	-13.4	-12.2					-0.3	1.0	-3.6	-10.6	
Norway	4,453	4,633		7.5	7.8	0.1	-13.2	-13.5	-12.9					5.8	6.6	-0.9	-1.7	
Sweden	12,001	12,490		21.0	21.0	1.5	16.2	14.2	18.0					-1.7	-10.8	8.7	10.8	
United Kingdom	38,602	36,028	sa	11.5	2.6	1.6	-3.4	-3.4	-3.4					2.5	9.5	-1.8	-3.4	
<i>Western Europe</i>	149,602	161,982																
Austria	18,885	21,783		2.7	4.0	7.5	-7.5	-10.6	0.9					14.7	1.0	3.0	4.6	
Belgium	10,898	12,355		3.4	-3.0	5.6	-16.7	-10.9	-20.4					1.9	16.8	4.6	-2.4	
France	54,273	55,595		4.3	7.3	-4.6	-6.1	-8.9	-10.1					1.8	1.4	-11.4	-3.5	
Germany	36,038	40,018		11.4	0.7	3.5	-9.9	-8.1	-10.3					2.1	3.8	2.5	5.5	
Luxembourg	4,022	4,482		-0.4	1.5	3.8	-5.0	-0.6	-8.7					8.6	5.1	3.8	-1.3	
Netherlands	13,305	13,342		7.3	7.4	-6.6	-7.8	-19.9	4.7					11.2	-11.5	-9.2	-13.1	
Switzerland	12,180	14,408		8.6	8.0	6.7	0.8	-0.4	2.0					11.7	6.3	6.5	2.3	
<i>Central/Eastern Europe</i>	48,546	58,119																
Armenia	305	331	\$	23.2	12.5	8.6								19.6	12.7	6.6	1.8	
Azerbaijan	178	190	\$	49.9	52.0	7.0	64.9	67.1	62.9					5.0	9.4	5.7	8.0	
Belarus	325	365	\$	13.0	13.5	12.5	-4.0	-2.1	-5.5					16.2	11.4	15.8	7.0	
Bulgaria	3,130	3,804		7.3	9.8	13.7	-2.6	-9.0	-7.5					12.8	13.6	11.7	-0.1	
Czech Rep	6,632	7,722		11.7	7.5	-2.0	-8.5	-7.3	-9.5					15.2	1.7	-7.5	-0.5	
Estonia	1,035	1,214		4.5	-7.3	9.7	-5.5	-8.5	-3.5					32.4	6.9	4.0	2.7	
Georgia	384	447	\$	29.5	22.7	16.4	-11.9	-9.2	-13.7					33.7	46.9	-2.5	2.3	
Hungary	4,728	6,032	€	2.0	2.3	18.9	6.9	10.9	4.1					10.4	12.9	25.2	23.0	
Kazakhstan	1,013	1,012	\$	19.6	20.9	-0.2	-8.5	-5.7	-10.6					4.8	5.1	-2.1	-6.7	
Kyrgyzstan	346	515	\$	128.5	107.2	48.7	37.0	37.0						59.5	64.8	20.8	64.7	
Latvia	671	803		39.5	28.3	11.9	7.1	13.2	2.1					24.8	8.9	7.1	13.7	
Lithuania	1,153	1,338		11.8	1.8	8.4	-16.3	-14.7	-17.2					12.4	7.9	9.9	0.9	
Poland	10,599	11,771		10.7	30.6	-3.3	5.1	3.1	6.8					-6.3	3.1	-8.9	-0.6	
Rep Moldova	167	212	\$	11.6	45.3	26.6	-25.5	-14.2	-34.3					28.6	44.9	36.4	0.8	
Romania	1,608	2,002	€	21.2	13.4	16.0	-27.0	-30.0	-25.9					25.3	15.7	9.0	17.5	
Russian Federation	9,607	11,944	\$	30.0	25.9	24.3	-24.3	-23.6	-24.8					45.6	32.0	25.1	1.1	
Slovakia	2,013	2,584		19.8	10.6	11.0	-7.3	-16.1	0.7					8.8	10.5	6.3	17.6	
Ukraine	4,597	5,768	\$	11.5	31.9	25.5	-37.0	-32.4	-39.2					36.9	37.8	28.2	-8.9	
<i>Southern/Mediterr. Eu.</i>	166,314	183,665																
Albania	1,373	1,782	€	16.3	24.5	21.0	8.5	-4.2	19.8					29.7	11.8	19.0	26.1	
Bosnia & Herzg	728	816		15.1	10.4	4.7	-13.0	-8.6	-15.6					9.4	6.0	3.0	2.1	
Croatia	9,254	10,971	€	4.9	7.3	10.5	-16.1	-2.8	-18.3					17.3	15.8	6.9	19.9	
Cyprus	2,685	2,737		74.0	3.9	-4.8	-16.1	-12.8	-16.6	-16.4				1.8	-1.3	-6.8	-0.9	
F.Yug.Rp.Macedonia	185	228	€	41.5	31.8	15.6	14.6	23.0	7.0					25.0	15.8	18.2	3.5	
Greece	15,513	17,114		2.9	-0.3	2.8	-15.6	-18.2	-14.2					7.8	8.5	1.5	-4.7	
Israel	3,095	4,057	\$	-1.0	12.4	31.1	-10.5	-15.3	-6.7					33.3	42.9	31.6	17.3	
Italy	42,651	45,727		6.7	2.5	-0.1	-8.8	-8.9	-10.7					1.8	1.2	2.0	-7.7	
Malta	910	950		0.7	8.7	-2.7	-10.3	-18.8	-5.7					4.7	-1.1	-2.0	-11.1	
Montenegro	630	758		26.2	69.3	12.1	-4.9	-12.0	-3.5					91.2	4.6	10.5	42.9	
Portugal	10,145	10,943		7.6	10.9	0.5	-10.2	-15.0	-8.7					8.7	1.2	-0.7	-4.2	
Serbia	531	944	\$	29.3	33.5	77.7	-14.6	-26.1	-16.6					103.0	89.4	92.0	36.5	
Slovenia	2,483	3,059		7.2	16.5	14.8	-11.0	-14.6	-8.2					15.9	15.2	11.4	19.5	
Spain	57,645	61,628		5.6	3.3	-0.4	-10.0	-14.3	-8.0					5.4	1.3	0.2	-8.0	
Turkey	18,487	21,951	\$	-7.2	9.7	18.7	-3.8	-11.1	-9.6					28.4	25.9	14.4	16.3	

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2009)

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

In the Eastern Mediterranean, as in North Africa, destinations with more competitive exchange rates and cost structures continue to perform better. Most countries in the Western Balkans have avoided double-digit declines this year, and some have reported substantial increases in individual months – or even for the year to date, including Croatia (-1% overall but +5% in August), Serbia (+5%, through August), the Former Yugoslavia Republic of Macedonia (+7%) and Montenegro (+0.1%). All these, except for Croatia, are based, of course, on comparatively small base figures.

Turkey (+1%) also continues to benefit from a very competitive exchange rate: arrivals in the first nine months of the year were slightly up, including a 3% increase for the quarter July-September.

The trends reported in June, and the forecasts made at that time, have therefore very largely been borne out. Generally, business travel has been more heavily affected than leisure, and domestic and short-haul travel is holding up better than medium- and long-haul. Consumers were not prepared to sacrifice their main summer holidays, but tended to leave bookings until the last moment. They searched on the internet for the best available deals, reduced their lengths of stay and spending – and did sacrifice some of their secondary holidays.

### Prospects

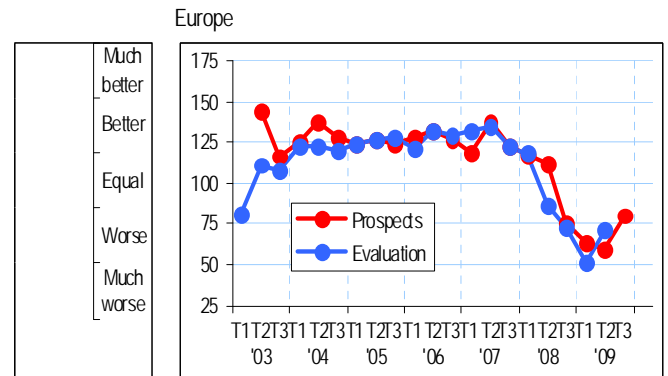
The economic news in recent months, both in Europe and worldwide, has generally been better than expected. France and Germany have come 'out of recession', in the technical sense that, quarter-on-quarter, GDP is no longer falling. The threat of a renewed crisis in the financial sector, and an immediate 'double dip' recession, seems to be fading. Barring a serious political, economic or natural disaster (such as an intensification of the A(H1N1) flu epidemic), there seems to be enough business and consumer confidence in Europe to sustain tourism at its current levels (monthly figures will turn positive, however, since the results in Q4 2008 and Q1 2009 were extremely down).

A substantial recovery seems less likely. 'Coming out of recession', in the technical sense, does not necessarily mean a restoration of pre-crisis levels of economic activity. Unemployment is still rising, and is expected to continue to rise well into 2010. Incomes are not expected to rise, and spending is currently supported by fiscal support measures, which will come to an end, and by unnaturally low interest rates. In many European countries, tax burdens will eventually rise. Consumers are generally aware of these problems and a more cautious approach to spending is likely, whether or not, in their individual cases, their budgets are immediately constrained.

Nor can the European tourism industry expect much support from long-haul markets. The Asia Pacific region is recovering strongly, but its focus will continue to be very much on intra-regional travel and the strength of the euro against most Asian currencies is a deterrent to those Asians

with an ambition to travel to Europe. The USA is recovering more slowly and it too seems more attentive to domestic and intra-regional destinations, and even to Asia Pacific, than to Europe. Moreover, the US dollar is expected to continue to weaken. The European prospects for markets in Latin America, Africa and the Middle East are perhaps more promising, but these are much less important markets than Asia Pacific and North America.

### UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

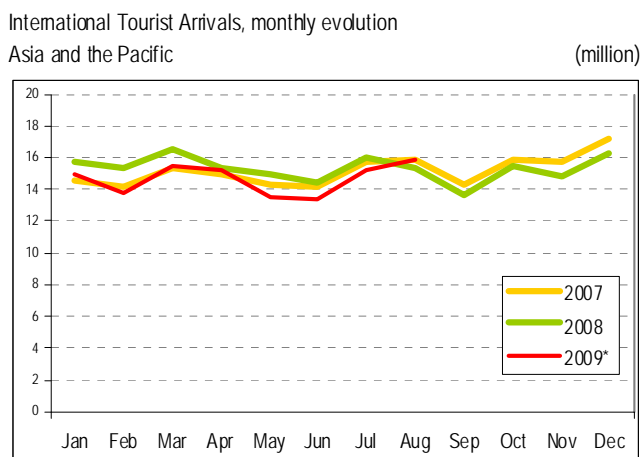
All this is reflected in the cautious optimism of the UNWTO's Panel of Experts in Europe: their index for the outlook for the next four months has risen from 59 to 80 since May, but remains short of the neutral 100 and far short of the indices in other regions, which are approaching 100 (in the case of the Americas) or exceeding 100 (in all other regions).

Bankruptcies among hotels, airlines, tour operators and travel agencies have risen, but not to the extent that they have seriously affected capacity and might compromise any recovery.

## Asia and the Pacific

### Results

Everyone was surprised by the speed and depth of Asia and the Pacific's plunge into recession when the financial crisis struck in the last quarter of 2008. The early arrival and apparent robustness of the recovery in the second and third quarters of 2009 was equally astonishing. The reaction in terms of tourism seems to follow the same trend.



Source: World Tourism Organization (UNWTO) ©

Arrivals in the region had already turned down in the third quarter of 2008, and they continued to slide in the following three quarters, with declines of 4% in the last three months of 2008 and 7% and 6%, respectively in the first two quarters of 2009 compared with the same periods the year before. But the available figures for Q3 suggest a rally, with a decline of 5% in July followed by an increase of 3% in August. Still, the trend is obscured by special factors and wide variations in individual destinations. The verdict of the trade is definitely downbeat: the UNWTO's Panel of Experts' rating for the last four months was 63, up only slightly from the 59 in May and far short of a neutral 100 – the weakest, in fact, among all the world's regions.

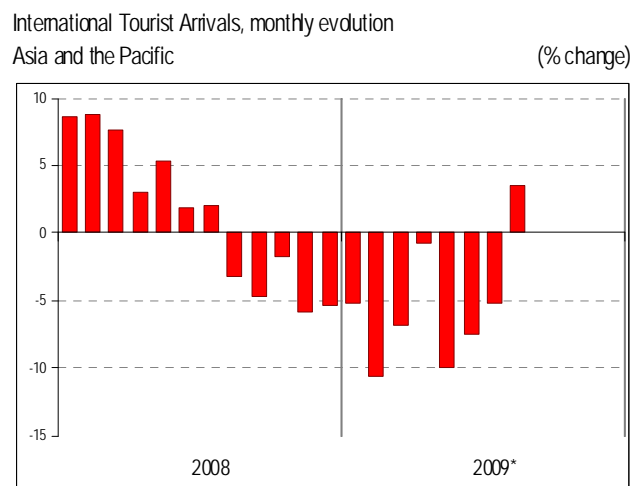
The most important of the 'special factors', across the region, has been the influence of the A(H1N1) flu epidemic, which appears to have been strong in Asia Pacific. Travellers have been put off – albeit to different extents in different markets and destinations – not just by fear of the disease itself, but also by fears of quarantine and trip cancellation.

There are also strong influences in individual markets and destinations from economic factors, natural disasters (including the typhoon in Taiwan (pr. of China), the earthquake in Java and the tsunami in Samoa) and man-made events, including terrorist attacks and civil unrest in various countries and – thankfully – the end of the war in Sri Lanka.

A marked trend throughout the region is a continuing emphasis on intra-regional, or even intra-subregional, rather than long-haul or medium-haul travel, and this is expected to continue for the foreseeable future.

In North-East Asia, the average decline in international arrivals of 6% for the first eight months of the year includes a range for the individual destinations from +12% for Taiwan (pr. of China) to -24% for Japan. In China, arrivals are down 6% for the year to date. Authorities in Beijing and elsewhere in China are concentrating on promoting tourism from the Special Autonomous Regions (SARS) of Hong Kong, Macao and domestic markets, because arrivals and spending from further afield are still weak. Foreign arrivals are reported to be down more heavily than those of Chinese living in other countries. The CNTA expects domestic trips to be up 10% in 2009 as a whole.

Outbound travel from China started the year weakly, particularly because of fears about the flu epidemic (probably due to the fact that China was so badly affected by SARS), but it has now picked up and is expected to end the year with positive growth.



Source: World Tourism Organization (UNWTO) ©

In Hong Kong (China), arrivals for the year to date are down 5%. The figures for May, June and July were extremely negative, but were followed by a 4% increase in August and stagnation in September. In Macao (China) the trend was similar (-6%), with double-digit declines in May, June and July and 11% increases in August and September. There are now more than 30 casinos in Macao (two more opened in the last quarter), and they raked in a record US\$ 1.5 billion in August, 17% more than in August 2008 and more than three times the takings in Las Vegas.

Taiwan's (pr. of China) economy has been on a roller-coaster ride this year, but its tourism industry has been thriving, mainly thanks to a huge influx of visitors from mainland China as a result of the lifting of restrictions by the Chinese Government on Chinese travel to Taiwan (pr. of China). Arrivals overall were up 12% in the first nine months of the year.

The Republic of Korea (+15%) also saw a double-digit increase. For a while its currency was extremely depressed, bringing in large numbers of visitors from Japan, China and elsewhere in the region – and restraining travel in the other direction. Korean outbound trip volume fell 27% from January through August.





it was reported that arrivals from West Asia had fallen by half and those from East Asia had fallen by a fifth, while those from Europe (including the UK) had held up relatively well.

Thailand was also affected by the flu alarm, but the principal factor in its weak overall numbers is the lingering memory of the political tension in the country. Still data for August and September gives some signs of a change in the downward trend. After double-digit declines in each of the previous seven months of the year, in August arrivals were down by 5% while in September an increase of 17% was reported.

In view of the declines recorded in Thailand on the one side and Vietnam on the other, the 0.5% decline in

arrivals for the year to August in Cambodia can be classed as a success. Arrivals in the three months to August were up 8%. This reverses a 5% decline in the first five months of the year, when arrivals in Siem Reap, the site of the Angkor Wat temples, fell by 26%. In the same period passenger arrivals at Phnom Penh International Airport were down 13%. More recently, traffic through the airport is said to have been improving, particularly because of the launch in July of a new national carrier, Cambodia Angkor Air. Interestingly, shortfalls in arrivals earlier in the year were attributed to the Republic of Korea (then Cambodia's largest market), Australia, China, Thailand and Japan, while arrivals from Vietnam (now the largest market), France, the UK and the USA continued to grow.

