



2010: A multi-speed recovery

In 2010, world tourism recovered more strongly than expected from the shock it suffered in 2008 and 2009 due to the global financial crisis and economic recession. The vast majority of destinations worldwide reported positive and often double-digit increases, sufficient to offset recent losses or bring them close to this target. While all regions posted positive growth in arrivals, emerging economies were unarguably the drivers of this growth. The multi-speed recovery – slower in most advanced economies, much faster in most emerging and newly industrialised markets – is a reflection of the broader global economic situation, which is set to dominate trends in 2011 and the foreseeable future.

This *UNWTO World Tourism Barometer* and accompanying *Statistical Annex* present the results for international tourism in 2010 and the outlook for 2011. It updates the information disseminated through the Advance Release published in mid-January and includes 2010 full year data on international tourist arrivals for over 100 countries and on international tourism receipts for over 40 countries available at the end of February.

Quick overview of key trends

International tourism – 2010 preliminary results

- Worldwide, international tourism rebounded strongly, with international tourist arrivals up 6.7% over 2009 to 935 million. The increase more than offsets the decline caused by the economic downturn, with an additional 22 million arrivals over the former peak year 2008.
- As a reflection of the economic conditions, recovery was particularly strong in emerging economies, where arrivals grew faster (+8%) than in advanced ones (+5%).
- All world regions posted positive growth in international tourist arrivals over 2009. For the vast majority of destinations, real growth returned in 2010 or is imminent.
- At sub-regional level, this different pace of growth produced four modes of recovery, ranging from the continuous growth of destinations that bucked the crisis, through the full or partial recovery of destinations that have recorded results slightly above or below previous peaks, to destinations still under the lasting effects of the crisis.
- For most countries, data on international tourism receipts and expenditure is still incomplete at this time of the year, and it anyway tends to be provisional and is often subject to

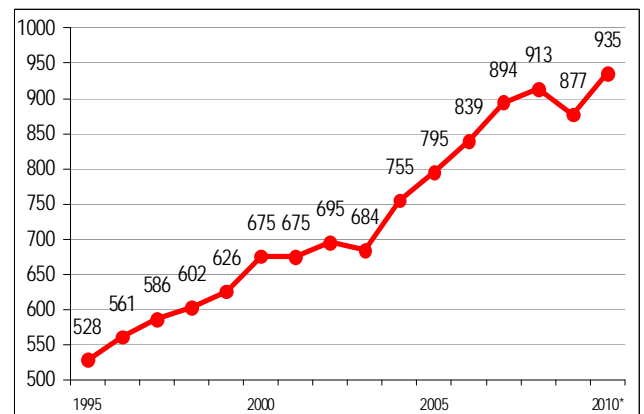
substantial revision. But preliminary results seem to confirm two trends:

- The growth in receipts lags somewhat behind that of arrivals, as is typical in periods of recovery;
 - Emerging economies are also leading the recovery in terms of the growth in expenditure abroad.
- Full recovery is confirmed by the UNWTO Panel of Experts, with its some 340 members evaluating 2010 even more highly than the positive expectations expressed one year ago (140 against 131). Panel results also reflect the multi-speed recovery: in Asia and the Pacific (160) and the Middle East (171) optimism was converted into real enthusiasm for a year marked by a quick return to growth. The other regions all received positive scores of between 130 and 140.

World: Inbound Tourism

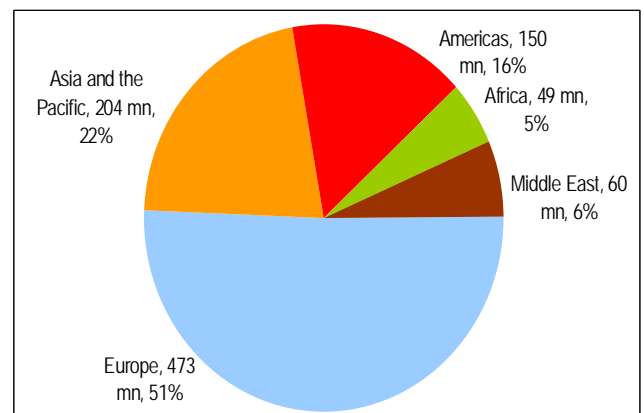
International Tourist Arrivals

(million)



Source: World Tourism Organization (UNWTO) ©

World Inbound Tourism: International Tourist Arrivals, 2010*



Source: World Tourism Organization (UNWTO) ©

- Air transport data published by the International Civil Aviation Organization (ICAO) confirms the recovery of international traffic demand, with total scheduled passenger traffic (measured in RPKs) increasing by about 8% in 2010.

Recovery has been led by international traffic (+9%), due to a strong rebound in business and leisure long-haul travel, particularly from emerging markets. The general trend is confirmed by statistics published by Airports Council International (ACI), which reports a growth of nearly 8% in international traffic and 6% for domestic passengers in 2010.

- There was a steady recovery for the hospitality industry in 2010, as reported by Deloitte based on STR Global data. Asia and the Pacific led the recovery with growth in revPAR in excess of 20% or higher overall and in major cities.

Regional results

- **Asia and the Pacific** (+13%), the first region to recover, has been growing strongly with international tourist arrivals at a new historic record of 204 million in 2010. A double-digit growth rate is a common result for destinations in this region, where international travel is boosted by a strong development of the local economies. With 23 million additional visits the region has secured a share of 22% of the international tourism market.
- Rapid growth for the **Middle East** (+14%), but on depressed figures in 2009. Boosted by intraregional travel favoured by high oil prices, the region reached 60 million arrivals.
- Growth in the **Americas** (+7%) is mostly explained by economic factors, namely the signs of recovery from the US economy and the vitality of Latin American countries. The increasing regional integration in Central and South America has also favoured recovery.
- **Africa's** 6% growth is an increase on the positive results of 2009. Supported by worldwide exposure created by the FIFA World Football Cup, hosted by South Africa, the region maintained momentum in 2010, achieving a total of 49 million arrivals.
- The effects of the crisis have been slowly fading away in **Europe** (+3%), the region hardest hit. But the closure of its airspace in April and uncertainty about the economy have not helped to speed up recovery in the region. Outstanding performances of some large destinations (e.g. Germany +11% and Turkey +6%) as well as of emerging ones (as in the Balkans and South Caucasus) contrast with the region's average growth.

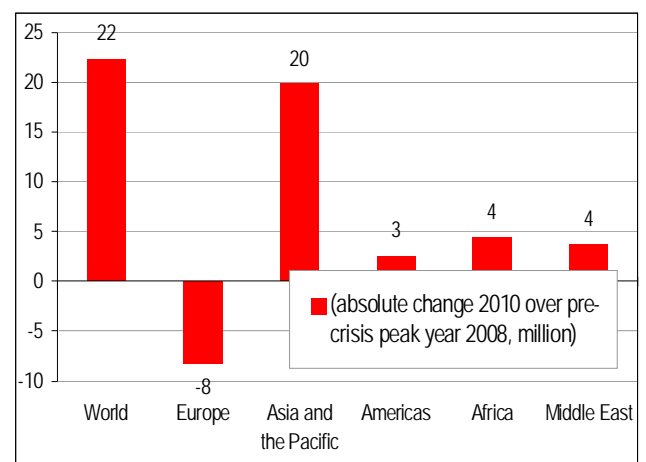
Prospects for 2011

- Growth is set to continue in 2011, yet at a more moderate pace. UNWTO predicts an increase in international tourist arrivals worldwide this year in the range of 4% to 5%, somewhat above the long-term average of 4%.
- Emerging destinations, especially in Asia and the Pacific, are expected to continue leading the growth, taking advantage of a far from exhausted demand from neighbouring countries. In the advanced economies, major challenges to the projected growth are linked to the economic outlook, including high unemployment and weak consumer confidence.
- 2011's prospects expressed by UNWTO's Panel of Experts also remain very optimistic overall (139), with expectations in Asia and the Pacific (151) and in the Americas (143) at the

highest. By sector, the Tour Operators and Travel Agencies are the most optimistic about the outlook for 2011 with a rating at 146.

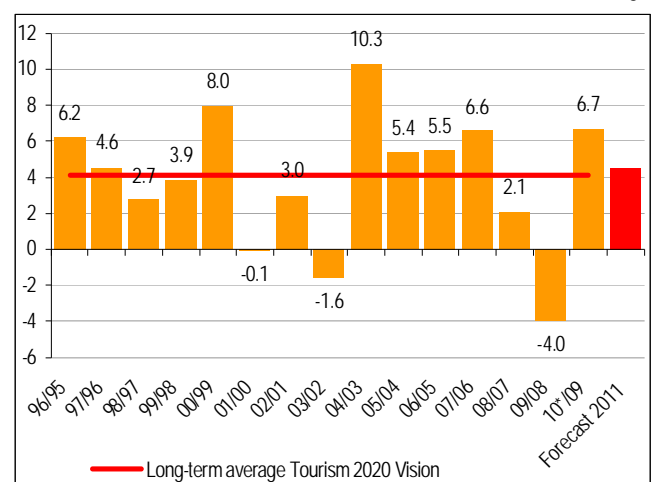
- Tourism's quick recovery in 2010 confirms the sector's resilience in the medium and long term, confirming that it is a key driver of growth and much needed employment in a changing economic setting.
- Mega-events contributed to offset the negative effects of the economic crisis, and displayed their extraordinary ability to promote and boost arrivals in emerging destinations, such as South Africa (FIFA World Cup), Shanghai (Expo 2010) and India (Commonwealth Games), as well as mature ones like Canada (Winter Olympic Games).

International Tourist Arrivals (change 2010/2008, million)



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, World (% change)



Source: World Tourism Organization (UNWTO) ©

The detailed information in the continuation of the *UNWTO World Tourism Barometer* is not included in the free excerpt of this document. The full document is available in electronic format for sale and free for UNWTO members and subscribed institutions through the UNWTO eLibrary at www.e-unwto.org/content/w83v37.

