

2004: an excellent year for tourism, but with a tragic end

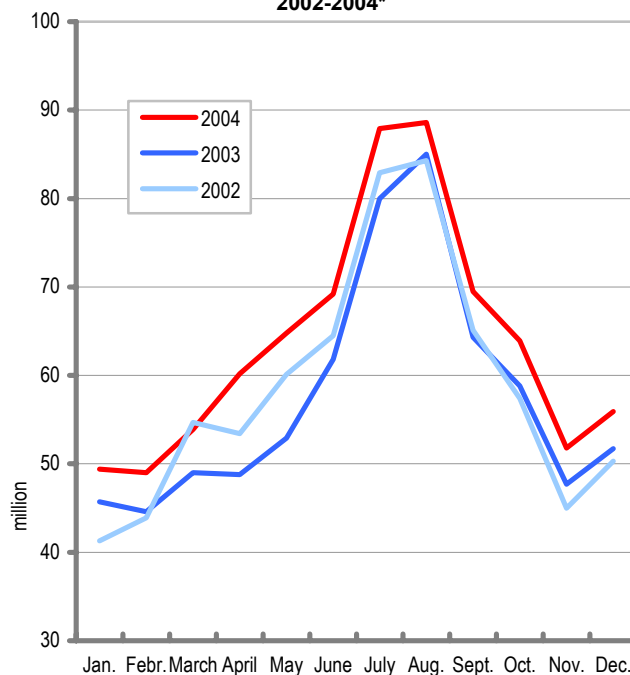
Tourism's evolution has been very positive overall in 2004, as is clearly confirmed by the data collected from the various destinations and source markets and also by the evaluation made by the WTO Panel of Tourism Experts. Travel confidence returned robustly. The world economy finally bounced back extraordinarily and experienced the highest growth since 1976. SARS was not a problem anymore and the geopolitical situation had much less impact than before.

However, just before the end of the year the world was shocked by the sad news and images of the seaquake and following tsunami in the Indian Ocean affecting the northern provinces of the Indonesian island of Sumatra, the Maldives, the eastern coast of Sri Lanka and India, the Andaman and Nicobar islands, the west coast of Thailand, and to a lesser extent Malaysia, Myanmar, Bangladesh, Somalia, Tanzania, Kenya and Seychelles. WTO shares in the world's sorrow over the unprecedented damage and loss of life among local populations and tourists. It expresses its deepest sympathy to the people of the affected countries and offers its heartfelt condolences to the relatives and friends of all the victims of the tragedy. (For more information, see the Tsunami link on the WTO website at www.world-tourism.org/tsunami/eng.html.)

Contents

Short-term Tourism Data 2004	2
- International Tourism: Arrivals, Receipts and Expenditure	2
- Air Transport	13
Evaluation by WTO Panel of Tourism Experts	16
Outlook 2005	20
The Economic Environment	24

Evolution of international tourist arrivals by month, 2002-2004*

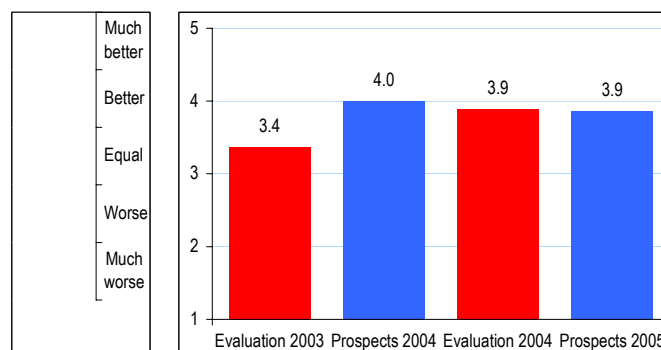


Source: World Tourism Organization (WTO) ©

2004 much better, good prospects for 2005

2004 was unquestionably a better year than 2003, according to the WTO Panel of Tourism Experts. On a scale from 1 (much worse) to 5 (much better), they evaluate 2004 with an average rate of 3.9 when compared to a 3.4 ratio for 2003. The overall evaluation of 2004 only varied slightly from the prospects for the year expressed by the panel at the beginning of 2004 (4.0). The panel maintains a very positive outlook for the next year, rating prospects for 2005 with a 3.9 average. (See for more on page 16.)

WTO Panel of Tourism Experts



Source: World Tourism Organization (WTO) ©

World Tourism Organization

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

www.world-tourism.org



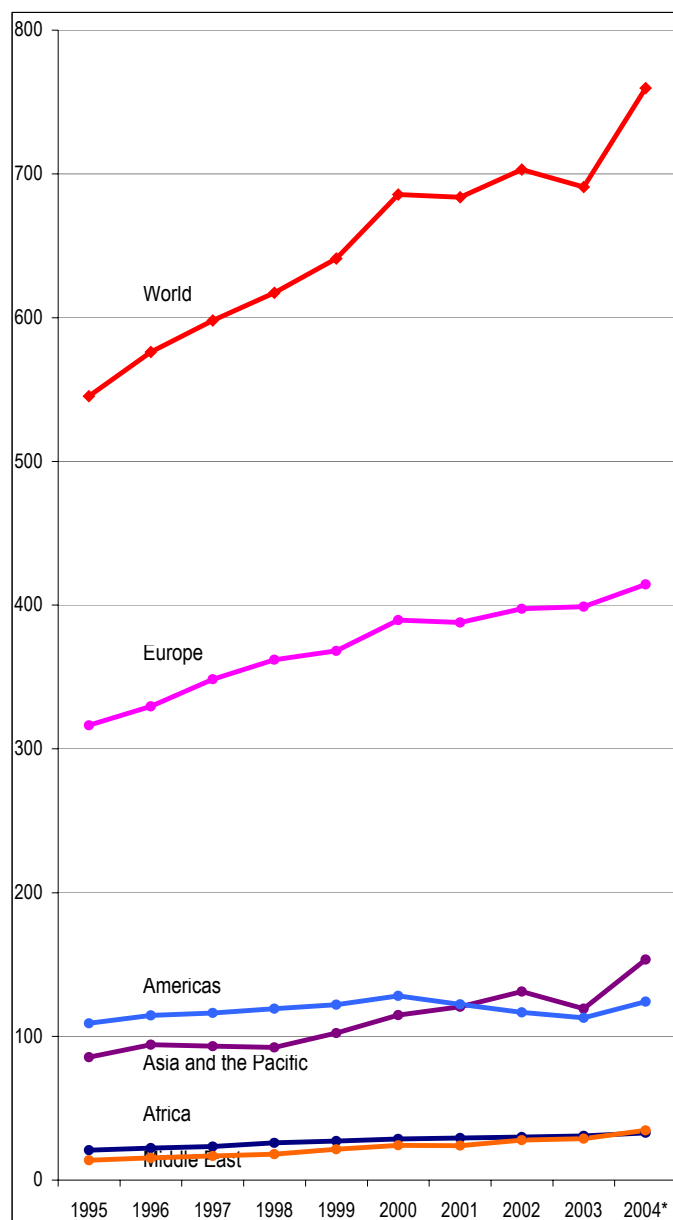
Short-term Tourism Data 2004

International Tourism: Arrivals, Receipts and Expenditure

World and regions: Inbound tourism

International Tourist Arrivals

million



Source: World Tourism Organization (WTO) ©

Best results in 20 years

According to the estimates by WTO based on monthly data or preliminary full-year results available in January 2005, international tourist arrivals reached an all-time record of 760 million, corresponding to an increase by 10%. The last time a comparable percentage has been recorded was 20 years ago in 1984, when international tourism recovered from the persistently weak economy of the early 1980s due to the second oil crisis.

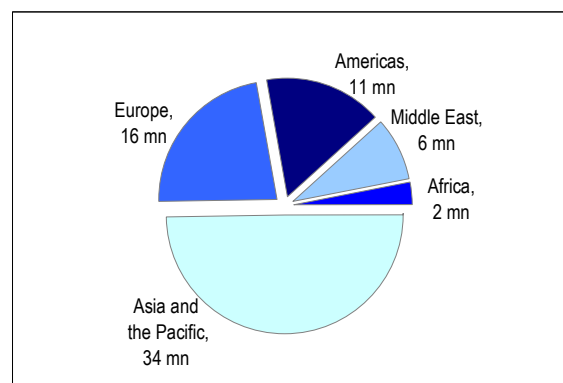
After three years of stagnant growth, international tourism experienced a spectacular rebound in 2004 with the great majority of destinations reporting positive results

and many breaking records. Growth peaked in the first half of the year as a reaction to the negative figures in the same period of 2003 due to the Iraq war and SARS. As anticipated in the previous issue of the *WTO World Tourism Barometer* in October last year, growth slowed down in the latter part of the year because of the already much higher baseline of the same period in 2003. Growth nevertheless still reached some 8% in the months from September to December. For the year as a whole growth only fell below 8% in August (+4%). Without meaning to downplay the devastating effect of the tsunami, it will not affect 2004 results significantly as it happened in the last week of the year. It might have an impact in the following months; this will be assessed in the section on the prospects for 2005.

Last year, growth was common to all regions, but was particularly strong in Asia and the Pacific (+29%) and in the Middle East (+20%). Double-digit growth was also registered in the Americas (+10%), while Africa (+7%) and Europe (+4%) performed below the world average, but still substantially bettered their results of previous years. Although the leap of 2004 certainly should be viewed primarily as a reaction to depressed figures in 2003 due to the Iraq war, SARS and the weak economy, compared to the previous record year 2002, the increase still amounts to 57 million (+8%). Asia and the Pacific more than compensated for its 9% loss of 2003, and compared to 2002 current results are still 17% higher. Also by subregion all results are positive. The only two subregions that did not break their previous records are North America and Western Europe, respectively falling 6 million and 1 million short of the volume recorded in 2000.

In absolute terms the number of international tourist arrivals worldwide increased by 69 million, representing a volume equivalent to a new 'destination' of almost the size of France, the world's top destination in terms of international tourist arrivals. All regions share in the increase, although to varying degrees. Asia and the Pacific gained almost half of all new arrivals, over 34 million. Europe, although growing at a slower pace but on a much larger base, comes second with an increase of 16 million arrivals. The Americas added 11 million new arrivals, while the Middle East and Africa respectively gained 6 million and 2 million international arrivals.

New arrivals 2004 by region (worldwide 69 million)



Source: World Tourism Organization (WTO) ©

Where is the market going?

In 2004, world tourism was above all marked by the strong rebound of Asia and the Pacific after the SARS-induced setbacks suffered in 2003, and by the return of the Americas to positive results. The recovery of the world economy, and in particular of the economies of major American and European generating markets, together with the strength of the Asian economies, strongly contributed to the very good results of tourism in 2004. Fears of the impact of the oil prices were by and large offset as time went by and such increases were being absorbed by the economy, not affecting consumer confidence.

In the past years tourism has also been characterized by the redistribution of tourism flows under the influence of exchange rates. Above all Europe has struggled to adapt to the continuing increasing strength of the euro (and some closely related currencies such as the Danish Krone and Swedish Krona). Although interregional traffic gradually started to return in 2004, it is tough for destinations in the euro zone to compete with less expensive destinations elsewhere in the world. This is not only true for travellers from outside of Europe, but also for the European traveller, for whom prices outside of the euro zone have dropped substantially. Destinations that faced a similar disadvantage are Canada (versus the US), Australia, New Zealand and most of the countries of Southern Africa. Destinations that benefited from a comparatively weak currency in comparison to major source markets were the United States, Mexico, the Caribbean, Central and South America, North-East, South-East and South Asia, the Middle East and the United Kingdom (from European source markets).

The upswing of the world economy had a particularly positive impact on business tourism, which is nevertheless

still recovering slower than leisure travel, but performing better than in the three previous years. 2004 was also a year of further consolidation of trends previously identified with respect to the consumer's profile: dynamic packaging induced by Internet use and the continued expansion of low-cost airlines; independent travel; shorter stays and more holiday breaks; special interest travel, late booking and a high price sensitivity, etc.

Explanation of abbreviations and signs used

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

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

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

Series International Tourist Arrivals

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

Series International Tourism Receipts and Expenditure

All percentages are derived from not seasonally adjusted series in local currencies, unless otherwise indicated: \$: US\$; €: euro; sa: seasonally adjusted series.

International Tourist Arrivals by (Sub)region

	Full year				Full year projection 2004								Market share		
	2000	2001	2002	2003	00/99	01/00	02/01	03/02	total	Change 04*/03		Change 04*/02		2003	2004
	abs. (mn)				Change (%)				abs. (mn)	abs. (mn)	%	abs. (mn)	%	(%)	
World	686	684	703	691	6.9	-0.3	2.8	-1.7	760	69	10	57	8	100	100
Africa	29	29	30	31	4.9	2.3	2.2	3.1	33	2	7	3	10	4.5	4.3
North Africa	10	11	10	11	8.1	4.7	-2.6	4.6	13	2	17	2	22	1.6	1.7
Subsaharan Africa	18	19	19	20	3.2	0.9	5.0	2.4	20	0	1	1	4	2.9	2.7
Americas	128	122	117	113	5.1	-4.7	-4.5	-3.1	124	11	10	7	6	16.4	16.3
North America	91	86	83	77	5.2	-5.6	-3.6	-7.0	85	7	9	1	2	11.2	11.1
Caribbean	17	17	16	17	6.4	-1.7	-4.8	6.2	18	1	6	2	13	2.5	2.4
Central America	4	4	5	5	8.9	1.6	6.5	4.2	6	1	17	1	22	0.7	0.8
South America	15	14	13	14	2.3	-4.9	-12.8	7.9	16	2	15	3	24	2.0	2.1
Asia and the Pacific	115	121	131	119	12.3	4.9	8.8	-9.0	153	34	29	22	17	17.3	20.2
North-East Asia	63	66	74	68	13.2	5.3	12.6	-8.8	88	20	30	13	18	9.8	11.5
South-East Asia	37	40	42	36	13.0	7.6	5.6	-13.7	48	12	33	6	14	5.3	6.3
Oceania	9	9	9	9	8.4	-2.0	0.8	-1.0	10	1	13	1	12	1.3	1.3
South Asia	6	6	6	6	5.4	-4.5	0.4	9.0	8	1	20	2	31	0.9	1.0
Europe	390	388	397	399	5.8	-0.5	2.5	0.4	414	16	4	17	4	57.7	54.6
Northern Europe	47	45	46	47	0.0	-4.3	3.5	2.1	51	3	7	4	9	6.9	6.7
Western Europe	140	136	138	136	5.5	-2.7	1.6	-1.4	139	3	2	1	1	19.7	18.3
Central/Eastern Europe	62	63	66	68	1.6	1.9	3.2	3.4	73	5	8	8	12	9.8	9.6
Southern/Mediterranean Eu.	141	144	148	148	10.4	2.1	2.7	0.1	152	4	3	4	3	21.4	20.0
Middle East	24	24	28	29	13.0	-1.0	16.1	3.4	35	6	20	7	24	4.2	4.6

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 for explanation of abbreviations and signs used

Long-haul traffic also rebounded strongly after three subdued years resulting in substantial growth in air traffic. Furthermore, low-cost airlines keep dynamizing the sector. In Europe the route network expanded further, and made its way also into Central and Eastern European to destinations such as Tallinn, Riga, Warsaw, Krakow, Wroclaw, Prague, Bratislava, Budapest, Ljubljana and Zagreb. In 2004 low-cost airlines also experienced their definitive breakthrough in Asia and the Pacific and the Middle East. Airlines also expanded in terms of interregional traffic. For example, Virgin Atlantic is already serving more than 20 destinations from the UK to Africa, the Americas and Asia and the Pacific. Spanish start-up Air Madrid is serving eight destinations in Latin America from Spain.

2004 also brought the continued good performance of the cruise industry. Data for the first three quarters of 2004 for member fleets of the Cruise Lines International Association (CLIA) show nearly a 10% increase in worldwide passengers to a total of 7.9 million.

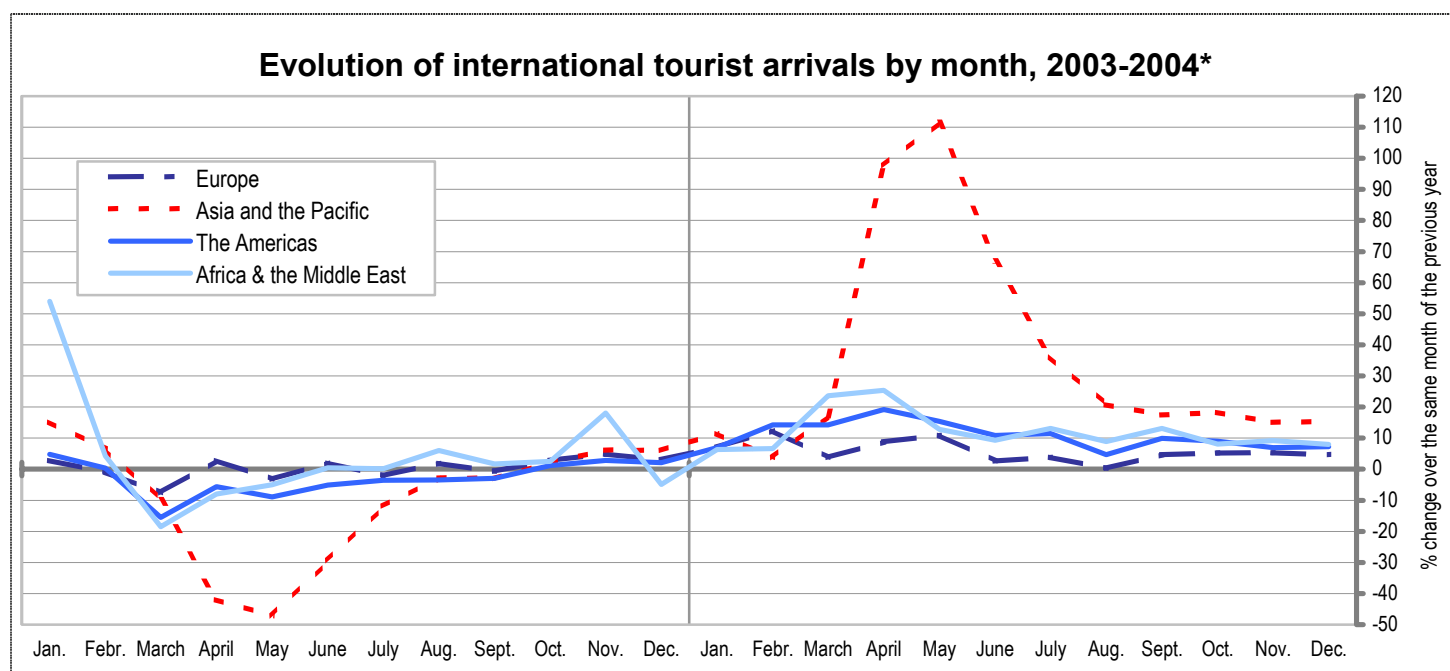
International Tourism Receipts

It is still too early to estimate receipts for 2004 as most countries only have data available for the first three quarters of the year. However, it is to be expected that the growth of international tourism receipts will equal or even exceed the growth rate of arrivals. From the tables in this issue it can be observed that many countries that report both indicators show even higher growth for receipts than for arrivals. The economic climate did not restrain expenditure as before, and the recovery of long-haul traffic is also likely to have boosted receipts. Aggregated receipts data for the world and by region as well as an in-depth analysis will be presented in the next issue of the *WTO World Tourism Barometer* (June 2005).