## International Tourism Receipts

	US\$		Local currencies, current prices (% on previous year)																	
	2007	2008*	Series 06/05 07/06 08/07												2008*					
	(million)		YTD												Q1	Q2	Q3	Q4		
<i>Asia and the Pacific</i>	186,776	206,638																		
<i>North-East Asia</i>	85,779	95,896																		
China	37,233	40,843	\$	15.9	9.7	9.7	-7.9	-15.4	-9.2	1.5	-10.0	-11.2	-6.2	-0.7	5.4	-0.3	13.1	-2.0	-11.3	-7.4
Hong Kong (China)	13,754	15,300		12.9	18.7	11.0	1.0	8.2	-6.8								13.9	14.2	14.0	4.0
Japan	9,334	10,821		34.8	11.6	1.8	-20.0	-20.4	-24.1		-16.2	-27.3	-29.8	-20.3	-5.5		10.9	8.3	-1.2	-9.6
Korea, Republic of	6,138	9,078	\$	-0.3	6.1	47.9	22.7	49.9	11.9	6.2	22.4	-6.3	21.9	6.4	21.9	-6.0	38.7	30.4	28.6	85.9
Macao (China)	13,612	13,382		23.0	39.1	-1.9														
Taiwan (pr. of China)	5,213	5,937	\$	3.2	1.5	13.9	10.6	2.6	18.4								11.4	13.4	12.7	17.8
<i>South-East Asia</i>	55,333	61,637																		
Cambodia	1,135	1,221	\$	14.7	17.8	7.6														
Indonesia	5,346	7,375	\$	-1.6	20.2	38.0	-12.8	-14.5	-11.2								40.9	31.7	37.8	41.6
Lao P.D.R.	233	276	\$	18.0	34.7	18.1														
Malaysia	14,047	15,277		14.1	26.3	5.5	2.3	0.6	3.9								1.3	4.0	8.2	8.8
Philippines	4,931	4,388	\$	54.6	40.8	-11.0	-40.2	-39.6	-40.9		-36.6	-44.6	-40.7				-0.5	0.7	-18.7	-22.7
Singapore	9,162	10,575		15.8	15.3	8.4	-8.8	-9.7	-7.8								23.7	7.9	5.1	-0.3
Thailand	16,669	18,173		31.8	13.3	5.2	-23.3	-22.0	-25.3								20.7	17.3	6.2	-18.8
Vietnam	3,477	3,926	\$	70.2	8.7	12.9														
<i>Oceania</i>	31,683	33,667																		
Australia	22,308	24,682		7.4	12.5	10.4	10.5	10.2	10.8		15.5	10.7	5.9	7.4	13.6		11.4	13.4	7.3	9.7
Cook Is	107	105																		
Fiji	497	568		1.2	-3.6	13.1											42.9	28.0	21.7	-19.2
French Polynesia	609	522		6.0	0.1															
Marshall Is	5	3																		
New Caledonia	197	152		12.9	6.5															
New Zealand	5,400	5,012		-0.5	0.6	-3.0	-3.2	-0.9	-6.6								-3.1	1.2	-3.3	-6.1
Niue	2	2																		
Solomon Is	4	4		26.8	-14.4	1.6											-4.6	-18.3	34.2	-6.5
Tonga	14	20		9.9	-11.0	39.7											89.0	22.8	106.9	-9.7
<i>South Asia</i>	13,982	15,437																		
Bangladesh	76	91		22.8	-4.8	18.6											12.5	25.3		
Bhutan	30	39	\$	29.4	24.4	30.1	-10.3	-34.7	11.8		30.9	-9.7	-19.1				37.3	29.0	11.2	36.3
India	10,729	11,832		18.4	13.4	16.0	-1.4	-7.4	6.9								8.8	21.1	33.9	6.4
Iran	1,677	1,908	\$	35.9	15.5	13.8											2.2	2.5	2.3	27.9
Maldives	602	636	\$	78.8	17.6	5.6														
Nepal	198	336		-1.1	41.8	77.9	41.3	24.8	59.0								110.8	90.5	38.7	82.4
Pakistan	276	245	\$	40.1	8.2	-11.2	-14.9	-23.6	-8.2		-16.7	-10.5	5.6	-10.0	-9.5		-7.7	-9.0	-10.8	-18.2
Sri Lanka	385	342		-1.2	0.0	-13.0	-10.9	-16.9	-1.6								-0.1	-3.7	-29.0	-16.0

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2009)

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

In South Asia, arrivals in the first eight months of the year were down 8%, but there has been some improvement in recent months. One reason for this is the turnaround in Sri Lanka. Since the war ended last May arrivals have begun to recover rapidly, with increases of around 30% in July, August and September.

Arrivals in India (-8%) improved quite significantly in the second quarter of this year, from -14% to -2%, but there have been renewed declines in August and September. Travel to India is reported to have been weak in recent months because of restraints on business travel during the recession and reports about the A(H1N1) flu.

There was also a turnaround in Nepal, where a decline in arrivals of 17% in Q1 was followed by growth of 6% in Q2 and 7% in Q3, including substantial increases from China, Thailand, Republic of Korea and even Japan. Similarly, in Bhutan, a decline of 32% in Q1 was followed by an increase of 15% in Q2. The improvement was not so marked in the Maldives (-9%), where a 22% increase for the year to date from China was insufficient to make up for heavy declines from major European markets, including Germany, Italy and the UK, and from Japan.

In Oceania, arrivals in the first eight months of the year were down 5%, and the apparent improvement in August was mainly due to a weak base figure in 2008. In the two big destinations in the subregion, Australia and New Zealand, arrivals were down by 'only' 3% and 2% respectively, but reports from the Panel of Experts are gloomy: inbound and outbound travel have been badly affected in both volume and value terms by the global financial crisis. In part as compensation, travel between the two countries has increased, with the help of low airfares and vigorous competition within the travel trade.

In general, therefore, arrivals in the Pacific Islands are down more heavily than those in Australia and New Zealand. Yields are reported to be badly affected and many destinations are offering big package discounts to remain competitive. Samoa, with an increase in arrivals of 8% through July, had been bucking the trend, but the September tsunami, in such a small country, has had a devastating effect.

### Prospects

The economic revival in Asia offers hope that the apparent improvement in arrivals registered in August and September will be sustained, but at low yields. The UNWTO's Panel of Experts agrees: it raised its index for the next four months from 76 in May to 105 in September. And the emphasis is expected to remain on intra-regional traffic. Although arrivals from Europe are usually strong at this time of year, the economic situation will dampen European demand.

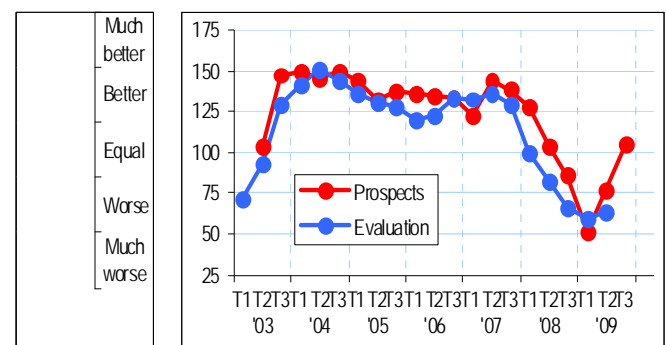
There are conflicting reports about attitudes towards the flu epidemic. On the one hand, there are suggestions that people are now becoming less afraid of the virus and familiar with related health advice. On the other, many

respondents among the Panel of Experts remain concerned about travellers' wariness and about the epidemic itself. In Australia, visa applications from China are reported to have dropped by up to 80% in the three months to August, mainly because of concerns about the virus. There are similar stories in New Zealand relating to travellers from China, the Republic of Korea, Taiwan (prov. of China) and Japan. Within the travel industry, there are fears that travellers escaping from the European winter will bring the flu with them, causing a surge in infection rates in Asia.

Airfares are low, encouraging travel. However, international oil prices are picking up, putting airlines in a difficult position. More generally, the recovery in oil and other commodities' prices are raising fears of inflation in the region. There is also concern that the present economic revival is due largely, in China, to massive government economic stimulus (mainly through investments in infrastructure) and, in the rest of Asia, to replenishing depleted stocks in trade channels. Consumer demand remains suspect, especially in Japan, where unemployment is rising and the traditional winter bonuses are expected to be cut.

### UNWTO Panel of Tourism Experts

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

Bright spots in the region include Singapore and Sri Lanka. In Singapore, the Marina Bay Sands and Sentosa Resort World integrated casino resorts are due to open early in 2010 and the tourism authorities and trade are gearing up their promotional efforts to take advantage of the openings. World attention will also be focused on Singapore during the Asia-Pacific Economic Cooperation (APEC) Forum in November. Longer term, the city-state has ambitious plans to enhance its role as an events, leisure and services destination, with new products such as the integrated resorts, the Gardens by the Bay project and the International Cruise Terminal.

Sri Lanka is launching a new tourism brand, 'Small Miracle', intended partly to reintroduce the world to scenic, cultural and archaeological attractions in the Northern and Eastern Provinces which have essentially been closed for 30 years.

India, Nepal, Indonesia and Cambodia are also optimistic about the prospects for continued growth in the next few months, with plenty of new investments in the sector.

### 3rd UNWTO/PATA Forum on Tourism Trends and Outlook 15 – 17 November, 2009 Guilin, China

This 3rd edition of the Forum is jointly organised by the World Tourism Organization (UNWTO) and Pacific Asia Travel Association (PATA), hosted by Guilin Municipal People's Government and in collaboration with Hong Kong Polytechnic University.

The forum will provide a platform for governments, industry and academics to analyze the current economic situation and its impact on tourism, with a focus on sharing market intelligence and strategies on response and the way forward.

Against this background, the forum will:

- Analyze the current economic situation and its impact on the tourism sector with a special focus on Asia and the Pacific
- Debate the short-term prospects for international tourism, focusing on major source markets' behaviour and changes
- Identify and explore the long-term key tourism trends that will shape the future of the sector, focusing on the Asia Pacific region.

The two-day Conference will be divided into two sessions:

- The technical session (first day) is aimed at a select audience of practitioners and will provide a platform to exchange views, experiences and practises with regard to the current tourism trends resulting from the on-going economic crisis.
- The plenary session (second day) is open to a broader audience and will focus on practices and recovery strategies adopted by Asia Pacific destinations and the industry at times of adverse economic situations, short- and long-term prospects and benefits, and strategies for future tourism development in the Asia Pacific region.

The forum is aimed at participants from the following areas:

- Senior management and research officials from National Tourism Administrations and National Tourism Organizations
- Practitioners from tourism industries (tour operators, hotels, transport services, telecommunications, financial bodies, consultancy firms, etc)
- Research institutes and universities

For more information:  
[www.unwto.org/asia/activities/en/upcoming.php](http://www.unwto.org/asia/activities/en/upcoming.php)

## The Americas

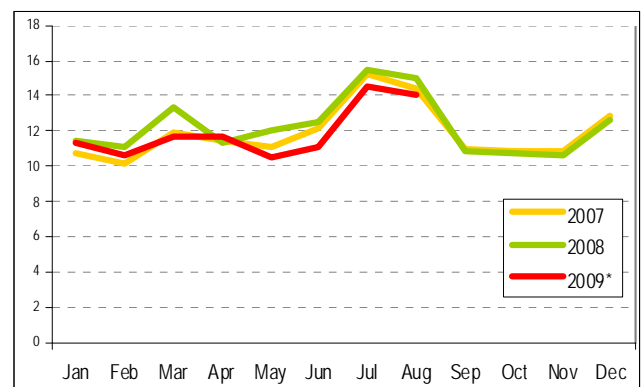
### Results

The recession has bit into tourism in the Americas as badly as it has in Europe and in Asia Pacific. Overall, international arrivals in the first eight months of the year are estimated to be down 7%. Yet, in contrast to the situation in much of the rest of the world, the second quarter was just as bad as the first, and the third quarter seems that will be, if anything, equally low, with arrivals down an estimated 6% in July and 7% in August.

International Tourist Arrivals, monthly evolution

Americas

(million)



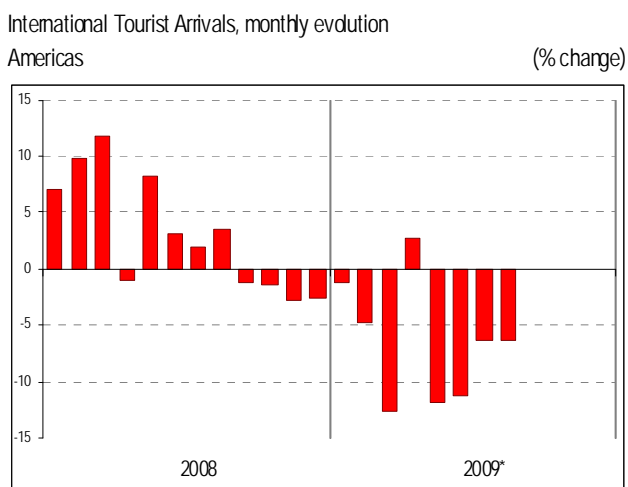
Source: World Tourism Organization (UNWTO) ©

In North America, arrivals for the year to date are down 8%, with the USA (-9% through July) doing a little worse than Canada and Mexico (at -8% and -7%, respectively). In the first seven months of 2009, among the USA's top 20 source markets, only Brazil (+8%), Argentina (+11%) and Switzerland (+3%) showed growth. There were heavy declines from Japan, Taiwan (province of China) and the Republic of Korea, as well as from the UK, Ireland, Sweden, the Netherlands and Mexico. Many of the leading tourism destinations in the USA, including for instance Florida (Miami), Nevada (Las Vegas) and New York, report large declines in both international and domestic arrivals: in such a big country, 'staying closer to home' during a recession apparently means limiting your travel to your own and neighbouring states. Airfares and destination prices have fallen, and package deals are plentiful.

Although the year-to-date figure for Canada (-8%) is in line with the world average, it follows several poor years as a results of factors such as the strong local currency (which the recent reversal in the value of the US dollar has exacerbated), the implementation of the final phase of the Western Hemisphere Travel Initiative (WHTI) by the US Government (which requires US and Canadian travellers to present a passport or other document that denotes identity and citizenship when entering the USA), stricter visa requirements on Mexicans by Canada, and the reticence of travellers caused by the A(H1N1) influenza pandemic. In June, when WHTI came into force on the land borders, same-day visits by car from the USA dropped 28% and

overnight visits fell 10%. US travel to Canada is still down and long-haul arrivals from Europe and Asia are badly affected by the recession (although arrivals from China, India and Brazil continue to show some growth and those from Germany and France are down only 2-3%).

Tourism in Mexico began the year relatively well, but was of course devastated by the A(H1N1) flu epidemic. Arrivals were down 32% in May and 25% in June but showed some improvement in July (-11%) and August (-6%). The government is offering free health insurance to visitors to help overcome the lingering effects of the epidemic on travellers' confidence. But Mexico (economically heavily dependent on the US market) has been particularly badly affected by the recession, with inevitable consequences for inbound, outbound and domestic travel, both business and leisure.



Source: World Tourism Organization (UNWTO) ©

Arrivals to the Caribbean destinations decreased by 5% and the only countries showing positive results were Jamaica (+4%) and Cuba (+3%). The Caribbean depends largely on the North American and European leisure markets – and both are heavily down. Data from the Caribbean Tourism Organization (CTO) published in September showed that, of 26 countries reporting for varying periods up to August 2009, visitor arrivals by air declined in 22 countries (with single-digit figures outnumbered by double-digit ones, ranging up to 25%), and rose in only four countries. However, arrivals from Canada and some Latin American markets have not been as weak as those from the USA and Europe, and cruise-ship passenger arrivals continue to rise: of the 20 countries reporting, eleven were positive and eight negative.

It seems that it is generally the smaller destinations that are bearing the brunt of the shortfall in arrivals. This is particularly serious because most of the islands in the region depend so heavily on tourism. A factor in the Caribbean in recent years has been the strong competition from the new supply in Central and South America and of value for money sun and beach destinations such as Turkey and North Africa. An extra factor of concern relates to the implementation, starting 1 November 2009, of the raises in the UK Air Passenger Duty, which will significantly

increase the price of air travel out of the UK, a key market for the Caribbean.

Like Mexico, Central America has been particularly affected by the downturn in trade with the USA and by the A(H1N1) flu epidemic. Increases in social, political or criminal unrest in some countries have also contributed to a decline in demand in some areas. Overall, arrivals in the year to date are estimated to be down 6% – not particularly heavily, but a contrast with the high rates of growth in the subregion in recent years. The declines range from a slight 1% in Guatemala to 23% for El Salvador. Arrivals were also down in Costa Rica (-10%), the most visited destination in the subregion, in Belize (-8%) and Panamá (-5%). Still, some destinations bucked the negative trend. Nicaragua (+8%) and Honduras (+6% up to June) report increases in arrivals, but in the case of Honduras international arrivals are reported to have fallen to very low levels after the president was deposed in July.

South America is the only subregion in the Americas – and the only subregion in the world outside Africa – in which arrivals have not fallen significantly this year. But it is also the only subregion in the world where arrivals seem to have been significantly worse in July-August than they were earlier in the year. They are estimated to have fallen by only 1% in the first eight months of the year, but by 5% in July-August.

Though there are no available figures for international arrivals in Brazil, data on receipts (-11%) indicates a contraction in international demand. Reports from the trade refer mainly to the domestic market, which is much more important than the international market and is performing well, particularly as the Brazilian economy seems, like many other emerging economies, be leading the recovery.

Indeed, much of South America is weathering the recession well. The recovery in commodity prices, strong financial sectors and wealthier consumers are sustaining prosperity and the growth in domestic and intra-regional travel. Long-haul travel is being damaged by the recession and the high travel costs, but in most destinations long-haul travel has a much smaller share than domestic and intra-regional travel.

However, there are some worrying signs. In the 'southern cone', for instance, the Argentine economic recovery from its crisis in 2002 has now faltered and Chile unexpectedly went into its worst recession since the return of democracy in the second quarter of 2009. Since domestic and neighbouring-country demand is driving tourism growth in the southern cone, the faltering economies have serious implications for tourism. The lack of snow this winter in the Andean ski resorts has not helped either.