For more information on the *UNWTO World Tourism Barometer*, please refer to the Facts & Figures section on the UNWTO website at www.unwto.org/facts.

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Inbound Tourism: short-term trends 2010

World

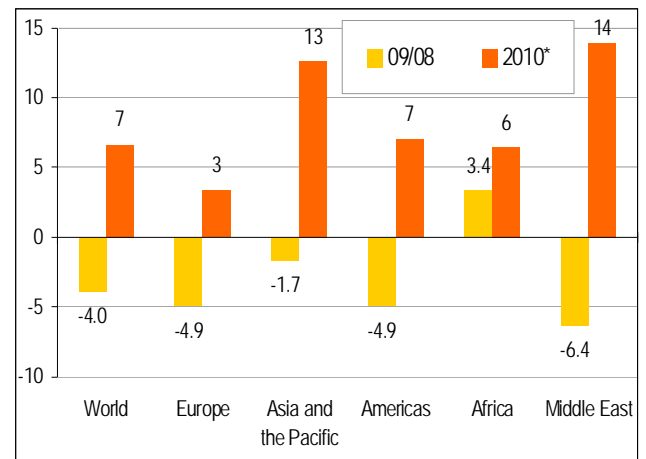
In 2010, world tourism recovered faster than expected from the shock it suffered in 2008 and 2009 due to the global financial crisis and economic recession. International tourist arrivals increased by almost 7% to 935 million, following the exceptional 4% decline in 2009. However, recovery came at different speeds and was primarily driven by emerging economies.

Growth positive in all world regions in 2010

Around two thirds of all countries monitored by UNWTO, and virtually all major destinations, have now reported data on international tourist arrivals for at least nine months of 2010. And, of these, the majority are showing positive growth figures, with many in double digits. Over 100 countries already reported full year results. Of those, 16 were still negative (16%), while 86 show positive figures (84%), of which 38 are in double digits (37%).

Based on this sample of destinations, arrivals growth worldwide for 2010 is estimated to have been 6.7%. The number of international tourist arrivals is estimated to have reached 935 million, up 59 million over 2009's 877 million, and 23 million (+2.5%) more than during the pre-crisis peak year 2008 (913 million). Emerging economies recovered more quickly and more resoundingly, leading the world recovery with a growth rate of 8% compared with 5% for advanced economies. In line with the broader economic situation, the tourism sector is now seeing varying speeds of recovery and growth across the world and this trend is expected to persist for the foreseeable future.

International Tourist Arrivals (% change)



Source: World Tourism Organization (UNWTO) ©

Estimated full-year results were positive in all world regions. In Asia and the Pacific the downward swing started early, but the impact of the crisis was relatively limited and short-lived. For the full 12 months of the year, the region posted a remarkable 13% growth – a rate that reflects the double-digit growth posted by almost every destination in the region, many of which even exceeded 20%. Thanks to this spectacular performance, which was much greater than needed to compensate for the modest 2% decline in 2009, the region's share of world arrivals has risen by one percentage point, to 22%.

The Middle East was the fastest growing region in 2010 (+14%), but this followed a significant drop in 2009 (of -6%). Almost all the region's individual destinations reported 10% or higher growth. Africa (+6%), the only region to achieve an increase in 2009 (of 3%), increased its momentum, boosted by the worldwide exposure created by the FIFA World Football Cup hosted by South Africa.

In the Americas (+7%), growth was strongest in South America (+11%) followed by North America (+7%) – just above the world average – while, in Central America and the Caribbean (+4% each), it was slightly less impressive but nonetheless satisfactory.

Europe (+3%) is recovering at a slower pace than other regions, mainly due to the uneven economic recovery and impacts such as the closure of European airspace due to the volcanic ash cloud in April and the adverse weather conditions in December. However, most destinations reported positive figures, in particular in Western Europe (+5%), Central and Eastern Europe (+4%) and Southern and Mediterranean Europe (+3%). Northern Europe (-0.1%) is the only sub-region in the world still showing a slight negative result, pulling the average for the region down.

Multi-speed recovery for international tourism

The tourism sector gained momentum from June, when monthly volumes across the world started to reach new record levels, exceeding those of the same month in

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

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

The *UNWTO World Tourism Barometer* is prepared by UNWTO's Tourism Trends and Marketing Strategies Programme, with the collaboration of consultants, Nancy Cockerell and David Stevens. The UNWTO Secretariat wishes to express its sincere gratitude to all those who have participated in the elaboration of the *UNWTO World Tourism Barometer*, in particular all institutions that supplied data, and to the members of the UNWTO Panel of Tourism Experts for their valuable contributions.

For more information on the *UNWTO World Tourism Barometer*, including copies of previous issues, please refer to the Facts & Figures section on the UNWTO website at www.unwto.org/facts/menu.html.

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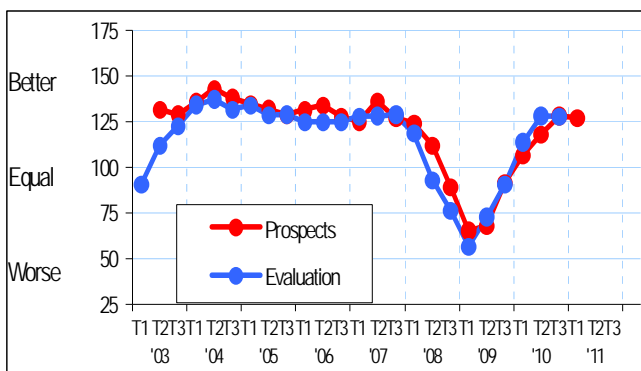
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previous years. Uncertainty was still a dominant factor in the first half of 2010, with high growth rates merely due to the very depressed base of the previous year, together with a disappointing slowdown in April (+2%), when the ash clouds from the Icelandic volcano's eruption caused the closure of European airspace.

In the second half of the year the growth rate was anticipated to slow, as comparisons were no longer against a low base in the same period of the previous year. However, growth remained stronger than expected, in particular in the shoulder season months of September and October. This could be explained, on the one hand, by the resurgence of business tourism and, on the other, by additional leisure travel outside the main season. More countries have now reported data for December, confirming that demand for travel to and from Europe was hampered the adverse weather conditions in North America and Europe. And the impact was also felt in other regions.

It is now finally possible to clearly assess the impact of the financial crisis and economic recession on tourism. From August 2008 through October 2009, monthly arrivals recorded consistent declines, with the biggest decline in March 2009 (-12%). This was followed by a sharp rebound (on a seriously depressed base), creating an almost perfect V-shape. A comparable V-shape can be seen in the four-monthly scores for prospects and evaluation as reflected by the UNWTO Panel of Experts' Confidence Index, which first fell sharply and then climbed up again out of the trough in an equally sharp curve.

UNWTO Panel of Tourism Experts

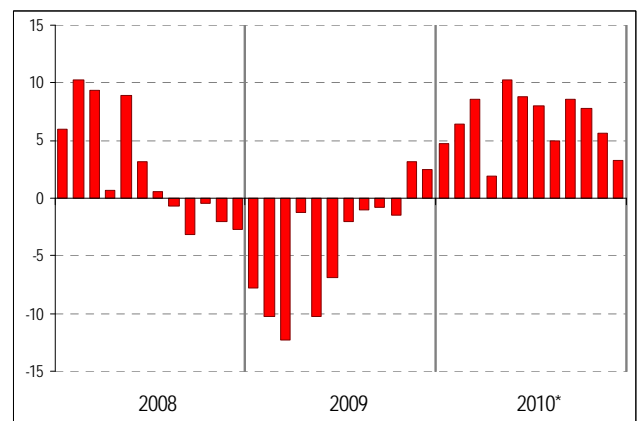


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For most regions, the shape of the downturn has been very similar, but with considerable variations in depth and length of the 'V'. In Europe, the period of consecutive months of negative growth lasted 19 months, from July 2008 to January 2010, with a low of -16% in March 2009. In Asia and the Pacific, the downturn lasted just 12 months from August 2008 to July 2009, with a low of -11% in February 2009. The Americas experienced 13 consecutive months of negative growth, from September 2008 through September 2009, with a low of -13% in March 2009. In the Middle East and Africa the pattern was a bit more irregular. The Middle East had a sharp but short decline from January to May 2009, and Africa had some negative months but with no real downturn overall.

International Tourist Arrivals, monthly evolution

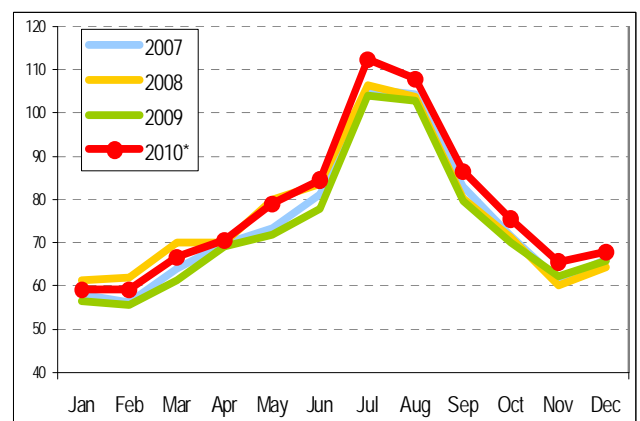
World (% change)



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

World (million)



Source: World Tourism Organization (UNWTO) ©

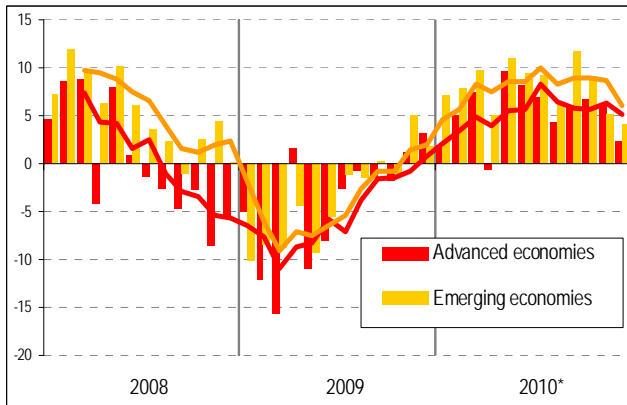
Sub-regional results clearly reflect this multi-speed recovery. The different pace of growth shows the existence of four groups:

- Sub-regions that reported continuous growth over the past years: North and Sub-Saharan Africa and South-East Asia;
- Sub-regions that were negatively affected by the crisis but which made up for the losses in 2010 and are back at, or have exceeded, pre-crisis levels: North-East and South Asia, Oceania, North and South America, the Caribbean and Western Europe;
- Sub-regions that recovered in 2010, but whose rates of growth only partially compensated for lost tourist flows of previous years: Central America, Central and Eastern Europe, Southern and Mediterranean Europe; and finally
- Sub-regions exposed to the enduring effects of the crisis and continuing to post negative results in 2010: Northern Europe.