The data included in this section has been compiled by the WTO Secretariat in January 2005 based on preliminary data as disseminated by the institutions of the various countries and territories through websites, press releases, bulletins or provided through direct contacts with officials or through international organisations such as the Caribbean Tourism Organisation (CTO), the Pacific Asia Travel Association (PATA) or the European Travel Commission (ETC). Whenever necessary, updated data will be included over time without further notice.

In the tables on International Tourist Arrivals for the various WTO regions, series are chosen that can serve as an indicator for the evolution of tourism volume in selected destinations. The monthly series represented do not in all cases coincide with the annual series usually reported for the various countries (e.g. visitor arrivals or nights instead of tourist arrivals) and sometimes only relate to a part of the total tourism flow (e.g. air traffic, specific entry points). See the Series indication and the notes for more information. The data on International Tourism Receipts offers additional information on the evolution of inbound tourism, while the data on International Tourism Expenditure serves as an indicator for the evolution of outbound tourism. Both series correspond to respectively the Travel Credit and Travel Debit item in the Services section of the Balance of Payments. In order not to be influenced by exchange rate changes, the percentages included in the tables are based on values in local currency, except where otherwise indicated.

Countries that are not included in this overview, but with monthly data at their disposal, are kindly requested to please contact the WTO Secretariat at barom@world-tourism.org.



Source: World Tourism Organization (WTO) ©

Results by Region

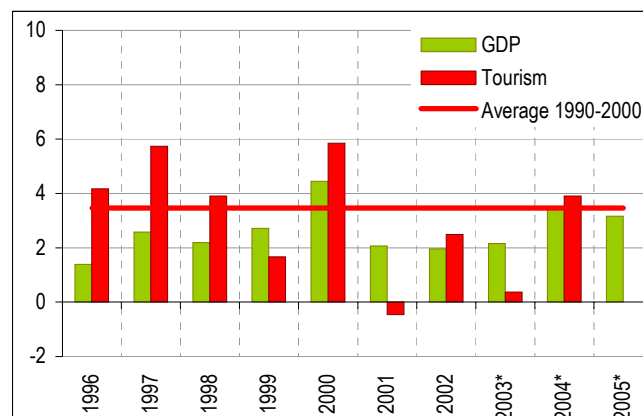
Europe

In a context of double-digit world tourism revival, Europe reports the lowest result of all regions, although it has to be taken into account that Europe, unlike the Americas and Asia and the Pacific, also posted positive results in 2002 and 2003. International tourist arrivals grew by 4%, driven in particular by the comparatively solid performance of countries in Central and Eastern Europe (+8%) and in Northern Europe (+7%). In Northern Europe results were positive in all destinations except in Finland (-1% in terms of overnight stays up to October) and in Denmark (-0.3% in terms of overnight stays up to October). Growth was

International Tourist Arrivals and Economic Growth (GDP)

Europe

% change over previous year



Source: IMF, World Tourism Organization (WTO) ©

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)															
	Series	2003	03/02	04*/03	Series	2004*										2003				
		(1000)	(%)			YTD	Q1	Q2	Q3	Q4	July	Aug.	Sept.	Oct.	Nov.	Dec.	Q1	Q2	Q3	Q4
Europe		398,945	0.4	3.9		5.2	7.4	7.1	2.7	5.3	3.9	0.2	4.7	5.4	5.8	4.8	-2.6	0.4	-0.2	3.4
Northern Europe		47,368	2.1	6.8		6.7	8.4	9.8	6.0	2.8	6.8	5.9	5.0	2.1	2.8	3.5	3.9	-1.7	1.3	6.6
Denmark	TCE	2,016	0.3		NHS(1)	-0.3	7.1	2.0	-2.5		0.4	-3.2	-8.0	-7.2			-8.8	-0.7	2.2	1.3
Finland	TF	2,601	-9.5		NHS(2)	-1.0	0.4	-1.6	-1.4		1.9	-4.7	-1.1	-2.2			1.6	0.7	5.8	1.8
Iceland	TCE	771	9.5		THS(2)	10.5	12.2	7.5	9.4		15.8	5.4	3.1	30.0	8.8		1.1	11.1	10.9	24.0
Ireland	TF	6,369	5.0		TF	2.7	8.4	3.4	-0.6		4.3	-3.5	-2.6	2.4			-0.3	5.7	7.0	5.8
Norway	TCE	3,269	5.1	6.5	NHS	5.3	5.7	8.9	2.7		3.5	0.2	6.5	3.8	11.8		-11.0	-9.9	-5.1	1.0
Sweden	TF	7,627	2.3		NCE(3)	3.0	3.3	3.8	2.0		1.0	3.1	2.4	6.2	1.0		-2.0	0.3	-2.7	5.9
United Kingdom	VF	24,715	2.2		VF	11.1	11.2	15.5	11.9		12.5	13.4	9.4	1.4	4.4		9.2	-4.7	-0.3	7.7
Western Europe		136,070	-1.4	2.3		2.2	2.2	3.3	0.8	3.3	3.0	-3.4	3.5	3.7	5.8	0.6	0.7	-2.1	-3.0	0.5
Austria	TCE	19,078	2.5		TCE	2.1	3.6	5.1	0.5		6.7	-5.1	1.6	-4.8	-2.3		-2.6	6.2	4.7	3.6
France	TF	75,048	-2.6	0.1	NHS	0.1	0.4	0.4	-1.4	2.2	0.6	-5.4	1.5	4.2	4.4	-2.7	-4.2	-11.0	-13.3	-10.5
Germany	TCE	18,392	2.4		TCE	9.7	9.7	12.8	8.4		8.4	6.0	11.1	6.4	9.6		2.1	-0.8	1.3	8.4
Netherlands	TCE	9,181	-4.3		TCE	4.4	0.3	4.5	2.3		4.4	-3.7	8.8	8.0	19.5		-8.2	-5.6	-3.8	0.5
Switzerland	TF	6,530	-4.9		NHS	2.2	-0.1	6.7	1.1		3.9	-2.9	3.3				-6.2	-6.3	-3.6	-1.2
Central/Eastern Europe		67,756	3.4	7.9		15.8	18.3	16.7	13.6	16.7	14.6	12.7	13.6	17.8	15.8	16.0	-13.5	6.4	12.0	1.0
Bulgaria	TF	4,048	17.9		TF	15.1	24.6	19.4	14.7		18.4	13.2	11.7	2.1	-2.3		2.0	15.4	22.2	23.4
Czech Rep	TCE	5,076	7.0	18.2	TCE	22.8	26.2	24.3	20.0		20.5	22.9	15.9				-12.3	-7.4	23.5	24.1
Hungary	VF/2	15,706	-1.0		VF	9.5	13.5	9.0	6.3		6.1	5.6	7.5	12.7	20.4		-93.3	-89.3	-89.4	-92.4
Latvia	TF	971	14.5		VF	23.9	17.7	9.7	26.6	41.8	25.8	18.6	40.6	47.2	40.2	37.7	15.4	8.5	9.8	7.7
Lithuania	TF	1,491	4.4		TCE	38.2	26.2	32.4	46.0								-2.4	4.9	16.0	21.5
Poland	TF	13,720	-1.9	4.2	VF	19.1	19.8	21.9	17.0		19.3	16.6	14.8	24.1	11.8		-8.0	0.7	6.3	9.6
Slovakia	TCE	1,387	-0.9		TCE	-0.4	-0.6	4.8	-3.0		-4.7	-6.3	6.1				6.1	-1.7	-2.4	-3.6
Southern/Mediterranean Eu.		147,751	0.1	2.6		2.6	8.3	5.4	-1.3	2.1	-0.7	-3.7	1.5	1.9	1.0	3.6	-3.2	0.8	-2.9	6.6
Andorra	TF	3,138	-7.4		TF	-11.4	-11.3	-9.3	-14.6		-14.2	-15.6	-13.1	1.4	-17.4		-12.8	-2.4	-5.7	-5.1
Croatia	TCE	7,409	6.7	6.9	TCE	6.9	21.7	0.9	8.5	13.4	13.0	2.4	15.7	11.2	17.4	19.2	-26.0	11.9	5.4	16.9
Cyprus	TF	2,303	-4.8		TF	2.0	6.6	8.2	-1.7	-1.7	-3.8	-6.0	5.6	2.6	-7.9	-6.2	-13.4	-11.9	-0.5	3.2
Israel	TF	1,063	23.4		TF	44.0	82.5	55.5	33.5		30.3	37.3	32.0	13.2	21.6		-24.4	32.9	43.6	40.2
Italy	TF	39,604	-0.5		TF	-5.7	10.0	2.7	-16.0		-15.3	-18.8	-13.3	-14.9			1.4	-3.4	-4.1	10.5
Malta	TF	1,127	-0.6		TF	3.7	-3.2	2.2	4.3		3.3	3.3	6.7	16.6	2.5		-1.8	4.1	2.2	-10.3
Portugal	TF	11,707	0.5		NHS	-1.3	-3.4	-1.6	-2.4		-8.2	-2.5	4.1	5.2	4.5		-3.8	2.7	-2.7	-2.6
Serbia & Montenegro	TCE	481	7.4		TCE	21.0	19.4	23.7	19.9		21.1	25.6	12.2				-0.3	2.8	13.9	5.4
Slovenia	TCE	1,373	5.5	9.0	TCE	9.0	5.8	8.0	11.7	7.0	13.1	10.7	11.5	14.5	-0.3	2.0	-0.4	5.5	7.5	5.7
Spain	TF	51,830	-1.0	3.4	TF	3.4	5.4	0.3	1.4	10.0	0.6	-0.8	5.7	8.8	9.2	12.9	-2.7	4.0	-3.1	-1.8
Turkey	TF	13,341	4.3		TF	26.9	43.4	46.2	17.4	17.6	24.1	13.8	14.2	12.5	23.0	23.5	-4.9	-10.3	10.3	14.0

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 for explanation of abbreviations and signs used

(1) Including holiday dwellings

(2) Hotels only

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

particularly strong in the UK (+11% visitors until November), as the country saw traffic improve considerably from both Europe (+10%) and from the overseas markets (+10% and +15% from American and Asian long-haul markets respectively). In Central and Eastern Europe, the exchange rate advantage, as well as the positive factors emerging from the entry of the 10 new members (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) in the European Union (EU), determined positive growth rates in almost all major destinations –an estimated +18% in the Czech Republic and +4% in Poland as far as full-year results are concerned, and +10% in Hungary in the period until November–, as well as exceptional results in Lithuania (+38% up to September) and Latvia (+24% for full-year results).

By contrast, results were significantly more modest in Southern and Mediterranean Europe (+3%) and in Western Europe (+2%). In Western Europe, while some major destinations show growth rates of around 2% to 4% (Austria, the Netherlands and Switzerland), Germany grew by a significant 10% until November, whereas France saw arrivals stagnate (+0.1%). The more mature destinations in the euro zone were particularly affected by increased competition from non-euro destinations, not only in Europe, but also in North Africa (Morocco and Tunisia) and the Middle East (Egypt), as well as from long-haul destinations in the Americas (North America and the Caribbean) and in Asia and the Pacific. Established destinations, such as Italy (-6% tourist arrivals up to October), France (+0.1%) and Portugal (-1.3% overnight stays up to November) recorded comparatively feeble

International Tourism Receipts											Series	International Tourism Expenditure										
US\$	Local currencies (% on previous year)											US\$	Local currencies (% on previous year)									
2003	2003			2004*								2003	2003			2004*						
(million)	Q1-Q4	Q3	Q4	YTD	Q1	Q2	Q3	Q4	Oct.	Nov.		(million)	Q1-Q4	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Oct.	Nov.
Europe																						
Northern Europe																						
5,265	-7.7	-4.8	-14.5	-3.8	-9.1	-7.4	2.3				Denmark	6,658	-4.7	-1.2	-3.4	-7.7	-3.6	-5.2	-5.7	-0.4		
1,894	0.0	0.0	0.0	-3.8	-4.0	-2.3	-4.5				Finland	2,407	0.5	0.0	0.0	2.0						
3,875	4.7	9.0	7.8	1.2	8.5	5.9	-5.0				Ireland	4,709	6.2	10.1	2.8	2.0	-0.1	3.4	-2.1	-0.3		
2,541	3.5	6.8	8.7	17.3	16.1	15.3	17.1		9.7	40.7	Norway	6,408	16.0	12.4	16.9	21.9	22.2	30.1	18.9	13.6	38.1	38.3
5,304	-6.1	-7.6	-5.1	-7.0	0.5	-0.9	-16.9				Sweden	8,296	-5.7	-11.4	1.2	0.9	4.6	13.3	16.3	-11.8		
22,752	1.1	1.1	3.4	9.2	4.9	17.5	7.6		4.9	5.5	United Kingdom	48,477	7.2	3.4	9.1	5.7	4.3	3.5	5.7	3.1	6.1	4.3
Western Europe																						
14,068	4.6	9.2	4.4	-1.5	0.0	-9.0	2.3				Austria	11,761	4.8	2.7	1.0	11.5	-9.1	-16.3	-17.5	-1.2		
8,130	-1.4	-3.0	-3.3	3.5	5.9	1.3	3.7				Belgium	12,124	0.1	1.0	-1.4	-0.1	2.4	4.1	3.8	0.2		
37,038	-5.4	-7.1	-3.9	1.6	-0.7	3.8	-0.7		2.4	8.3	France	23,576	0.6	0.7	1.1	-6.5	9.3	8.9	16.1	5.6	6.4	6.8
22,984	1.3	2.1	2.9	3.2	3.0	6.1	1.3		-1.1	6.4	Germany	64,689	3.0	4.2	3.8	2.5	1.6	2.0	1.1	0.6	-2.2	15.3
2,793	2.3	2.1	1.9	11.2	16.1	10.3	8.4				Luxembourg	2,389	5.0	-2.7	12.3	11.5	8.8	41.5	6.6	-3.4		
9,249	-0.6	5.4	-1.7	-1.1	-5.4	2.5	-1.4				Netherlands	14,609	-7.0	-8.1	0.0	-13.0	3.7	16.4	7.2	-4.6		
9,325	2.6	1.6	4.5	1.3	-0.5	2.8	1.8				Switzerland	7,471	-2.4	-2.8	-1.6	-1.7	2.5	1.5	3.1	2.4		
Central/Eastern Europe																						
1,658	21.3	21.9	28.6	20.8	28.7	23.5	18.8		10.2		Bulgaria	750	17.7	10.7	18.5	28.6	17.7	25.9	24.6	11.9	5.7	
3,556	4.2	12.0	12.8	6.7	9.3	7.8	7.2		3.1		Czech Rep	1,934	5.6	-1.6	6.4	8.7	7.1	9.3	7.1	5.6		
674	1.8	-3.0	6.7	0.4	13.0	18.2	-23.3				Estonia	321	16.6	23.3	2.1	24.2	3.9	14.3	4.6	-4.4		
3,440	-12.1	-16.3	-1.7	-10.1	-11.5	-11.8	-7.7				Hungary	€ 2,023	-1.7	1.0	8.1	0.4	5.8	19.1	-4.2	4.7		
222	28.2	43.1	11.0	9.8	31.6	13.9	1.2				Latvia	328	32.4	20.4	39.3	46.6	0.0	1.0	-0.4	-0.3		
638	4.0	5.7	13.1	18.9	29.3	3.2	25.7				Lithuania	471	15.1	7.7	11.9	35.4	26.6	36.4	22.7	23.5		
449	12.5	18.2	14.1	5.9	16.4	6.8	3.1		13.8	-14.3	Romania	€ 478	12.5	4.0	2.5	36.2	-4.9	25.0	17.6	-6.6	-53.2	-23.8
4,502	8.0	8.0	12.8	21.5	17.1	24.8	21.3				Russian Federation	\$ 12,880	14.1	1.2	17.1	27.6	26.4	23.1	29.7	25.9		
865	-3.3	-7.8	-29.2	-15.3	-16.5	-22.9	-8.5		-13.5		Slovakia	573	5.0	-7.1	4.5	14.5	14.2	-13.0	4.6	49.7		
935	18.7	18.4	31.1	29.5	22.9	26.6	36.4				Ukraine	\$ 789	20.1	24.0	22.0	15.3	6.5	12.1	41.4	-29.8		
Southern/Mediterranean Europe																						
6,376	67.3	71.3	51.2	9.1	11.8	-13.6	15.8				Croatia	\$ 672	-13.9	-28.1	-12.2	-3.2	22.9	33.3	14.0			
2,016	-10.4	-4.2	-9.8	-2.9	-6.0	2.4	-6.1		3.1	-11.4	Cyprus	632	3.3	-8.0	-12.7	30.7	27.2	27.2				
10,701	-7.7	-6.3	-9.3	9.1	14.7	7.4	11.4		0.8	-0.8	Greece	2,386	-16.2	-26.9	-22.7	-10.1	6.8	25.1	12.9	-0.7	-3.1	-4.5
2,039	0.0	7.8	10.0	14.4	15.6	18.2	10.2				Israel	\$ 2,550	0.3	13.3	0.8	13.9	12.1	32.8	10.5	5.2		
31,222	-2.1	-4.3	1.2	3.5	10.9	12.1	-2.4		-9.8		Italy	20,528	2.4	-1.6	3.2	-0.9	-10.1	1.2	-15.1	-10.9	-20.5	
696	5.8	4.3	2.7	5.1	14.4	-4.8	8.5				Malta	215	21.8	33.9	28.7	27.1	-0.1	3.6	-5.5	1.3		
6,937	1.2	-2.3	6.3	9.6	8.0	13.6	8.6		5.9		Portugal	2,703	0.3	-3.9	-0.9	9.2	8.0	8.8	6.8	8.7	6.5	
1,342	7.0	9.5	8.0	11.2	9.0	11.3	9.4		14.2	23.4	Slovenia	756	7.9	10.6	10.5	9.7	11.1	17.5	11.0	8.7	13.7	13.8
41,770	3.7	3.9	2.3	0.4	4.0	-2.2	-0.2		2.6		Spain	8,285	4.2	0.6	5.6	8.6	19.8	22.3	23.0	17.5	14.8	
13,203	10.9	20.5	19.0	18.7	42.6	44.8	8.9		12.9	5.6	Turkey	\$ 2,113	12.4	-19.7	16.6	45.2	17.7	13.0	38.4	5.8	19.5	24.4

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 for explanation of abbreviations and signs used

results. The exception in this context was Spain, which, in spite of the strong euro and of the tragic events of 11 March in Madrid, saw full-year tourist arrivals grow by more than 3%, a trend nonetheless not followed by tourism receipts, which up to October grew by a slight 0.4%. In Greece, the Olympic Games seem not to have had the anticipated positive effect on arrivals, although it had a rather considerable impact in terms of tourism receipts (+9% up to November). The same applies to Portugal, where hosting the European Football Cup did not bring an increased number of overnights stays, but contributed unquestionably to the improvement of tourism receipts (+10% in the period ending in October). On the other hand, major emerging holiday destinations outside the euro zone, such as Turkey (+27%), Slovenia (+9%) and Croatia (+7%), did particularly well. The relative improvement of the security situation between Israel and Palestine, and the weak US dollar, contributed to the extraordinary results of Israel (+44% up to November).