Finally, the A(H1N1) epidemic in some destinations in the subregion caused many people to cancel their travel plans. International arrivals in Chile, Uruguay and Paraguay, after growing strongly in the first six months of the year, have since fallen heavily: in July and August arrivals in Chile were down 16% and 9%, and those in Uruguay were down 11% and 15%. Still, September data

## International Tourist Arrivals by Country of Destination

	Full year		Change		Monthly or quarterly data series (% change over same period of the previous year)															
	Series	2007	2008	07/06	08/07	Series	2009*								2008					
		(1000)		(%)	YTD		Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4	
<b>Americas</b>		142,866	147,052	5.2	2.9		-6.7	-6.6	-7.1	2.7	-11.9	-11.4	-6.3	-6.4	9.6	3.4	1.7	-2.3		
<i>North America</i>		95,287	97,796	5.2	2.6		-8.2	-7.7	-9.6	2.4	-15.6	-14.1	-7.1	-7.1	9.9	3.6	1.3	-2.8		
Canada	TF	17,931	17,129	-1.8	-4.5	TF	-8.4	-8.2	-7.0	4.0	-7.1	-11.9	-6.5	-13.0	-1.9	-4.9	-4.6	-5.5		
Mexico	TF	21,370	22,637	0.1	5.9	TF	-6.7	7.7	-19.2	0.2	-32.5	-24.7	-10.9	-5.9	5.4	2.9	6.5	9.1		
United States	TF	55,986	58,030	9.8	3.6	TF(1)	-9.5	-14.3	-6.6	2.9	-11.8	-10.5	-6.1		15.4	7.6	3.2	-6.0		
<i>Caribbean</i>		19,769	20,177	1.6	2.1		-5.0	-7.6	-3.2	-2.6	-3.0	-4.2	-2.2	-4.1	8.8	2.6	-1.8	-2.7		
Anguilla	TF	78	68	6.4	-12.1	TF	-21.4								-13.0	-13.2	-4.3	-16.8		
Antigua, Barb	TF	262	266	3.1	1.5	TF(2)	-13.4	-14.3	-13.8	-11.3	-18.4	-12.2	-5.6	-17.0	9.0	7.6	-1.8	-9.2		
Aruba	TF	772	827	11.2	7.1	TF	-3.2	-9.6	0.7	2.5	-3.4	2.8	6.4		20.6	9.2	2.0	-2.1		
Bahamas	TF	1,528	1,463	-4.6	-4.2	TF(2)	-14.3	-16.2	-12.5	-8.6	-13.4	-15.2			3.4	-2.1	-8.9	-11.6		
Barbados	TF	575	568	2.1	-1.2	TF	-11.1	-8.6	-12.5	-2.3	-14.7	-21.0	-12.7	-13.8	10.8	-11.1	0.4	-4.2		
Bermuda	TF	306	264	2.2	-13.7	TF	-17.0	-22.8	-14.3	-20.2	-18.2	-6.4			-8.9	-12.2	-13.7	-19.7		
Br. Virgin Is	TF	358	346	0.5	-3.4	TF	-25.0	-25.0							3.6	-3.4	-3.1	-13.3		
Cayman Islands	TF	292	303	9.1	3.9	TF	-13.2	-14.3	-12.1	-6.7	-16.7	-13.7	-14.1	-11.1	9.0	9.7	7.1	-11.3		
Cuba	TF	2,119	2,316	-1.4	9.3	VF	3.3	2.0	3.8	5.0	1.6	3.7	7.3	6.1	-2.4	15.2	15.2	14.3	2.9	1.8
Curaçao	TF	300	409	27.9	36.4	TF	-4.1	-4.1							47.8	29.8	16.3	48.1		
Dominica	TF	88	89	-5.3	0.8	TF	-3.5	-1.9	-2.0	20.8	-6.2	-18.9	-9.5		-10.9	-9.0	-1.7	34.6		
Dominican Rp	TF	3,980	3,980	0.4	0.0	TF	-1.8	-5.2	-0.5	1.5	-3.2	2.4	-0.2	1.7	-1.1	5.3	6.8	3.2	-4.5	-7.3
Grenada	TF	129	130	8.8	0.4	TF	-16.0	-15.8	-16.2	6.0	-22.8	-31.2			15.9	-6.7	-1.5	-7.4		
Jamaica	TF	1,701	1,767	1.3	3.9	TF	3.8	0.2	6.7	7.8	8.6	4.1	5.7		13.3	3.7	-0.4	-1.1		
Martinique	TF	501	480	-0.4	-4.3	TF	-5.2	-11.4	-5.2	-6.8	-7.4	0.0	4.5	4.8	-2.4	-4.3	-7.5	-4.5		
Montserrat	TF	8	7	-2.7	-5.0	TF	-17.5	-12.6	-18.5	-7.1	-17.9	-29.4	-27.0		-5.7	-7.9	-2.9	-3.8		
Puerto Rico	TF	3,687	3,894	-0.9	5.6	THS(3)	-5.4	-9.4	-1.8	-2.2	-0.1	-3.0	-2.2		-1.4	-4.4	-0.2	-4.4		
Saba	TF	12	12	6.0	3.2	TF	0.1	1.9	-1.8	0.1	-9.9	6.0			1.9	10.4	4.4	-4.3		
Saint Lucia	TF	287	296	-5.0	2.9	TF	-9.3	-13.7	-5.2	8.8	-9.0	-15.1	-7.9	-7.9	17.7	0.6	-0.7	-6.6		
St. Eustatius	TF	12	12	20.7	1.6	TF	-2.6	-5.3		6.5					2.3	1.2	9.5	-6.1		
St. Maarten	TF	469	475	0.3	1.3	TF(2)	-12.5	-16.1	-7.7	-5.4	-11.4	-6.7			7.6	2.2	5.6	-11.2		
St. Vincent, Grenadines	TF	90	84	-8.0	-6.3	TF	-17.4	-11.1	-24.1	2.1	-23.7	-45.8			-16.1	-4.8	-5.3	5.5		
Trinidad Tbg	TF	449	436	-1.7	-2.9	TF	-11.2	-11.2							5.4	-3.2	0.7	-11.4		
US. Virgin Is	TF	510	..	-10.5	..	VF(2)	-7.4	-12.5	-3.9	-2.1	-2.2	-7.4	-2.1	-5.9	6.4	2.4	-5.8	-14.4		
<i>Central America</i>		7,752	8,295	12.0	7.0		-6.2	-4.6	-8.4	2.4	-13.9	-13.8	-7.9	-3.5	13.8	8.6	4.1	1.6		
Belize	TF	252	244	1.8	-3.1	TF	-7.7	-10.1	-6.0	3.1	-11.6	-9.6	-3.9		1.7	-3.2	-4.5	-6.3		
Costa Rica	TF	1,980	2,089	14.8	5.5	TF	-9.6	-12.0	-8.0	-1.0	-13.3	-10.0	-9.0	-5.8	18.7	4.7	4.0	-6.7		
El Salvador	TF	1,339	1,385	4.7	3.5	TF	-23.4	-18.9	-30.2	-20.6	-33.6	-36.3	-28.2	-7.4	8.8	15.0	-5.6	-1.9		
Guatemala	TF	1,448	1,527	..	5.4	VF	-1.2	3.9	-11.3	4.6	-20.1	-18.8	3.9	1.7	6.2	3.1	5.8	6.1		
Honduras	TF	831	899	12.6	8.2	TF	5.8	2.5	9.6	16.3	5.8	5.8			17.7	5.4	3.5	5.7		
Nicaragua	TF	800	858	6.8	7.2	TF	8.2	4.5	15.5	5.1	37.3	7.8	4.1	7.8	4.3	2.2	9.0	6.5	4.2	9.4
Panama	TF	1,103	1,293	30.8	17.2	TF	-5.4	3.3	-9.3	0.7	-15.7	-12.8	-19.9		25.8	23.6	17.4	8.5		
<i>South America</i>		20,058	20,783	6.5	3.6		-7.3	-2.5	3.9	11.2	1.6	-1.2	-5.0	-5.3	7.9	1.0	6.2	-1.5		
Argentina	TF	4,562	4,665	9.3	2.3	TF	-8.1	-10.0	-5.5						5.2	3.1	5.6	-4.3		
Chile	TF	2,507	2,699	11.3	7.7	TF	0.3	0.5	11.9	-9.8	20.2	12.4	0.3	-15.6	-9.1	-4.0	14.7	-1.5	6.9	5.6
Colombia	VF	1,195	1,222	13.5	2.2	VF	9.0	7.5	13.2	6.9	24.2	5.8	10.7	9.5	3.6	7.8	3.4	2.6	6.9	-3.7
Ecuador	VF	937	1,005	11.5	7.2	VF	-2.8	-3.6	2.8	-6.8	10.4	-3.8	2.6	-3.8	-7.8	-9.9	7.0	4.2	8.5	8.9
Guyana	TF	131	133	15.9	1.0	TF	6.5	-7.1	12.8	11.3	7.9	19.1	20.9		6.0	-15.9	-2.9	23.3		
Paraguay	TF	416	428	7.0	3.0	TF	-0.7	3.7	2.8	-5.7	12.5	1.3	-2.6	-9.5	-9.3	4.0	-12.0	1.4	17.1	2.4
Peru	TF	1,916	2,058	11.4	7.4	TF	0.1	0.2	-0.1	4.5	-4.0	-0.6			12.5	13.2	9.1	-4.4		
Uruguay	TF	1,752	1,921	0.2	9.7	TF	3.6	1.4	19.8	-5.5	47.6	18.1	-8.2	-11.1	-15.1	13.0	18.0	3.3	12.9	2.0
Venezuela	TF	771	744	3.0	-3.5	TF	-17.5	-19.3	-15.2	-12.6	-15.6	-17.0			2.3	-10.5	2.1	-8.5		

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2009)

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

- (1) Excluding Mexican visitors not travelling beyond the 25 miles U.S. border zone
- (2) Non-resident air arrivals only
- (3) Non-resident hotel registrations only

## International Tourism Receipts

	US\$		Local currencies, current prices (% on previous year)																	
	2007	2008*	Series	06/05	07/06	08/07	2009*									2008*				
	(million)						YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4
<b>Americas</b>	170,928	187,917																		
<i>North America</i>	124,897	138,485																		
Canada	15,333	15,106		-0.4	-0.8	-2.1	-3.8	-0.6	-6.1								0.8	-3.4	-3.5	-0.6
Mexico	12,852	13,289	\$	3.2	5.5	3.4	-18.0	-8.5	-27.1	-4.1	-49.2	-28.9	-20.9	-22.0			5.7	6.8	4.8	-3.8
United States	96,712	110,090	sa	4.8	12.8	13.8	-17.7	-13.2	-19.7	-15.1	-23.0	-20.8	-21.3	-20.3			24.2	21.7	13.9	-2.8
<i>Caribbean</i>	23,238	23,792																		
Anguilla	109	103		25.0	1.9	-5.9											-4.0	-13.3	2.6	-10.5
Antigua, Barb	338	356		-2.5	3.4	5.4											8.6	4.7	-2.3	-4.6
Aruba	1,255	1,415		-1.3	16.3	12.7	-10.4	-10.4									23.1	21.0	9.6	-1.1
Bahamas	2,187	2,153		-0.6	6.4	-1.6	-10.0	-10.0									4.9	-4.0	-2.4	-5.0
Barbados	1,199	1,192		17.8	13.5	-0.6											7.4	7.4	-5.7	-11.5
Bermuda	568	431		15.2			-26.2	-40.3	-20.3								-15.1	-20.0	-28.1	-29.8
Bonaire	110	121		4.6	20.5	10.5	-8.9	-8.9									30.6	9.1	-2.7	2.3
Cayman Islands	479	353		44.1																
Cuba	2,141	2,267	\$ *	-1.1	0.7	5.9	-11.7	-13.7	-11.6	-8.3							23.6	14.5	7.2	-5.0
Curaçao	327	378		13.6	18.1	15.6	-11.1	-11.1									33.6	18.7	19.0	-3.0
Dominica	74	62		28.9	3.9	-16.7											10.4	-0.6	5.5	-68.7
Dominican Rp	4,064	4,176	\$	11.3	3.8	2.8	-7.1	-7.9	-6.0								3.3	6.3	1.8	-1.0
Grenada	108	106		31.4	15.1	-1.9											5.5	-12.3	-8.4	7.5
Jamaica	1,910	1,984	\$	21.0	2.1	3.9	-6.1	-11.2	0.1	-1.8	3.6	-0.6					18.7	2.9	-3.2	-1.6
Montserrat	7	7		-16.5	-0.8	-6.0											-5.8	-9.6	-4.5	-4.5
Puerto Rico	3,414	3,644	\$	4.0	1.3	6.8														
Saint Lucia	317	333		-17.4	8.0	4.9											15.6	4.9	2.8	-5.0
St. Kitts-Nev	126	130		19.4	-4.2	3.1											17.1	3.6	-6.8	-8.0
St. Maarten	662	663		-1.1	1.6	0.3	-2.8	-2.8									4.8	-4.3	3.6	-3.3
St. Vincent, Grenadines	111	108		7.8	-1.8	-2.9											-33.3	-34.3	-22.3	124.8
Trinidad Tbg	463	397	\$	-15.7	21.2	-14.3														
<i>Central America</i>	5,848	6,364																		
Belize	289	281		21.7	11.0	-2.6											-2.0	-2.9	71.5	
Costa Rica	2,026	2,285	\$	2.2	18.7	12.8	-12.2	-13.7	-10.2								27.8	14.5	12.5	-4.0
El Salvador	482	425	\$	5.7	26.4	-12.0	-33.3	-26.4	-39.8								5.0	5.7	-27.7	-25.3
Guatemala	1,055	1,068	\$	16.1	14.8	1.3	-19.4	-16.4	-23.0								1.9	-2.8	2.4	3.4
Honduras	557	621	\$	11.2	8.0	11.5	5.6	2.1	9.6								23.9	-1.1	18.9	4.9
Nicaragua	255	276	\$	11.8	10.6	8.3	30.1	23.7	38.0								16.9	6.0	5.0	5.2
Panama	1,185	1,408		23.1	23.4	18.8	3.2	7.2	-1.1								17.0	22.6	21.3	15.3
<i>South America</i>	16,946	19,276																		
Argentina	4,314	4,633	\$	22.5	29.0	7.4	-14.2	-14.8	-13.4								2.9	17.1	27.3	-4.9
Bolivia	292	275	\$	2.3	19.6	-5.9	-5.8	-8.8	-2.2								14.9	-3.5	-15.1	-15.1
Brazil	4,953	5,785	\$	11.8	14.8	16.8	-10.8	-11.5	-11.4	-9.3	-11.6	-17.0	-5.5	-4.9	-8.8	-14.4	20.7	17.0	22.4	7.9
Chile	1,478	1,757	\$	9.4	21.8	18.9	-0.1	-0.9	1.4								33.6	33.9	11.9	3.8
Colombia	1,669	1,844	\$	27.2	7.4	10.5	9.3	5.9	12.9								10.1	10.0	16.7	5.5
Ecuador	623	742	\$	0.8	27.3	19.0	-8.4	-0.7	-15.2								22.0	20.1	15.9	18.7
Guyana	50	59		5.9	36.6	18.8														
Paraguay	102	109	\$	17.9	11.3	7.1											7.7	7.5	7.4	7.4
Peru	1,723	1,991	\$	20.0	9.7	15.6	3.6	3.5	3.7								20.1	18.6	15.3	9.1
Suriname	67	77		112.0	-29.4	14.9														
Uruguay	809	1,054	\$	0.6	35.3	30.3	24.1	27.0	65.5	-5.3							26.8	4.9	48.3	37.6
Venezuela	817	895	\$	18.2	6.4	9.5	-26.0	-20.4	-32.8								18.9	7.4	24.8	-1.7

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2009)

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

\* Receipts of tourism entities

for Uruguay shows a significant improvement (+13%) as do arrivals in Chile (-4%). Recent figures for arrivals in Argentina are not available, but in the first six months of the year they were down 8%.

On the Pacific coast, arrivals in Peru (0%) and Ecuador (-3%) have also slipped in recent months, but less dramatically. The Galapagos (Ecuador's premium long-haul attraction) are reported to have suffered a number of cancellations. In Colombia, the tourism industry continues to perform well: arrivals were up 9% in the first nine months of the year in spite of the world recession. On a much smaller scale, arrivals in Guyana are also up, by 7%, (including remarkable increases of 10% in June and 21% in July).

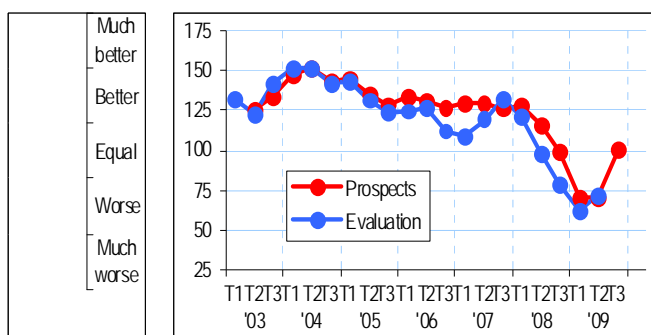
### Prospects

There is an air of optimism in the USA about the economy, in spite of the alarmingly large monthly increases in unemployment – and this optimism is important for domestic tourism in the USA and intra-regional arrivals throughout the Americas.

This optimism does not extend to the prospects for inbound tourism, although the competitive advantage offered by the weakening US dollar is indisputable. The US Department of Commerce has recently announced its forecasts for arrivals in 2009 as a whole (-8%) and 2010 (+3%). Given the 9.5% decline in January-July, that 8% decline implies declines averaging over 6% for the rest of the year. It does not expect the record numbers of 2008 to be surpassed until 2012. Although there are some who are more optimistic, most experts agree that traffic will be down on last year's figures through the remainder of this year, and at prices that are much lower.

### UNWTO Panel of Tourism Experts

Americas



Source: World Tourism Organization (UNWTO) ©

The Canadian tourism industry is looking forward to the Winter Olympics in Vancouver in February-March 2010, but in the short term expects continuing declines in domestic and international arrivals – and low prices. But business confidence in general is recovering, offering scope for a revival in business travel and events.

Some experts in Mexico, the Caribbean and Central America have also picked up the air of optimism from the

USA, and some note an improvement in forward bookings. Jamaica is said to have secured an additional 100,000 airline seats for the winter season. The outlook for long-haul travel from the UK remains very weak, but the relatively strong demand from France, Germany and some other western European markets is encouraging. South America has largely avoided the panic over the world economic recession and expectations remain relatively high. Fears about the flu epidemic are also waning, as winter in the Southern Hemisphere is over. Overall in the Americas, the UNWTO Panel of Experts' index for the next four months has recovered since May, from 70 to a neutral 100.

In the USA, the Travel Promotion Act, currently before Congress, proposes to establish a non-profit corporation to "communicate United States entry policies" and otherwise promote leisure, business and educational travel to the USA, to be funded partly by a tax on visitors using the visa waiver scheme and partly by contributions from the industry. But some question whether taxing visitors to have entry procedures explained to them would create a good impression, just as the ESTA (Electronic System for Travel Authorization), however essential it may be on security grounds, undermines the goodwill effect of the Visa Waiver Program.

Conversely, the aplomb with which Rio de Janeiro won the 2016 Olympics emphasizes, and no doubt will eventually contribute to, the growing importance and sophistication of Brazil – and its neighbours – as world-class tourism destinations.

### Market Intelligence in Times of Crises

The special challenges that crises cause the tourism and travel sector are widely known. The sector is highly vulnerable and is usually one of the first being affected by crises of any kind. However the sector has proved resilient, especially when crises are well managed. This has led it to concentrate even more on effective crisis management, which allows it to react adequately to those challenges.

An essential part of a good crisis management is market intelligence.