In retrospect, one can say that tourism has once again proved to be a reasonably resilient sector. Nevertheless, the recession seriously tested industry stamina and resolve and demonstrated more than ever the need for countries to

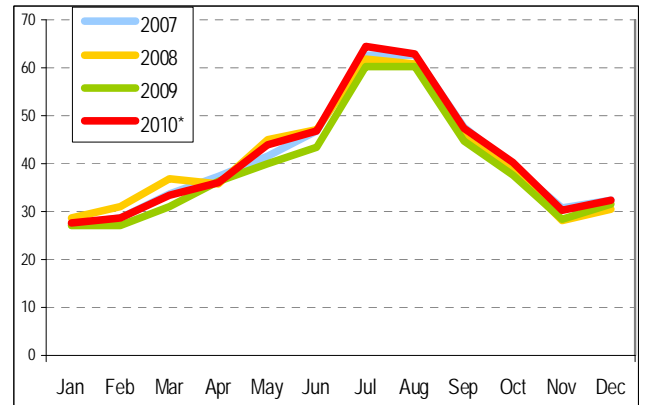
work more closely together – as well as more effectively – towards optimisation of the tourism value chain. This will ensure we increase our competitiveness and respond more effectively to challenges such as those seen in 2010 and the new ones emerging at the start of 2011.

International Tourist Arrivals, monthly evolution
Advanced economies & Emerging economies (% change)



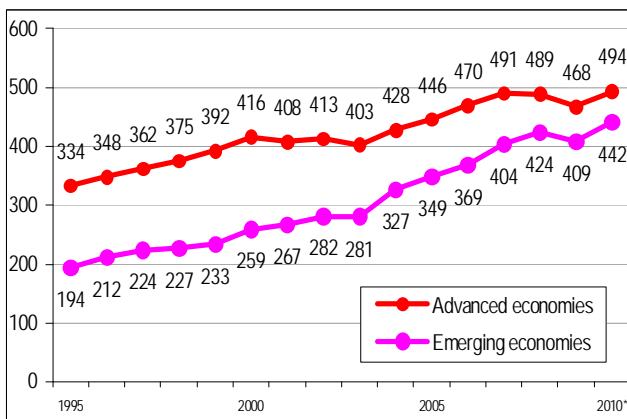
Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution
Advanced economies (million)



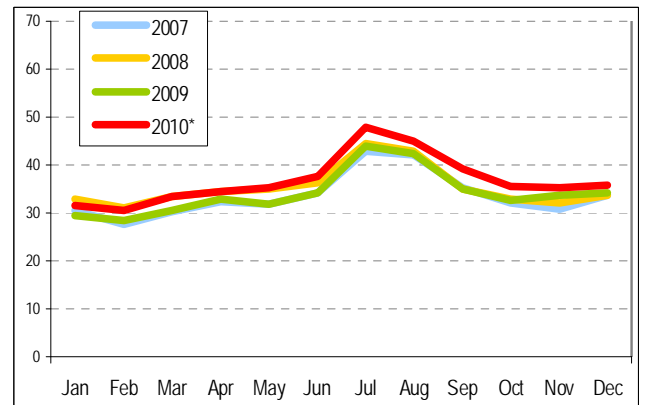
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Advanced economies & emerging economies: Inbound Tourism
International Tourist Arrivals (million)



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution
Emerging economies (million)



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals by (Sub)region

	Full year						Share Change				Monthly/quarterly data series (percentage change over same period of the previous year)											
	2000	2005	2007	2008	2009	2010*	2010*	08/07	09/08	10*/09	2010*				2009							
	(million)						(%)			(%)	Q1	Q2	Q3	Q4	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4
World	675	795	894	913	877	935	100	2.1	-4.0	6.7	6.6	7.1	7.0	5.6	8.5	7.8	5.6	3.3	-10.2	-6.3	-1.3	1.2
Advanced economies	416	446	491	489	468	494	52.8	-0.3	-4.3	5.5	5.0	6.0	5.7	5.1	5.9	6.7	6.2	2.3	-11.4	-6.3	-1.6	0.6
Emerging economies	259	349	404	424	409	442	47.2	5.0	-3.5	8.0	8.3	8.5	8.8	6.0	11.8	9.0	5.1	4.0	-9.2	-6.5	-0.8	2.1
<i>By UNWTO regions:</i>																						
<i>Europe</i>	385.7	435.0	478.4	480.9	457.2	472.7	50.5	0.5	-4.9	3.4	1.8	2.8	4.1	4.2	5.3	5.7	5.9	0.6	-12.5	-6.8	-1.3	-2.2
Northern Europe	43.7	52.8	58.1	56.4	53.4	53.3	5.7	-2.9	-5.5	-0.1	-5.2	-2.7	2.6	3.0	-0.9	6.1	6.0	-3.3	-11.6	-5.9	-4.2	-0.7
Western Europe	139.7	141.7	153.9	153.2	148.6	155.7	16.6	-0.4	-3.0	4.8	3.1	5.1	5.4	4.8	8.1	7.0	6.1	1.1	-11.9	-4.6	2.0	-1.6
Central/Eastern Eu.	69.3	87.5	96.6	100.0	90.2	94.0	10.1	3.6	-9.9	4.3	0.7	4.3	5.2	5.9	5.6	6.1	6.8	4.8	-14.4	-12.9	-6.6	-8.1
Southern/Mediterr. Eu.	133.0	153.1	169.8	171.2	165.1	169.6	18.1	0.8	-3.6	2.7	4.0	1.9	2.8	3.0	4.5	4.4	5.0	-1.9	-12.1	-5.6	-0.7	0.8
<i>Asia and the Pacific</i>	110.1	153.6	182.0	184.1	181.0	203.8	21.8	1.1	-1.7	12.6	13.2	15.5	14.0	8.3	13.1	10.3	8.8	6.1	-7.5	-6.3	0.7	6.5
North-East Asia	58.3	85.9	101.0	100.9	98.0	111.6	11.9	0.0	-2.9	13.8	11.4	21.0	15.6	7.9	14.7	9.8	8.2	5.7	-7.6	-7.5	-0.5	4.1
South-East Asia	36.1	48.5	59.7	61.8	62.1	69.6	7.4	3.5	0.5	12.1	16.4	9.5	13.2	9.7	11.7	12.9	9.0	7.7	-7.1	-5.5	3.5	11.7
Oceania	9.6	11.0	11.2	11.1	10.9	11.6	1.2	-0.9	-1.6	6.0	6.3	4.0	8.6	4.7	7.5	3.5	7.2	3.8	-5.7	-3.1	-0.7	2.8
South Asia	6.1	8.1	10.1	10.3	9.9	11.0	1.2	1.1	-3.4	10.9	18.0	9.7	8.0	8.1	11.0	7.7	13.7	3.5	-11.9	-1.6	-3.1	3.3
<i>Americas</i>	128.2	133.3	143.9	147.8	140.5	150.4	16.1	2.7	-4.9	7.1	5.1	8.0	9.7	5.0	7.6	8.4	4.6	2.6	-7.2	-7.5	-5.7	1.3
North America	91.5	89.9	95.3	97.7	92.1	98.7	10.6	2.6	-5.8	7.2	4.6	10.2	9.1	4.3	6.2	8.2	3.7	1.4	-7.7	-9.6	-5.7	0.1
Caribbean	17.1	18.8	19.9	20.1	19.5	20.2	2.2	1.0	-2.7	3.6	5.8	0.9	4.3	2.9	5.0	4.6	1.8	2.5	-8.1	-2.4	0.1	2.9
Central America	4.3	6.3	7.8	8.2	7.6	7.9	0.8	6.4	-7.4	3.8	5.5	6.5	4.2	-0.7	-0.4	3.1	-2.2	-1.9	-8.5	-10.8	-7.5	-2.7
South America	15.3	18.3	21.0	21.8	21.3	23.6	2.5	3.8	-2.2	10.7	5.9	5.8	20.4	11.5	19.7	13.4	12.6	9.1	-4.7	0.1	-10.2	6.7
<i>Africa</i>	26.5	35.4	43.2	44.4	45.9	48.8	5.2	2.7	3.4	6.4	5.8	7.2	5.6	7.2	11.3	8.7	5.6	7.2	2.4	12.2	4.6	-5.0
North Africa	10.2	13.9	16.3	17.1	17.6	18.7	2.0	4.8	2.5	6.2	9.3	4.4	4.1	9.3	17.5	14.0	6.3	6.9	2.3	7.6	-1.6	4.5
Subsaharan Africa	16.2	21.5	26.9	27.3	28.3	30.2	3.2	1.5	3.9	6.5	4.2	9.1	6.9	6.1	7.7	5.7	5.3	7.4	2.4	15.5	10.6	-9.1
<i>Middle East</i>	24.9	37.8	46.9	55.9	52.3	59.7	6.4	19.2	-6.4	14.2	19.1	17.7	16.1	5.2	29.6	13.3	-1.3	6.9	-21.1	-11.2	1.1	10.8