In terms of source markets, and in spite of the strong euro, Europe reports a gradual return of traffic from the USA in 2004. Long postponed travel due to economic and geopolitical factors (11S and wars in Afghanistan and Iraq) has finally begun to materialize. The same trend occurred in arrivals from Japan, restrained in recent years by the economic situation and by SARS. This recovery was particularly relevant in France (+ 6% in terms of overnight stays from the US and +7% from Japan), Italy, Ireland and the UK, where arrivals from the USA until November increased by 9%, while Japanese visitors grew by 14%. On the other hand, European outbound markets were still characterized by a high sensitivity to price, particularly Germany, which is growing at a slow pace in all its major destinations. International tourism expenditure originating from the German market grew by 1.6% in the first eleven months of 2004. On a more positive side are the Netherlands (+4% in tourism expenditure for the first three quarters of the year) and France (+9% in the period up to November), both recovering from last years' feeble results, and the UK (+4%), although losing some strength compared to 2003 when expenditure grew by 7%.

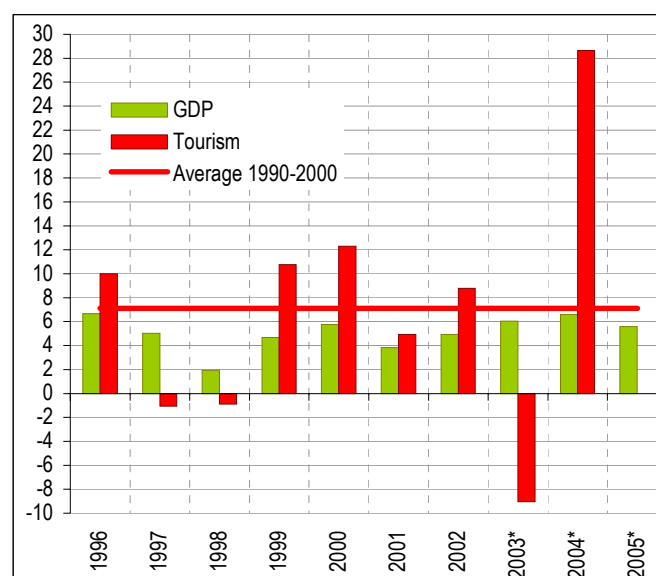
Asia and the Pacific

2004 was definitely the year of full recovery in Asia and the Pacific as the region achieved growth of 29%, receiving an estimated volume of 154 million tourist arrivals. Following the trend already seen in the last months of 2003, most of the destinations in North-East and South-East Asia rebounded very strongly from the SARS fall-out, leading both subregions to end the year with a projected increase of around 30%. Growth was exceptionally strong in the first months of 2004 exceeding in many cases rates of over 100%, but of course as compared to the extremely depressed results in those months in 2003. Although some deceleration was observed as the months went by, increases of over 14% a month were still registered between August and November in

International Tourist Arrivals and Economic Growth (GDP)

Asia and the Pacific

% change over previous year



Source: IMF, World Tourism Organization (WTO) ©

North-East and South-East Asia. While the end of the SARS panic and the better economic conditions in major generating markets such as Japan (international tourism expenditure grew by 25% up to November), triggered intraregional travel, the strong euro versus a weak US dollar stimulated travel from Europe and from the Americas, as prices are often linked to the US dollar. Intraregional traffic was also further boosted by easier border facilities and the general improvement in air capacity, not in the least due to a boom of low-cost airlines.

International tourist arrivals to North-East Asia grew by 30% with major SARS affected destinations fully recovering the losses of 2003 in terms of arrivals and of tourism receipts. Destinations beat records almost without exception. In China, the recovery in inbound tourism was fully accomplished (+27%), surpassing thus 2002 figures and receipts grew by 37% in the period ending in November. The consistent growth of the Chinese economy has also boosted business travel to the country as well as fuelled an outbound travel boom. The Chinese outbound market increased by 43%, helped by the continuing relaxation of travel regulations. The number of countries that have signed Approved Destination Status (ADS) agreements permitting them to receive leisure tourist groups from China is now up to 90 (over 60 of which are already in force) and the number of cities in mainland China from which it is allowed to make private trips to Hong Kong (China) and Macao (China) has expanded during 2004 to a total of 32 cities in 6 provinces. The evolution of the Chinese outbound market was crucial to the performances of Hong Kong (China) (+40%) and Macao (China) (+32%). All other destinations in the subregion also grew at double-digit rates. Japan, with an increase of 18% reached its highest tourist-arrival figure ever (6.1 million), the Republic of Korea grew by 22% and Taiwan (pr. of China) by +34% (January-November).

The rebound was even stronger in South-East Asia, where arrivals jumped by 33% after losses of almost 14% in

2003. Particularly exceptional growth rates were achieved in Malaysia (+56% up to November), Cambodia (+41% for the full-year), Singapore (+36% full-year results) and Vietnam (+22% for the full-year). All other destinations grew around 20%.

Destinations of South Asia (+20%), on the other hand, managed to keep up with the already good results obtained in 2003 (+9%). Tourism to the subregion grew to a total of approximately 8 million arrivals for the first time, driven in particular by the fine full-year results registered by India (+24%), Sri Lanka (+13%) and Maldives (+9%).

International tourist arrivals to Oceania grew by 13% to 10 million, notwithstanding the relative strength of some of the currencies in the subregion. Inbound tourism to major destinations rebounded due in particular to the increase in air capacity and competitive airfares, which also contributed to the development of domestic tourism. Arrivals to New Zealand grew by 11%, while Australia (+10%) surpassed the 5 million mark, thus breaking the 4.9 million record set in the 2000 Olympic Year.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)															
	Series	2003	03/02	04*/03	Series	2004*										2003				
		(1000)		(%)		YTD	Q1	Q2	Q3	Q4	July	Aug.	Sept.	Oct.	Nov.	Dec.	Q1	Q2	Q3	Q4
Asia and the Pacific		119,268	-9.0	28.6		28.6	10.7	90.1	24.5	15.9	36.2	20.7	17.4	18.3	15.1	14.4	3.2	-39.6	-5.9	4.7
North-East Asia		67,595	-8.8	29.5		29.5	6.8	104	23.7	16.8	38.7	18.0	16.2	18.8	16.8	14.9	8.1	-41.8	-4.3	2.5
China	TF	32,970	-10.4	26.7	TF	26.7	1.9	87.2	22.7	17.9	34.0	17.0	18.5	19.9	18.4	15.3	4.4	-38.7	-10.3	-1.3
Hong Kong (China)	VF	15,537	-6.2	40.4	VF	40.4	14.7	208.4	30.1	17.0	54.1	25.6	14.2	18.9	15.8	16.3	19.7	-57.9	4.1	7.3
Japan	TF	5,212	-0.5	17.9	TF	17.9	10.9	56.0	8.9	6.9	18.3	3.2	5.2	0.0	8.9	13.3	6.2	-25.7	8.7	9.5
Korea, Republic of	VF	4,753	-11.1	22.4	VF	22.4	6.5	61.8	19.3	14.2	34.3	15.2	10.5	20.9	16.4	5.7	-0.7	-31.7	-10.8	-1.7
Macao (China)	TF	6,309	-3.9		TF	31.9	17.2	79.9	26.7	21.2	42.8	15.3	24.9	28.1	19.2	17.0	4.3	-32.8	4.3	8.2
Taiwan (pr. of China)	VF	2,248	-24.5		VF	33.5	-10.9	246.2	29.6		57.9	26.4	12.5	19.3	12.1		3.2	-71.5	-19.7	-11.1
South-East Asia		36,273	-13.7	32.6		32.6	16.2	98.2	29.6	16.8	39.2	28.0	22.4	20.9	14.0	15.9	-3.8	-45.9	-12.7	7.2
Cambodia	TF	701	-10.9	40.8	TF	40.8	21.8	87.9	43.9	34.8	63.3	42.2	28.2	51.8	39.1	22.1	-0.9	-37.4	-8.9	-2.8
Indonesia	TF	4,467	-11.3	18.2	TF(1)	18.2	15.8	45.7	18.2	0.8	17.3	20.4	16.7	7.0	4.2	-8.1	-13.9	-32.2	-13.4	22.1
Lao P.D.R.	TF	196	-8.8		VF	33.3	8.3	18.8	81.7								-14.1	-16.4	-14.8	-9.0
Malaysia	TF	10,577	-20.4		TF	55.7	38.4	127.4	51.5		63.0	53.5	40.6	36.6	17.1		-6.5	-51.6	-24.2	3.9
Myanmar	TF	206	-5.3		TF	18.9	3.5	56.1	22.2		28.8	29.2	8.3	11.3			5.2	-26.3	-8.0	-1.8
Philippines	TF	1,907	-1.3		TF	23.0	17.0	53.2	16.3		20.5	14.9	13.1	4.8	12.0		2.6	-25.3	-0.7	18.4
Singapore	TF	5,705	-18.5		VF	35.9	3.0	186.6	29.8	17.5	48.3	23.9	18.2	18.7	18.4	15.8	-1.9	-61.9	-12.8	-1.2
Thailand	TF	10,082	-7.3		TF	22.5	3.7	74.4	14.0		21.3	11.7	9.2				-1.7	-40.1	0.6	7.6
Vietnam	TF				VF	22.4	4.8	84.2	35.4	0.7	71.8	31.1	12.8	8.0	-0.5	-3.9	11.0	-44.7	-17.4	21.7
Oceania		9,042	-1.0	12.7		12.7	11.5	26.8	12.5	5.0	18.1	13.8	5.7	5.0	4.5	5.5	-2.6	-12.6	0.3	8.2
Australia	TF	4,354	-1.5		VF	10.0	7.5	24.8	9.5	3.5	13.6	12.1	2.6	3.4	1.4	5.5	-3.7	-13.5	1.5	5.4
Cook Is	TF	78	7.6		TF	5.7	-6.3	4.5	14.8		21.4	16.3	7.6	6.9	11.4		18.4	6.5	3.1	4.9
Fiji	TF	431	8.3		TF	18.7	21.7	19.4			16.7	13.0					-2.3	6.4	12.9	14.1
French Polynesia	TF	213	12.5		TF	0.8	-2.4	4.8	3.6		7.0	-0.2	3.8	-9.2			11.3	11.7	7.6	20.1
Guam	TF	910	-14.1		TF	34.7	47.6	49.7	24.4		40.1	31.2	6.0	3.4			-23.7	-34.3	-15.8	23.7
Marshall Is	TF	7	19.9		TF	-6.0	-14.8	-19.7	15.0		25.7	-22.3	70.8				35.1	19.7	13.0	13.9
N.Mariana Is	TF	452	-3.0		VF	19.7	3.2	50.4	22.4		36.2	18.9	13.8	4.0			14.9	-26.0	-4.7	0.8
New Caledonia	TF	102	-1.9		TF	-3.8	-5.2	-0.3	-5.6		-5.7	-2.9	-8.0	-3.9	-2.7		-6.2	-7.6	6.1	-1.0
New Zealand	VF	2,104	2.9	11.4	VF	11.3	9.0	23.8	13.3	5.4	19.1	12.4	8.6	9.4	4.2	4.1	2.8	-3.2	1.9	7.7
Palau	TF	68	16.6	26.8	TF	36.8	33.9	129.2	21.4	8.4	57.2	-3.5	17.5	28.0	8.4	-7.2	5.9	-29.0	41.3	10.9
Papua New Guinea	TF	56	4.7		TF	9.6	17.0	9.3	7.8		10.0	7.7	5.6	-3.2			3.2	-0.4	-3.2	21.6
Samoa	TF	92	3.8		TF	6.0	4.9	11.3	2.3		-3.7	-1.0	14.2				-2.1	4.5	11.2	1.6
Tonga	TF	40	9.6		TF	3.3	-4.7	4.3	3.6		10.9	-2.8	1.5	18.9			-0.2	15.7	2.7	17.9
South Asia		6,358	9.0	19.8		19.0	19.1	22.9	19.3	16.2	18.5	21.3	17.9	16.1	19.1	13.7	7.0	5.5	13.1	10.3
Bhutan	TF	6	12.5		TF	34.6	35.4	15.5			144.6	141.1					-17.9	69.0	-15.1	14.9
India	TF	2,726	14.4	23.5	TF	23.5	20.2	28.2	23.6	23.9	21.7	26.4	22.8	22.5	25.5	23.5	10.1	9.1	23.4	15.2
Maldives	TF	564	16.3	9.4	TF	9.4	10.6	23.1	11.2	-2.6	14.3	15.3	4.2	8.6	10.9	-23.6	26.5	9.2	14.0	13.5
Nepal	TF	338	22.7	6.5	VF(2)	8.6	48.6	25.5	-6.3	-14.3	1.3	3.4	-20.9	-12.3	-16.9	-14.4	1.1	17.0	26.4	40.2
Sri Lanka	TF	501	27.3	13.1	TF	13.1	9.5	-2.8	23.6	17.2	15.5	15.6	42.9	19.1	18.2	14.6	29.5	19.4	17.0	40.4

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 for explanation of abbreviations and signs used

(1) Foreign arrivals through thirteen selected Ports of Entry

(2) Air arrivals only

International Tourism Receipts											Series	International Tourism Expenditure											
US\$		Local currencies (% on previous year)										US\$		Local currencies (% on previous year)									
2003	2003			2004*						2003		2003			2004*								
(million)	Q1-Q4	Q3	Q4	YTD	Q1	Q2	Q3	Q4	Oct.	Nov.		(million)	Q1-Q4	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Oct.	Nov.	
Asia and the Pacific																							
North-East Asia																							
17,406	-14.6	-10.1	-3.7	37.4	1.3	126	30.8		24.7	37.3		China	\$	15,187									
7,657	2.0	26.1	13.1	33.6	7.9	154	11.5				Hong Kong (China)		11,447	-8.0	-25.0	-0.3	1.9	16.7	3.4	48.0	7.9		
8,848				18.5	12.0	50.3	10.0		-0.8	10.8	Japan		28,959	0.5	-27.9	-1.8	11.5	25.2	4.4	70.3	25.4	8.3	19.9
5,256	-9.7	-16.7	17.0	9.3	6.9	35.0	5.9		-13.8	-7.9	Korea, Republic of	\$	9,988	-8.7	-26.6	-5.3	-1.3	13.9	3.6	30.6	6.1	14.5	31.9
2,976	-35.0	-37.8	-14.5	39.2	-3.6	129	48.1				Taiwan (pr. of China)	\$	6,480	-6.8	-35.8	5.7	6.6	27.5	20.2	77	5.9		
South-East Asia																							
4,037	-23.6	-23.8	-3.1	17.9	16.6	50.6	23.0	-9.7			Indonesia	\$	3,082	-6.3	-37.3	-17.4	11.8	20.4	6.5	42.0	30.2		
5,901	-17.1	-21.3	8.3	64.3	37.5	124	53.8				Malaysia		2,846	8.7	2.9	13.5	15.5	11.3	15.3	6.4	11.3		
1,464	-15.9	-4.6	3.6	32.4	24.0	62.3	22.5	16.2			Philippines	\$	632	-27.4	-40.6	-36.1	-43.1	-11.9	-43.2	18.2	13.9		
3,998	-12.8	-4.4	-5.1	28.9	3.6	78.4	23.3				Singapore		4,925	-24.1	-38.6	-18.6	-17.2	20.9	12.0	47.2	8.5		
7,822	-4.9	-6.0	9.4	24.4	7.2	66.2	16.3				Thailand		3,495	-9.6	-29.9	-5.7	-10.2	1.6	-4.6	17.1	-6.0		
Oceania																							
10,313	0.3	-0.8	12.7	8.9	9.9	26.6	10.0		-8.1	-14.9	Australia		7,291	0.2	-11.7	2.8	5.1	13.3	8.0	28.5	10.1	9.7	5.0
3,974	7.4	10.4	6.1	10.9	2.7	18.5	23.1	7.9			New Zealand		1,781	-4.8	-13.2	-2.0	8.0	22.0	14.1	30.6	19.2		
South Asia																							
3,522	20.5	13.8	43.3	38.1	48.7	35.4	29.0				India	\$	2,255	21.7	6.6	-2.5	11.7	26.0	-6.3	54.1	41.4		
424	32.5	34.2	32.8	34.0	64.0	-1.9		30.8			Sri Lanka		279										

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 for explanation of abbreviations and signs used

The Americas

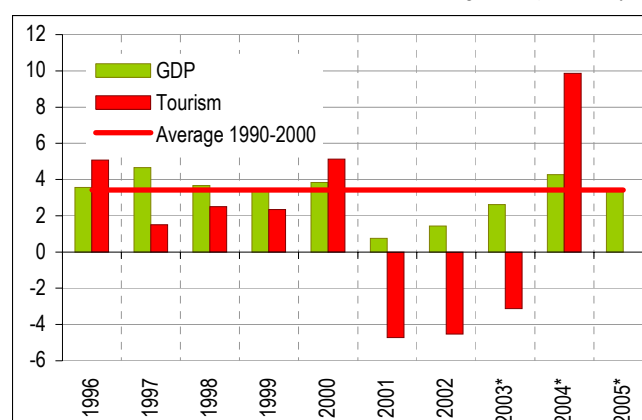
2004 was the year that finally brought tourism in the Americas back to growth, leaving behind three years of depressed figures. International tourist arrivals increased by 10% to a total of 124 million, with all subregions performing positively. The major change of trend came from North America, where after three negative years arrivals grew by 9%. The overall volume, though, with an estimated number of 85 million international tourist arrivals in 2004, is still below the level of 91 million arrivals of 2000. The much stronger economy combined with the relaxation of concerns about security and health, re-established consumer's confidence and liberated pent-up demand. At last the beginning of the recovery of the region's heavyweight, the United States, is visible, both as a destination and as an outbound market. Inbound tourism to the US grew at a double-digit rate for most of the year, while expenditure on international tourism by residents of the US surged by 16% in the period January to November. This rebound brought a partial recovery of outbound traffic to destinations outside the Americas, but also benefited intraregional traffic in the southern direction to Mexico, the Caribbean, Central and South America due to the weakness of the US dollar.