UNWTO has initiated the preparation of a guide on market intelligence for the tourism industry in times of crises. The aim of the project is to fill the existing gap between classical market research and the often observed ad-hoc reactions towards crisis situations, setting up an easy to use and practical framework

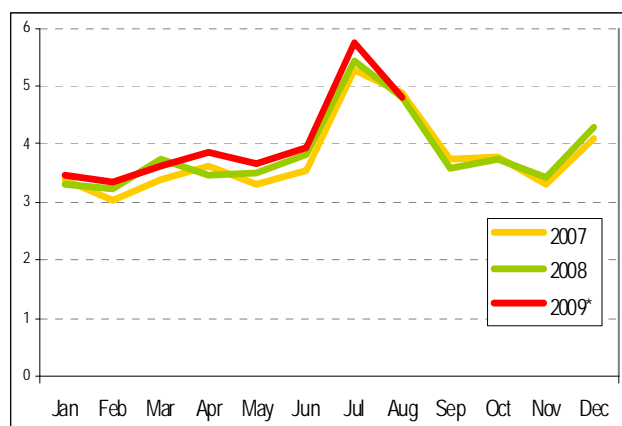
Countries are actively invited to share their case studies, views and concerns. For more information please contact UNWTO at [rcm@unwto.org](mailto:rcm@unwto.org).

## Africa and the Middle East

### Results

While the rest of the world has been mired in recession in 2009, tourism in Africa (+4%) has continued to prosper. After increases of 2% in Q1 and 6% in Q2, arrivals are estimated to have risen by 6% in July and 0.2% in August (comparisons are always on the same period of the previous year). The focus of this growth has been North Africa, Southern Africa and East Africa. In West and Central Africa volumes are far more modest and information is often scanty (with a few honourable exceptions).

International Tourist Arrivals, monthly evolution  
Africa (million)



Source: World Tourism Organization (UNWTO) ©

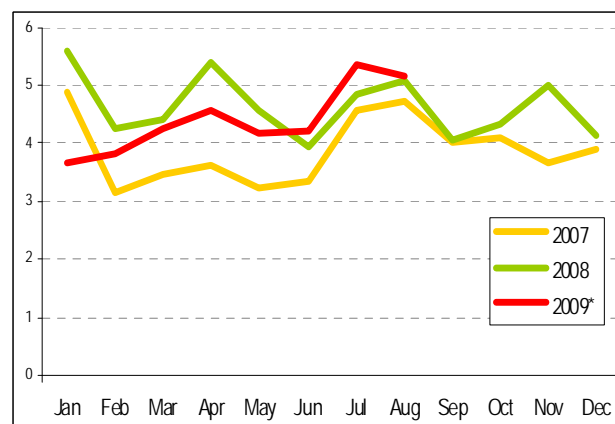
Arrivals in the Middle East were down 8% through August following declines of 18% and 7% in the first and second quarters, respectively. But these declines came to an abrupt end in June (+7%). This positive trend has continued through the following months up to September. However, the declines in the first and second quarters are calculated on very strong double-digit growth rates for the same period of last year.

In North Africa, Morocco and Tunisia continue to benefit from very competitive cost structures compared with resorts on the northern Mediterranean shores, an advantage which has been reinforced by the strength of the euro and the depreciation of the British pound, as the UK is a major market for these destinations. Tunisia is trying to broaden its appeal, and take it upmarket, by adding its historical and cultural heritage (such as the ruins of Carthage) to its sun and beach attractions. Arrivals in the first nine months of the year increased by 5% in Morocco, with a 13% decline in the month of August compensated by similar growth in September (an effect of Ramadan), but fell by 2.1% in Tunisia.

With similar cost advantages and impressive historical attractions, Egypt (statistically part of UNWTO's Middle East region) suffered a decline of about 9% in arrivals in the first half of the year after significant double-digit

growth in the previous two years. Still, there was a turnaround in this negative trend in August and September, reducing its year-to-date decline to -5%.

International Tourist Arrivals, monthly evolution  
Middle East (million)

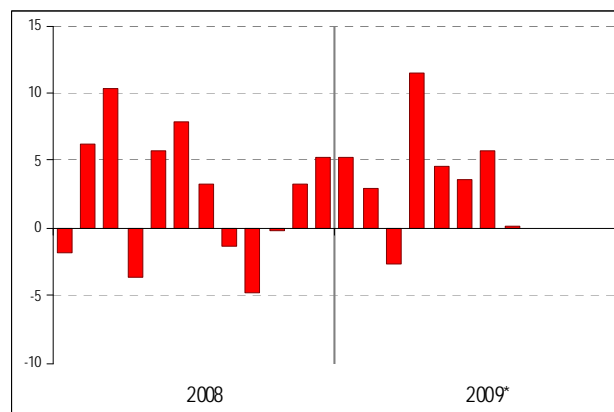


Source: World Tourism Organization (UNWTO) ©

Too much should not be read into the overall figures for the Middle East, because of the massive fluctuations to which arrivals in Saudi Arabia are subject (usually related to the Hajj). These were down 30% through the month of September, after impressive yearly growth rates of 34% and 28% in 2007 and 2008, respectively.

The outstanding performance in the region has been Lebanon's. Following a 31% increase in 2008, arrivals were up a further 46% in the first nine months of 2009. After the wars and civil violence of 2005-2007, the country has been re-establishing its position as the one of the favourite holiday destinations of the Arab world, but arrivals from many European countries (including Belgium, France, Germany, Italy, the Netherlands and the UK) are also reported to have been excellent. Bookings from Arab states for Ramadan (which ran from 21 August through 19 September) are reported to have been very strong.

International Tourist Arrivals, monthly evolution  
Africa (% change)



Source: World Tourism Organization (UNWTO) ©



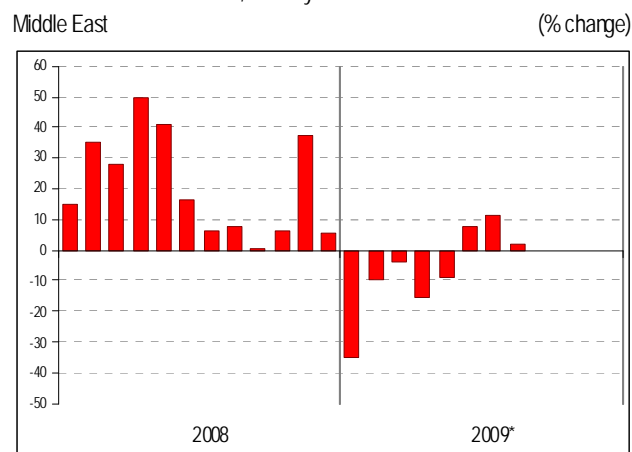
Syria also achieved a 31% increase in arrivals in 2008, and has followed this up with an 11% increase in the first nine months of 2009. Of the total arrivals, 19% were reported to be Syrians living abroad, 66% other Arabs and 19% other nationalities. Arrivals in Jordan grew by a much more modest 2% through September – the 14% drop in August was fully compensated by a 15% increase in September (most possibly due to Ramadan).

Bahrain saw arrivals grow by as much as 4% through June. By contract, Dubai's hotel performance figures show occupancy rates fell 14% through September and revPAR 34%, according to STR Global. But there are some signs of optimism in the emirate, particularly regarding inflows from source markets such as Russia during the forthcoming November holiday.

The only available figures for West Africa and Central Africa are comparatively poor (-24% for Gambia and -6% for Senegal in the first seven months of the year). There are upbeat reports from Nigeria. Heavy rains in Burkina Faso have interrupted access to tourist resorts. But investments in oil and minerals in various countries is presumably supporting specialist business travel on a small but growing scale.

Figures are also lacking for East Africa – except for two bright spots: Kenya (+44% through August) and Rwanda (+9% to June). Kenya's tourism industry, in a difficult political and economic environment (there is also a severe drought in the region), is re-establishing itself after the political unrest which followed the elections in January 2008. The number of visitors decreased from 1.8

International Tourist Arrivals, monthly evolution



Source: World Tourism Organization (UNWTO) ©

## International Tourist Arrivals by Country of Destination

	Full year		Change		Monthly or quarterly data series (% change over same period of the previous year)															
	Series	2007	2008	07/06	08/07	Series	2009*							2008						
		(1000)		(% )			YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4
<b>Africa</b>		45,290	46,924	9.0	3.6		3.8	1.7	6.5	11.6	4.6	3.6	5.7	0.2		4.9	3.2	-0.5	2.8	
<i>North Africa</i>		16,349	17,156	8.5	4.9		1.4	2.2	7.2	-1.9	16.6	4.6	2.3	4.7	-13.5	5.4	9.6	8.0	0.6	6.1
Morocco	TF	7,408	7,879	12.9	6.4	TF	5.3	4.4	13.3	0.9	23.9	11.0	6.8	5.9	-12.7	13.4	14.4	10.5	1.2	5.4
Tunisia	TF	6,762	7,049	3.2	4.2	TF	-2.1	-0.9	1.3	-4.9	8.8	-1.1	-2.0	2.9	-14.3	-0.5	6.2	4.8	0.6	9.5
<i>Subsaharan Africa</i>		28,941	29,768	9.4	2.9		5.4	1.4	6.1	8.9	4.6	4.6	6.8	14.0		3.1	0.5	-1.6	1.4	
Gambia	TF	143	147	14.3	2.9	TF	-23.8	-32.4	3.8	5.3	-12.4	17.8	17.7			32.2	-8.6	-8.6	-22.8	
Kenya	TF	..	..	..	..	VF(1)	44.0	65.5	35.4	39.1	29.5	37.3	31.6	32.0		-49.2	-33.2	-28.6	-13.5	
Mauritius	TF	907	930	15.1	2.6	TF	-9.8	-10.9	-7.0	-5.3	-4.3	-12.8	-11.5	-11.5		7.2	3.2	2.7	-2.2	
Mozambique	TF	771	..	16.1	..	THS	-10.0	-10.0								-7.1	4.1	3.0	-0.4	
Rwanda	TF	..	..	..	..	TF	8.7	24.5	-5.0	-10.1	5.4	-8.7				0.9	5.6	23.9	42.2	
Senegal	TF	875	..	1.0	..	TF*	-5.7	-8.1	-3.0	-2.5	-3.4	-3.3	-4.5			0.7	-0.6	-3.5	-0.8	
Seychelles	TF	161	159	14.7	-1.4	TF	-4.0	-14.2	3.1	1.1	-4.1	4.9	12.4	-3.3	0.4	7.2	7.0	2.3	-4.1	-9.7
South Africa	TF	9,091	9,592	8.3	5.5	VF	3.9	-2.2	5.3	10.3	2.5	2.7	5.2	19.0		12.0	3.8	1.1	5.7	
Swaziland	THS	870	754	-0.4	-13.3	VF	6.8	-0.8	14.5	30.1	18.1	-4.2				-3.7	-8.0	-4.4	1.7	
<b>Middle East</b>		46,646	55,123	14.0	18.2		-7.6	-18.0	-6.9	4.9	-15.7	-8.7	7.3	11.0	1.6	1.9	21.1	33.5	3.0	17.1
Bahrain	TF	4,935	..	9.2	..	VF	4.3	12.8	-3.7							10.5	77.5	3.5	1.2	
Egypt	TF	10,610	12,296	22.7	15.9	VF	-5.5	-13.4	-4.0	0.7	-2.4	-6.0	-3.9	-2.1	-4.7	10.8	25.1	22.6	15.1	3.7
Jordan	TF	3,430	3,729	6.4	8.7	TF	1.5	-0.5	4.4	0.6	10.0	2.7	0.6	9.0	-13.6	14.8	-14.9	2.4	19.1	26.3
Lebanon	TF	1,017	1,333	-4.3	31.0	TF	46.3	53.6	65.7	32.8	64.2	126.8	40.1	49.7	1.9	57.0	7.3	20.9	43.8	39.4
Palestine	THS	264	387	115	46.6	THS	-19.9	-12.3	-24.8		-55.0	-7.2	18.2			78.9	79.8	1.4	53.7	
Saudi Arabia	TF	11,531	14,757	33.8	28.0	TF	-30.3	-49.1	-32.4	4.2	-46.9	-43.8	18.0	32.2	25.5	-35.9	53.6	75.1	-21.8	27.0
Syrian Arab Republic	TF	4,158	5,430	-1.7	30.6	VF	11.1	2.1	17.5	11.5	17.5	17.5	17.5	17.5	7.8	7.8	11.2	23.6	41.7	29.2
Untd Arab Emirates	THS	..	..	..	..	THS(2)	3.0	3.0								5.7	9.7	2.2	14.5	

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2009)

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

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

(2) Dubai only

million in 2007 to 1.2 million in 2008, but is set to recover to previous levels this year. Rwanda continues to make progress in its specialist mountain resorts. And an expert in Zimbabwe reports that conditions in the industry are improving since the 'inclusive government' took power in February.

The Indian Ocean island resorts, which depend mainly on long-haul visitors from Europe, are facing extra difficulties during the current recession. Arrivals in the first eight months of the year were down 10% in Mauritius and the Seychelles suffered a 4% decline through September. In the Seychelles the figures in recent months have been

better and the Tourism Board hopes for continued growth from Italy and Russia and some recovery from their main markets, France, Germany and the UK during the remainder of the year.

There is an air of confidence throughout Southern Africa's tourism industries in the build-up to the FIFA World Championship in June-July 2010. However, few figures are available about the actual performance of countries in the area. Arrivals in South Africa were up 4% in the first eight months of the year and those in Swaziland are up 7% in the first six months.

## International Tourism Receipts

	US\$		Local currencies, current prices (% on previous year)																	
	2007	2008*	Series 06/05 07/06 08/07												2009*		2008*			
	(million)		YTD	Q1	Q2	Q3	Apr	May	Jun	Jul	Aug	Sep	Q1	Q2	Q3	Q4				
<b>Africa</b>	29,097	30,597																		
<i>North Africa</i>	10,237	10,811																		
Algeria	219	325	\$	16.8	1.9	48.4														
Morocco	7,181	7,202		28.8	11.8	-5.1							-0.9	9.3	-8.5	-17.6				
Sudan	262	331	\$	183	3.7	26.3	15.4	15.4					8.6	22.5	67.4	12.0				
Tunisia	2,575	2,953		8.9	9.0	10.3	4.6	2.9	5.7				16.3	5.8	8.4	14.0				
<i>Subsaharan Africa</i>	18,860	19,786																		
Angola	225	285	\$	-15.1	200.3	26.7														
Botswana	546	553		9.2	6.9	12.6														
Burundi	1	1		-17.6	5.2	9.6														
Cape Verde	303	350		77.5	21.6	8.0	-21.8	-21.8					18.7	18.3	4.6	-7.1				
Côte d'Ivoire	103	114		11.4	0.7	3.4														
Djibouti	7	8		38.4	-30.6	14.8														
Ethiopia	176	374	\$	-3.6	8.8	112.2							87.1	211.7	193.5	31.6				
Ghana	908	919	\$	3.0	5.5	1.2														
Kenya	917	752	\$	18.7	33.3	-17.9	-25.3	-5.2	-40.9				-34.2	-19.2	-3.2	-11.2				
Lesotho	43	33		24.7	23.5	-10.0														
Liberia	135	158		88.0	15.0															
Madagascar	269	333		35.5	1.3	13.1														
Mauritius	1,299	1,449		24.3	27.4	1.3	-17.4	-14.1	-21.9	-20.3	-31.4	-12.5	-17.4	-14.8	10.7	14.0	-0.2	-15.2		
Mozambique	163	190	\$	7.8	17.0	16.3	-14.0	-14.0					39.3	33.7	38.8	-26.8				
Namibia	434	378		17.6	17.6	2.1	3.2	1.7	4.7				-15.0	9.2	19.1	1.0				
Nigeria	215	232	\$	20.6	227.8	7.9														
Reunion	447	505	€	-24.9	22.1	5.4							6.1	6.1						
Seychelles	285	258		19.0	51.7	28.1							96.7	49.0	14.5	-5.1				
Sierra Leone	22	65		-63.2	-3.6	195.0														
South Africa	8,418	7,609	sa	14.4	11.2	6.0	-0.3	3.1	-3.4				7.6	6.9	6.5	3.0				
<b>Middle East</b>	34,983	45,720																		
Bahrain	1,105	1,166		13.9	5.5	5.5														
Egypt	9,303	10,985	\$	10.8	22.6	18.1	-9.5	-17.2	-1.6				39.3	42.6	15.2	-10.0				
Jordan	2,311	2,943		43.0	12.2	27.5	2.0	2.5	1.6				-3.9	19.1	41.2	49.4				
Kuwait	222	257		22.9	6.8	9.5														
Lebanon	5,466	7,192	\$	-10.0	9.7	31.6														
Oman	648	804		26.7	19.1	24.1														
Saudi Arabia	5,228	9,720		-8.6	5.4	86.1	-36.2	-39.9	-30.5	-39.6	-41.9	16.2	34.1	169.7	29.8	275.2				
Untd Arab Emirates	6,072	7,162		54.5	22.1	17.9														
Yemen	425	463	\$	0.0	134.8	8.9														

Source: World Tourism Organization (UNWTO) ©

(Data as collected by UNWTO October 2009)

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

Prospects

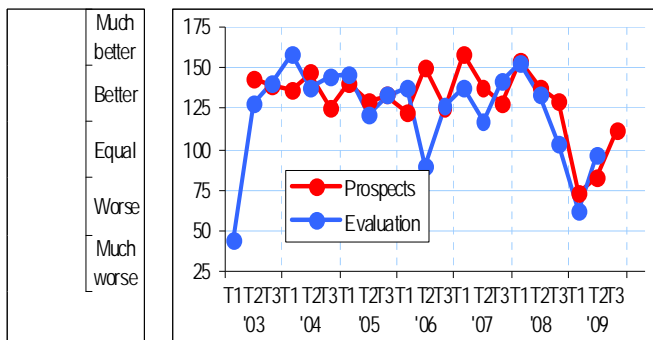
Although the recovery in world tourism is very uncertain, those countries in Africa and the Middle East which have managed to sustain the growth in arrivals through the worst of the downturn in the first part of this year – and perhaps a few more – should be able to do so over the next few months. And given the importance of the FIFA World Championship, Southern Africa seems well placed to sustain this growth through next year. The UNWTO's Panel of Experts, whose respondents are based in Africa and the Middle East certainly thinks so: its ratings for the next four months average 115 in Africa and 112 in the Middle East, well above neutral '100' and well above those in other regions of the world.

FIFA expects the World Championship to bring more than 90,000 visitors to South Africa for the finals. South Africa's acknowledgement that it can only accommodate about half of the guests has prompted a flurry of activity among its neighbours to woo some of the tourists, involving plenty of promotional efforts and investments in new and refurbished hotels, airports and other infrastructure. Angola, Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe have formed the Boundless Southern Africa Expedition to market the countries in the run-up to the championship and beyond. They are also strengthening regional projects such as the Transfrontier Conservation Areas and national parks.