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(Data as collected by UNWTO February 2011)

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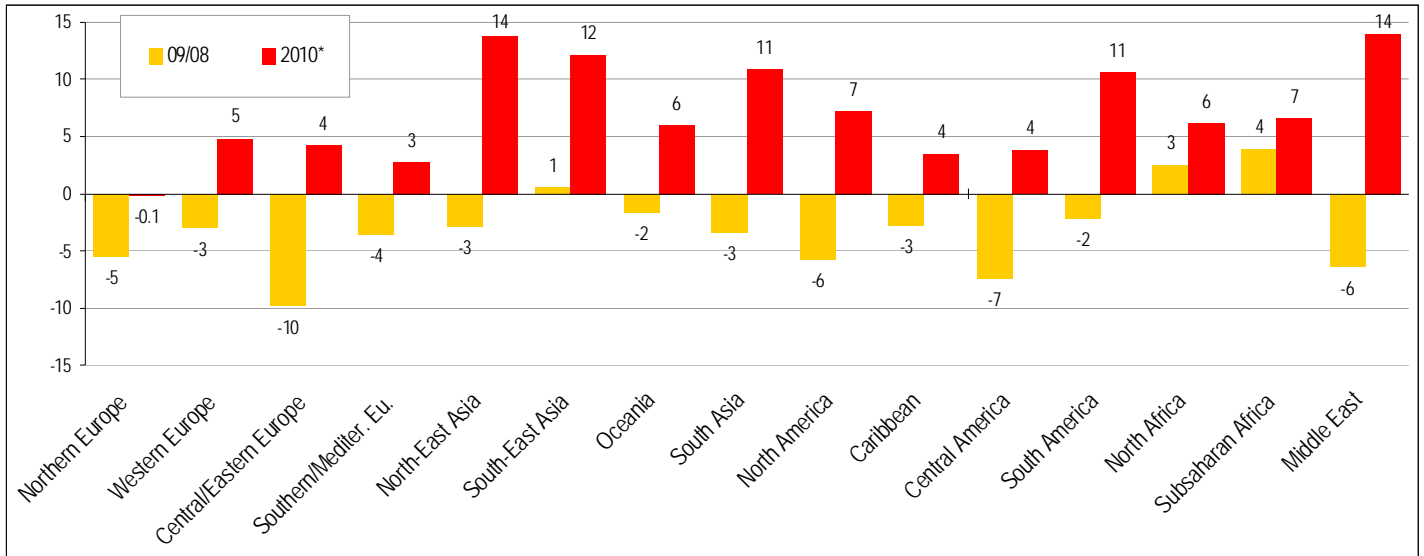


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International Tourist Arrivals

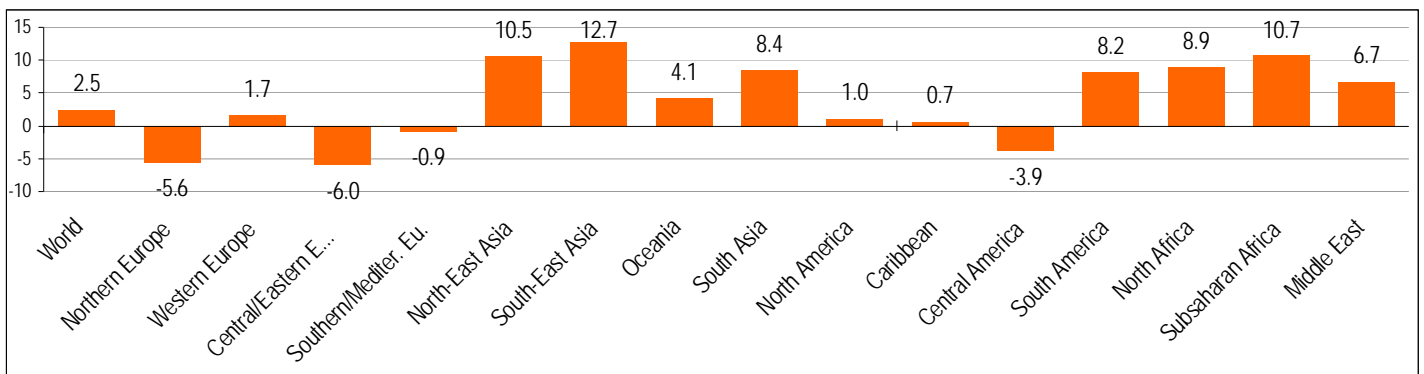
(% change over same period of the previous year)



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals

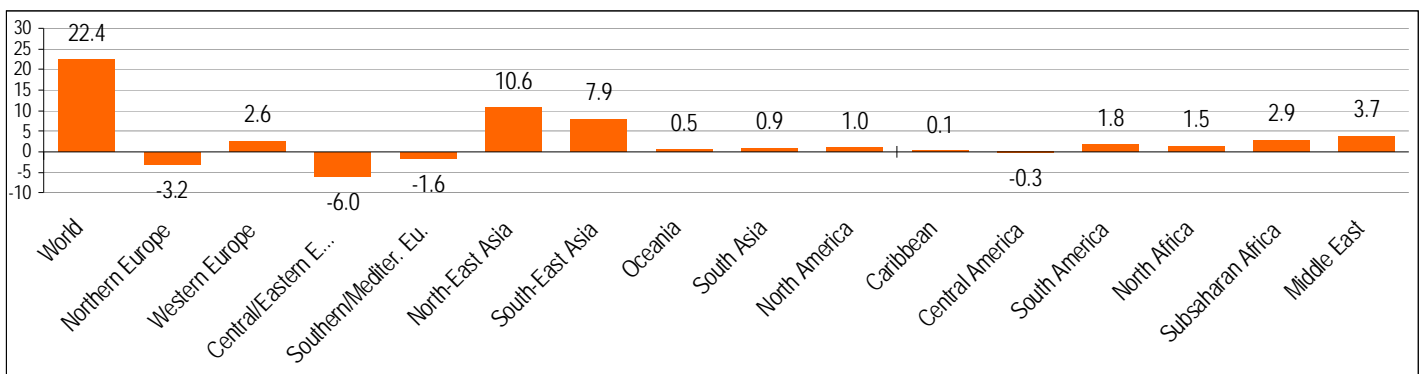
(% change 2010 over pre-crisis peak year 2008)



Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals

(absolute change 2010 over pre-crisis peak year 2008, million)



Source: World Tourism Organization (UNWTO) ©

Growth in receipts continues to lag arrivals

At this moment of the year many countries still have to report fourth quarter data on international tourism receipts and, since this data is usually only provisional, it is often subject to substantial revision. Moreover, in order to carry out a comprehensive analysis, exchange rates and inflation also need to be taken into account. This will be completed by the time the next issue of the Barometer is published.

In the meantime, preliminary results would seem to confirm that the growth in international tourism receipts is continuing to lag that of arrivals – a typical occurrence in periods of recovery. This is because, following major shocks, volume (arrivals) tends to recover faster than income (receipts), as competition is tougher and suppliers make serious efforts to contain prices, with tourists also tending to travel closer to home and for shorter periods of time.

It is too early to estimate global tourism receipts for 2010, but there is no doubt that the year saw growth over 2009's US\$ 851 billion – as with arrivals driven primarily by the performance of emerging and newly industrialised economies, such as Singapore (+41%), Hong Kong (China) (+40%), Argentina (+28%), Taiwan (pr. of China) (+27%), India (+18%), Egypt (+16%), Thailand (+16%), China (+15%), Indonesia (+13%) and Brazil (+12%). Among the advanced economies there were Israel (+28%), Japan (+20%), the Netherlands (+11%), Portugal (+10%), United States (+10%) and Norway (+9%) that turned in the strongest results.

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

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

Top destinations by arrivals and receipts

So far, of the top 50 destinations by international arrivals and receipts, only just over half have reported 2010 full year data, so the ranking is still very provisional. A more complete table is planned to be included in the Interim update planned for April. Nevertheless, even based on incomplete data, a few clear trends are visible.

Only one of the top ten by arrivals, the UK, registered a decline – of a relatively modest -1% – and provisional figures for the top 50 reveal only one other destination in negative growth figures, Ireland (-13%). Lower down the rankings there have been a number of changes as more emerging tourism destinations catch up with the traditional favourites. Among those countries attracting double-digit growth, the following should be highlighted: Japan, Taiwan (province of China), Vietnam, Hong Kong (China), Macao (China), Thailand, Singapore, the Republic of Korea and Indonesia (in Asia and the Pacific); Argentina in Latin America; Egypt, Saudi Arabia, the Syrian Arab Republic and Jordan in the Middle East; and Morocco and South Africa in Africa.

The significant change among the first ten by international arrivals is the rise of China to third position, ousting Spain, after overtaking both the UK and Italy during the past few years. Of the mature destinations among the first 10, a few bucked the trend last year, achieving growth rates well above average. Germany recorded an 11% increase in arrivals, followed closely by the USA with around 10%. France, the United States, Italy and the United Kingdom still have to report full year data for the indicator tracked for this list. However, given distances between the countries and the trend recorded so far, it is not likely that there will be further changes.

Among the world's top ten destinations, ranked according to their international receipts, provisional figures suggest the strongest growth was recorded by Hong Kong (China) (+40%), China (+15%) and the USA (+10%). Spain, in second position, also achieved good growth, of 4% over the previous year, as well as Germany (+5%). Turkey (-2% in US\$), France (-1%) and the UK (-1% through September) were the only countries among the top ten to record declines.

China (+15%) is also expected to move up the receipts ranking, overtaking Italy (+1% through November), though the latter still has to report full year data. Moreover, among the top ten, it is likely that Australia (+1% but earning much more in US dollar due to a substantial appreciation of the Australian dollar) and Hong Kong (China) will move up one or more places.