All three North American destinations grew at a rate around 10% in terms of international arrivals, with receipts rebounding even stronger. The best results were reported by the USA (+12% between January and October, excluding Mexicans not travelling beyond the US border zone). Arrivals from all major generating markets grew substantially (Canada +9%, Western Europe +14% and Asia +20%), fuelled by a weak US dollar against the euro

International Tourist Arrivals and Economic Growth (GDP)

Americas

% change over previous year



Source: IMF, World Tourism Organization (WTO) ©

and the Canadian dollar, and by the recovery in outbound tourism from Asia and the Pacific thanks to post-SARS pent-up demand and the improved Japanese economy. In Canada, results also picked up significantly (+9%) when compared to SARS-troubled 2003. Numbers, however, are still behind the records of 2002, due in particular to the slow revival of travel from the US attributed to the stronger Canadian dollar, to a wrong perception of “congested borders” as a result of the toughened security measures and to higher fuel prices in the US, thus conditioning road traffic. Mexico, with a 10% increase, benefited from the growing demand in the European market, where a strong euro made trips to the country more affordable, and from the continued popularity in the US market.

In Central America, all major destinations report double-digit results. Guatemala enjoyed a spectacular 34% increase, Costa Rica grew by 15% until November, and

Panama (until November) and El Salvador (full-year) by 13% each. In South America, all destinations with data available also report double-digit growth rates, except for Ecuador (+4%), which may have suffered from the more severe border control in arrivals from Colombia and from the increase of prices after “dollarization”. Both Argentina (+11% in international arrivals and +29% in receipts in the first three quarters of the year) and Brazil (+14% in arrivals, +30% in receipts) profited from the improving

economic situation. They not only contributed to each other's performance, but also to the good results of nearby countries such as Uruguay (+28% until November), Chile (+14% up to October) and Paraguay (+15% for the full-year) due to their importance as a traffic generator in these destinations. International tourism expenditure from Argentina grew by almost 20% in the first three quarters of 2004, while expenditure from Brazil grew by 25% until November.

International Tourist Arrivals by Country of Destination

	Full year				Monthly or quarterly data series (% change over same period of the previous year)															
	Series	2003	03/02	04*/03	Series	2004*										2003				
		(1000)		(%)		YTD	Q1	Q2	Q3	Q4	July	Aug.	Sept.	Oct.	Nov.	Dec.	Q1	Q2	Q3	Q4
Americas		112,987	-3.1	9.9		10.6	11.8	15.0	8.6	7.7	11.5	4.7	9.9	9.0	6.9	7.3	-4.5	-6.5	-3.4	2.1
North America		77,411	-7.0	9.3		10.3	9.8	16.4	8.6	7.0	12.0	3.8	10.4	8.8	5.2	6.9	-9.4	-11.5	-6.3	-0.8
Canada	TF	17,534	-12.6		TF	9.3	-3.9	17.6	10.5		15.9	0.2	19.5	8.1	2.5		-5.6	-18.4	-13.6	-7.3
Mexico	TF	18,665	-5.1	9.8	TF	9.8	14.6	7.7	9.1	8.2	7.6	10.5	9.5	15.1	6.1	5.5	-12.6	-8.4	2.9	-0.8
United States	TF	41,212	-5.3		TF(1)	11.9	11.7	20.2	7.3		11.3	4.0	6.5	6.7			-7.6	-8.5	-3.3	2.7
Caribbean		17,061	6.2	6.3		6.3	8.0	9.5	4.6	2.9	10.8	2.2	-2.1	2.8	3.3	2.6	7.0	5.6	6.1	6.4
Anguilla	TF	47	6.8		TF	16.5	18.9	25.3	16.5		20.8	10.1	21.8	-12.7	-2.9		-5.6	7.3	15.7	15.9
Antigua,Barb	TF	234	7.3		TF(2)	11.3	18.8	11.8	4.5		14.3	-9.1	10.9	3.8			2.2	20.2	18.4	14.2
Aruba	TF	642	-0.2		TF	14.5	14.0	18.5	11.6		15.8	4.9	15.7	14.0			-7.8	-2.1	3.1	6.7
Bahamas	TF	1,510	-0.2		TF(2)	1.9	7.9	9.8	-5.2		11.4	-3.1	-48.2	-15.8	-11.8		0.3	2.3	-0.2	5.4
Barbados	TF	531	6.7		TF	6.0	11.5	1.9	4.9		8.1	-2.4	10.8	3.9			2.9	19.2	0.6	6.2
Bermuda	TF	257	-9.5		TF	-9.3	-7.0	-5.1			2.1	-34.7					-9.8	-3.4	-9.9	-20.3
Cayman Islands	TF	294	-3.0		TF	14.5	8.6	17.6			25.0						-5.5	-4.7	-6.1	4.9
Cuba	TF	1,847	11.5		VF	7.3	12.8	11.5	2.6	1.0	9.8	-1.6	-1.1	7.7	1.4	-3.4	18.6	12.5	9.6	10.1
Curaçao	TF	221	1.4		TF	2.8	8.1	5.1	1.7		2.4	9.6	-7.6	-13.1			-7.8	0.3	5.5	8.1
Dominican Rp	TF	3,282	16.8	5.1	TF	5.1	8.9	6.5	2.5	2.6	7.9	1.0	-5.0	-2.7	3.6	4.9	17.5	18.0	21.5	10.2
Grenada	TF	142	7.8		TF	9.1	6.1	13.0			8.2						-2.1	13.6	10.7	9.7
Jamaica	TF	1,350	6.6	4.9	TF	4.9	7.0	12.0	1.7	-1.4	11.2	1.0	-15.1	-2.1	-1.0	-1.2	6.9	7.1	5.0	7.7
Martinique	TF	453	1.3		TF	7.3	-7.7	7.3	25.1		24.7	28.2	19.9	20.0			0.6	3.5	-5.3	0.4
Montserrat	TF	8	-12.6		TF	21.6	21.2	18.2			31.1						-29.1	-0.5	-16.7	-4.5
Puerto Rico	TF	3,238	4.9		THS(3)	7.4	5.2	9.0	8.4		12.2	5.8	6.2				8.8	-1.9	2.6	2.6
Saint Lucia	TF	277	9.5		TF	6.8	3.0	3.2	11.0		14.1	14.0	2.0	13.5	12.3		-2.8	12.7	21.7	8.2
St.Eustatius	TF	11	7.1		TF	9.6	10.3	6.7			15.5						16.3	14.4	-12.6	14.5
St.Maarten	TF	428	12.2		TF(2)	14.1	19.0	13.1	9.0		11.3	5.8	10.9				6.1	10.9	11.9	21.4
St.Vincent,Grenadines	TF	79	1.3		TF	10.1	12.8	14.4	6.1		7.1	8.0	-1.4	2.7			-20.2	16.6	0.6	9.9
Trinidad Tbg	TF	409	6.5		TF	8.3	12.2	6.2			3.5						0.4	10.0	5.0	10.5
US.Virgin Is	TF	538	-2.7		VF	10.1	1.3	20.4	10.4		14.6	1.5	19.1	8.0						
Central America		4,899	4.2	17.2		17.6	22.0	14.8	15.9	17.4	8.2	17.0	27.0	24.1	22.8	9.1	2.4	6.4	4.0	4.1
Belize	TF	221	10.5		TF	3.7	12.5	-1.4	-1.8		4.7	-11.2	3.3				6.5	13.5	17.5	6.2
Costa Rica	TF	1,239	11.3		TF	15.2	29.9	11.6	-0.5		-14.6	10.8	13.3	21.6	20.6		-0.1	8.9	30.9	9.9
El Salvador	TF	857	-9.9	12.8	TF	12.7	7.5	-4.1	25.9	26.0	11.6	26.6	49.3	43.2	45.3	5.0	5.1	5.9	-26.0	-20.2
Guatemala	TF	880	-0.5	34.3	TF	34.2	21.2	48.0	38.5	29.9	39.8	26.7	56.7	59.9	28.9	9.7	-6.5	2.8	1.5	1.1
Honduras	TF	611	11.1	10.1	TF												17.4	7.5	10.8	8.3
Nicaragua	TF	526	11.4		TF	16.4	19.3	14.7	15.6		14.3	14.5	18.8	5.4	27.6		-2.7	19.1	16.8	13.7
Panama	TF	566	6.0	15.2	VF	13.2	32.1	11.8	6.1		12.2	12.0	-5.9	-12.6	1.3		12.5	-2.4	-4.9	37.2
South America		13,616	7.9	14.8		15.0	20.7	13.7	11.0	13.4	9.8	10.4	13.0	12.2	13.9	13.8	2.4	10.7	7.4	12.6
Argentina	TF	2,995	6.2		TF	11.1	15.8	8.2	8.7								18.5	1.5	2.3	3.3
Brazil	TF	4,091	8.1	14.0	TF												-2.6	18.7	9.3	14.6
Chile	TF	1,614	14.3		TF	13.7	21.1	14.2	7.2		6.5	4.2	11.0	1.9			2.7	16.2	20.7	22.3
Colombia	TF	624	10.1	17.9	TF															
Ecuador	VF	761	11.4		VF	4.2	9.1	9.9	-4.1	3.6	-9.5	0.3	-1.8	5.8	-0.8	5.7	6.9	14.5	11.5	12.9
Guyana	TF	101	-2.9		TF	23.4	23.0	28.7	32.5		61.6	24.0	2.3	-1.7	-1.4		-24.4	-3.6	-10.7	32.8
Paraguay	TF	268	7.3	15.1	TF	15.1	16.4	15.5	10.9	18.2	7.9	17.5	8.9	24.0	18.4	13.5	3.3	2.6	4.4	19.4
Peru	TF	931	8.0	24.6	VF	24.7	6.0	20.4	33.8	42.2	30.7	30.4	42.5	41.9	45.4	39.6	29.1	11.2	-0.3	-5.8
Uruguay	TF	1,420	12.9		VF	27.6	40.1	23.2	11.6		8.8	8.9	18.1	18.4	30.4		-2.8	8.0	14.1	33.9

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 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



In the Caribbean, growth was less impressive than in the other American subregions, but at 6% still decent. Destinations benefited from increased traffic from the USA, Canada and Europe under the effect of a favourable exchange rate and of the perception that the Caribbean is a “safe” destination. Its also noteworthy that the active hurricane season that hit the subregion in September, though pressuring growth down in this part of the year, had a short-term impact, except obviously for the most severely hit destinations, such as Grenada and the Cayman Islands. In spite of the US government restrictive measures on

travel by Cubans living in the US, arrivals to Cuba grew by more than 7%, as this negative factor was compensated by the weak US dollar, to which the convertible Cuban peso is equivalent, and the consequent increment of arrivals from Canada and other Americans markets such as Argentina or Venezuela, Europe and China. Other major destinations such as the Dominican Republic (+5% for the full-year), Puerto Rico (+7% until September) and Jamaica (+5% for the full-year) all grew around the average for the subregion.

International Tourism Receipts											Series	International Tourism Expenditure										
US\$		Local currencies (% on previous year)										US\$		Local currencies (% on previous year)								
2003	2003			2004*						2003		2003				2004*						
(million)	Q1-Q4	Q3	Q4	YTD	Q1	Q2	Q3	Q4	Oct.	Nov.		(million)	Q1-Q4	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Oct.	Nov.
Americas																						
North America																						
10,579	-11.9	-15.3	-12.4	10.7	-0.9	18.8	15.8				Canada	sa	13,252	0.1	-9.2	-1.6	6.7	14.3	10.3	23.3	9.9	
9,457	6.8	7.6	5.8	14.0	14.0	14.3	11.8		21.6	12.9	Mexico	\$	6,253	3.2	4.2	6.2	5.6	10.2	10.6	8.5	9.6	14.8 11.7
64,509	-3.3	-0.6	0.1	16.8	12.7	29.6	15.7		7.7	9.0	United States	sa	56,613	-2.5	-10.3	0.7	0.5	15.8	8.4	27.3	14.6	12.7 14.1
Caribbean																						
62	15.3	44.7	18.4	6.6	8.1	5.0					Anguilla		9									
301	13.0	7.4	20.8	17.0	19.9	13.9					Antigua, Barb		35									
852	-0.1	8.7	-4.0	24.9	24.9						Aruba		191	36.6								
1,782	1.1	6.0	16.1	13.6	11.7	15.6					Bahamas		305	24.9	13.8	24.1	-3.1	11.3	5.5	17.8		
21				4.3	-0.5	9.7					Bonaire		..									
284				1.9	1.8	2.0					Curaçao		..									
51	53.2	55.4	59.6	16.4	14.1	19.1					Dominica		9									
3,110	13.7	24.2	-0.8	4.0	1.3	6.4	-3.7	14.9			Dominican Rp	\$	260						-2.8	-3.4		
104	14.2	23.3	21.3	15.3	15.0	15.5					Grenada		8									
7	-14.9	-15.9	-5.4	25.8	26.2	25.4					Montserrat		2									
846	9.7	7.5	16.9	13.0	14.3	11.4					Neth. Antilles		322	15.5	15.6	-5.8	8.1	-12.9	-17.6	-7.7		
282	10.1	22.0	13.0	10.8	16.2	5.3					Saint Lucia		34									
85	8.1	-0.9	22.5	7.2	0.0	16.7					St. Vincent, Grenadines		11									
Central America																						
1,293	11.3	23.7	9.7	17.5	27.1	6.0					Costa Rica	\$	352	2.4	5.6	10.6	-1.9	12.1	0.6	23.9		
226	-7.9	-16.7	-6.1	35.8	30.0	29.6	47.9				El Salvador	\$	160	-16.4	1.6	-1.3	-6.5	-1.6	2.3	0.5	-6.9	
621	-2.0	-11.8	-21.5	28.4	-2.2	22.7	34.2	70.0	49.7	83.5	Guatemala	\$	312	16.4	8.9	34.3	18.8	19.5	19.1	36.7	12.6	-2.6 24.5
South America																						
2,097	30.6	35.6	38.9	28.6	44.6	20.1	18.8				Argentina	\$	2,575	7.9	11.4	25.3	15.5	19.8	30.7	16.7	9.9	
2,479	24.1	23.3	20.2	30.0	64.5	29.4	10.1	22.5	23.5	24.8	Brazil	\$	2,261	-5.6	-17.0	8.0	47.8	24.5	40.6	6.2	20.2	26.3 63.5
860	-4.2	9.8	-17.2	19.4	26.4	22.8	13.5	14.2			Chile	\$	768	21.2	20.1	19.4	37.2	7.4	21.1	9.9	-6.6	
816	-10.1	-12.9	11.6	2.8	-6.0	0.4	12.7				Colombia	\$	1,036	-3.7	-13.9	4.8	15.0	7.3	5.1	6.1	9.7	
406	-9.1	-9.7	-9.7	-9.6	-9.5	-9.6	-9.6				Ecuador	\$	354	-2.6	1.9	-7.0	-6.8	0.4	-0.9	-1.6	4.0	
932	15.1	18.1	17.7	11.7	14.4	13.5	8.2				Peru	\$	620	0.6	3.2	4.0	-0.8	3.5	3.4	3.5	3.5	

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 for explanation of abbreviations and signs used

Africa and the Middle East

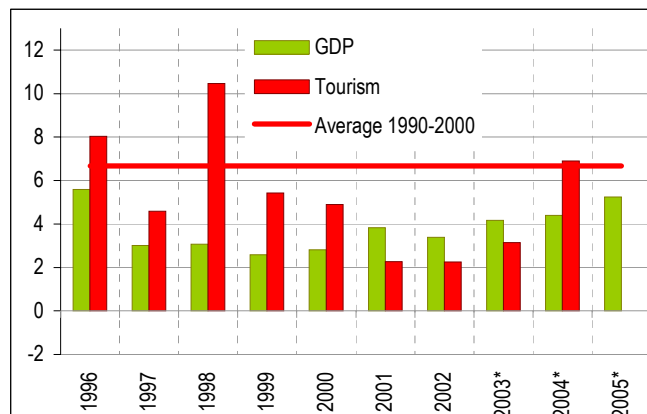
In Africa (+7%), 2004 was a particular buoyant year for destinations in the North, which with a 17% increase rate contributed decisively to the overall growth registered in the region, as the performance of sub-Saharan destinations was rather flat (+1%). Tourist arrivals grew by 17% in Morocco up to November, under the impact of the policy of liberalization of air transport, which opened the destination to low-cost airlines and decreased prices. In Tunisia, full-year results report an increase of 17% in tourist arrivals and 16% in tourism receipts, as the strong

euro improved its competitiveness in the European generating markets when compared to other sun-and-sea destinations in the euro zone. In the South, the strengthening of the rand throughout the year and the political situation in Zimbabwe led to slower growth in South Africa (+0.9% up to September), in spite of increased marketing efforts and of the launch of new branding strategies. On the other hand, Kenya (+23%) did particularly well, fuelled by a significant increase in air capacity from the main European generating markets and by the depreciation of its currency.



International Tourist Arrivals and Economic Growth (GDP)

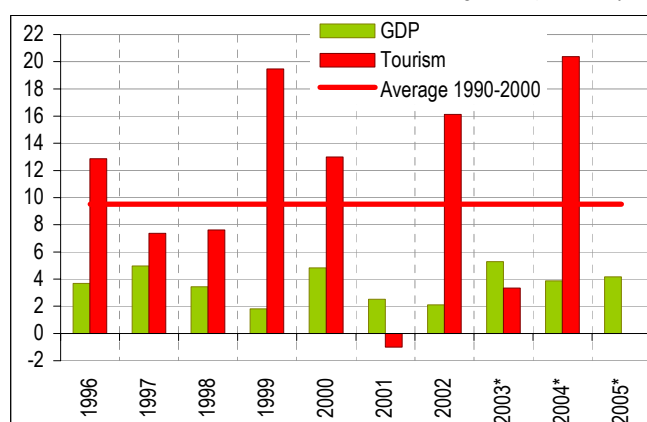
Africa % change over previous year



Source: IMF, World Tourism Organization (WTO) ©

International Tourist Arrivals and Economic Growth (GDP)

Middle East % change over previous year



Source: IMF, World Tourism Organization (WTO) ©

In the Middle East tourism continues to be one of the most dynamic economic sectors. The permanent development of tourism infrastructures, the support and investment of most governments in tourism, the low-cost airline phenomenon and the increasing cooperation regarding border facilities among the countries in the region, along with some difficulties in important generating markets, such as Saudi Arabia, in obtaining visas to the USA and Europe, are all reinforcing intraregional as well as domestic traffic. Arrivals grew by an estimated 20% to a total of almost 35 million, which makes the region the 4th most visited in the world, thus surpassing for the first time the volume of Africa (estimated to have received 33 million arrivals in 2004). All countries with data available show positive results without exception. The biggest increase in relative terms was reported by Syria (+44% for the full-year). The biggest increase in absolute terms was recorded by Egypt, which saw visitor arrivals increase by more than 2 million arrivals (+34%). The country, which was barely affected by the attacks in Sinai last October, benefited, like other sun-and-sea destinations in North Africa and in "non-euro" Europe, from the strength of the European currency. Furthermore, Lebanon (+26%) and the United Arab Emirate of Dubai (+9%) maintained the positive trend already experienced in 2003, while Bahrain (+19% until September) and Jordan (+8%) both overcame the losses of 2003. Saudi Arabia reported an increase of 17% over the first six months of the year. The country, however, started to collect data on a monthly basis only recently and it is likely that figures still have to be revised, as the reference period is very short.