With oil prices on the rise again, other Gulf States may have the resources to again sustain their investments in tourism, at home and abroad. The Qatar Tourism & Exhibitions Authority estimates that US\$ 17 billion will be spent on tourism infrastructure in the emirate over the next five years. The Saudi Commission for Tourism and Antiquities (SCTA), in cooperation with the Saudi Credit and Saving Bank (SCSB), recently established a US\$ 600,000 fund to support small and medium enterprises in tourism. The SCTA and SCSB have also established funds of over US\$ 1 million for projects on tourism parks, handicraft centres and apartments. In Abu Dhabi, large economic returns are expected from the Formula One Grand Prix (60,000 spectators are expected to attend the November 1st Formula One season-ending race on the newly built US\$ 40 billion Yas Island sports venue).

UNWTO Panel of Tourism Experts

Middle East

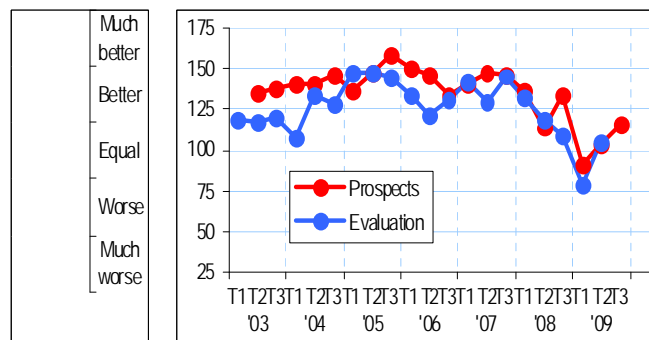


Source: World Tourism Organization (UNWTO) ©

But if investments in Southern Africa are being stepped up in preparation for the World Championship, many in other parts of Africa are suspended because of the difficult financing conditions after the global financial crisis. In particular, Dubai World has put many of its projects in Africa on hold, including US\$ 200 million golf and beach resort in Mozambique, a five-star island beach hotel in Senegal and US\$ 230 million worth of investments in Rwanda. Dubai World had pledged to invest US\$ 1.5 billion in Africa over five years and in 2006 set up a new division, Dubai World Africa, based in South Africa, to manage these investments.

UNWTO Panel of Tourism Experts

Africa



Source: World Tourism Organization (UNWTO) ©

Lebanon, meanwhile, should maintain its upward trend following several campaigns in the international media and events such as the International Marathon and the Francophone Games scheduled for September/October 2009 in Beirut. Jordan expects to see some benefit from the increase in airlift, with more airlines flying into Amman Airport.

## In focus

### Industry trends

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

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

## UNWTO Affiliate Members

### Jose Luis Zoreda

Executive Vice President  
EXCELTUR, Alianza para la  
excelencia turística  
< [www.exceltur.org](http://www.exceltur.org) >



EXCELTUR, Alianza para la Excelencia Turística (*Alliance for the Excellency in Tourism*), is a non-profit group formed by the Chairmen of 26 of the leading Spanish tourism groups from the following sectors: airlines, railways, cruises, hotels, travel agencies, tour operators, credit cards, rent-a-car, theme parks, tourist hospitals, and GDSs. EXCELTUR was created at the end of 2001, with the following main goals:

- To raise the awareness and promote a better knowledge and understanding of the socioeconomic importance of tourism, its job creation capacity, and its multiplying effects in the Spanish economy.
- To promote and encourage the highest degree of competitiveness for the Spanish tourism industry and enable it to consolidate its leadership and continuous growth in the most sustainable manner.

### 1. What is your evaluation of the impact of the current global economic and financial crisis on world tourism?

Despite the difficulties that the global financial crisis brought about in 2008, and above all in 2009, with regards to international tourism flows and the profitability of businesses in the sector, we should remain hopeful in the face of the new scenario arising from the recovery. There is no doubt that the crisis has adversely affected the socio-economic multiplier effects associated with tourism activities. However, I look at this crisis as an extraordinary opportunity for change and for the reinvention-evolution of old models of management of supply and demand in tourism. The crisis is encouraging a joint response from both the public and private sectors to urgently address the challenges in competitiveness that were brewing before the crisis, and that have been accentuated because of it.

### 2. And what are these challenges?

The primary challenge is to adapt to new trends in tourism and to the values, demands and habits of a consumer who is now more demanding, better informed and has more alternatives to choose from. We are facing a new society, which demands more each day; greater commitments in our industry to environmental sustainability and corporate social responsibility. Tourists, regardless of age and economic status, are looking to enjoy differentiated experiences that are characterized by their authenticity and

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

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

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uniqueness. This requires that we, as a sector, find a new way of working, where the destination's capacity to design experiences and tourism products from different resources and make them available in environments and touristic areas that are as attractive as possible becomes especially important. We will have to do this without avoiding the challenge of the extraordinary price sensitivity which has taken hold among consumers in the wake of the crisis and is expected to endure during recovery.

### ***3. How does one translate this new framework for a tourist country like Spain?***

In Spain we face two very different challenges. In cities and in the interior of the country, we have the extraordinary opportunity to continue to bring more value to the glorious cultural heritage, gastronomy and natural landscape diversity that characterizes these areas and promises us extensive opportunities for potential growth. In some coastal areas, the inescapable challenge, which is more structural in nature, is to retrofit or progressively convert the urban plan and the undifferentiated offering of services and facilities found in more mature tourist areas, which are in the process of becoming obsolete. The goal is to reposition for added value and to be able to overcome price as the sole differentiating factor by meeting tourists' new expectations with newly revalued, preserved places that are authentic and rich in content. This will ensure a new cycle of sustainable prosperity for Spanish tourism, similar to that generated in the second half of the twentieth century.

### ***4. And what are the main areas on which you have to work?***

First, we will not be able to meet this challenge if tourism is not assumed as a top political priority within the various public administrations. The great heterogeneity and fragmentation of actors in the tourism sector requires public sector leadership in order to address new paradigms of management that the new global scenario and the current situation of destinations demand. We must be aware that we cannot continue to increase the number of places in accommodation, which is key in the rehabilitation or comprehensive restructuring of the surroundings in many destinations. We must also make a firm commitment for increased investment in key differentiating recreational or cultural attractions (such as the Guggenheim Museum, which repositioned an old industrial city like Bilbao into a great destination in the world). This would allow us to stimulate corporate profitability and the quality of jobs, thereby attracting segments tourists who generate the largest multiplier effect locally.

### ***5. And what role does public-private cooperation play?***

Neither the government nor the various entrepreneurs can succeed alone in facing all the challenges and opportunities in the horizon. Both groups, and other social actors, require

information obtained from rigorous analysis and which provide the best understanding of the situation in order to ensure that resources and actions are carried out efficiently. It is for this reason that it would be a great mistake to postpone the urgent need to establish new frameworks for shared public-private co-management, where, from product design to the final marketing, reciprocal commitments provide the greatest and the best combination of talent and innovation to carry them out. If not, we run the risk of applying schemes and recipes of the past to an unprecedented new scenario. Therefore, there is no other solution than to pass from a cooperation that is more testimonial or rhetorical to a new, more agile and professionalized collaborative framework. This will require certain circumstances, which with the best intentions of everyone involved, we should be able to address.

## Transport

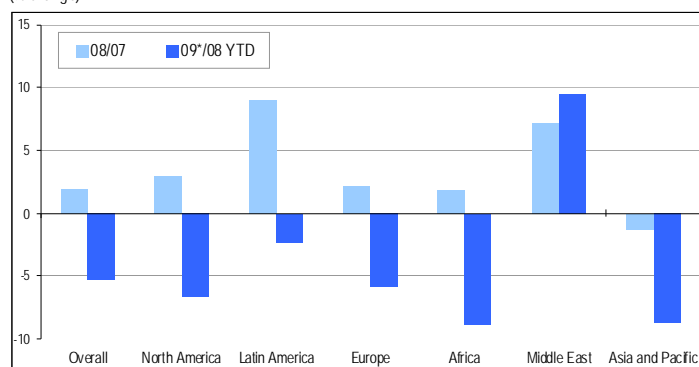
### Airlines

#### IATA's Monthly International Statistics (MIS)

In a clear reflection of the general trends in travel and tourism demand since the beginning of the year, the 260 or so member (mostly full service) airlines of the International Air Transport Association (IATA) reported a 5% decline in passenger traffic on international scheduled routes, expressed in revenue passenger-km (RPK), for the months of January through September. Available seat capacity (ASK) declined somewhat less, by 3%, with the result that the load factor on international flights fell to 75%.

The traffic of carriers in all world regions was affected except those in the Middle East (+9%). Carriers based in Asia and the Pacific and Africa were the hardest hit (both -9%), followed by North America (-7%), Europe (-6%) and Latin America (-2%).

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



Source: compiled by UNWTO from IATA

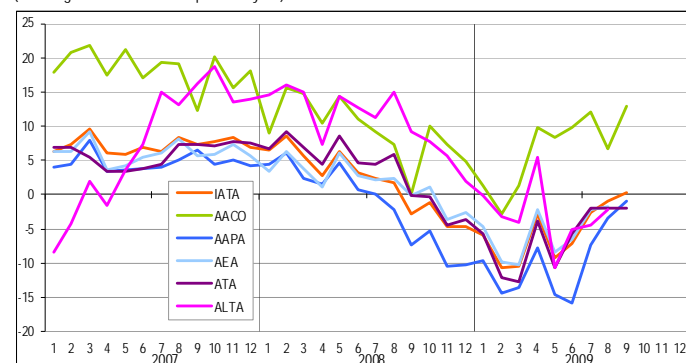
September 2009 was the first month with a slight increase (+0.3%) in passenger traffic demand after a year of declines. Passenger demand is now 5% better than the low point reached in March 2009, but 6% below the peak recorded in early 2008. Airlines continue to manage capacity carefully, with reductions in supply exceeding the decline in demand. September's passenger load factor has returned to pre-crisis levels of 77%, which should help to correct the precipitous fall in yields (-14% in economy class, -18% for premium). According to IATA the apparent year-over-year improvement is misleading as it is largely due to comparisons with a weak September 2008 when passenger traffic fell by 3%.

"It is far too early to call this a recovery. The worst may be over in terms of the fall in demand, but yields continue to be a disaster and costs are rising. The airline industry remains firmly in the red with a fragile business environment", said Giovanni Bisignani, IATA's Director General and CEO.

To match capacity with demand, airlines have reduced daily aircraft utilisation in recent months. As an example, average daily hours for the global Boeing 777 fleet dropped by 3% to 11 hours per day. Lower utilisation helps load factors, but spreading fixed asset costs over fewer hours in the air pushes up unit costs.

All regions except Europe saw improved demand conditions in September compared to August. Asia-Pacific carriers recorded the most significant turnaround in the past months. Three factors are influencing this relative strength. Government stimulus packages in the major economies are driving increases in production, the region's banking system is relatively strong and the region's consumers are not as burdened by debt as those in Europe and the USA. Latin American carriers also experienced a jump in demand, from negative to positive growth in September, based on relatively robust regional economies. North American carriers saw demand largely unchanged. Middle Eastern carriers experienced an 18% year-on-year increase in September. This was distorted by the shifting of the Ramadan period, which started in August 2009, compared with September last year. Growth is driven primarily by market share gains on long-haul routes via Middle Eastern hubs. Weaker oil revenues continue to depress economic growth and travel within the region. African carriers also saw a marginal improvement. While African economies have been relatively resilient in the recession, the region's carriers continue to struggle to maintain market share. By contrast, European carriers saw a deterioration in demand. This partly reflects a loss of market share by network carriers on short-haul routes to low-cost carriers. More significantly, there has been a weakening in demand on long-haul routes.

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



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



## Airports

As might be expected, Airports Council International (ACI) has reported very similar results for the world's airports to those of IATA airlines. The ACI's latest PaxFlash report indicates that global traffic grew by 1.6% in September over the same month in 2008. The key driver was improvement in domestic traffic, up by 4.4%, with the Asia Pacific and Latin America and the Caribbean regions showing the greatest improvement.

"The downward trend began to ease in the second quarter and now in the fourth quarter we are seeing growth" said ACI Director General on announcing the results. ACI notes that there are some clear signs of new growth in selected domestic markets which contributes to the positive global results despite the 1% decline in international traffic. Of course, this is compared to September 2008 when traffic was already dropping. Still, the flattening of the trend curve is a good sign. It may signal a sustained trend since domestic traffic is often a precursor to international traffic recover.

For the first nine months of 2009, total passenger throughput at ACI airports was down 4%, with international passenger numbers most affected (-6%). According to ACI, emerging markets such as China, India and Brazil are clearly pulling ahead, but mainly in terms of domestic traffic, which is currently outperforming international traffic. In line with airline results, Europe and North America are lagging behind, as expected, as they also suffered the biggest slump over the past 12 months.

## North America

Continuing weak domestic demand in the USA in 2009 has contributed to a 7% drop in international traffic through the first nine months for member carriers of the Air Transport Association of America (ATA). Domestic traffic fell by 8% over the period, although the decline eased to just -1% in the month of September.

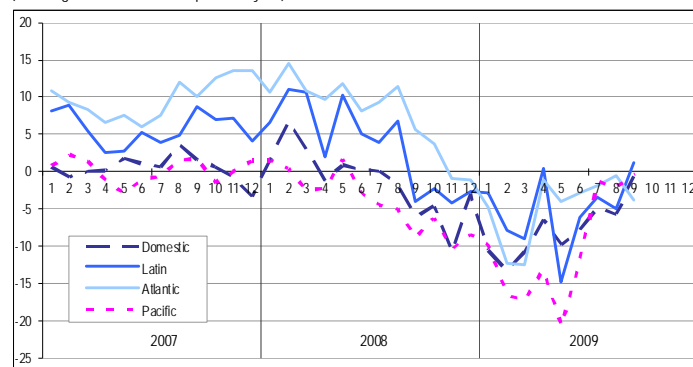
For the nine-month period, transatlantic routes performed the best (-4% in terms of RPK), as against -5% on routes from/to Latin America and -10% on transpacific routes.

Based on a sample group of member carriers, ATA revenues fell 19% in September 2009 versus the same month in 2008. This marks the eleventh consecutive month in which passenger revenue has declined over the prior year, fuelled primarily by the tenth consecutive month of ticket price declines.

"The demand for air travel remains weak, as evidenced by the untenable pricing environment," said ATA President and CEO James C May. "While other sectors may be seeing signs that the economy is getting back on track, the airline industry has faced challenges in its effort to generate revenue."

Annually, commercial aviation helps drive US\$ 1.1 trillion in US economic activity and more than 10 million US jobs, the ATA says. On a daily basis, US airlines operate nearly 28,000 flights in and to/from 80 countries, using more than 6,000 aircraft to carry an average of 2 million passengers and 50,000 tons of cargo.

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



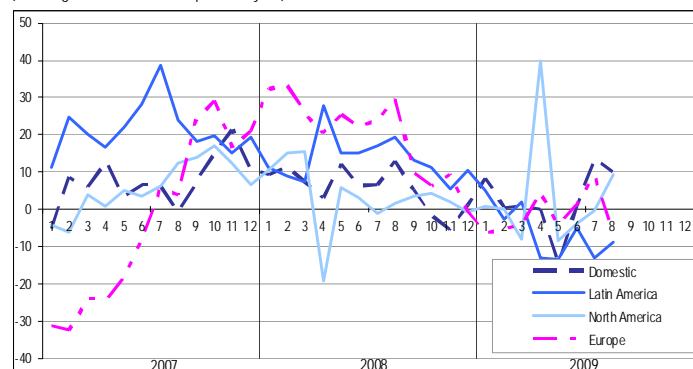
Source: compiled by UNWTO from ALTA

## Latin America

The Latin American and Caribbean Air Transport Association (ALTA by its Spanish initials) has announced that its member airlines carried 10.7 million passengers in August, up 3% over the same month last year. This was the second month of positive growth since January. Capacity, meanwhile, increased by 5%, resulting in a 1.8 percentage point drop in seat load factor, to 70.6%.

The number of passengers carried for the year to date (January to August 2009) dropped 0.4% against the same period last year, reaching 79.9 million passengers. During the eight-month period, traffic (RPK) fell just under 1%, while capacity increased by 3.5%, and the average passenger load factor was 69.1%, 2.8 points down on full year 2008.

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



Source: compiled by UNWTO from ALTA



## Europe

August data from the Association of European Airlines (AEA), as well as the projection for the month of September 2008, point to more negative figures in the relentless series of traffic decreases which stretch back to November 2008. The latest result include a 2% decrease in RPK and a 3.5% drop in passenger boardings.

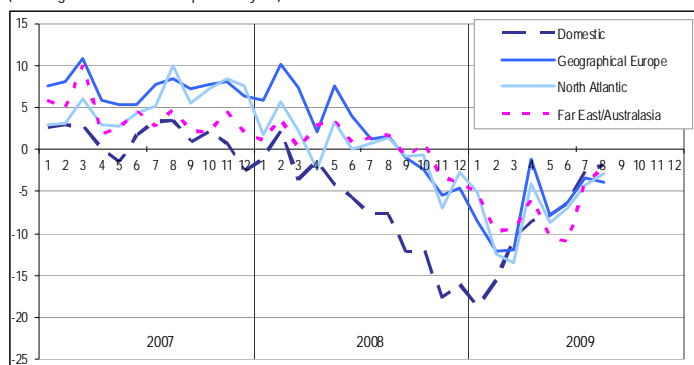
All major route groups fared worse than this. European cross-border traffic was 4% down, the North Atlantic -3% and the Far East -2%. The only growth was on operations to/from Africa and the Middle East.

The preliminary outlook for September, based on weekly returns, is for a figure worse than in August, at about -3%. To quote AEA Secretary General, Ulrich Schulte-Strathaus: "Now we are well into the second full year of this downturn, year-on-year growth figures are much less useful in telling us how things are going. If we compare where we are now with where we would have been if the crisis had not intervened, the AEA airlines are transporting, on aggregate, about 4 million fewer passengers a month, and that is a figure which is simply not getting any better right now."

The revenue picture is even gloomier, says Schulte-Strathaus. The average price AEA's passengers were paying per km of travel in mid-summer was more than 17% down on last year. AEA airlines' total revenues from tickets sold are between euro 1.5 billion and euro 2 billion per month lower than the levels planned and budgeted for.