International Tourism Expenditure 2010

Make way for China

It is a challenge to make a reliable assessment of 2010's performance with regard to outbound tourism at this time, as only some 20 of the 50 largest outbound markets by expenditure on international tourism have reported full year data and for most markets fourth quarter data is still missing. Nevertheless, in line with trends in international arrivals and receipts, the growth in international tourism expenditure clearly reflects the better-than-expected recovery in demand last year.

Of the 45 countries that have reported trends through the month of September 2010, only nine reported declines (in local currencies) in expenditure on tourism abroad, while at least 14 registered double-digit increases.

Among the top ten, the Russian Federation showed the strongest growth, up 26% – admittedly, following a 13% drop in spending in 2009 – followed by China, up 17%. After two years of declines, Japan also moved into positive growth figures, although many destinations had already lost faith in the market's potential, reducing their marketing and promotional spend in Japan, or withdrawing completely (on a temporary basis) from the market. The UK was the only market among the first ten to record a fall in expenditure (-4%) – due, once again, to the weak economy and pound sterling.

As far as the ranking of leading spenders on tourism is concerned, according to available data the top ten might show a few changes, with China likely move into third place, overtaking the UK, and Canada (+10%) and Japan (+6%) overtaking Italy (+2% through September).

Further down the list, it is again the emerging economies that stand out (in order of market size): Saudi Arabia (+28%), Republic of Korea, (+17), Hong Kong (China) (+12), Brazil (+51), Taiwan (pr. of China) (+20), Malaysia (+11), Indonesia (+15), Turkey (+16), Argentina (+14), South Africa (+15), Ukraine (+12) and the Philippines (+35).

Nevertheless, caution should be taken in comparing markets at this stage. While the year-to-date changes are expressed in local currencies at current prices (with no account taken of relative inflation), the absolute volumes of international tourism expenditure are measured in US dollars. Last year's volatile currency markets could therefore have had a significant impact on relative rankings. In April, by the time most countries will have reported full year data, trends in international tourism expenditure will have become much clearer.

About receipts and expenditure data

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

With financial data measured in different currencies it is fairly complicated to accurately determine variations in relative terms, as receipts have to be expressed in a common currency like the US dollar or the euro and generally are also reported at current prices, thus not taking account of exchange rate fluctuations and inflation.

Exchange rate changes can substantially influence the amount of US dollars reported from year to year. When the dollar depreciates against for instance the euro, worldwide receipts expressed in dollars relatively increases, and vice versa in the case of appreciation of the dollar. On average for the year, in both 2010 and 2009 the US dollar (and pegged currencies such as from some destinations in the Caribbean or the Middle East) appreciated some 5% against the euro, while in 2008 the dollar depreciated 7% and in 2007 8%. Over the two years 2005 and 2006, the US dollar and the euro maintained a fairly steady exchange rate, although both currencies did fluctuate against a range of other currencies. On average for the year, in 2010 one euro exchanged at US\$ 1.3257, in 2009 one euro exchanged at US\$ 1.3948, in 2008 at US\$ 1.4708, in 2007 at 1.3705, in 2006 at 1.2556 and in 2005 at 1.2441 (or 1 US\$ to 0.7543 euro on average for 2010, 0.7169 euro in 2009, 0.6799 euro in 2008, 0.7297 euro in 2007, 0.7964 euro in 2006 and 0.8038 euro in 2005).

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

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

Evaluation by UNWTO's Panel of Tourism Experts

UNWTO Tourism Confidence Index also back at pre-crisis level

The 340 or so UNWTO Panel of Experts members from over 100 countries and territories that responded to the panel survey conducted end of December and beginning of January have corroborated the positive results registered in international tourism in 2010. Their evaluation of last year's performance, at an average of 140, is almost double the rating they gave for crisis-year 2009 (72), and is well above the 'neutral' 100. It also significantly exceeded expectations expressed at the beginning of the year (131).

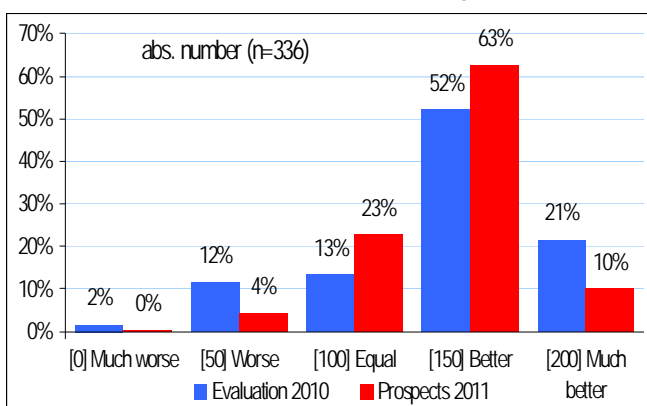
Expectations for 2011 remain very bullish (139), reflecting a continuation of the present rhythm of growth, despite the persistent uncertainties linked to the global economic outlook. (It should however be noted that the large majority of responses from UNWTO's Panel of Experts were submitted before the popular uprisings in North Africa and the Middle East.)

The multiple-speed recovery is reflected in experts' opinions from different world regions, yet the respective scores are all well above the equivalent scores evaluating the past two years' performance. The Middle East heads the ranking, with a rating of 171 for 2010, the highest recorded to date for any region since the Barometer Confidence Index was launched in 2003. In Asia and the Pacific (with 160), optimism was converted into real enthusiasm for a year marked by a quick return to high-speed growth. The scores for the three other regions fall between 130 and 140, with the Americas at 135, Africa at 132 and Europe at 131, while the Global Operators evaluated 2010 with a score of 145.

Overall, evaluations were also well above the prospects expressed at the beginning of the year. In the Middle East, the evaluation exceeds the earlier prospects by a whopping 34 points, while the equivalent difference is 14 points (higher) in Asia and the Pacific, 13 in Europe, and 11 points higher in the case of Global Operators. Only in the Americas and Africa did the evaluation fall short of the Panel's, admittedly quite high, expectations at the beginning of the year, lagging behind the forecasts by, respectively, 4 and 11 points.

2010 was scored more highly by experts in the public sector (147) than by those in private sector (134). By activity, Destinations (150) and Transport companies (140) were the most upbeat, followed by Consultancy, Research & Media (138) and General Industry Bodies & Other (136), while Tour Operators & Travel Agencies were, comparatively speaking, the least positive (126). Once again, with the exception of this last group for which the evaluation just equalled the score for prospects made at the beginning of last year, the ratings all reflect the widespread perception that 2010 was better than anticipated.

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

Evaluation of full year 2010

In their review of 2010, the vast majority of members of UNWTO's Panel of Experts rated the past year as 'better' (52%) or 'much better' (21%) than would reasonably be expected. Only a minority of experts felt that 2010's tourism performance was 'equal to' (13%), 'worse' (12%) or 'much worse' (2%) than 2009's. Based on a scale of 0 to 200, on which 100 means 'equal' or 'no change', the evaluations contributed to a score of 140, a level comparable to that of the boom years 2004-2007.

Expectations at the beginning of 2010 were already high (with a score for prospects of 131), but the year has clearly been judged better than expected given that the year's tourism performance is rated at nine points higher. With regard to 2011's prospects, the 139 score highlights the Panel's continuing bullish expectations.

Four-month evaluation September-December 2010

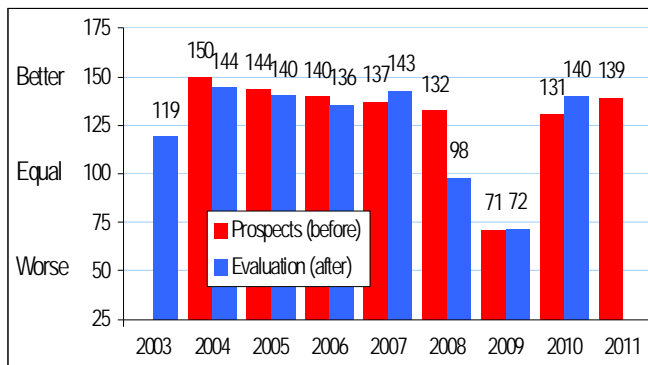
The score for the Panel of Experts' evaluation of the last four months of 2010 was somewhat lower than for the year overall – 128 instead of 140. This can partly be explained by the fact that the recovery had already set in during the final quarter of 2009, so the growth achieved was lower for some countries than earlier in the year, and perhaps erroneously perceived as less impressive. But it may also be due to everyone taking the recovery in 2010 more for granted.

By region, Asia and the Pacific and the Middle East were ranked the highest, with scores of 149 and 150 respectively. The Americas (121) Europe (124) and Africa (126) received lower scores, but these were still well above the neutral '100'.

The Public sector once again achieved a higher rating (139) than the Private sector (120), reinforced by the strong

144 score given by Destinations for tourism performance in the last four months of 2010. Below-average scores were given by Tour Operators & Travel Agencies (110), Global Operators (114), and experts from Consultancy, Research & Media (119). Experts in General Industry Bodies (127), Accommodation & Catering (126) and Transport (125) rated the September through December 2010 close to the Panel's average rating.

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

Prospects for full year 2011

The ratings by region for 2011's overall prospects show that experts in Asia and the Pacific have further increased their expectations (giving a rating for the 12 months of 151), with the Americas (143) coming in close behind. Expectations in the three other regions, while remaining optimistic – 135 for the Middle East, 133 for Africa and 132 for Europe – fall below the world average. But Global Operators seem to be pretty confident (143) regardless. The public sector (143) is again more optimistic about the outlook for 2011 than the private sector (136) – possibly because the latter is more focused on yields and profitability than volumes.

By sector, Operators and Travel Agencies surprisingly show the highest rating at 146, contrasting sharply with their 20-point lower evaluation of 2010, possibly reflecting the fact that the enduring stagnation in this segment is finally coming to an end. Destinations (144) also appear to be comparatively optimistic about their prospects in 2011, as do General Industry Bodies (141), but Transport companies (135) and Accommodation suppliers and Consultants, Research and the Media (respectively 133 and 134) are somewhat more hesitant.