International Tourist Arrivals by Country of Destination

		Full year			Monthly or quarterly data series (% change over same period of the previous year)																
		Series	2003	03/02	04*/03	Series	2004*										2003				
			(1000)		(%)			YTD	Q1	Q2	Q3	Q4	July	Aug.	Sept.	Oct.	Nov.	Dec.	Q1	Q2	Q3
Africa			30,844	3.1	6.9		5.3	-2.2	3.6	9.8	8.0	10.9	7.4	11.6	7.4	7.8	8.9	6.5	6.3	1.9	-0.9
North Africa			10,887	4.6	17.0		17.0	20.5	21.1	15.3	13.7	17.9	10.1	20.0	11.9	14.6	15.1	-1.9	0.8	8.1	7.5
	Morocco	TF	4,552	5.8		TF	16.5	20.9	15.8	15.1		17.3	8.6	23.8	10.7	25.1		9.0	14.3	9.7	10.6
	Tunisia	TF	5,114	1.0	17.3	TF	16.4	19.0	24.0	14.6	9.8	18.0	10.5	17.0	11.9	6.1	10.1	-8.3	-6.2	9.0	7.2
Subsaharan Africa			19,957	2.4	1.4		-1.1	-10.2	-4.7	4.7	5.5	3.2	4.5	6.5	4.9	5.3	6.2	9.7	9.1	-3.3	-4.1
	Dem.R.Congo	TF	35	24.3	-14.6	TF															
	Kenya	TF	927	10.6		VF(1)	23.1	6.1	16.0	34.8		34.3	34.3	36.0	36.1	38.4		28.4	19.4	-1.5	4.1
	Madagascar	TF	139	125.8	43.6	TF	47.9	1.4	66.4			112.4						168.6	355.5	124.3	27.1
	Mauritius	TF	702	2.9		TF	1.5	1.5	-3.5	3.1		6.5	-2.6	5.6	9.1			-0.1	9.0	3.5	1.1
	Seychelles	TF	122	-7.6		TF	-1.0	-4.2	-10.5	1.6	9.4	1.5	9.5	-7.4	12.1	4.0	11.6	-14.2	8.8	-11.1	-10.7
	South Africa	VF	6,640	1.4		VF	0.9	-0.5	0.9	2.5		-1.1	2.9	5.9				5.0	4.6	-1.6	-1.6
	Zimbabwe	VF	2,256	10.5		VF	-29.1	-44.9	-28.3	-9.7											
Middle East			28,813	3.4	20.4		18.2	24.3	31.3	13.3	8.8	15.6	10.4	14.4	8.8	10.5	6.9	15.2	-15.1	3.5	10.0
	Bahrain	TF	2,955	-6.7		VF	18.9	25.4	18.0	14.8		12.0	16.7	15.7				-8.7	-1.2	2.3	8.8
	Egypt	TF	5,746	17.1		VF	34.1	52.3	79.9	23.3	7.6	27.3	18.0	25.7	10.7	9.3	2.1	12.3	-7.2	23.8	30.3
	Jordan	TF	1,573	-3.0		TF	7.8	24.3	36.8	-1.7	-10.5	-8.4	1.8	4.7	-21.0	7.2	-14.0	-4.0	-14.2	-3.0	9.6
	Lebanon	TF	1,015	6.1	26.0	TF	25.9	33.3	54.6	16.7	13.4	26.2	11.0	10.5	-5.0	37.3	15.1	-5.9	-5.8	16.1	8.7
	Syrian Arab Republic	TCE	2,788	-2.9	43.9	VF												0.7	-18.1	5.9	22.6
	Untd Arab Emirates	THS	5,871	7.8		TCE(2)	8.9	10.9	7.9	8.0		10.6	3.2	11.1				5.2	4.3	9.4	0.0

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

See box at page 3 for explanation of abbreviations and signs used

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

(2) Dubai only



International Tourism Receipts											Series	International Tourism Expenditure										
US\$		Local currencies (% on previous year)										US\$		Local currencies (% on previous year)								
2003	2003			2004*						2003		2003			2004*							
(million)	Q1-Q4	Q3	Q4	YTD	Q1	Q2	Q3	Q4	Oct.	Nov.		(million)	Q1-Q4	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Oct.	Nov.
Africa																						
North Africa																						
3,221	3.1	2.3	-2.8	8.9	5.7	1.1	10.1		0.0	55.1	Morocco	548										
1,583	-6.4	1.3	-6.7	16.1	11.8	17.3	17.3				Tunisia	300										
Subsaharan Africa																						
339	14.3	14.1	1.3	22.0	12.3	32.9	23.4				Kenya	\$ 127										
697	5.9	6.1	23.5	23.0	37.9	28.2	14.6		-5.1	21.0	Mauritius	216										
98	55.2	85.4	68.7	-14.2	-42.1	-45.5	27.1				Mozambique	\$ 140	23.7	-1.4	75.8	47.1	8.1	14.6	12.3	-0.3		
171	-3.6	-3.1	-6.5	14.9	25.1	6.4	13.5				Seychelles	34	-10.3	-24.3	-14.0	-10.0	-19.1	-17.2	-10.7	-27.0		
4,270	4.5	-3.4	4.2	8.0	8.1	12.3	3.6				South Africa	sa 2,420	-3.7	-6.9	7.5	9.4	-6.1	6.6	-6.9	-15.8		
Middle East																						
4,584	21.8	43.4	31.4	40.8	58.9	45.3	29.3				Egypt	\$ 1,321	3.8	8.9	-17.3	1.3	-0.9	4.7	-8.0			
815	3.6	2.2	15.0	-1.9	12.5	24.2	-21.0				Jordan	377	71.1		-3.1	-2.2	-4.3	-0.2	-8.2	-4.0		
..											Saudi Arabia	4,166					13.7	-4.8	41.7			

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO January 2005)

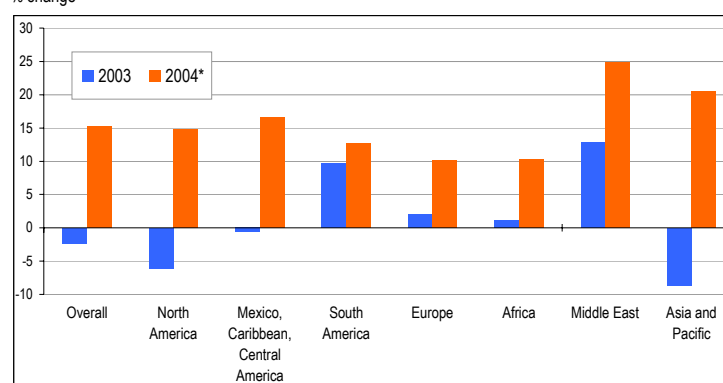
See box at page 3 for explanation of abbreviations and signs used

Air Transport

The various sources available provide data reflecting a very firm recovery of air transport, with at least one source describing the industry's resurgence as the strongest since the period immediately following the Gulf War in 1991. The International Civil Aviation Organization (ICAO) estimates that scheduled air services carried 1.8 billion passengers in 2004. Total traffic (in passenger-kilometres) is estimated to have grown by 14%, while international traffic increased by 15%, both relative to 2003 figures. Despite an increase in the supply of seats, the overall load factor increased to 73%, while the load factor for international travel rose to 74%, two percentage points above the 2003 numbers, as demand rose faster than the supply of seats. According to ICAO, the improvement of results was due mainly to Middle Eastern airlines, followed by carriers from Asia and the Pacific, which recovered from their bad results in 2003.

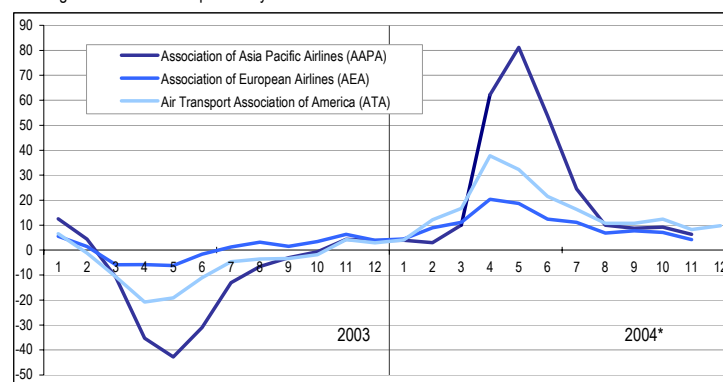
The International Air Transport Association (IATA) estimates that in 2004 passenger traffic in terms of RPK (Revenue passenger-kms) increased by more than 15% among IATA-member airlines. The factors that explain this recovery are the improved economy, advances in the liberalization process and competition. In some cases, this increased competition led to greater demand and, at the same time, slimmer profit margins for airlines. In the specific case of Europe, it should be noted that, aside from competition from low-cost airlines, there was also an increase in supplied capacity, leading to a decline in

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



Source: compiled by WTO from IATA

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



Source: compiled by WTO from ATA, AEA and AAPA

the load factor. Growth figures on the order of 15% were posted by North American, Caribbean and Central American airlines. European airlines posted a notable 10% increase in traffic; Asian airlines posted an even more impressive 21% increase under the rebound of SARS, while Middle Eastern airlines, which represent around 7% of the international industry, led growth with a 25% rise. Once again, it should be borne in mind that these figures still constitute a reflection of a statistical effect, which is especially visible in the figures for the months from April to June, due to the fact that the corresponding baseline numbers are the weak results for the same months in 2003. IATA points out the growth in the capacity offered by Middle Eastern airlines. As for 2005, and taking out distortions caused by external factors, IATA expects traffic, as measured in RPK, to increase by 6%, which is estimated to be followed by an almost equivalent expansion of capacity.

The increases reported by all sources in traffic on routes between the continents of Asia, Europe, and North America show the consolidation of the trend first spotted in late 2003 toward the recovery of long-haul tourism.

North America

Preliminary data for 2004 show that traffic by US air carriers that are members of the Air Transport Association of America (ATA) grew by 10%. This result was due to the strong recovery of both domestic traffic (8%) and international traffic (16%). Traffic on all international routes show double-digit growth rates of between 14% and 18%. The biggest increase was registered in the routes to the Pacific (18%), while traffic in Atlantic and Latin routes grew by around 14%. It is noteworthy that in the previous year, all international routes except Latin America showed net declines. These airlines are expanding capacity on international routes, which is explained in part by the fact that the airlines are reducing the number of seats offered on the domestic market in favour of increased capacity on the international market, where better results can be obtained.

Europe

The Association of European Airlines (AEA) published a preliminary aggregate result of 9% for 2004 for its member airlines. In the case of

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

	2003*		2004* Monthly data					
	(billion)	03*/02 (%)	Change (%)					
			YTD	Aug	Sept	Oct	Nov	Dec
International Air Transport Association (IATA), Monthly International Statistics (MIS)								
Scheduled international traffic of IATA reporting carriers by region of airline registration								
Overall	1,700 ¹	-2.4	15.3	10.5	10.4	10.5	7.8	7.6
North America		-6.1	14.8	10.9	11.0	12.1	7.6	8.3
Mexico, Caribbean, Central America		-0.6	16.6	9.5	12.5	22.5	14.0	21.1
South America		9.7	12.7	8.3	8.3	14.1	8.4	10.4
Europe		2.0	10.1	7.2	8.3	7.7	5.2	6.9
Africa (incl. Egypt)		1.1	10.3	3.3	6.2	10.1	6.4	10.1
Middle East (incl. Israel, Iran)		12.9	24.8	17.6	18.5	12.3	15.1	14.7
Asia and Pacific		-8.7	20.5	13.7	11.5	12.0	9.2	5.6

Air Transport Association of America (ATA)

Scheduled Passenger Traffic Statistics ATA U.S. Member Airlines

Scheduled mainline service	957	-1.0	10.0	7.4	9.5	9.7	9.1	6.0	
Domestic (incl. USA-Canada)	706	0.7	8.1	6.2	9.0	8.7	9.4	4.6	
International	251	-5.5	15.5	10.8	10.8	12.4	8.3	9.8	
Atlantic	118	-6.5	14.2	9.6	12.0	13.1	9.2	7.9	
Latin	59	4.5	14.4	13.1	13.0	14.3	8.9	13.6	
Pacific	74	-10.8	18.3	10.7	7.5	10.1	6.5	9.3	

Association of European Airlines (AEA)

Passenger Traffic of AEA Member Airlines

Total scheduled	604	1.0	9.0	6.2	7.2	6.5	3.9	5.4	
Domestic	52	1.6	1.1	-0.8	1.5	0.1	0.0		
Total International	551	1.0	10.1	6.8	7.7	7.1	4.3		
Geographical Europe	137	1.5	7.5	5.1	7.6	6.1	4.1	6.5	
North Africa	6	6.8	16.9	3.2	7.2	-2.6	16.2		
Middle East	18	-0.5	18.2	8.9	11.0	4.3	12.9		
Total long-haul	391	0.8	10.5	7.4	7.6	7.7	3.8		
among which:									
North Atlantic	171	4.0	7.3	4.6	6.2	4.0	-1.7	-0.7	
Mid Atlantic	44	4.9	3.0	0.6	-0.5	6.0	0.7		
South Atlantic	28	5.4	17.2	12.2	14.9	16.3	15.6		
Far East/Australasia	101	-6.8	19.3	16.9	12.4	12.8	9.4	11.8	
Sub Saharan Africa	46	0.9	3.1	2.2	4.7	5.6	4.2		

Association of Asia Pacific Airlines (AAPA)

Consolidated Passenger Traffic

International operations	421	-9.9	20.0	10.0	8.7	9.2	6.3		
Intra-Asia Pacific				12.6	11.7	11.9			
North-East Asia				19.0	17.0	18.5			
North-East South-East				19.0	14.0	13.9			
South-East Asia		5.6		7.3					
to/from China				42.0	32.0	32.7			
Trans-Pacific		-9.0		6.5	6.2				
Asia-USA					8.7	7.7			
Asia-Europe		-8.0		5.6	4.6	5.0			

Source: compiled by WTO from IATA, ATA, AEA and AAPA

¹ All IATA carriers

Europe, domestic traffic, which accounts for less than a tenth of total traffic expressed in RPK, has experienced a slower growth (1.1%) than international traffic (10.1%). Long-haul traffic, which represents 71% of international traffic (RPK), is growing at a slightly higher pace than the overall average. In the case of routes to the Far East and Australasia, traffic during the period of reference was up around 19%. Traffic growth on routes from Europe to the South Atlantic is also up on a similar order of magnitude (17%). The flow of passengers to North America has maintained its market share (44%) and experienced strong growth of 7% as compared to 4% in 2003. As for the number of passengers transported on international flights, it is worth mentioning that traffic to destinations in the Middle East has grown by 18%, and that traffic to North African destinations is up nearly 17%, figures that also reflect the evolution of tourism in the destinations of these two regions. Transport of persons within the European continent, which had experienced low but positive growth in 2003, increased by nearly 8%. This figure is interesting because it is associated with a volume of 137 billion RPK, equivalent to 25% of international traffic.

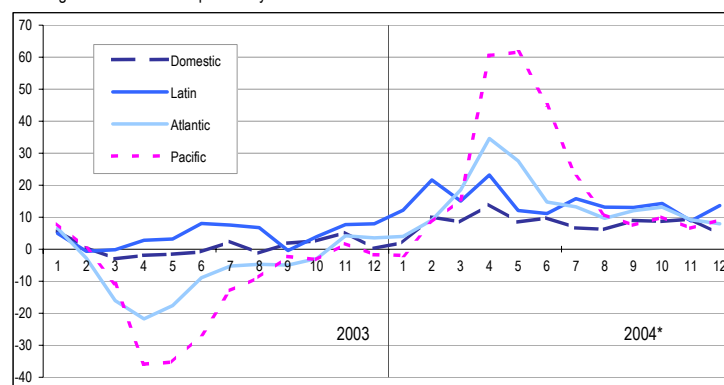
The US dollar's slide against the euro has made North American airline fares on trans-Atlantic routes more competitive, which explains the relative progress made by these airlines in taking traffic from European airlines.

Asia and the Pacific

The figures published for the period January-November by the Association of Asia Pacific Airlines (AAPA) show that its member airlines handled 20% more international traffic compared to the same eleven-month period in 2003. Results were affected by rising fuel prices and price pressure due to competition. On a month-on-month basis, total traffic showed strong increases, reaching a maximum of 81% in May. This growth eased off in succeeding months to 6.3% in November. North-East Asian routes, routes between North-East and South-East Asia, and routes to and from China posted spectacular results, as high as 382% in April and May, which represented a recovery from the drops experienced during the same months in 2003. These figures are partly due to the statistical effect of comparing results to low reference values in 2003, as well as the pent-up demand for travel that had been accumulating since 2003, and which finally found an outlet in 2004. The available data show a growth trend in the number of passengers flying to destinations in the United States and Europe. The rise of low-cost airlines in South-East Asia continues to give a new dimension to the competitive forces acting on the regional air transport market.