In normal trading conditions, airlines could build up reserves in the summer months to see them through the much less profitable winter period. This year, the AEA's reserves have been depleted through a profitless summer, and it says it is facing a very bleak winter period. Airlines have had at least some relief this past summer with the slot waiver, which has allowed them to reduce capacity in line with the market deterioration, but that option is about to run out. Airlines now urgently need an EU decision to prolong the waiver through the winter, the AEA maintains. "The slot allocation rules were designed for times of economic growth. They produce the wrong effects in times of a downturn. And it is during this unprecedented downturn, now, that all airlines need know whether they can adjust flexibly, or not," said Schulte-Strathaus.

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



Source: compiled by UNWTO from AACO

## Asia and the Pacific

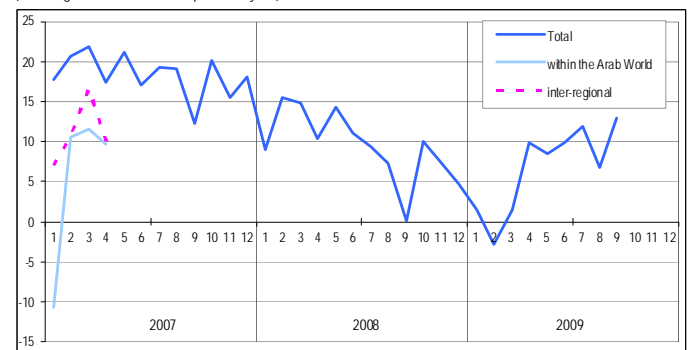
Preliminary figures released by the Association of Asia Pacific Airlines (AAPA) show that AAPA members carried a total of 10.8 million international passengers in September, effectively matching the numbers carried in the same month last year for the first time in over a year. International passenger traffic measured in RPK was 1% down, but also marked an improvement compared to the declines recorded over the past year. With seat capacity having been reduced by 6%, the average international passenger load factor rose 4.1 percentage points to 76.4% for the month.

For the first nine months of the year, AAPA international passenger numbers were 9% down on the same period last year. To quote Andrew Herdman, AAPA Director General: "The airline industry remains in critical condition, despite some signs of a modest recovery in traffic volumes in recent months. Airline revenues have been further undermined by the need to aggressively discount fares to stimulate demand in a shrinking market."

## Middle East and North Africa

Data from the Arab Air Carriers Organization (AACO) shows significant positive growth for all months of 2009 except February, driven by a still ambitious expansion of route networks and frequencies. Passenger traffic increased by 7% between January and September 2009, while capacity grew at a rate of 15%. As a result the load factor was some 3 percentage points down, to 71% from 74% in full year 2008.

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



Source: compiled by UNWTO from AACO

## Current outlook

Global airline capacity is showing positive growth for the third consecutive month in October, according to OAG ([www.oagaviation.com](http://www.oagaviation.com)), in its monthly report on trends in the supply of airline flights and seats. Capacity on domestic and international flights by full service as well as low-cost airlines is estimated to have shown positive growth of just over 1% in October 2009 as compared to last year, following September's growth of 1.5% and a very slight increase in August.

The world's airlines increased capacity by 3.1 million seats to 300 million in October. Nonetheless, frequencies are marginally down as a result of the trend towards the use of larger aircraft. The world's airlines have scheduled 2.4 million flights for October 2009, down by 1% (24,000 fewer flights) compared with the same month last year.

David Beckerman, Vice President OAG Market Intelligence, said: "We're seeing continued growth in global capacity even with slight decreases in frequency across Europe and North America as we go into the fall, which would tend to indicate a trend towards re-evaluating less popular routes."

The low-cost sector has shown positive growth since July. Low-cost airlines worldwide offered 65.7 million seats (22% of the total) on 443,000 flights (18%) in October, representing growth of 5.6% and 5.3% respectively compared to a year ago. Growth is driven by strong traffic to both Africa (+10%) and the Middle East (+11%), and within the Middle East with 20% more seats. The low-cost sector especially is seeing healthy capacity growth – though from a still modest base – in Latin America with 48% more flights within the region and 54% to and from Central and South America.

IATA, meanwhile, says that 2008 was a worse year for airlines than originally forecast, and that 2009 will be even harder on the industry than predicted. It has revised its loss estimate for 2008 from US\$ 10.4 billion to US\$ 16.8 billion. This revision reflects restatements and clarification of the accounting treatment of large revaluations to goodwill and fuel hedges.

The organisation now predicts 2009 industry losses of US\$ 11 billion, or US\$ 2 billion more than it projected previously, due to rising fuel prices and exceptionally weak yields. Compared with 2008, industry revenue for 2009 is expected to fall 15%, to US\$ 455 billion.

## Air transport data

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

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

## Elibrary

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## Hospitality



### Mixed fortunes

It was refreshing news when some countries reported GDP growth in the second quarter of the year calling an end to the recession in some major economies. With a strong correlation between economic and hotel performance there should be a refreshing lift for hoteliers too, and in many cases drops have eased slightly over the last couple of months. However, in these unprecedented times, it is still too early to declare this the beginning of the recovery process given the world's continued delicate economic state.

So far, hoteliers who have avoided average room rate discounting, those who have added value to the guest's stay and those who operate in countries with weaker currencies have performed the best. Conversely, destinations that have been dealing with additional impediments such as political instability, terrorism or a substantial amount of new supply saw the most drastic decreases in hotel performance

### Middle East

The Middle East started to see revenue per available room (revPAR) fall later than other regions and so far, has not suffered as much. Eight months into 2009 and the Middle East is still witnessing the least extreme reductions in revPAR down 19% to US\$ 122. The drivers behind this were split equally between occupancy, down 8 percentage points to 62%, and an 8% reduction average room rates to US\$ 197. Beirut remains the best performer in the region (and the world) with a 77% jump in year-to-August revPAR to US\$ 146 as the city benefits from increased political stability. Meanwhile, Jeddah also turned in a solid performance with revPAR up 17% to US\$ 125 driven by a 16% jump in average room rates. This gateway city for pilgrims travelling to the holy cities of Makkah and Medina is also benefiting from an investment surge, as a 20-year real estate and regeneration plan takes shape.

Meanwhile, revPAR in Abu Dhabi is still growing marginally up 0.8% year-to-August but has been declining over the summer low-season months as the economic crisis begins to affect the capital. At the other end of the spectrum is Dubai with the largest regional drops in performance down 35% to US\$ 157 as traditional source markets for the emirate cut down on international travel and new supply floods the market. Despite this drop, the emirate continues to achieve some of the strongest levels of revPAR and average room rates in the region.

### North America

Year-to-August revPAR in North America fell 19% to US\$ 56. This was partially a result of occupancy declining 7 percentage points to a humble 57% – the lowest occupancy across all world regions. This decline prompted hoteliers across North America to discount average room rates 9% to US\$ 99. Drops in occupancy and revPAR have eased marginally in the last couple of months but the shape of the recovery has yet to reveal itself. The popular Obama administration continues to draw visitors to Washington DC and in turn assisting hoteliers to witness a revPAR drop of only 7% to US\$ 98 – one of the only US cities to see only single-digit decline. On the flip side, Mexico City experienced the most severe revPAR declines in the region, down 37% to US\$ 52. The city continues to suffer from depressed tourism demand exacerbated by the lingering effects of A(H1N1) flu at the beginning of this year.

### Central and South America

Hotels across Central and South America saw revPAR drop 21% to US\$ 64 year-to-August. This was led by an 8 percentage point decrease in occupancy while average room rates declined US\$ 12 to US\$ 110. The most drastic monthly revPAR decline in this cycle was in April 2009 down 26% but some of this decrease can be attributed to the displacement of the Easter break in 2009 and 2008. Since April, revPAR drops have decelerated slightly but no consistent trend is revealing itself yet with revPAR decline easing off in some months and getting worse in

#### Hotel performance by region

	Occupancy (%)			Average Room Rate - US\$			RevPAR - US\$		
	Year-to-August			Year-to-August			Year-to-August		
	2009*	2008	Change (%p)	2009*	2008	Change (%p)	2009*	2008	Change (%p)
Europe	60.5	65.9	-5.4	128	165	-22.2	77	108	-28.5
Europe (in euros)	60.5	65.9	-5.4	94	107	-12.2	57	70	-19.4
Northern Africa	59.0	67.7	-8.7	119	126	-5.2	70	85	-17.3
Southern Africa	64.6	75.6	-11.0	85	88	-2.8	55	66	-17.0
Middle East	61.9	69.9	-8.0	197	215	-8.2	122	150	-18.7
Asia and the Pacific	58.5	66.5	-8.0	116	143	-18.7	68	95	-28.4
North America	56.7	63.2	-6.5	99	109	-9.5	56	69	-18.8
Central and South America	58.1	66.2	-8.1	110	122	-9.9	64	81	-21.0

Source: STR (North America) and STR Global. © 2009 STR and STR Global. All rights reserved. (%p: percentage point)

others. Hotels in Rio de Janeiro were some of the best performers in the region with revPAR down only 9% year-to-August. Occupancy actually grew in the city up 3 percentage points to 64% and was one of the only cities in the world that improved upon performance over the same timeframe last year. The city's profile was boosted in October when it won the bid to host the 2016 Olympic and Paralympic Games. This coupled with a strong emerging economy should be good news for hoteliers as Rio becomes increasingly attractive for corporate and leisure travellers. At the back of the pack was Buenos Aires with revPAR declining 35% to US\$ 70 as occupancy plummeted 17 percentage points putting pressure on average room rates resulting in a 12% decline to US\$ 139.

### Asia Pacific

RevPAR in Asia Pacific dropped 28% to US\$ 68 year-to-August. Average room rates fell US\$ 27, while occupancy dropped 8 percentage points over the same period last year. Despite rivalling Europe for the steepest decline in hotel performance globally, reductions in revPAR have eased in Asia Pacific since May 2009 with monthly drops less severe than the year-to-date decline. When measured in local currency, Bali achieved the strongest average room rate and revPAR growth in the region, up 24% and 11% respectively. Demand from Australia is strong and low-cost airline expansion between the two should further boost the resort. Meanwhile, Seoul was the only city in Asia Pacific to experience an increase in both occupancy and average room rates, and also achieved the highest occupancy of 78%. The weakness of the Korean won against source market currencies helped attract more regional visitors, which accounts for over three quarter of Korea's international tourists. Meanwhile, Beijing is suffering from a post-Olympic slump and has witnessed 12 consecutive months of double-digit revPAR decline, leading to the worst drop across Asia Pacific, down 56% year-to-August 2009. Hotels in India suffered from some of the largest drops in revPAR across Asia Pacific, down 40% in New Delhi and 37% in Mumbai as thousands of new rooms open across the country. In addition, suppressed demand and escalated security concerns in the wake of the Mumbai terrorist attacks in November 2008 have also had an effect on performance.

### Europe

When measured in US currency, Europe continued to suffer the worst declines in revPAR down 29 % to US\$ 77 year-to-August. The decline is less extreme reported in euros down only 19% to euro 57. Average room rates lead this drop, falling 12% to euro 94 while occupancy fell 5 percentage points to 61%.

### Hotel performance by region (year-to-August)

		Occupancy (%)		
		2009*	2008	Change (%p)
<b>Asia and the Pacific</b>		<b>58.5</b>	<b>66.5</b>	<b>-8.0</b>
China	Beijing	47.8	58.2	-10.3
	Shanghai	46.8	54.0	-7.2
	Hong Kong (China)	69.9	81.1	-11.2
	Taiwan (pr. of China)	67.4	70.5	-3.1
Japan	Osaka	71.1	78.8	-7.7
	Tokyo	67.4	74.8	-7.4
	Korea, Republic of	<b>78.1</b>	74.3	3.7
	Vietnam	52.8	62.7	-9.8
Thailand	Bangkok	51.0	71.7	-20.7
	Phuket	53.4	68.4	-15.0
	Malaysia	62.7	71.0	-8.3
	Singapore	69.8	78.6	-8.8
Indonesia	Jakarta	61.8	70.2	-8.4
	Bali Island	69.9	78.0	-8.1
	Philippines	65.7	73.8	-8.0
India	Mumbai	54.9	66.8	-12.0
	New Delhi	59.8	72.3	-12.5
	Australia	75.8	79.2	-3.4
	New Zealand	65.4	70.2	-4.8
<b>North America</b>		<b>56.7</b>	<b>63.2</b>	<b>-6.5</b>
Canada	Montreal	57.2	62.2	-5.0
	Toronto	60.8	67.8	-7.0
	Vancouver	64.9	72.2	-7.3
United States	Atlanta	54.2	62.2	-8.0
	Boston	61.3	67.7	-6.4
	Chicago	56.3	65.0	-8.7
	Dallas	52.8	60.5	-7.7
	Denver	59.1	66.7	-7.6
	Houston	58.3	66.0	-7.7
	Los Angeles	65.2	74.6	-9.4
	Miami	66.6	75.0	-8.3
	New Orleans	59.4	66.1	-6.6
	New York	75.0	83.0	-8.0
	Orlando	64.0	71.0	-7.0
	Philadelphia	61.8	66.9	-5.1
	Phoenix	53.7	62.7	-9.0
San Diego	66.0	74.5	-8.6	
San Francisco	70.8	76.9	-6.1	
Seattle	63.7	71.5	-7.9	
St Louis	55.8	61.0	-5.2	
Washington DC	67.3	69.8	-2.5	
Mexico	Cancun	56.3	68.2	-11.8
	Mexico City	48.6	62.6	-14.0
<b>Central and Southern America</b>		<b>58.1</b>	<b>66.2</b>	<b>-8.1</b>
	Costa Rica	50.7	65.0	-14.4
	Peru	54.2	62.0	-7.8
Brazil	Rio de Janeiro	<b>64.3</b>	61.6	2.7
	Sao Paulo	56.9	63.4	-6.5
	Argentina	50.3	67.6	-17.2
	Chile	58.3	74.1	-15.8

Source: STR Global

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RevPAR decline has been more extreme outside the eurozone than inside the eurozone down 22% to euro 58. Cities across the UK are holding up better than most in Europe and globally; with Aberdeen, Cardiff, Edinburgh and Glasgow, amongst others, experiencing less than a 10% decrease in revPAR year-to-August. However, Moscow is seeing some of the worst drops in Europe down 31% in local currency as new room supply floods the city in addition to the high price of staying in the city's hotels.

RevPAR within the eurozone dipped 17% to euro 56 with average room rates declining 9% to euro 96 while occupancy decreased 6 percentage points to 58%. The strong euro versus source market currencies, such as the UK pound and US dollar, continues to deter tourists who are looking for increased value for money and in turn harming hotel performance. Barcelona and Madrid have endured some of the worst drops in hotel performance across the region with revPAR down 24% and 31% respectively as tourists from the UK (one of Spain's largest source markets) holiday closer to home or in lower-cost destinations.

### What does the future hold?

Within the next few months the shape of the recovery for the hotel industry should become clearer and despite positive news about major economies pulling out of recession, there is a danger that growth may not be sustainable. A further wave of the A(H1N1) virus in the final part of the year remains a possibility and could start to affect tourism to a greater extent. With these two major unknowns, it is difficult to estimate how long it will take for tourism demand and hotel performance to recover to pre-recessionary times. The operating environment for the hotel industry will continue to be difficult, but out of every crisis comes opportunity and new and successful business models will be born out of these challenging times.

*Analysis has been provided by Deloitte & Touche LLP using data from STR Global and Smith Travel Research. This commentary has been written by Marvin Rust – Global Managing Partner of Hospitality at Deloitte and Laura Baxter – Assistant Manager in the Tourism, Hospitality and Leisure team at Deloitte.*

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### Hotel performance by region (year-to-August)

		Occupancy (%)		
		2009*	2008	Change (%p)
<b>Europe</b>		<b>60.5</b>	<b>65.9</b>	-5.4
Iceland	Reykjavik	59.9	62.1	-2.1
Norway	Oslo	61.4	67.5	-6.1
Sweden	Stockholm	66.1	69.2	-3.1
Denmark	Copenhagen	61.4	68.0	-6.6
Ireland	Dublin	63.4	69.5	-6.1
United Kingdom	London	79.2	80.1	-0.9
Netherlands	Amsterdam	66.1	74.9	-8.8
Belgium	Brussels	60.0	67.5	-7.5
Luxembourg	Luxembourg	64.1	69.6	-5.5
Germany	Frankfurt am Main	56.0	59.3	-3.3
	Berlin	65.7	67.0	-1.3
France	Paris	73.1	77.6	-4.4
Austria	Vienna	62.4	69.2	-6.8
Switzerland	Geneva	58.0	70.3	-12.3
	Zurich	66.2	73.1	-6.9
Czech Rep	Prague	55.5	64.2	-8.6
Slovakia	Bratislava	41.3	59.3	-18.0
Hungary	Budapest	51.5	63.6	-12.2
Poland	Warsaw	57.8	65.3	-7.4
Russian Federation	Moscow	55.9	64.5	-8.7
Portugal	Lisbon	57.3	63.2	-6.0
Spain	Madrid	54.2	64.3	-10.1
	Barcelona	63.0	69.5	-6.5
Italy	Milan	54.1	62.2	-8.1
	Rome	60.6	64.4	-3.8
Greece	Athens	55.7	66.0	-10.3
Turkey	Istanbul	63.6	72.8	-9.2
Israel	Tel Aviv	62.4	80.1	-17.7
<b>Middle East</b>		<b>61.9</b>	<b>69.9</b>	-8.0
Egypt	Cairo	63.8	76.0	-12.2
	Sharm El-Sheikh	69.3	79.9	-10.6
Jordan	Amman	58.0	69.3	-11.3
Lebanon	Beirut	70.4	49.9	20.5
Kuwait	Kuwait City	55.2	57.5	-2.3
Qatar	Doha	57.9	71.8	-13.9
Untd Arab Emirates	Dubai	68.1	79.3	-11.2
	Abu Dhabi	74.6	81.6	-7.0
Saudi Arabia	Riyadh	60.5	77.5	-16.9
Oman	Muscat	51.9	69.6	-17.7
<b>Southern Africa</b>		<b>64.6</b>	<b>75.6</b>	-11.0
Kenya	Nairobi	63.6	50.9	12.7
South Africa	Greater Cape Town	57.2	64.9	-7.7
	Greater Johannesburg	56.1	71.4	-15.3

Source: STR Global

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Data for North America sourced STR

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## The economic environment

### The world economy on the road to recovery

After suffering the deepest recession since World War II, the world economy seems to be on the verge of recovery. Wide-ranging public intervention that has supported demand and reduced uncertainty and systemic risk in financial markets has fostered a rebound in global activity. According to the International Monetary Fund (IMF), global activity is estimated to have risen by some 3% during the second quarter of 2009, following a 6.5% contraction in the first quarter.