Four-month prospects January-April 2011

With regard to prospects for the four months of January through April 2011, while the patterns are fairly consistent with those for the full year, the ratings are more restrained – perhaps highlighting the fact that this period coincides with the low season in many important tourism countries.

The overall score is 127 (as against 139 for the whole year) but this average, not surprisingly, masks some variations from one region and sector to another. In terms of regional scores, experts in Asia and the Pacific are the most optimistic (144), followed by those in the Americas (133) and Middle East (136). Experts in Africa rated the first four months of 2011 at 122, close to the world average. Europeans are even less confident about this winter's prospects, although their rating of 119 is well above the neutral 100.

General Industry Bodies & Other (133) and Destinations (132) were the most confident about the first four months of 2011, while Transport companies were the least optimistic (110). All other sectors gave scores between 117 to 127.

See the regional sections for graphs corresponding to the respective regions.

The UNWTO Tourism Confidence Index

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

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

How to read this data

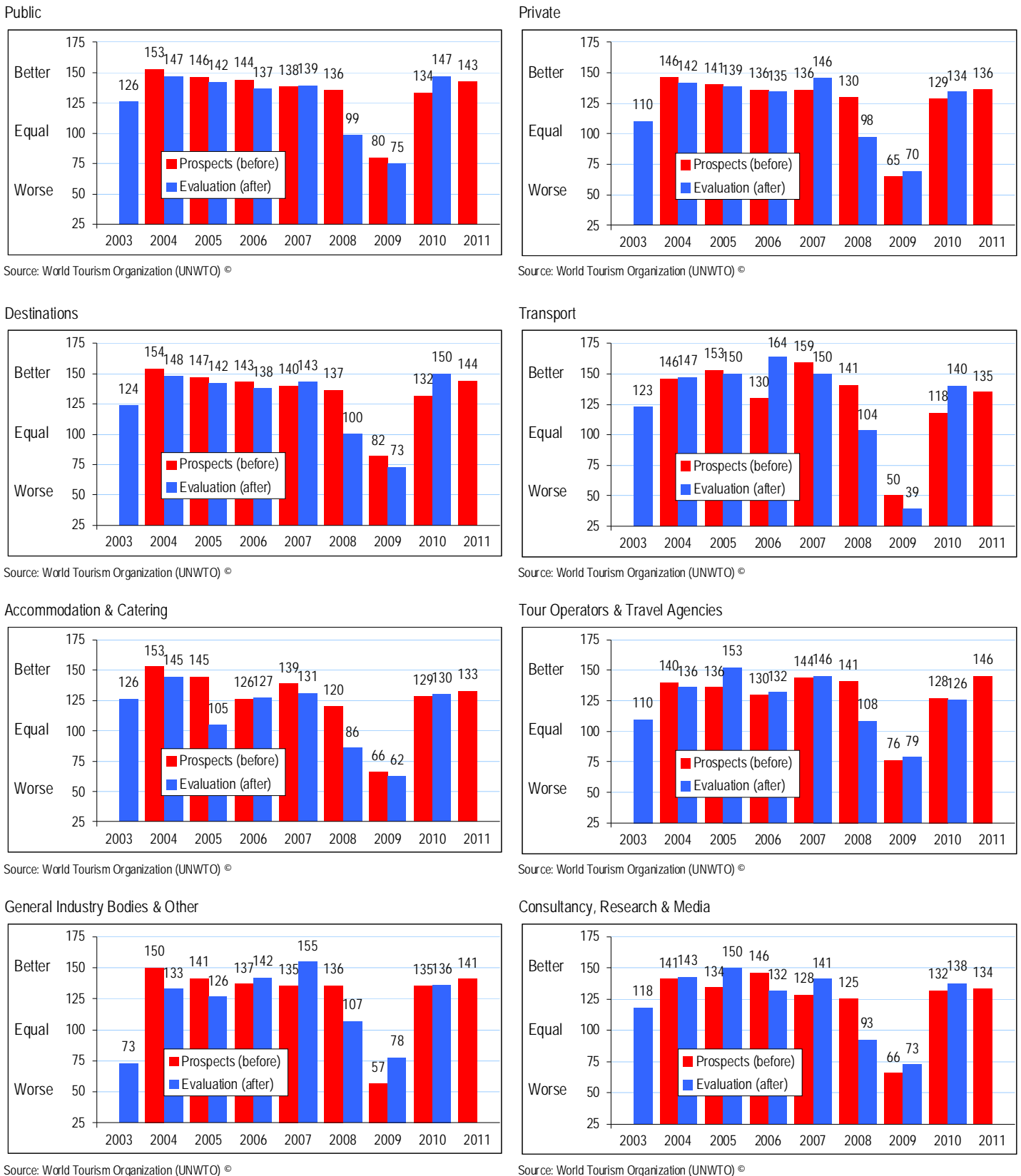
For the UNWTO *Tourism Confidence Index* members of the UNWTO Panel of Tourism Experts are asked once every four months by email to answer the following two simple questions:

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

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

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

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©

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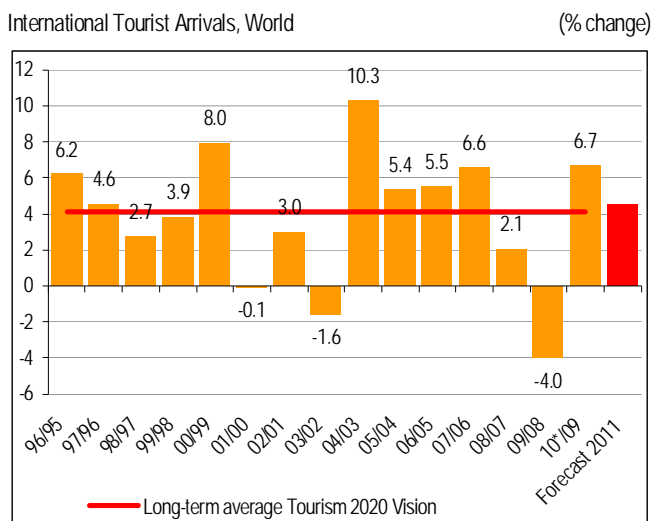
Source: World Tourism Organization (UNWTO) ©

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

UNWTO forecasts for 2011

Growth expected to continue at a rate of 4% to 5% in 2011

Following a year of global recovery in 2010, growth is expected to continue for the tourism sector in 2011, but at a slower pace. UNWTO forecasts an increase in international tourist arrivals of between 4% and 5% in 2011 – a rate slightly above the long-term average.



Source: World Tourism Organization (UNWTO) ©

Most of the destinations that have not yet achieved a return to real growth, i.e. exceeding their pre-crisis peak levels, are expected to do so in 2011. In particular, there is room for further improvement for a number of mature destinations such as France, Spain, Italy and the UK, in which the recovery started later and is not yet fully complete.

The same applies for key source markets, in which the potential for recovery is not yet exhausted – notably Germany, the USA, the UK, Italy and Japan. For the UK, expenditure on outbound tourism even continued to decline in 2010.

The destinations that already rebounded in 2010 are expected to grow further, but growth rates will necessarily slow, as they first have to consolidate last year's volumes, and arrivals in 2011 will be compared with a much more solid performance in 2010 rather than the depressed base of 2009.

As receipts have been more affected by the crisis, and recovery has so far lagged behind the growth in arrivals, 2011 should also see a further improvement in terms of receipts.

The full-year growth of 4% to 5% projected worldwide in 2011 will continue to be driven by emerging economies' dynamism and enthusiasm for travel. The less mature destinations will further profit from their proximity

to booming markets, from which they will attract new demand.

The more mature destinations will contribute less to growth in percentage terms, as the economies of their major source markets are more constrained and therefore less dynamic, and their base is already much larger. Nevertheless, the potential of advanced economies to attract visitors from both emerging and established source markets is far from exhausted.

Outlook for International Tourist Arrivals

	2008	2009	2010	2011
	real			projection
	year, change			between
World	2.1%	-4.0%	6.7%	4% and 5%
Europe	0.5%	-4.9%	3.4%	2% and 4%
Asia and the Pacific	1.1%	-1.7%	12.6%	7% and 9%
Americas	2.7%	-4.9%	7.0%	4% and 6%
Africa	2.7%	3.4%	6.4%	4% and 7%
Middle East	19.2%	-6.4%	14.0%	7% and 10%

Source: World Tourism Organization (UNWTO) ©

Arrivals growth in Asia and the Pacific will remain solid, projected at a rate of between 7% and 9% for 2011. Vibrant economic growth is the primary driver of the tourism boom in both the business and leisure segments. The region's destinations will also show they are capable of making the best of the favourable conditions, having planned a rich calendar of events for 2011 – e.g. theme-year initiatives in Indonesia, the Republic of Korea, Nepal and Vietnam.

Early January forecasts for the Middle East also pointed to strong growth within the range of 7% to 10%. However, this was prior to the outbreak of the ongoing crisis in North Africa and the Middle East, which has resulted in two key heads of state being overthrown following demands for constitutional reform and greater freedom, with political instability and civil unrest. All this is inevitably having a serious impact on tourism demand for parts of the region, and not just in the main hot-spots. It is too early to assess the long-term impact, but our earlier forecasts will likely have to be adjusted in the course of the year.

Africa's growth could well be affected by the situation in Tunisia, Morocco and Libya, although the negative impact is likely to be less significant on overall trends for the region. Our early January forecasts were for growth of between 4% and 7% for the full year. Certainly, Sub-Saharan Africa should continue to benefit from the worldwide exposure during the FIFA World Cup last year, which provided an invaluable boost to the image not only of the host country, but also to that of other destinations in Southern Africa and even the rest of the continent. South Africa now has to prove its ability to capitalise on its improved infrastructure, increased self-confidence and the momentum generated by the mega-event. However, the

immediate challenge is the consolidation of the results achieved last year.