ATA: Air traffic on selected routes by month (RPKs)

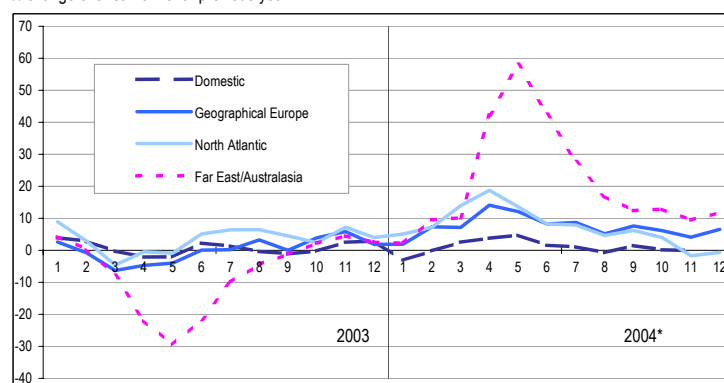
% change over same month previous year



Source: compiled by WTO from ATA

AEA: Air traffic on selected routes by month (RPKs)

% change over same month previous year



Source: compiled by WTO from AEA

The data presented here refer to scheduled international passenger traffic of reporting carriers of IATA broken down by region of airline registration, as well as to traffic of the member airlines of the three major regional airline associations broken down by routes operated. It should be taken into account that this data reflects the vast majority but not all air traffic, as the carriers included are mostly full-service airlines. Unfortunately, comprehensive data on the evolution of traffic operated by charter and low-cost airlines is still hard to find.

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

Evaluation by WTO Panel of Tourism Experts

Tourism Experts confirm a better 2004 and express optimism over 2005

Evaluation of the year

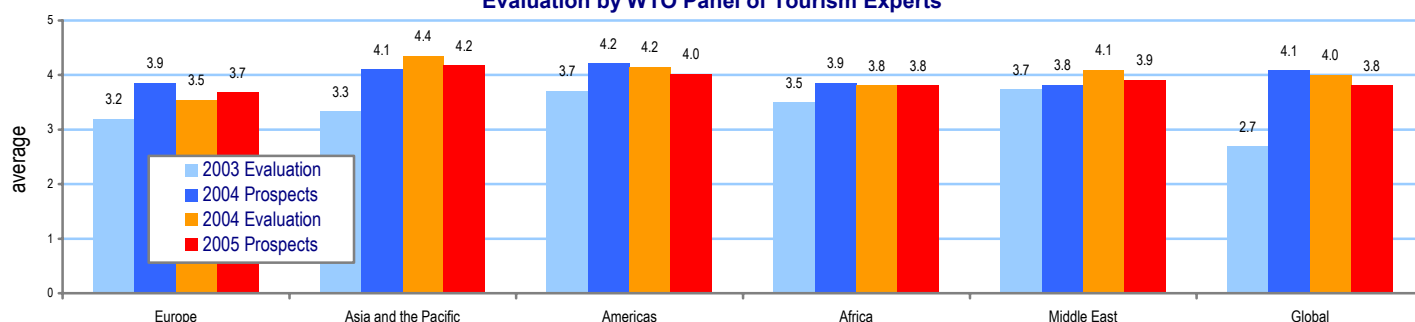
The almost 240 specialists from more than 100 countries and territories that constitute the WTO Panel of Tourism Experts, confirm the positive results registered in international tourism in 2004. On a five-point scale ranging from [1] much worse to [5] much better, representatives of the public and private sectors gave 2004 an average score of 3.9, corresponding to an evaluation of “better than what reasonably would be expected”. This result is a marked improvement on the panel’s evaluation regarding 2003 (3.4).

By region, the highest scores were given by experts in Asia and the Pacific (4.4), in a clear resurgence from the impact of SARS, followed by experts from the Americas (4.2) and by Middle East representatives (4.1), all above the average rating of 4. Experts from Europe (3.5) and from Africa (3.8) are comparatively somewhat less optimistic. Furthermore, there is only a slight difference between representatives from the public sector (4.0) and from the private sector (3.8). By category, scores are higher among representatives of the following categories: Transport (3.9), Destinations (4.0), Accommodation & Catering (3.9) and Consultancy, Research & Media (3.9). Tour Operators & Travel Agencies (3.7), General Industry

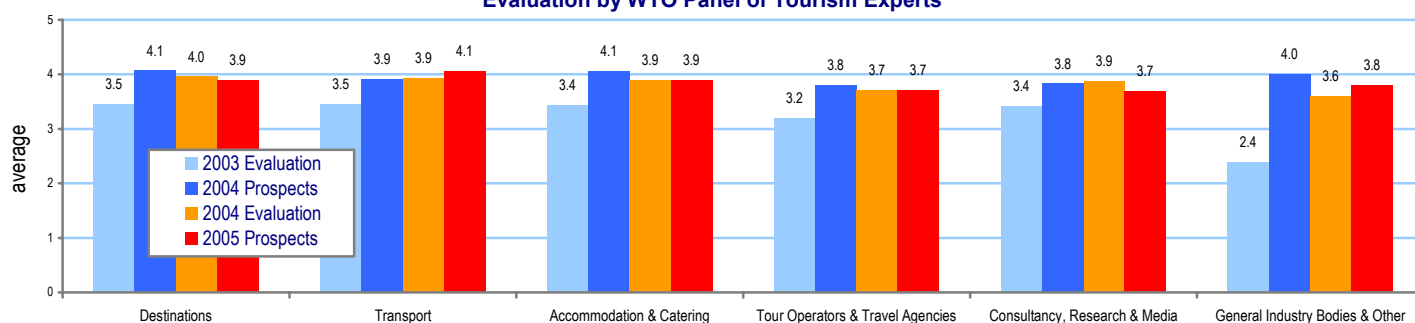
Bodies & Other (3.6) and representatives from the MICE sector (3.5) record an average below the overall rate of 3.9. It is important to note that the comparison between prospects expressed by the panel in January 2004 (4.0) for the coming year and the corresponding evaluation of the actual performance of 2004 (3.9), shows a significant coincidence, as already observed in previous editions of the *WTO World Tourism Barometer* survey.

For 2005, prospects continue on the positive side (3.9). In terms of regions, though showing a marked improvement over the evaluation of 2004 (3.5), experts from Europe continue to record the lowest average (3.7). The more optimistic prospects continue to come from Asia and the Pacific (4.2), in spite of the tragic events that hit the region at the end of the past year, and from the Americas (4.1). Again representatives from the public sector (3.9) are slightly more positive than those from the private sector (3.8). By category, the most optimistic results come from representatives of the Transport sector (4.0), the MICE segment (4.0), with a marked improvement over the evaluation of 2004 (3.5), and of Accommodation & Catering (3.9). Rating 2005 below the overall average are Tour Operators & Travel Agencies (3.7), Consultancy, Research & Media (3.7) and General Industry Bodies & Other (3.8).

Evaluation by WTO Panel of Tourism Experts



Evaluation by WTO Panel of Tourism Experts



Evaluation of the four-month period

Besides the evaluation of world tourism performance in the year 2004 as well of the prospects for 2005, the members of the WTO Panel of Tourism Experts were asked, as in previous editions of the Barometer, to evaluate the performance of the past four-month period (September to December 2004) and to assess the prospects for the coming four months, January to April 2005. The evaluation of tourism performance by the WTO Panel of Tourism Experts for the period September-December 2004, though slightly below the results of the previous fourth-month period and of the prospects expressed in October for the same period, confirms the optimism of the sector.

The participants of the panel rated the past four-month period (September-December 2004) with an average of 3.6 as compared to an average of 3.8 for the period April-August 2004. In spite of this minor change, the number of experts that evaluate the situation as better [4] or much better [5] continues to clearly outnumber the experts evaluating it as equal [3], worse [2] or much worse [1]. As already observed in the results of the October survey, it is important to note that the evaluation made by representatives of the private sector (3.7) continues to exceed that by public sector representatives (3.6).

Regions

By region, the evaluation of the past four-month period (September-December 2004) presents some variations when compared with the score obtained for the previous period (April-August 2004). There is an overall decrease in the averages registered in all regions, except in the Middle East, where results for the period September-December (3.9) outperformed the ones for April to August (3.8), as well as the prospects expressed previously (3.5). Though down on previous results, the evaluation is still above average in Asia and the Pacific (3.9), the Americas (3.8) and among Global Operators (3.7). The lowest values for the past four-month period were obtained among experts from Europe (3.4) and Africa (3.5). When compared to the prospects expressed before, again all regions but the Middle East are slightly down. Noteworthy decreases occur in Africa (from 3.9 to 3.5) and Europe (from 3.6 to 3.4).

For the first four months of 2005 prospects improve to an average ratio of 3.7, with all regions, except the Middle East, which already rated the past period very high (3.9), going up on their evaluation of the previous four months. Confirming the limited impact that the tragic disaster that occurred in Asia is expected to have in terms of tourism results in the region, the best prospects come from Asia and the Pacific (3.9), followed by the Americas (3.9) and Middle East (3.8). Below average results are still registered in Europe (3.5), while Africa, improving on the evaluation of the period April-August (3.5) just equals the overall average (3.7).

Activities

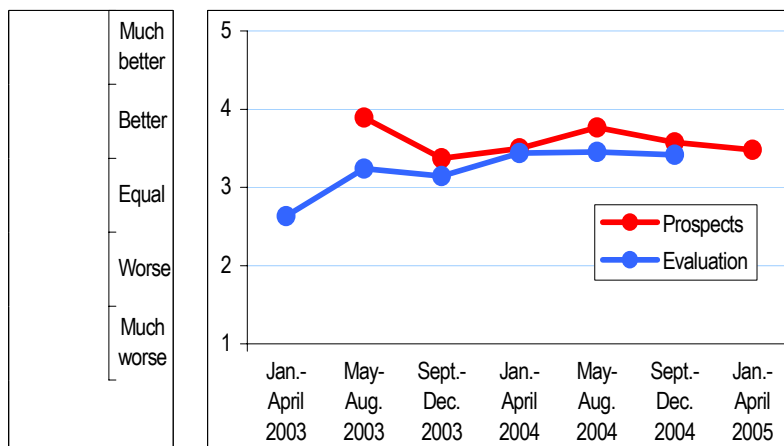
As for results broken down by activity, and comparing the evaluation of the past four-month period (September-December) with the previous one (April-August), the scores of all categories, except Destinations and Consultancy, Research & Media, show a slight decrease. Averages range from 3.7 for Destinations, Transport, Accommodation & Catering and MICE representatives to a minimum of 3.6 for representatives from Tour Operators & Travel Agencies, Consultancy, Research & Media and General Industry Bodies & Other. The most significant changes occur in the categories of Transport and MICE, where the average came down from 3.9 for the period April-August to 3.7. Prospects for the coming period are overall more positive, ranging from 3.9, much higher than the average, in the Transport category to 3.5 among the General Industry Bodies & Other.

The WTO Panel of Tourism Experts is based on the results of an email survey conducted by the WTO Secretariat among selected representatives from public and private sector organisations and companies. The survey is repeated every four months in order to keep track of the performance and prospects in the tourism sector. For this edition responses have been received from experts based in Argentina, Armenia, Australia, Austria, Bahamas, Barbados, Belgium, Bhutan, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Colombia, Cook Islands, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Curacao, Cyprus, Czech Republic, Denmark, Dominican Republic, Dubai, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Germany, Greece, Grenada, Guam, Hawaii (USA), Honduras, Hong Kong (China), Hungary, Iceland, India, Indonesia, Iraq, Ireland, Israel, Italy, Japan, Kenya, Kuwait, Lao People's Democratic Republic, Latvia, Lebanon, Liechtenstein, Macao (China), Marshall Island, Mauritius, Mexico, Monaco, Morocco, Nepal, Netherlands, New Caledonia, New Zealand, Nicaragua, Norway, Pakistan, Panama, Peru, Poland, Portugal, Puerto Rico, Republic of Korea, Rwanda, Saint Eustatius, San Marino, Sao Tome and Principe, Saudi Arabia, Serbia and Montenegro, Seychelles, Slovakia, Slovenia, South Africa, Spain, Swaziland, Sweden, Switzerland, Taiwan (pr. of China), Thailand, The Former Yugoslav Republic of Macedonia, Timor-Leste, Togo, Trinidad and Tobago, Tunisia, Turkey, Turks and Caicos Islands, Uganda, United Arab Emirates, United Kingdom, United States, Uruguay and Venezuela. The results broken down by region and by activity should be taken with some caution as they might be based on only a relatively small number of responses.

For future editions of the WTO World Tourism Barometer it is the aim of the WTO Secretariat to extend and improve the sample, in particular with experts from Africa, the Middle East or Asia and the Pacific, from institutions and companies working globally or from countries still missing in the list above. Experts that are interested in participating in the Panel are kindly invited to send an email to <barom@world-tourism.org>.

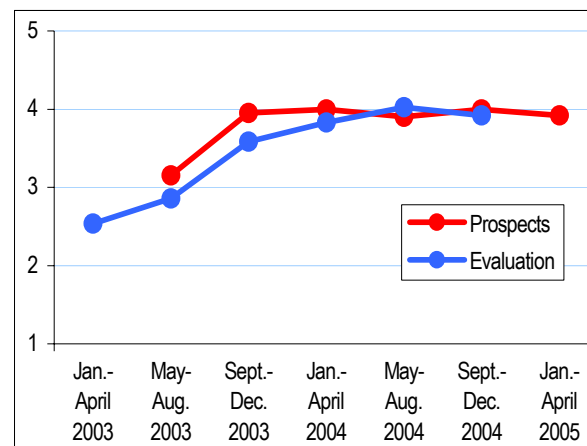
WTO Panel of Tourism Experts

Europe



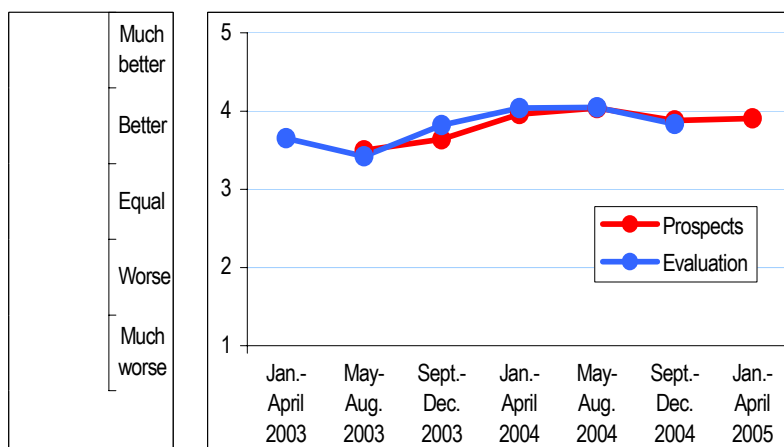
Source: World Tourism Organization (WTO) ©

Asia and the Pacific



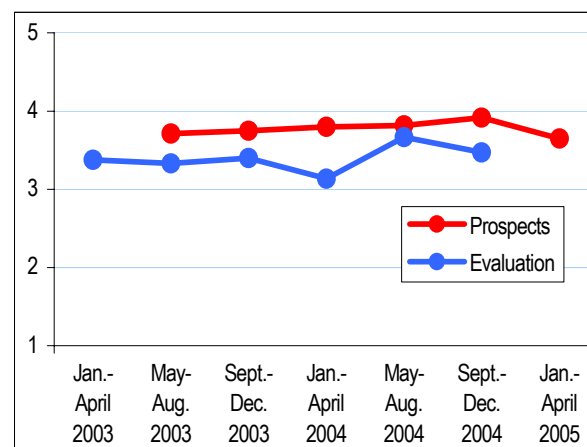
Source: World Tourism Organization (WTO) ©

Americas



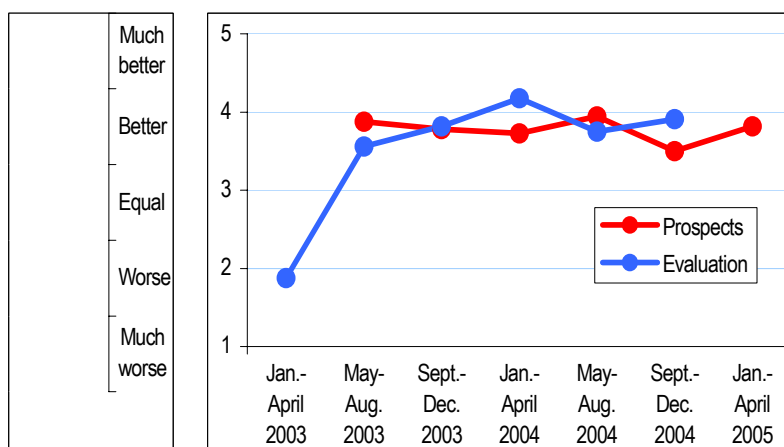
Source: World Tourism Organization (WTO) ©

Africa



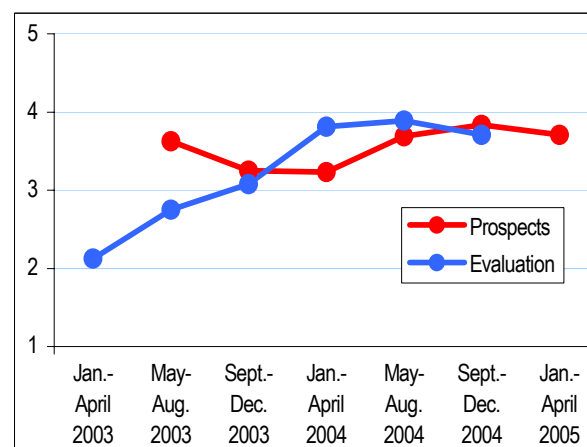
Source: World Tourism Organization (WTO) ©