Against this background, the October 2009 *World Economic Outlook* (WEO) forecast that the world economy would expand by 3.1% in 2010, after contracting by about 1% in 2009. Nevertheless, the recovery is expected to be slow, as financial systems remain impaired and support from public policies will gradually have to be withdrawn. Households in economies that suffered asset price busts will continue to rebuild savings while struggling with high unemployment.

Likewise, in its September 2009 interim economic assessment, the Organisation for Economic Cooperation and Development (OECD) warned: "The pace of the recovery is likely to be modest for some time to come. Ample spare capacity, low levels of profitability, high and rising unemployment, anaemic growth in labour income and ongoing housing market corrections will moderate any uptick in private demand."

### IMF *World Economic Outlook, October 2009*

The global economy appears to be expanding again, lifted by the strong performance of Asian economies and stabilisation or modest recovery elsewhere. Nevertheless, the pace of recovery is slow, and activity remains far below pre-crisis levels. The pickup is being led by a rebound in manufacturing and a turn in the inventory cycle, and there are some signs of gradually stabilising retail sales, returning consumer confidence and firmer housing markets. As prospects have improved, commodity prices have staged a comeback from lows reached earlier this year, and world trade is beginning to pick up.

Against this background, the current projections reflect modest upward revisions to those in the July 2009 WEO Update. The key WEO projections for the global economy are:

- World: after contracting by about 1% in 2009, global activity is forecast to expand by 3.1% in 2010.
- Advanced economies: projected to expand sluggishly through much of 2010. Average annual growth in 2010 will be only modestly positive at 1.3%, following a

contraction of 3.4% during 2009. The advanced economies, hit particularly hard by the financial crisis and the collapse in world trade, are showing signs of stabilisation, driven mainly by an unprecedented public policy response. The shape of the recoveries will vary, however, with economies that suffered financial crises likely to experience weaker recoveries than those that were affected mainly by the collapse in global demand.

- Emerging and developing economies: Real GDP growth is forecast to reach 5% in 2010, up from 1.7% in 2009. The rebound is being led by Asia, most notably China and India, fuelled by policy stimulus and a turn in global manufacturing. Economies in Africa and the Middle East are also expected to post solid growth of close to 4%, helped by recovering commodity prices. But recovery in the Commonwealth of Independent States (CIS) and emerging Europe is likely to be difficult, especially for economies most affected by sharply falling capital flows and domestic financial sector turmoil.

Although the global economy is showing positive signs, IMF Chief Economist Olivier Blanchard warns that "the current numbers should not fool governments into thinking the crisis is over". Indeed, global recession is ending, but a subdued recovery lies ahead. According to forecasts, the current rebound will be sluggish, credit constrained and, for quite some time, jobless. During 2010-2014, global growth is forecast to average just above 4%, appreciably less than the 5% growth rates in the years leading up to the crisis.

On the other hand, downside risks to growth are receding gradually but remain a concern. Premature exit from accommodating monetary and fiscal policies seems to be a particular risk because the policy-induced rebound might be mistaken for the beginning of a strong recovery. Also, there could be resistance to extending policy support long enough to allow private demand to make a sustained recovery. Progress in repairing balance sheets could be undercut by rising unemployment, greater-than-expected increases in delinquencies on residential mortgages and commercial real estate, and more corporate bankruptcies. With banks only weakly capitalised, this could lead to even tighter financial conditions.

Thus, the key policy requirements remain restoring financial sector health while maintaining supportive macroeconomic policies until the recovery is on a firm footing. At the same time, policymakers need to begin preparing for an orderly unwinding of extraordinary levels of public intervention. Policies also need to facilitate a rebalancing of global demand. Rising unemployment and setbacks to progress in poverty reduction pose social challenges that must also be addressed.

Overview of the economic growth projections by the International Monetary Fund (IMF), World Economic Outlook, October 2009

	GDP US\$ bn	Growth of Gross Domestic Product (GDP), constant prices															
		Change over previous year (%)						Current projections					Trend <sup>1</sup>			Average (%)	
		2008	2003	2004	2005	2006	2007	2008	2009*	2010*	2011*	2012*	2013*	2014*	08-07	09*-08	10*-09*
World (purchasing power parity (PPP) weighted)	60,917	3.6	4.9	4.5	5.1	5.2	3.0	-1.1	3.1	4.2	4.4	4.6	4.5	--	--	++	4.2
Memorandum: at market exchange rates		2.7	4.0	3.4	3.9	3.8	1.8	-2.3	2.3	3.4	3.6	3.7	3.7	--	--	++	3.3
of which:																	
Advanced economies	42,231	1.9	3.2	2.6	3.0	2.7	0.6	-3.4	1.3	2.5	2.6	2.5	2.4	--	--	++	2.8
Emerging market and developing countries	18,686	6.2	7.5	7.1	7.9	8.3	6.0	1.7	5.1	6.1	6.4	6.6	6.6	--	--	++	6.1

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

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

**GDP growth measurement, methodological note**

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

**Regional and country outlook**

**USA – showing signs of stabilisation**

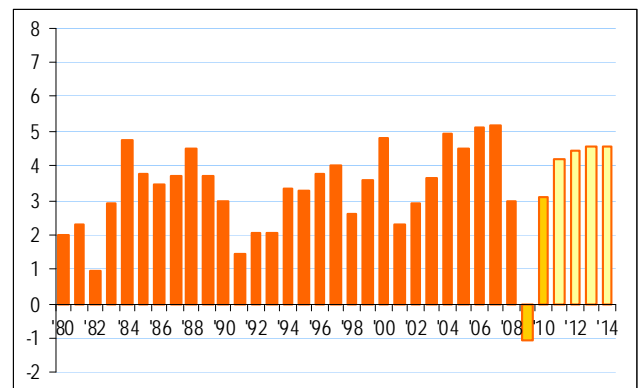
Although significant wealth has been destroyed and unemployment has surged, the US economy is showing increasing signs of stabilisation. Output declined substantially during the first half of 2009, and the unemployment rate rose to a level not seen since the early 1980s. Nevertheless, unprecedented monetary, financial, and fiscal policy interventions are helping stabilise consumer spending as well as housing and financial markets, which points to renewed moderate growth in the second half of 2009.

According to the IMF, the US economy is projected to contract by 2.7% in 2009, mainly because of the sharp decline suffered during the first half of the year. Growth is expected to turn positive in the second half of 2009, reflecting the continuing fiscal boost and upturns in both the inventory and the housing cycles. However, although financial conditions have improved significantly in recent months, markets remain stressed, and this will weigh on investment and consumption. Combined with the impact of rising unemployment, the temporary nature of the fiscal stimulus, and subdued growth in trading partner economies, growth will remain sluggish, reaching 1.5% in 2010.

The IMF points out that the strength and sustainability of the recovery will depend on meeting three policy challenges: first, the continued stabilisation of the economy and financial system; second, an appropriately timed and orderly unwinding of public support for the financial system; and third, there is the challenge of addressing long-term imbalances in public, household, and financial balance sheets.

**World**

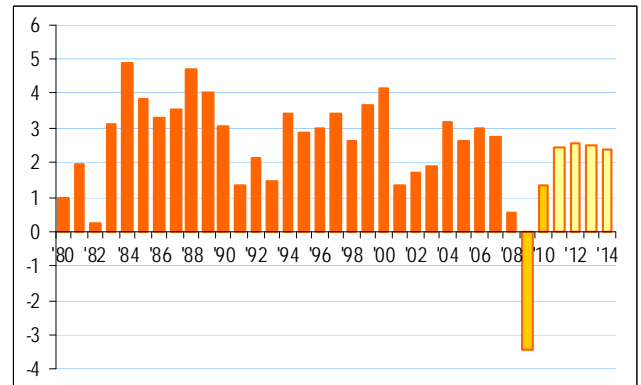
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

**Advanced economies**

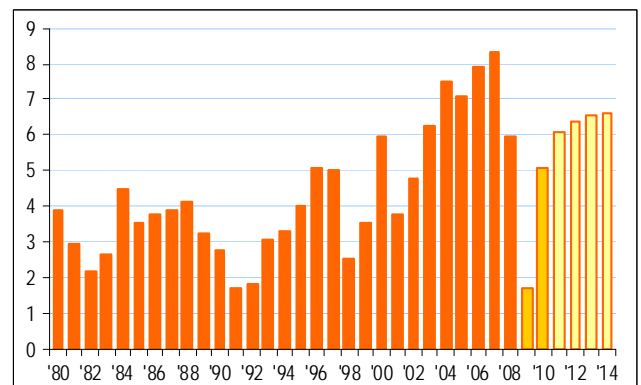
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

**Emerging market and developing countries**

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



Source: International Monetary Fund

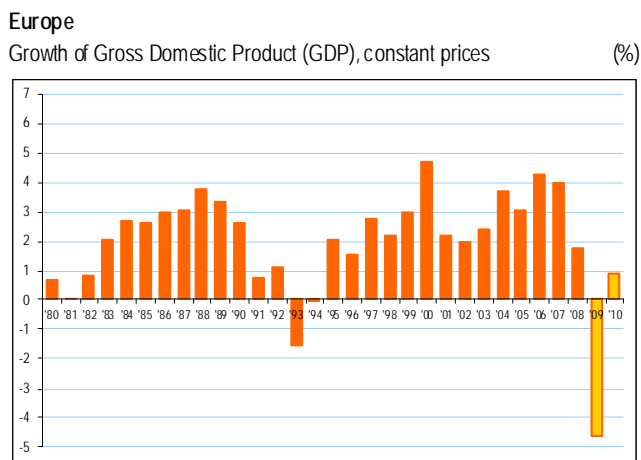
## Europe – a slow rebound

Recent data from Europe suggests that the pace of decline is moderating. In Q2 2009, eurozone GDP contracted less than expected, with France and Germany posting positive growth and the UK registering a more moderate decline. Even so, the rebound in Europe is likely to be slow. Financial market conditions in the region have improved, but the largely bank-based financial system will take time to fully resume its intermediating role. Tight credit conditions will limit private investment, and rising unemployment will weigh on consumption.

The eurozone is projected to emerge from the recession in the second half of 2009, with recovery strengthening over the course of 2010, while inflation should remain low. After a contraction of more than 4% in 2009, the IMF expects real GDP to record a minor growth of 0.3% in 2010.

In emerging Europe, the recovery is expected to be slower than in other emerging regions because many economies will continue to face serious adjustment problems, given that cross-border capital flows will likely remain lower for some time. Real GDP in the emerging European economies is projected to contract by about 5.2% in 2009 and recover just 2% in 2010. But the CIS countries are expected to face the most serious reversal of fortune as the economic fallout of the global crisis on these countries has been intense. A sharp contraction in Russia, on top of the effects of the global recession and financial crisis, has led to significant spillovers within the region as remittances and demand for exports have fallen sharply. Real GDP in the region, which expanded by 5.5% in 2008, is projected to contract by almost 7% in 2009, followed in 2010 by a modest recovery of 2.1%.

The IMF concludes that coordinated policy action remains key to regaining growth momentum in Europe, while the exit needs to be careful and well timed.



Source: International Monetary Fund

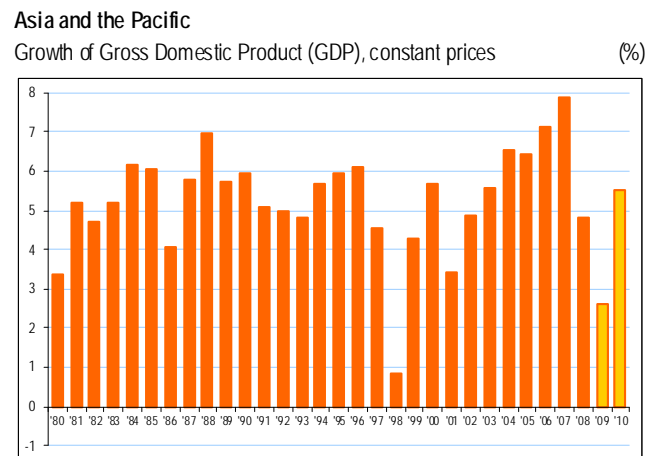
## Asia – rebounding fast

Although Asia's export-oriented economies were battered by the abrupt global downturn, the economic outlook for the region improved markedly during the first half of 2009. The strengthening recovery is helped by large fiscal stimulus packages. Financial markets have rebounded, and capital has begun to flow back into equity markets, while the pullback of foreign banks has ceased. Industrial production is also on the rise following large inventory adjustments.

According to the IMF, the recent rebound was led by China, where growth accelerated to an annual rate of 7.1% in the first half of the year, driven entirely by domestic demand. In Japan, the turnaround was more gradual, leading to a return to growth in the second quarter. Other emerging and developing Asian economies showed similar signs of stabilisation, helped by rising industrial production.

Growth recorded during the second half of 2009 should form the basis for a generally moderate recovery in 2010, as external demand from advanced economies strengthens. The IMF expects China and India to lead the expansion in 2009, with rates of 8.5% and 5.4%, respectively, boosted by large policy stimulus that are increasing demand from domestic sources. In Japan, after a sharp Q1 fall, activity is expected to contract by 5.4% in 2009 as a whole, although a sizable fiscal stimuli and a modest increase in exports will support growth in the second half of 2009 and will lead to a recovery of 1.7% in 2010. The export-oriented Newly Industrialised Countries of the Republic of Korea, Taiwan (pr. of China), Hong Kong (China) and Singapore follow a similar pattern, where real GDP is projected to contract during 2009 by 2.4% but to accelerate in the second half of the year, paving the way for a moderate expansion in 2010 (+3.6%).

Despite positive signs, a sustained turnaround is not assured. The IMF warns that weakening labour markets will probably put a drag on consumption, and significant excess capacity in industry will dampen investment demand. Furthermore, the main driver of past recoveries – a durable rebound in external demand from outside the region – may be lacking this time around.



Source: International Monetary Fund





### *Latin America and the Caribbean – recovery under way, led by Brazil*

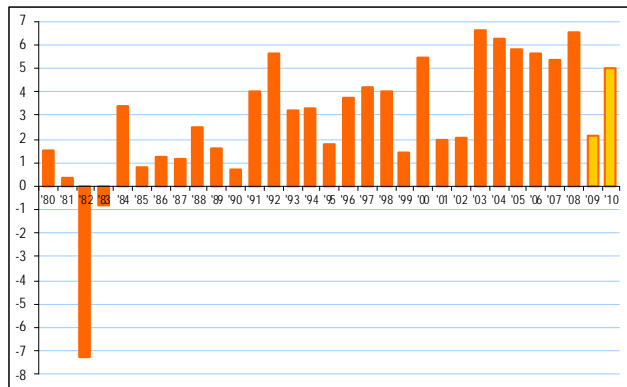
Activity contracted in Q4 2008 and Q1 2009, as consumption, investment, and exports fell sharply as a result of tighter external financing conditions, a deterioration in the region's external demand, lower worker remittances and tourism earnings. The deterioration in activity varied across the region and greatly depended on the nature and intensity of the external shocks and on country-specific characteristics.

But the Latin America and Caribbean region is showing signs of stabilisation and recovery, helped by improving conditions in global financial and commodity markets and stronger policy frameworks that promoted resilience and allowed timely policy responses to support economic activity. The IMF indicates that recovery got underway during Q2 2009, and it should gather moderate speed in the second half of the year, led by Brazil.

Despite these positive signs, real GDP in the region is still projected to contract by 2.5% in 2009, reflecting weak activity in the first half of the year, before growing by 2.9% in 2010.

#### Middle East

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



Source: International Monetary Fund

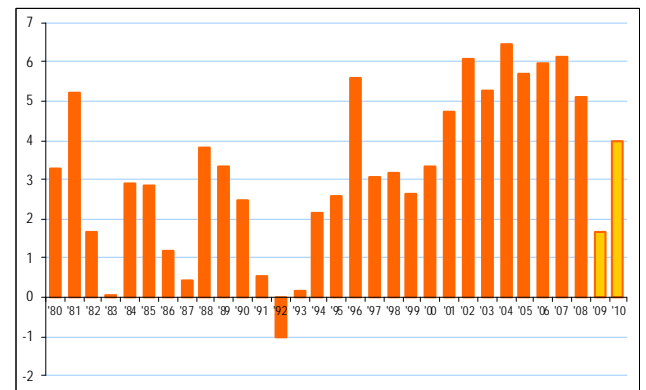
### *Middle East – resuming growth*

Middle East economies were hard hit by the global recession, particularly by the collapse in oil prices and by the sharp contraction in worker remittances and foreign direct investment. However, the recent improvement in global financial conditions and the rebound in oil prices are helping restore the pace of economic activity in the region. Real GDP growth is projected at 2.3% in 2009 and 5.1% in 2010. Real GDP growth of oil importers is projected at about 4.5% in 2009, more than three times the growth rate of the oil exporters.

The IMF indicates that the key risk to the outlook is the possibility that the global recovery may not be sustained, and that oil prices may fall sharply, which could have important implications for oil exporters and their regional trading partners.

#### Africa

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



Source: International Monetary Fund

### *Africa – showing resilience*

Growth in Africa slowed significantly as a result of the collapse of global trade and disruptions in global financial markets, but growth is expected to regain momentum as the global recovery gets underway. The effect of the global recession was initially felt most strongly in those economies more highly integrated into global financial markets, and then propagated to oil, manufacturing and commodity exporters. However, the recent improvement in financial conditions and commodity prices will help these economies recover from the damage.

Real GDP growth is projected to decline from an average of 6% in 2004-2008 to 1.7% in 2009, before accelerating to 4% in 2010.

Full *World Economic Outlook* reports of the International Monetary Fund (IMF) are available for download at [www.imf.org/external/pubs/ft/weo](http://www.imf.org/external/pubs/ft/weo).

## Unemployment – the key remaining challenge

Despite global activity pickup, unemployment remains high in major advanced economies, and is expected to continue rising well into 2010. According to the IMF's October 2009 projections, unemployment rates in advanced economies are expected to reach 8.2% in 2009, with rates of 9.3% in the USA and 9.9% in the eurozone.