The Americas' growth rate is expected to be close to the world average at 4% to 6%. The region's performance will be highly dependent on the development of the US economy in 2011 and, in particular, on improved unemployment and exports' figures. South American destinations are expected to further benefit from increasing intra-regional travel, driven by enhanced economic conditions in the sub-region.

Growth rates for Europe are expected to remain below the world average at 2% to 4%, but this would still be sufficient to see return to growth for the region's tourism. In addition to the economic uncertainty in some major markets, the stability of the eurozone and policies involving budget cuts continue to be a source of major concern. The release of pent-up demand in 2011 for destinations lagging behind in recovery, such as Spain, France and the UK, could lift results towards the higher end of the range.

On the upside, the key factors are:

- The recovery and the first signs of acceleration in the economies of the emerging economies, in particular, will result in an improvement of corporate balance sheets, and increasingly dynamic trade and business worldwide.
- Pent-up demand is expected to be released for the major destinations that entered the recovery phase later, such as France, Spain and the UK.
- The multi-speed recovery is producing changes in the competitive environment, opening up opportunities for destinations that can leverage the opportunity.

But a number of significant downside risks remain:

- The economic slowdown in the UK and the problems in the periphery of the eurozone have shown that the crisis is not over yet, while most advanced economies will see slow growth at best.
- Oil and food prices could rise even more sharply than currently predicted.
- Persistent high unemployment remains a major concern, with the gradual recovery in employment expected for 2011 still too weak to compensate for the jobs lost during the economic crisis. Unemployment on the one hand directly limits the disposable income of those affected while, on the other hand, it contributes to consumer uncertainty.
- Interest rates in major advanced economies might start to rise again after having been maintained at unprecedented low levels for close to two years. However, increases are expected to be modest.
- Inflation is likely to pick up as well, especially if oil and commodity prices maintain their current upward trend.
- In advanced economies, budget cuts risk sapping the economic recovery, with a direct impact on the speed of the tourism rebound. Particularly in Europe, the introduction of austerity measures is expected to put pressure on household budgets and undermine consumer confidence, with implications for outbound tourism.

The recent trend of introducing new and/or increasing existing taxation on travel as a means of balancing public accounts represents a further challenge to the sector. While the call for fiscal consolidation is understandable, an unwise level of taxes carries the risk of seriously affecting tourism's proven capacity to stimulate job creation and economic growth, with negative impacts on countries' own economies and on the development possibilities of emerging economies.

About these forecasts

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

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

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

Regions

Europe

Results for 2010

International tourist arrivals in Europe are estimated to have reached 473 million in 2010, some 16 million (+3%) more than in 2009, but still 8 million short of the 2008 peak.

January 2010 ended a run of 19 consecutive months of negative growth. February and March showed positive growth, but the first quarter still recorded the lowest level of arrivals since 2006. In April the sector was badly affected by the air traffic disruption caused by the volcanic eruption in Iceland. The recovery gained momentum in the second half of the year, but slowed down significantly (hopefully temporary) in December because of the severe weather conditions in various countries.

The tourism recovery in Europe has been slower than in other regions of the world, for a variety of reasons, which have particularly affected intra-regional tourism flows that represent over 85% of total traffic:

- Economic growth is still slack in many countries in the region.
- Unemployment has risen and will take time to fall again; incomes are not rising and consumer confidence is fragile and often weak.
- The financial crisis is still not completely over. There are continuing doubts about the creditworthiness of some of the eurozone countries and some countries are still struggling to absorb their real-estate bubbles.
- Governments are being forced to bring in austerity measures (increases in taxation and reductions in public and social spending) to bring their deficits under control.

Nevertheless, there are pockets of strength in the European recovery. As source markets, substantial increases in arrivals from Russia, the Nordic countries, Switzerland, Poland and Italy are reported. As destinations, Germany, Turkey and Croatia, among the major ones, have set new records for arrivals by generous margins.

Some of the trends that emerged during the economic downturn seem to have become entrenched in Europe. In many destinations, domestic and cross-border travel is still more popular than longer-haul trips. Consumers book at the last minute and search the internet intensively for offers and bargains; they remain very price-sensitive. Length of stay and spending per night have both declined; all-inclusive and FIT arrangements are both popular. The luxury and economy segments have both recovered, at the expense of the middle ground.

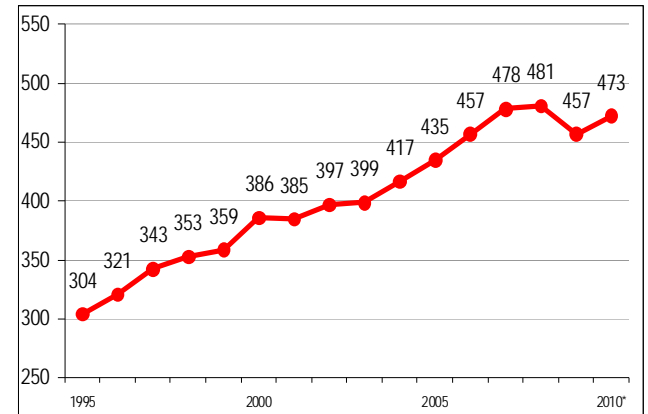
In spite of this emphasis on domestic and cross-border travel, experts are now noting a recovery in long-haul arrivals, reflecting the greater economic dynamism in other

regions of the world. Depending on the nature of individual destinations, they may be noting recoveries or large increases from the USA, Canada, Japan, China, India, Brazil, the Middle East and other emerging markets.

Europe: Inbound Tourism

International Tourist Arrivals

(million)

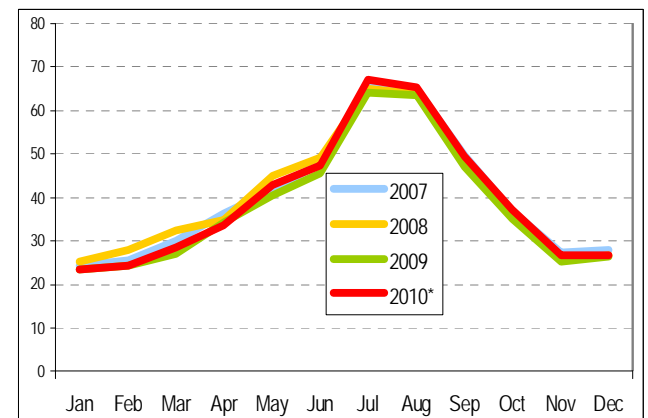


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Europe

(million)

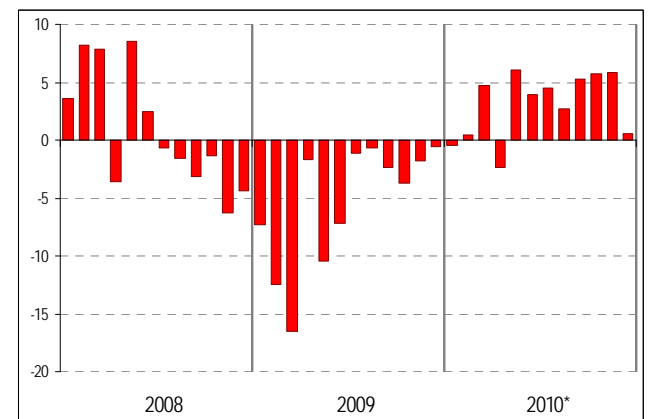


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Europe

(% change)



Source: World Tourism Organization (UNWTO) ©

Western Europe (+5%) is the only sub-region that has recovered fully from the impact of the crisis, in the sense that arrivals in 2010 exceeded those in 2008:

- Germany's performance (+11%) reflects much more than simple recovery, with arrivals exceeding 2008's record level by more than 2.5 million. The competitive tourism industry and general prosperity in Germany is generating a great deal of demand for business and leisure travel to and from Germany itself as well as to and from neighbouring destinations. Indeed, Germany's economic strength is generating a sense of optimism in the tourism industry throughout Europe, partly offsetting other concerns.
- In most other destinations, including Austria (+3%), Belgium (+6%), the Netherlands (+11%) and Switzerland (+4%, in spite of the strong Swiss franc), arrivals growth in 2010 was sufficient to bring them above those in 2008.
- The major exception was France (+3%), where any increases in both international and domestic arrivals have been erratically moderate.

Northern Europe, by contrast, was the world's only sub-region that showed no growth in 2010. However, there was a strong contrast between the continuing declines in the UK (-1%, in spite of the weak pound) and Ireland (-16%) and the strong performance in the Nordic countries (Denmark +11%, Norway +9%, Sweden +3%, Finland +4%):

- Experts in the UK are particularly concerned about the lack of buoyancy in spending on tourism by the British and other Europeans, and note that the trade is already discounting 2011 products.
- Arrivals in the Nordic countries are strong in particular thanks to nearby markets, including each other, Russia, the Baltic States and (in Denmark's case) Germany.

Central & Eastern Europe (+4%) achieved the strongest growth among Europe's sub-regions in 2010, but arrivals were still 6% short of those in 2008:

- The three Baltic States (Estonia +12%, Latvia +15% and Lithuania +8%) all reported strong increases in arrivals in 2010, but only in Estonia are they setting new records. All three are relying heavily on neighbouring markets (especially Russia and Finland): they are not yet back in fashion in the UK and Western European markets.
- Other Central European countries are finding it difficult to recover their dynamism. Local economies (except Poland) and tourism markets remain weak and arrivals are far short of their peak levels. Nevertheless, arrivals were up 5% in the Czech Republic, 5% in Poland and 2% in Slovakia. The exception is Hungary (+6% through September 2010) – but Hungary's tourism scene is rather different to its neighbours' and has long been out of phase with them.
- Bulgaria and Romania both report increases in arrivals of 5% in 2010, but in the case of Romania following a

substantial decrease in 2008-09. After an initial emphasis on low-cost beach and ski resorts, Bulgaria is now looking at a more diversified approach, focusing on natural, cultural and historical attractions and on health spas.