Middle East



Source: World Tourism Organization (WTO) ©

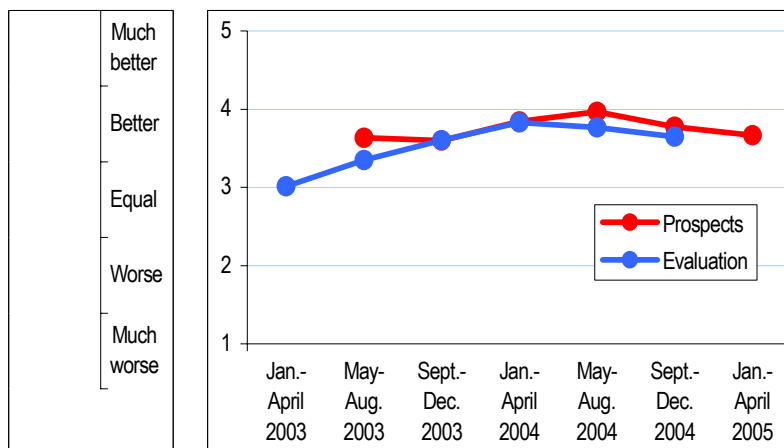
Global Operators



Source: World Tourism Organization (WTO) ©

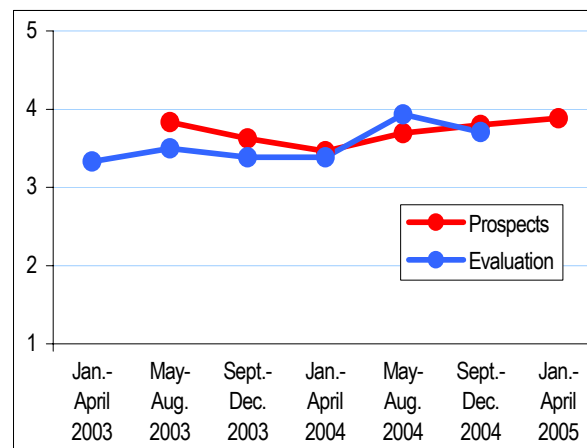
WTO Panel of Tourism Experts

Destinations



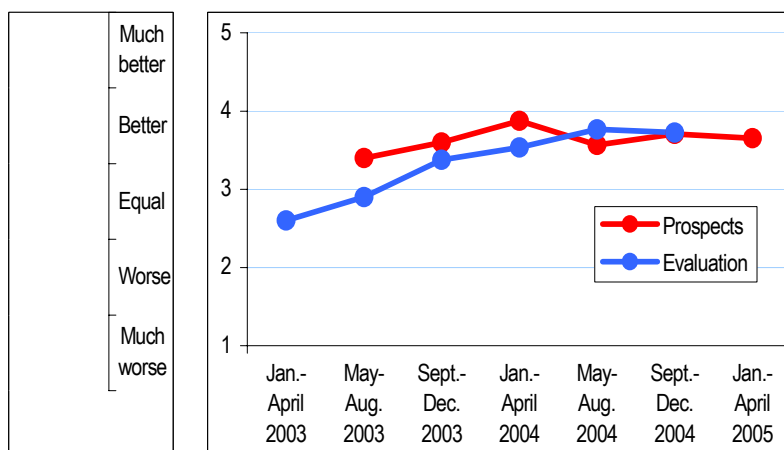
Source: World Tourism Organization (WTO) ©

Transport



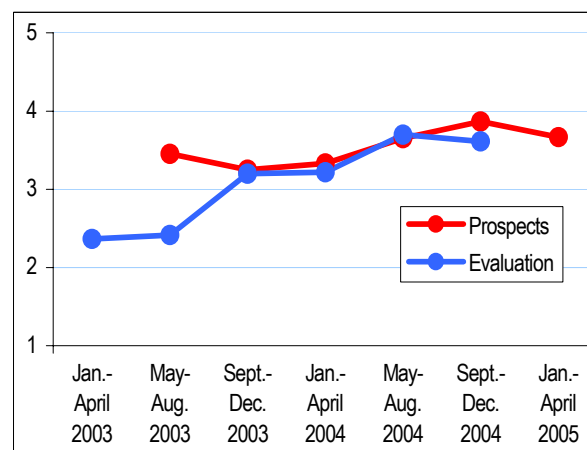
Source: World Tourism Organization (WTO) ©

Accommodation & Catering



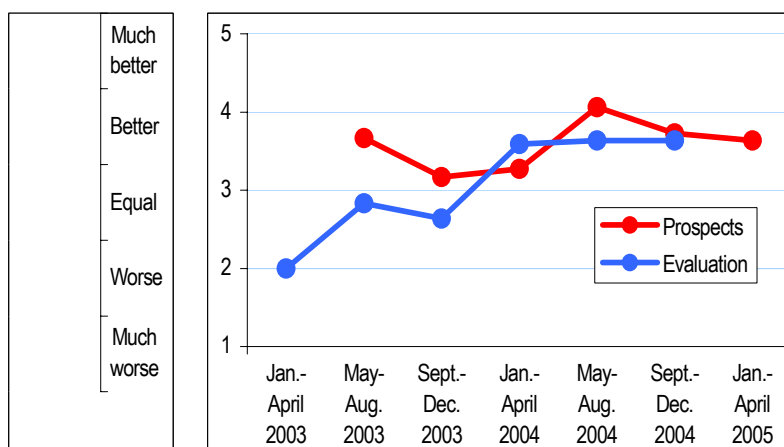
Source: World Tourism Organization (WTO) ©

Tour Operators & Travel Agencies



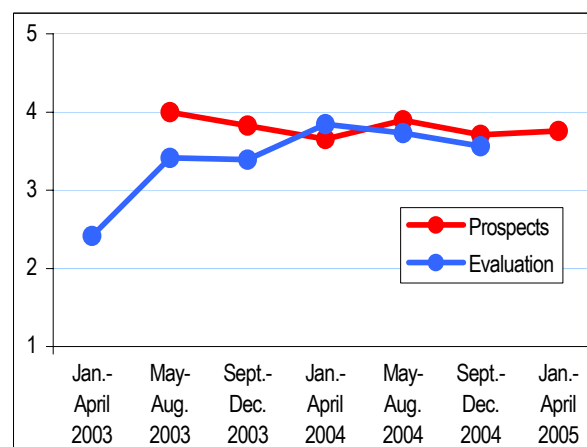
Source: World Tourism Organization (WTO) ©

General Industry Bodies & Other



Source: World Tourism Organization (WTO) ©

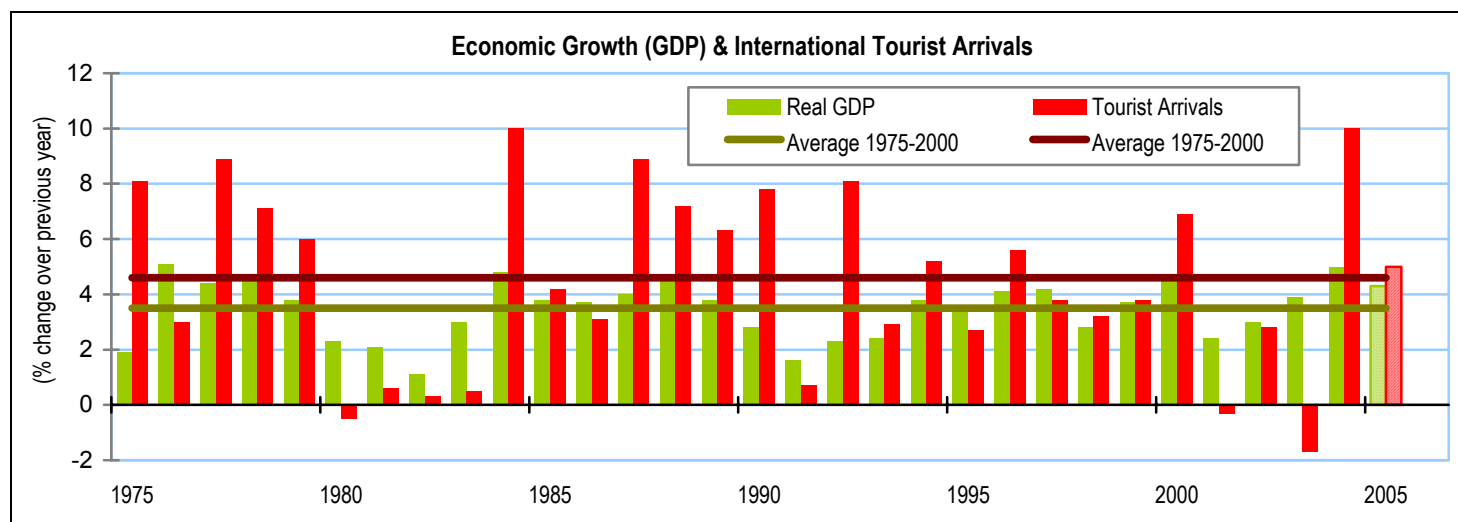
Consultancy, Research & Media



Source: World Tourism Organization (WTO) ©

Outlook 2005

In 2005 the upward trend of international tourism is expected to be maintained, though at a slower pace bearing in mind the strong increase of last year. WTO estimates that international tourist arrivals will grow by approximately 5%, consolidating thus the robust rise obtained in the past year. Various factors are expected to have positive impact on the performance of world tourism in 2005. The overall improvement the economy experienced in 2004 after three years of lethargy is expected to continue in 2005 and will be one of the most important determinants. Though oil prices are expected to stay at their current high level, as the dynamism of emerging economies such as China's stimulates demand, they are not likely to have a strong impact on the growth of the world economy, or on the overall performance of tourism.



Source: World Tourism Organization; International Monetary Fund

As for geopolitical aspects, notwithstanding the continuing disruptive situation in Iraq and the emergence of new terrorist threats during 2004, such as the ones in Madrid (March), Saudi Arabia (May), Turkey (August), Indonesia (September), Russia (August and September) or Egypt (October), the effect of such shocks on travel and on consumer confidence has been declining.

Tourism development in 2005 will thus be essentially conditioned by the economic situation, including the trend lines of exchange rates, and by factors directly linked with the sector. There is a clear return to a focus on the internal competitive features of tourism and away from external factors. The industry has caught up with the changes experienced by the consumer in recent years and is now facing the big challenge of being ahead of those changes. Many companies are further investing in market research to orient them in the development of new products and destinations. In an environment of overall enlarged competition, the key areas of tourism in 2005 will be marketing and promotion, product development in terms of quality, diversity and specialized segments in order to respond to the needs of an increasingly demanding and experienced traveller, and the rebound of air capacity and competitive air prices.

Forecast for 2005

For the first time the *WTO World Tourism Barometer* includes a forecast for the evolution of tourism in the coming year. In cooperation with Prof. Dr. Egon Smeral of the Austrian Institute of Economic Research (WIFO) the WTO Secretariat has begun a program for the application of trend analysis to the available monthly data series. In this issue a forecast is given for worldwide tourism in 2005. For future editions of the *WTO World Tourism Barometer* it is the objective to further develop the forecasting model and extend it to the various regions of the world.

The various models applied indicate worldwide growth for international tourism in 2005 of between 5% and 8%. 2005 thus is expected to be another year with growth at significantly above the long-term average rate for worldwide international tourism of 4.1% a year.

Prudence dictates that preference be given to the more conservative end of this range at this early stage of the year. This forecast reflects the fact that economic conditions are still largely favourable. Healthy economic growth is anticipated for both established and emerging source markets. Inflation is contained and interest rates are still at relatively low levels. However, after the bumper results of 2004, the first challenge will be to consolidate this volume. One of the major questions is how much pent-up demand is still in the pipeline. Leisure tourism is expected to sustain its growth, while business tourism will recover further.

Tourism after the tsunami

The unprecedented tragic events that occurred in the Indian Ocean at the end of 2004, though causing an unparalleled state of pain and damage, are expected to have limited impact in terms of regional economic results, as well as in terms of tourism performance. As far as tourism is concerned, the impact is expected to be limited in time and only in terms of traffic to some specific areas of these destinations, and no change of trend is likely to occur in the tourism results for the region.

The tsunami actually impacted only on a limited area of the coastal zone of the affected countries, representing only a minor part of the total area. As far as tourism is concerned only facilities located in a comparatively small number of resorts in Maldives, Thailand and Sri Lanka were damaged. Moreover, there was a quick resumption of the operational situation and implementation of recovery plans. The majority of the tourism facilities were rapidly restored (e.g. by 16 January 76% of a total of 87 hotels in the Maldives were already in operation), and contrary to initial fears no epidemic situation has been reported to date. Unlike terrorism, war and SARS, the tsunami did not create uncertainty in the markets. People realise that the tsunami disaster was a one-time event, due to uncontrollable natural causes, and not likely to repeat. Consumer confidence thus has not been affected by the disaster. Moreover, the tsunami created huge media coverage, and drew sympathy and solidarity in source markets.

Nevertheless, as overall demand is expected not to be harmed, there will probably be a compensatory factor which will lead to some provisional traffic shifts, in particular in the European and American generating markets, directed to destinations with comparable “sun-and-sea” products in the Caribbean, in Central and South America, in the Middle East or in Africa. At the same time, considering that the majority of tourist flows are intraregional, it is also very likely that some traffic replacement within Asia and the Pacific and some reinforcement of domestic tourism, will occur. Most affected destinations are expected to develop strong price-cutting strategies and strong promotional campaigns in order to attract tourists again.

The pace at which the return of the normal volume of tourists to the affected countries, and in particular to the areas most hard hit by the tsunami, will occur, will much depend on the capacity to communicate clear and favourable information, a task in which the cooperation of governments in the generating markets is essential. In this regard the existence of accurate and constantly updated travel advisories will also be essential. It is important to note that the quick return of tourists is one of the best ways to help the affected countries, as the tourism sector is one of their vital sources of income and employment. Tourism, and in particular tourism in Asia and the Pacific, has already shown its great capacity to recover during past crises, and this new challenge will also be overcome.

The WTO Panel of Tourism Experts also indicated that the positive outlook for 2005 seems not to have been affected by the tragic events in the Indian Ocean. Although half of the answers to the survey carried out among experts was received after the tragic occurrence, prospects as expressed by the members of the panel were still optimistic and not significantly different as to change the overall trend, in particular regarding Asia and the Pacific.

Prospects by region: Comments by the WTO Panel of Tourism Experts

By region, the following trends have been assessed as most significant by the approximately 240 members of the WTO Panel of Tourism Experts:

Europe

For yet another year the economy and exchange rates are the main factors that will influence tourism in Europe. Although the economic performance of the main European generating markets improved considerably in 2004, compared to other regions the recovery has been rather weak. For the euro area economic growth is anticipated by the IMF to continue at a rate of 2.2% in 2005. The United Kingdom performed better in 2004 (+3.4%), but is expected to slow down to 2.5% in 2005. The economies of some of the emerging markets have been much stronger, and although 2005 will not be as bullish as 2004, prospects for economic growth are still high for the Russian Federation (+6.6%), Turkey (+5.0%) and the Central and Eastern European countries (excl. CIS) (+4.7%). As there are no signs of change in the US dollar/euro rate in the short run, the exchange rate factor will most likely continue to shape the distribution of tourism throughout 2005.

The expansion of low-cost airlines will continue to encourage intraregional tourism in traditional (e.g. Austria and Spain) and emerging destinations (Slovenia, Hungary, etc). There are expectations regarding a stronger recovery from Japan, along with the continued rebound of long-haul travel from the US. However, and in spite of the improved economic situation in the country and of enhanced relations between Europe and the USA, the strong euro will still restrain the further development of this traffic. The dynamic economic situation of China, and the entering into force of the EU-China Agreement on Approved Destination Status (ADS) on the 1st September 2004 as well as the recently signed ADS agreement between China and the UK, will drive up traffic from this new “most wanted” overseas market, benefiting not only traditional European destinations, but also less mature ones (e.g. Hungary started direct air connections to China in August 2004).

The EU enlargement to include 10 new member states, which has already led to additional international attention, facilitation of border procedures, improved facilities in terms of road access and liberalization in air traffic leading to the expansion of low-cost airlines and to improved prices by established carriers, will also be a factor to consider in the future of tourism in Europe. Besides enjoying the competitive price factor of still being emerging economies and being outside the euro zone, tourism development in terms of infrastructures, access and human resources will contribute in a positive way to tourism in these destinations.

Turkey's tourism boom is expected to continue, driven by an attractive product combined with attractive prices, while its possible integration in the EU might be an important factor to watch in the medium-term. The evolution of the political situation in Palestine will continue to determine the results in Israel, where the privatization of El-Al is expected to increase competition and lead to some airfare reductions.

Americas

2005 will be marked in the Americas by the continued economic recovery of the US and the expected persisting weakness of the US dollar, which will favour, on one hand outbound tourism in particular to the region itself, predominantly south, and to Asia and the Pacific, and on the other hand, the continued rebound of arrivals from Europe and from neighbouring countries. In Canada, even if a strong Canadian dollar is expected to persist, traffic from the US is likely to recover more actively than in 2004, though still far from previous years' level. The recovery in overseas markets already felt during the previous year, in particular those of Asia and the Pacific, is expected to continue, especially after the country has been granted "Approved Destination Status" by China at the end of January 2005.

Central and South America also show positive prospects for 2005 as the weak US dollar will continue to favour their competitive value in the American (USA and Canada) and the European generating markets. Moreover, the economic recovery in the major intraregional generators of Argentina and Brazil, the non-existence of major geopolitical problems, and the improvement in border formalities regarding intraregional traffic, will also be positive factors to consider. Both sub-regions, as well as the Caribbean, could also benefit from some traffic replacement in view of the tsunami in Asia. In the Caribbean, the implementation of US restrictions on travel to Cuba by Cuban citizens residing in the country will surely continue to restrain traffic. However, the good prospects of improved relations with the EU are expected to have a positive impact on tourism to the island. The further expansion of US-based low-cost airlines in the sub-region, will moreover be an important factor to consider in favour of increased tourist arrivals. The further development of the cruise industry, which grew by 12% in

2004 among the 32 Caribbean Tourism Organization (CTO) member destinations to a total of 20 million arrivals, will surely also help the subregion to maintain its good performance.

Asia and the Pacific

The outstanding performance of the majority of the economies in the region, led by the 9% growth of China and the 7% of India, along with the improvement in factors such as border regulations, air capacity and prices, and the excellent ability to recovery shown in 2004, led most experts to expect tourism to continue thriving in Asia and the Pacific in 2005. The expansion of low-cost airlines, in terms of routes and new carriers, is also cited as a factor that will contribute to fuel intraregional traffic. Prospects of improved intraregional traffic are also driven by the increasing cooperation among countries of the region in terms of access – e.g. Taiwan (pr. of China) and the Republic of Korea reinstated their air agreement after 12 years, China and Taiwan (pr. of China) agreed to allow special direct charter flights during the Chinese Lunar New Year, for the first time since 1949, whereas China's border regulations on individual trips to Hong Kong (China) and Macao (China) continue progress as well as the number of countries with "Approved Destination Status" inside and outside the region. Consequently, Asian destinations are expected to face increased competition in the Chinese generating market from outside the region, in particular from Europe, as over 30 European destinations already enjoy "ADS" status. In the short term, the forthcoming Lunar New Year holiday beginning the 9th of February is expected to again boost intraregional travel. Some of the traffic that before would go to the countries affected by the tsunami tragedy might be redirected to Hong Kong (China), Macau (China), Japan, the Republic of Korea, Singapore, and to other regions. Also the opening of the new Nagoya Airport (Japan) in February 2005, the World Exposition to be held in this city from March to September, the opening of Disney Hong Kong (China) in September and the 4th edition of the East Asian Games to be held in Macao (China) in October / November, are expected to increase travel, and in particular intraregional traffic during next year.

As mentioned previously, the overall impact of the tsunami in the affected countries is expected to be short-lived and limited to the first months of 2005. The Easter Holidays at the end of March may be an important test to assess the pace at which recovery is happening, in particular concerning the European and the American generating markets. The improved relations between India and Pakistan, the economic development in India and the open-sky agreement signed at the beginning of this year between India and the US, will certainly contribute to the further positive performance of tourism in South Asia.