The International Labour Organization (ILO) forecasts that continued labour market deterioration around the world in 2009 would produce an estimated increase in global unemployment of between 39 and 61 million workers relative to 2007, which could result in global unemployment ranging from 219 to 241 million – the highest level ever on record.

The IMF points out that "faced with low demand, weak revenue, large excess capacity, and tight credit conditions, nonfinancial corporations in advanced economies are likely to continue laying off workers". According to the Fund's October 2009 projections, after climbing by over four percentage points during the past year to a 26-year high of 9.7% in August, the unemployment rate in the USA is projected to exceed 10% by early 2010.

Starting from a higher level in 2008, the rate in the eurozone rose by two percentage points to almost 10% in 2009. Countries that experienced particularly large real-estate-related shocks, such as Ireland and Spain, have seen much larger increases in unemployment because of the sharp contraction in construction jobs. On the other hand, limited information on unemployment in emerging economies points to less difficult although still challenging conditions, with economies in emerging Europe and the CIS suffering large job losses. By contrast, new industrialised Asian economies (NIEs) expect to end 2009 with a rate below 5% (down from 10% projected in April 2009's WEO), reflecting the fast rebound taking place in the region.

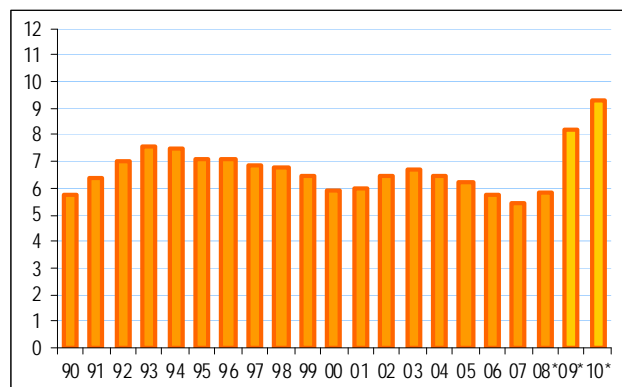
According to the IMF, unemployment rates are expected to remain at high levels over the medium run in a number of advanced economies. In the eurozone, rates are projected to rise to close to 12% in 2010 – with job creation likely to be subdued as widespread reductions in hours worked are reversed – and to retreat only gradually to 9.5% by 2014. By contrast, in the USA, with its more flexible labour market, unemployment is projected to decline from a peak of about 10% in 2010 to 5% by 2014. Unemployment rates tend to rise significantly and for many years after financial shocks, and this time – as indicated by the IMF – will be no exception.

Both the IMF and ILO warn of the major economic and social challenge posed by rising unemployment. In this regard, ILO Director-General, Juan Somavia, stresses that: "For people worldwide, and in particular for the most vulnerable and disadvantaged, the crisis will not be perceived as receding until they get a decent job and a

minimum floor of social protection. A jobless recovery will not be socially or politically sustainable."

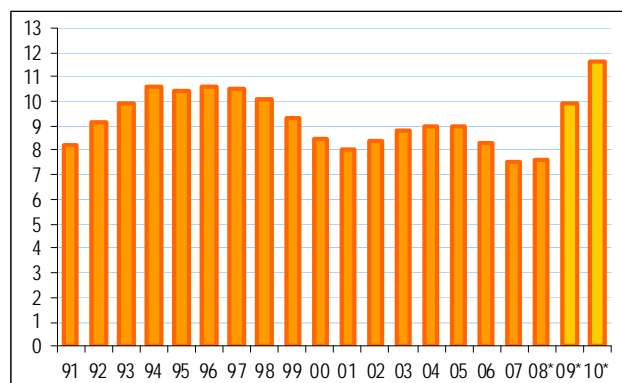
In addition, the IMF points out that limiting the extent of job destruction will require slower wage growth or even wage cuts for many workers. The Fund emphasises the need to improve the flexibility of labour markets in order to raise medium-term prospects after a damaging crisis.

Unemployment rate  
Advanced economies (%)



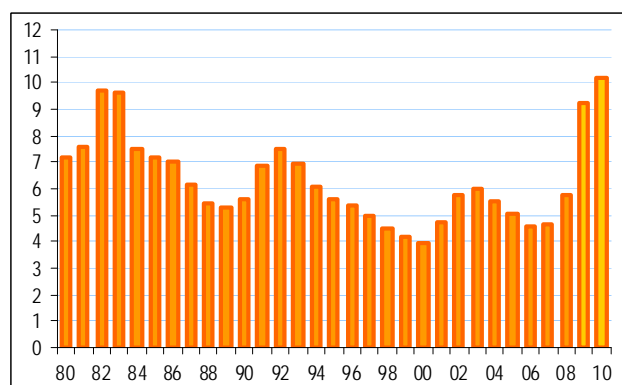
Source: International Monetary Fund

Euro area (%)



Source: International Monetary Fund

United States (%)



Source: International Monetary Fund



## Commodities, inflation, interest rates

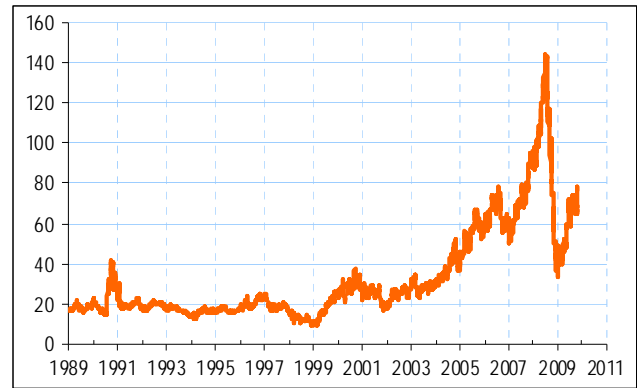
As economic prospects have improved, commodity prices – including oil, food and metals – have staged a comeback from lows reached earlier this year. After collapsing during the second half of 2008, the IMF indicates that commodity prices broadly stabilised in early 2009 and subsequently staged a strong rally in the second quarter, despite generally high inventories that resulted from the weak demand through the recession. Oil prices have responded strongly to perceptions that the worst of the global recession is over and to signs of a rebound in demand in China.

After reaching a low of US\$ 36 a barrel on 27 February 2009, oil prices started to rebound in March and climbed to US\$ 70 by mid-year. Besides the oil price reaction to global activity pickup, oil analysts add that the falling value of the US dollar is also putting pressure on oil prices, as oil is priced in US dollars on global markets. Given more optimistic IMF economic prognoses, the International Energy Agency (IEA) has revised its global oil demand forecast for 2009 upwards to -1.7% from earlier -1.9% (October 2009 *Oil Market Report*, [www.oilmarketreport.org](http://www.oilmarketreport.org)). But the Agency indicates that prompt oil demand remains in the doldrums. Demand among the world's 12 largest oil consumers, which collectively account for about 70% of the world total, is still contracting by roughly 2% annually. According to the IEA, oil demand next year will remain below 2008 levels despite the expected 2010 rebound.

The global recession has caused a large drop in inflation and rising concern about mild deflation. In the advanced economies headline inflation has been below zero since May 2009 and oil prices have remained far below levels at the same time last year, despite their recent pickup. According to the IMF, inflation in advanced economies is projected to be close to zero in 2009 and to accelerate very modestly to about 1% in 2010, largely reflecting rising commodity prices. In emerging economies, inflation is forecast to hover around 5% in 2009-2010, down from 9% in 2008. Only China, some ASEAN countries, and most emerging European economies are projected to see inflation fall appreciably below 5%.

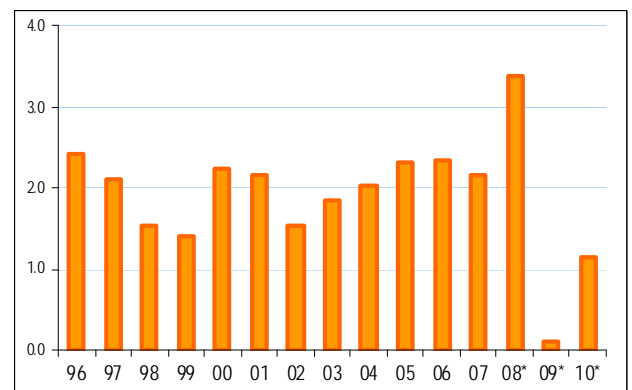
Interest rates have been brought down considerably, close to the zero floor in many advanced economies. Central Banks implemented unusually large interest rate cuts to combat the recession. In addition, they have intervened in credit and asset markets to ease financial conditions. In most advanced economies policy rates were reduced to between 0.25% and 1%. Cuts were generally smaller in emerging economies, reflecting a combination of high inflation at the onset of the crisis and pressure for exchange rates to depreciate in response to capital outflows. The IMF indicates that, with few exceptions, room for further cuts has been exhausted in advanced economies, and markets do not foresee significant rate hikes over the coming year.

Crude Oil Spot Price Brent (daily) (US\$ per barrel)



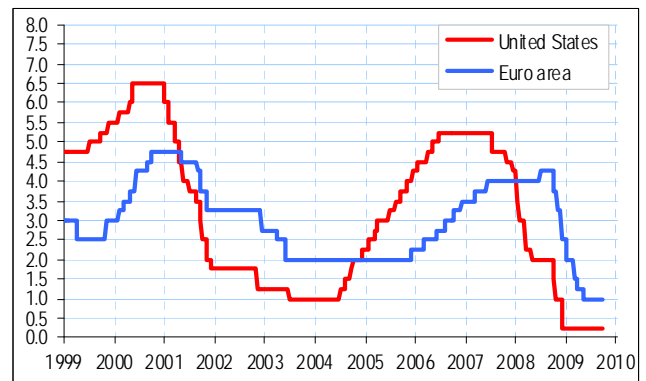
Source: US Department of Energy, Energy Information Administration

Inflation Advanced economies (%)



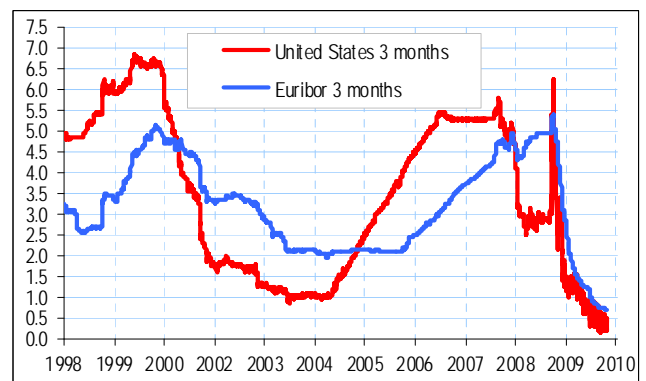
Source: International Monetary Fund

Interest rate Federal Reserve and ECB (%)



Source: Federal Reserve and European Central Bank (ECB)

Interest rates on international markets (%)



Source: Banco de España based on European Banking Federation and Agencia Reuters

## Exchange rates

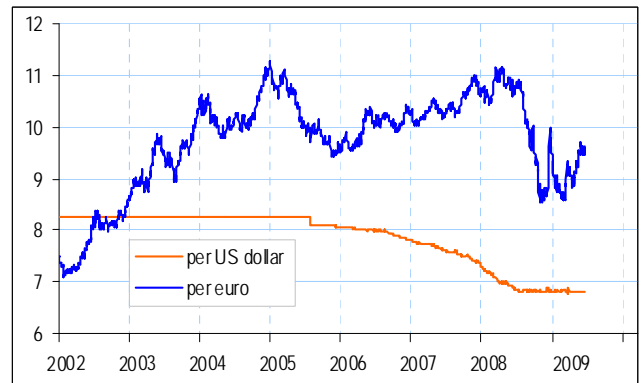
The US dollar continues to lose strength against the euro. Between May and October 2009, the US dollar lost 8% to the euro. In October 2009, the euro exchanged at US\$ 1.48 (1 US\$ = €0.67), compared to US\$1.37 in May. According to currency analysts, this reflects an increasing demand for higher-yielding assets as signs of a recovery in the global economy arise. During the same period, the US dollar weakened further against the currency of two major trading partners in the Americas, the Canadian dollar (-8%) and the Brazilian real (-16%). In Asia, the US dollar lost 6% against the Japanese yen but kept steady against the Chinese yuan due to the stable US dollar-yuan central parity rate. The US dollar keeps sliding against the Australian dollar (-16%).

Exchange rate British pound



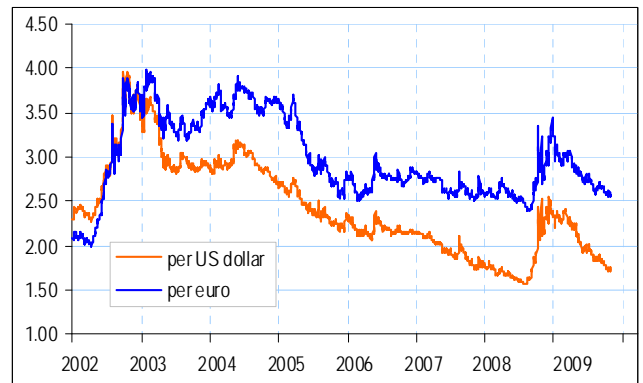
Source: De Nederlandse Bank

Exchange rate Chinese yuan renminbi



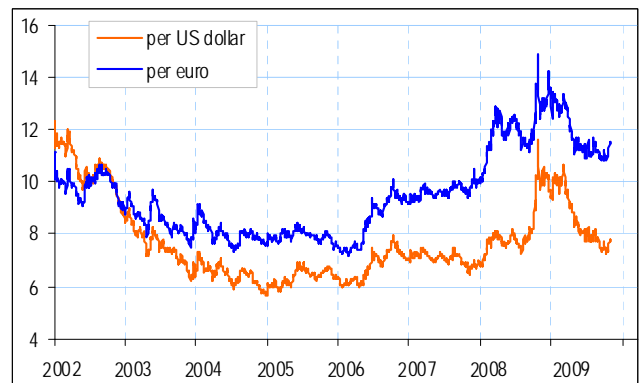
Source: De Nederlandse Bank

Exchange rate Brazilian real



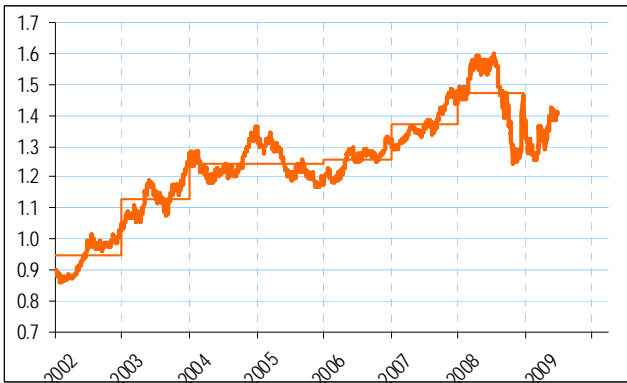
Source: De Nederlandse Bank

Exchange rate South African rand



Source: De Nederlandse Bank

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



Source: De Nederlandse Bank

During May-October 2009, the euro gained 3.5% against the pound sterling. The British currency fell to 92 pence per euro in October. By contrast, the euro weakened against Scandinavian currencies and some emerging European economies currencies such as the Hungarian forint or the Polish zloty. The euro continued to lose ground against the South African rand.



# World Tourism Organization (UNWTO) Publications



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ORGANISATION MONDIALE DU TOURISME  
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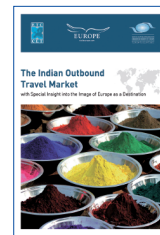


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India is one of the fastest-growing outbound travel markets in the world. Trips abroad have grown from 3.7 (1997) to 9.8 million (2007) and international tourism expenditure has increased from US\$ 1.3 (1997) to US\$ 8.2 billion (2008). With more than 1.1 billion inhabitants and GDP increasing by more than 8% every year, the country offers enormous potential for future growth in outbound travel. Recognizing the importance of this market, the ETC and the UNWTO have undertaken detailed research on the Indian outbound market. This publication covers issues such as travellers' behaviour and patterns – destination choice, purpose of travel, spending, holiday activities and market segmentation, as well as the media or internet use trends. The report also sets out recommendations on how to best promote a destination in the Indian market.

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## The Chinese Outbound Travel Market with Special Insight into the Image of Europe as a Destination

China is one of the fastest growing outbound markets in the world. Rising incomes and relaxation of restrictions on foreign travel led to a growth of 22% a year in trips abroad since 2000 (34.5 million in 2006). China ranks 5th worldwide in terms of spending on international tourism (US\$ 30 billion in 2007). In 1995, the World Tourism Organization (UNWTO) predicted that China would generate 100 million arrivals worldwide by 2020, making it the fourth largest market in the world (Tourism 2020 Vision). In view of recent trends, China may reach that target well before 2020. To better understand the structure and trends of this market is the aim of the new ETC/UNWTO report *The Chinese Outbound Travel Market with Special Insight into the Image of Europe as a Destination*.

Available in English



Published: 2008  
Price: € 75

## The Russian Outbound Travel Market with Special Insight into the Image of Europe as a Destination

Russia is the 9th biggest outbound travel market in the world, generating in 2007 US\$ 22 billion in spending abroad. To better understand the structure and trends of this growing market is the aim of this ETC/UNWTO report, which identifies key trends in the Russian outbound travel – among others, the market size and value, growth in trip volume and spending, purpose of trip, destination choice, the role of the travel trade and online distribution. In addition, the publication provides information on government policy affecting outbound travel, notably visa issues and traffic rights for foreign airlines operating to/from the country. All this information is critical to helping destinations and commercial operators plan ahead with greater foresight, providing guidance on the short-term opportunities and the longer-term potential for investment in this market.

Available in English



Published: 2009  
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## Handbook on Tourism Forecasting Methodologies

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Available in English

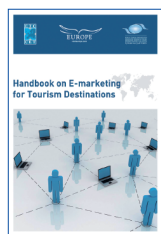


Published: 2008  
Price: € 45

## Handbook on E-marketing for Tourism Destinations

This handbook is the first of its kind for tourism destinations. It is a practical 'how-to' manual designed to help staff at national, regional and city tourism organisations, to improve their e-marketing skills and manage new projects. It covers all the basics such as web design, search engine optimisation, social networking and e-commerce, and advises among others on how to build better content, get distribution of it, use CRM, succeed with online PR and get into mobile marketing. Web analytics, online research methods, and performance measurement get full treatment and new areas like digital television are covered. Also, it includes over 30 examples of e-marketing in action.

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