Africa and the Middle East

The continuing execution of tourism development plans will increase capacity in terms of access and accommodation in destinations such as Saudi Arabia, Dubai, Qatar and Kuwait and lead to positive expectations regarding the continued good performance of tourism in the Middle East in the medium run. In Egypt, and in the North African destinations of Morocco and Tunisia, the good performance is expected to be maintained as their competitive advantages in terms of quality / price in the “sun-and-sea” segment will prevail. The performance of the South African rand will continue to influence the

performance of Sub-Saharan Africa. The region is expected to maintain results due in particular to expanded air capacity, especially to and from Europe. There are also positive expectations regarding traffic from Asia and the Pacific, specifically from China, following the entry into force of the ADS agreement between China and eight African countries (Ethiopia, Kenya, Mauritius, Seychelles, Tanzania, Tunisia, Zambia and Zimbabwe) in 2004. Destinations like Mauritius and Seychelles may also still benefit in the short term from some traffic dislocated from the countries hit by the Asian tsunami.

The *WTO World Tourism Barometer* is an activity of the World Tourism Organization with the aim of monitoring the short-term evolution of tourism in order to provide the tourism sector with adequate and timely information.

The *WTO World Tourism Barometer* is published three times a year (January, June and October). At the outset it contains three permanent elements: an overview of short-term tourism data from destination and generating countries and air transport; the WTO Panel of Tourism Experts with a retrospective and prospective evaluation of tourism performance; and selected economic data relevant for tourism. The objective for future editions of the *WTO World Tourism Barometer* will be to extend the content and improve coverage gradually over time.

The *WTO World Tourism Barometer* is prepared by the Market Intelligence and Promotion Department of the WTO. The WTO Secretariat wishes to express its sincere gratitude to all who have participated in the elaboration of the *WTO World Tourism Barometer*, in particular all institutions that supplied data and the members of the WTO Panel of Tourism Experts, for their valuable and decisive contribution.

See also the Facts & Figures section of the WTO website at www.world-tourism.org/facts/wtb.html for more information and previous issues.

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

The Economic Environment

Towards the normalization of the world economy?

According to advance figures released by the International Monetary Fund (IMF), world GDP grew substantially in 2004, quite possibly over 5%. Over the past year, news regarding the main business groups was consistently upbeat, a fact that was reflected in many stock markets around the world. The basic economic growth forecasts for 2005 released by the IMF in the September issue of the *World Economic Outlook* (www.imf.org/external/pubs/ft/weo/weorepts.htm) were presented in a table in last October's issue of the *WTO World Tourism Barometer*. The June 2005 issue will include IMF's updated estimates for this year and its preliminary forecast for 2006.

In 2005, the world economy is expected to grow by around 4%. Although this figure is one percentage point lower than that for the previous year, it remains above the average for the past four years. As in 2004, emerging economies, in both Asia and the Americas, could make an important contribution to world output. According to some analysts, the world economy has already absorbed the effects of the rise in oil prices in the past months.

The world economy will benefit from continued low real interest rates and stable prices. The United States' policy geared toward controlling its trade and budget deficits has sent out very positive signals. Nevertheless, compared to last year's spectacular results, more moderate growth is expected in the Asian countries and the United States.

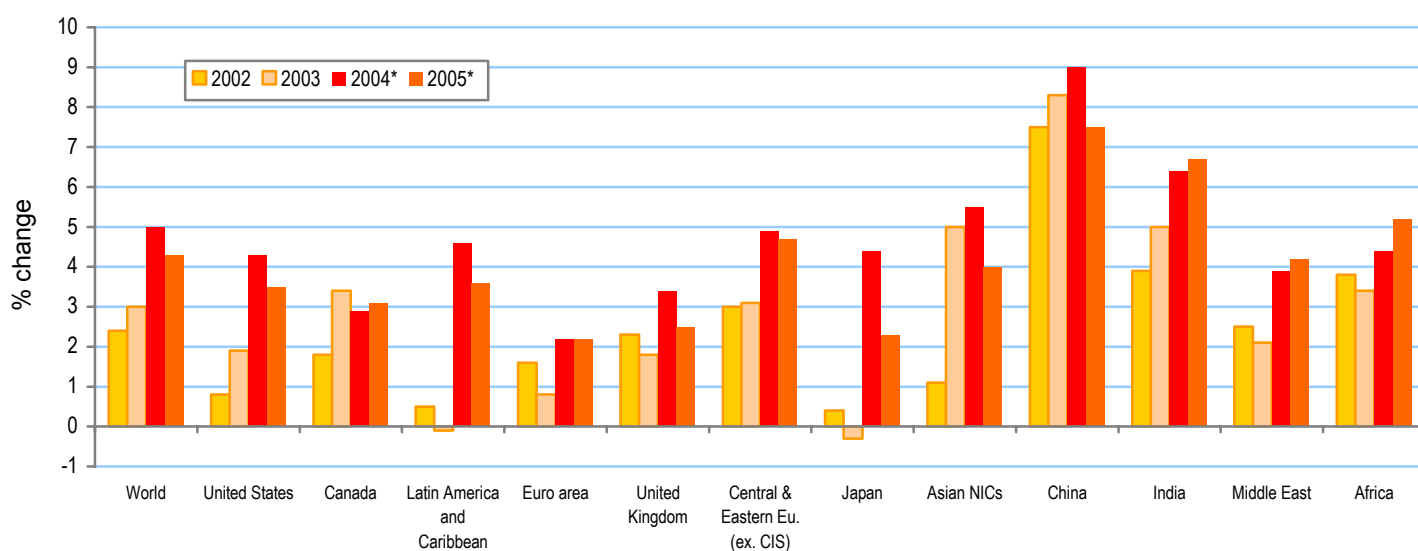
The dollar's weakness against the euro and certain Asian currencies continues to be the result of the large deficits maintained by the US economy. As a percentage of its GDP, the US budget deficit is around 4.5% and the trade deficit is at 5.5%. The dollar's current level is attracting

savings into the United States as it makes US assets more affordable. Despite everything, it is still very possible that in the expected growth environment, the US economy will still be a driving force of the world economy.

There are still persisting concerns about rising oil prices, the relative volatility of financial markets, and the slow progress of structural reforms in Europe, Asia and the Americas. Concerns about the price of oil are based on increased demand (by the United States and Asian countries), limited surplus production capacity, and certain speculative movements. Oil demand is expected to rise in 2005, and there is no clear picture of how the oil supply will react in the short term. This has led analysts to predict that the price of oil will remain above 30 dollars a barrel. Nevertheless, it seems that the effects of such price increases can be well tolerated by the affected economies considering the levels of energy efficiency achieved, the flexibility of the economies, the control on inflation expectations, and the greater velocity in recycling any extraordinary income received by certain oil exporters.

China's economy continues to be watched closely for various reasons. Special attention is being paid to its rate of development, which reached 9% in 2003 and 2004, and 8% in previous years. It seems desirable for China to post more moderate growth rates in order to avoid straining its financial system and international trade. China has purchased and consumed 35% of oil exports. Normalization of its growth would provide stability to the Asian economies that are being driven by China's development. From the monetary perspective, there are various opportunities for action on the part of the Chinese authorities with regard to the yuan's value, especially against the dollar and other Asian currencies. If the option taken is something other than maintaining the current situation, the final outcome could be a modification of the speculative dynamic regarding the dollar. Such a response could in turn favour a certain amount of depreciation of the euro against the dollar.

Growth of Gross Domestic Product (GDP, constant prices)



Source: compiled by WTO from International Monetary Fund, *World Economic Outlook*, September 2004



The economies of the euro area experienced a year of recovery in 2004, and are expected to post growth of 2.2%, also heavily influenced by the euro's valuation. On the one hand, the euro's strength has partly offset the impact of the increases in oil prices, but on the other hand, it has restrained economic development by limiting export possibilities. There have been no signs pointing to a modification of interest rates in the euro zone. Moreover, it seems that no major advances have been made in terms of correcting certain aspects of the European economy in order to improve productivity or to increase the amount of resources dedicated to research and development, except in certain countries.

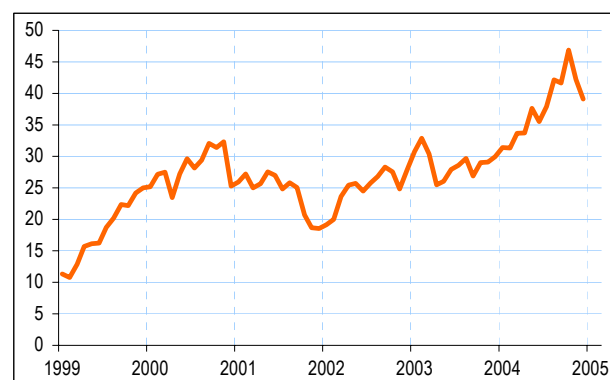
Inflation, trade and employment

The aggregate inflation indicator is expected to stay in line with the low levels that have been registered since 2002. In absolute terms, it is forecast to be a few tenths of a percentage point above 3%, which would be clearly lower than the inflation rate attributed by the IMF for the 1990s. As already mentioned in the previous issue of the *WTO World Tourism Barometer*, international trade is expected to grow by around 7% in 2004, that is, several percentage points above overall economic growth. According to forecasts by the World Trade Organization, the most dynamic sectors will be manufactured goods and certain commercial services (not including tourism and transport), while a revitalization of world trade in processed agricultural goods is also expected. The IMF forecasts 7.2% growth in world trade for 2005, which is still substantial although a point and a half lower than the IMF figure for 2004.

In such an environment of stability and growth, it is but normal for the IMF to forecast a reduction in the unemployment rate, which is expected to be slightly above 6%, a figure that is very close to the rates attributed to the world economy during such dynamic years as 2000 or 2001.

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

US\$ per barrel

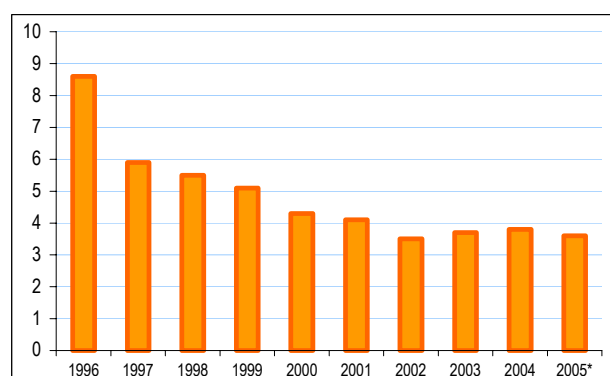


Source: International Monetary Fund

Inflation

World

%

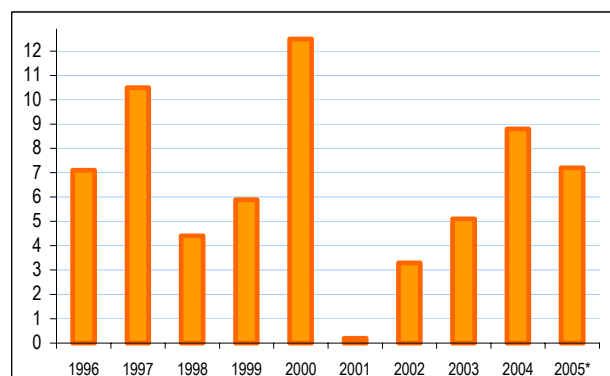


Source: International Monetary Fund

World trade volume of goods and services

World

% change over previous year

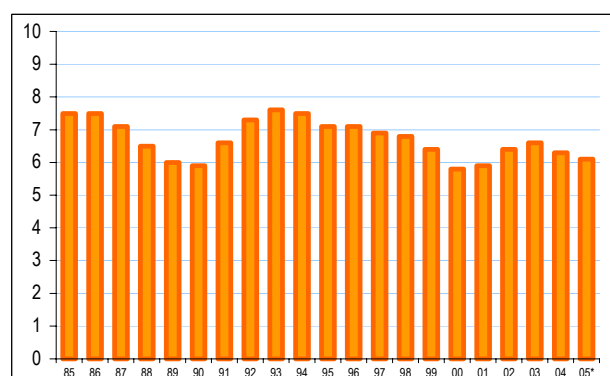


Source: International Monetary Fund

Unemployment rate

Advanced economies

%



Source: International Monetary Fund

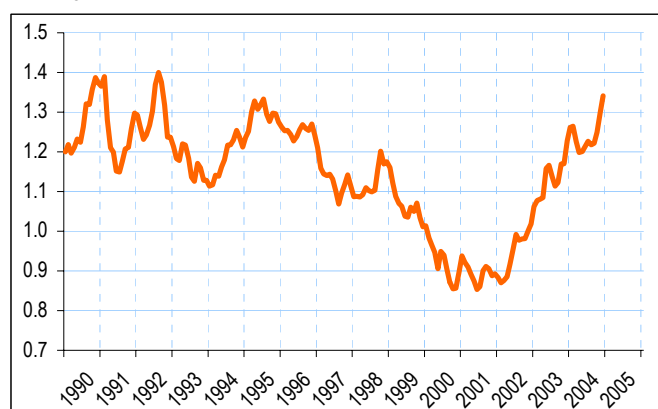
Exchange rates

The evolution of the exchange rates of the major currencies shows a generalized decline in the value of the US dollar. The corresponding table shows that already as early as 2003, almost all the currencies of major tourism destinations and generating markets gained against the US dollar, with the exception of the Mexican peso. This trend continued in 2004, but less markedly. In relative terms, the strongest gains were made by the South African rand, the Australian dollar, and the New Zealand dollar, as well as by the British pound, all of which gained between 10% and 15% against the US dollar. It is worth noting that in 2003 on average, it took 7.54 rand to buy one US dollar, while in December 2004, it only took 5.73 rand.

The other side of this equation is the strength of the euro, especially against the North American currencies, in particular, the US dollar. One euro bought 0.95 US dollars in 2002, while in December 2004 it was worth 1.34 US dollars. These figures are average values for the respective periods of reference. The euro also gained strongly against Asian currencies and other European currencies in 2003, with a moderation of the trend in 2004. The South African rand was the lone exception: in 2002 it took 10 rand to buy one euro, while in December 2004, a euro was worth only 7.68 rand. The consequences for tourism flows also seem clear: Western Europe was the European sub-region with the lowest growth in terms of tourist arrivals in 2004.

Exchange rate ECU/euro to US dollar

US\$ per Ecu/€



Source: De Nederlandse Bank

Exchange rate euro to US dollar

US\$ per €



Source: De Nederlandse Bank

Exchange rates

	Currency units per US dollar								Currency units per euro							
	Average				2004				Average				2004			
	2003	2004	%	03/02 04/03	May	Sept.	Dec.	S.-D.04	2003	2004	%	03/02 04/03	May	Sept.	Dec.	
US dollar	-	-	-	-	-	-	-	-	1.13	1.24	19.6	10.0	1.20	1.22	1.34	
Canadian dollar	1.40	1.30	-10.9	-7.0	1.38	1.29	1.22	-5.6	1.58	1.62	6.6	2.2	1.65	1.58	1.63	
Mexican peso	10.80	11.29	11.4	4.5	11.51	11.49	11.20	-2.5	12.21	14.04	33.3	14.9	13.82	14.04	15.02	
Euro	0.88	0.80	-16.4	-9.1	0.83	0.82	0.75	-8.9	-	-	-	-	-	-	-	
Danish krone	6.57	5.98	-16.4	-8.9	6.20	6.09	5.54	-8.9	7.43	7.44	0.0	0.1	7.44	7.44	7.43	
Swedish krona	8.07	7.34	-16.7	-9.1	7.60	7.44	6.70	-10.0	9.12	9.12	-0.4	0.0	9.13	9.09	8.98	
Pound sterling	0.61	0.55	-8.0	-10.8	0.56	0.56	0.52	-7.0	0.69	0.68	10.1	-1.9	0.67	0.68	0.70	
Czech koruna	28.15	25.64	-13.6	-8.9	26.63	25.86	22.85	-11.7	31.85	31.89	3.4	0.1	31.98	31.60	30.64	
Hungarian forint	224	202	-12.7	-9.8	211	203	183	-9.6	254	252	4.4	-0.8	253	248	246	
Polish zloty	3.89	3.64	-4.7	-6.4	3.93	3.58	3.08	-13.9	4.40	4.53	14.1	2.9	4.72	4.37	4.14	
Slovenian tolar	207	192	-13.5	-7.0	199	196	179	-8.9	234	239	3.5	2.2	239	240	240	
Norwegian krone	7.08	6.73	-10.9	-4.9	6.84	6.84	6.13	-10.4	8.00	8.37	6.6	4.6	8.21	8.36	8.22	
Swiss franc	1.34	1.24	-13.3	-7.7	1.28	1.26	1.15	-9.3	1.52	1.54	3.7	1.5	1.54	1.54	1.54	
Turkish lira (million)	1.50	1.43	-1.6	-4.6	1.51	1.50	1.40	-7.3	1.69	1.78	17.7	4.9	1.82	1.84	1.87	
Japanese yen	116	108	-7.3	-6.7	112	110	104	-5.7	131	134	10.9	2.6	134	135	139	
Australian dollar	1.54	1.36	-16.4	-11.5	1.42	1.42	1.30	-8.5	1.74	1.69	0.0	-2.7	1.70	1.74	1.75	
New-Zealand dollar	1.72	1.51	-20.2	-12.4	1.62	1.52	1.40	-7.9	1.94	1.87	-4.6	-3.6	1.95	1.85	1.87	
Singapore dollar	1.74	1.69	-2.6	-3.0	1.71	1.70	1.64	-3.2	1.97	2.10	16.5	6.7	2.05	2.07	2.20	
Hong Kong dollar	7.79	7.79	-0.2	0.0	7.80	7.80	7.78	-0.3	8.81	9.69	19.4	10.0	9.36	9.53	10.43	
Taiwan dollar	34.40	33.41	-0.4	-2.9	33.50	33.93	32.22	-5.0	38.91	41.56	19.1	6.8	40.22	41.45	43.20	
Korean won	1191	1144	-4.2	-3.9	1176	1148	1051	-8.5	1347	1423	14.6	5.6	1412	1403	1409	
South African rand	7.54	6.44	-28.0	-14.6	6.78	6.54	5.73	-12.4	8.53	8.01	-13.9	-6.1	8.14	7.99	7.68	

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

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

If you are interested in receiving the *WTO World Tourism Barometer* and you are not a WTO member, you can subscribe to the next three issues by electronic delivery as PDF for 60€ or by electronic delivery and as hard copy for 90€.

To order your subscription, please consult the Infoshop on the WTO webpage under the link <www.world-tourism.org/cgi-bin/infoshop.storefront/EN/product/1324-1> or contact the WTO publications section.



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



TEL.: (+34) 91 567 81 06



FAX: (+34) 91 571 37 33



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



4 EASY WAYS TO ORDER:

WTO PUBLICATIONS
CAPITÁN HAYA 42
28020 MADRID/ SPAIN