- Increases in arrivals from Russia are being noticed all over Europe, but inbound tourism (+3% in January-September) is still limited and not growing rapidly. Elsewhere in the Commonwealth of Independent States information is scarce, but the available figures suggest large increases in Armenia (+19%), Azerbaijan (+13% in H1 2010) and Georgia (+36%), but only a slight recovery (after a large decline) in the Ukraine.

Arrivals in Southern and Mediterranean Europe (+3%) are also still short of their 2008 peaks:

- Greece and Cyprus, both in need of some relief for their distressed economies, report increases of just over 1% (Greece for January-September) after large declines in 2008-09. Both report large increases in arrivals from Russia.
- Turkey continues to do well: since there were no declines in 2008 and 2009, the 6% increase in arrivals is pure gain. Although the focus of attention has partly shifted towards Middle East markets, local experts report substantial increases from a wide variety of European countries, including the UK. (They are not alone among European destinations in noting an increase in arrivals from the UK, although overall outbound travel from the UK continued to decline in 2010.)
- Arrivals in the Western Balkans continue to grow. The strongest figures were posted by Albania (+28% in Jan-Sep) and Bosnia-Herzegovina (+18%); other destinations fell in the range +1% to +5%. Given its good performance in recent years, a further increase of 5% in Croatia is more than satisfactory.
- Tourism in Italy came through the economic crisis relatively easily, but the nominal growth rates turned negative in the second half of 2010. However, these growth rates are calculated on strong base figures and local experts remain moderately upbeat, reporting strong demand from major markets in Europe and further afield. By contrast, Israel and Malta were affected in 2009, but both bounced back strongly in 2010, by 21% and 13% respectively. Malta also reports an 11% increase in cruise passenger visits.
- Inbound arrivals have recovered somewhat better in Portugal (+6%) than in Spain (+1%). In both countries, prices have tumbled and the industry in many areas is relying on local holiday-weekend custom. Andorra (-1%) tells a similar story: only neighbouring visits are holding up. Bad weather in Northern and Western Europe and a strike by air traffic controllers in December did not help.

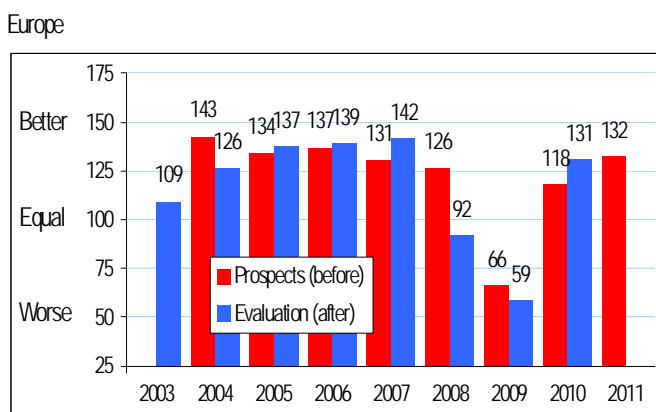
Outlook for 2011

Members of UNWTO’s Panel of Experts from Europe are quite upbeat about prospects for 2011. With a rating of 132, the level of confidence expressed for 2011 is well above the neutral ‘100’, and is higher than for any year since 2007. Part of this confidence reflects the still weak baseline, but many experts also expressed moderate optimism in their written responses to the Barometer questionnaire. This optimism is partly based on the expected demand from the USA, Japan and many emerging markets, but they also expect a continuing improvement in intraregional business and leisure demand. Many note programmed increases in air services – which suggests that the airlines share their optimism.

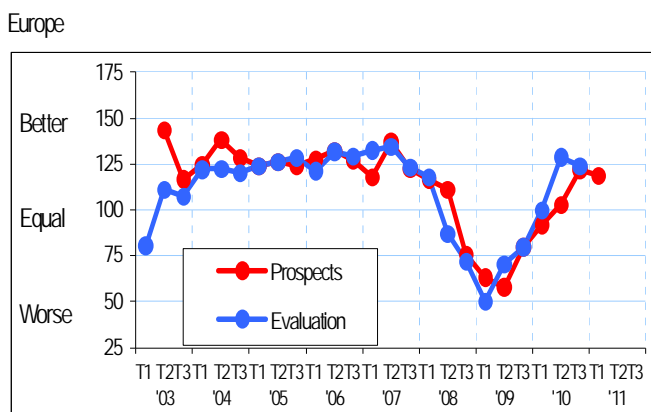
Austria), and in room taxes (in Rome, for instance) will not help.

As the recovery was slower to set in across Europe, and there is still some lost ground to make up, growth is expected to continue at a solid rate in the first half of 2011, although it may slow a little in the second half as the base figures improve. For 2011 as a whole, UNWTO expects international arrivals in Europe to grow by between 2% and 4%.

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©



Source: World Tourism Organization (UNWTO) ©

Furthermore, in the short-term, destinations in the European Mediterranean are expected to benefit from the uncertainty around some of the destinations in North Africa and the Middle East as tour operators report many re-bookings.

There are of course qualifications – notably the austerity measures which will be coming into effect in many European markets. Measures specific to the industry – increases in VAT (in more than a dozen countries across Europe), in air passenger duties (in the UK, Germany and

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The image shows a screenshot of the platma.org website. The top part displays a navigation menu and a search bar. Below that, there are several article snippets with titles like 'Country in search of a new tourism strategy' and 'The Big Road'. On the right side, there is a photo of a person using a laptop. At the bottom, there is a large image of several hands joined together in a circle, symbolizing collaboration. The website footer includes the URL www.platma.org.

Asia and the Pacific

Results for 2010

International tourist arrivals in Asia and the Pacific reached a historic high of 204 million in 2010, some 24 million more than in 2009 and 20 million above the pre-crisis peak of 2008. The region's 13% growth in 2010 was double the world average and, following a modest 2% decline in 2009, confirms Asia as the world's strongest growing region over the past two years.

The downturn in international tourist arrivals in Asia and the Pacific resulted in only 12 consecutive months of negative growth, from August 2008 to July 2009, and was followed by an emphatic rebound that reached its peak, in nominal terms, in mid-2010. But since the base figures in the second half of 2009 were very much stronger than those in the first, the underlying rate of growth in Asia and the Pacific has not slackened.

Factors underlying this growth include:

- The resurgence in economic growth and international trade, and in particular intra-regional trade, bringing with it an increase in demand for business travel;
- Rising middle-class incomes in many countries, associated with the popular enthusiasm for 'rising Asia', which are boosting demand for travel within the region;
- The continued easing in travel restrictions and visa requirements;
- The 'bandwagon' effect of the high level of investments: new resorts, hotels, attractions and airline services are coming on stream, bringing with them the need for the marketing efforts to fill them and the news of new products and services to be seen and experienced;
- The (often relatively inexperienced) travellers of Asia are notoriously sensitive to bad news, and the news in 2010 was generally positive.

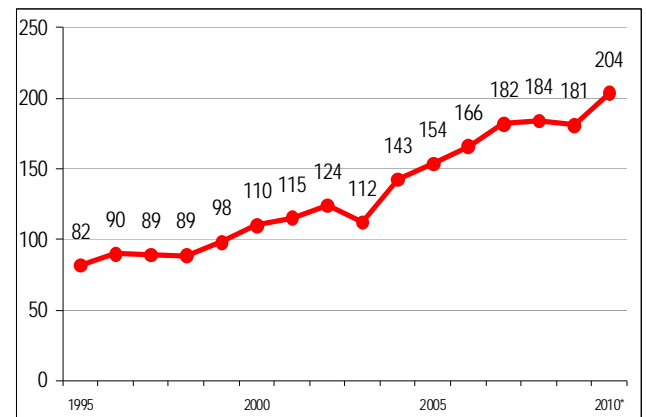
North-East Asia was the best-performing sub-region (+14%), with double-digit growth in arrivals for virtually all destinations:

- In China, international arrivals were up by a comparatively modest 9.4% to 55.7 million. However, since China is by far the region's most important destination, this still represented about a quarter of the additional arrivals achieved by the whole region. Outbound trips are reported to have risen by 21% to 54 million and domestic trips by 1% to 2.1 billion. Shanghai World Expo attracted 73 million visits, including 3.5 million foreigners.
- The fastest growth was for Japan (+27%), although this followed a 19% decline in 2009. Arrivals from China are reported to have been up about two fifths and those from the Republic of Korea up by a half (after plunging in 2009). These two markets alone now account for about 45% of arrivals in Japan. There has also been a remarkable revival in outbound travel from Japan – a welcome reversal of what seemed to have become a

long-term trend. The rise in the value of the yen and the expansion of capacity at Tokyo Haneda airport were contributing factors.

Asia and the Pacific: Inbound Tourism

International Tourist Arrivals (million)

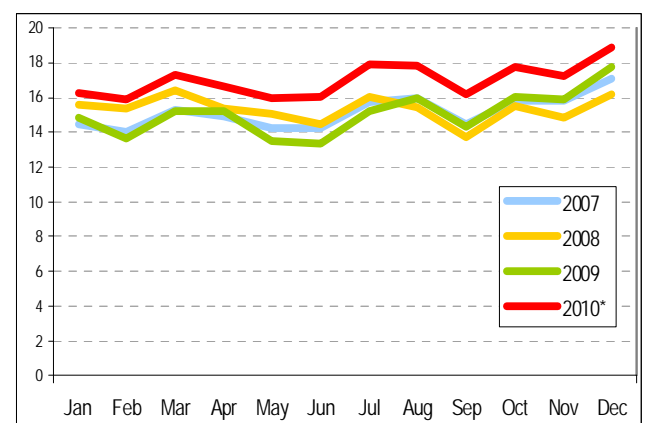


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Asia and the Pacific

(million)

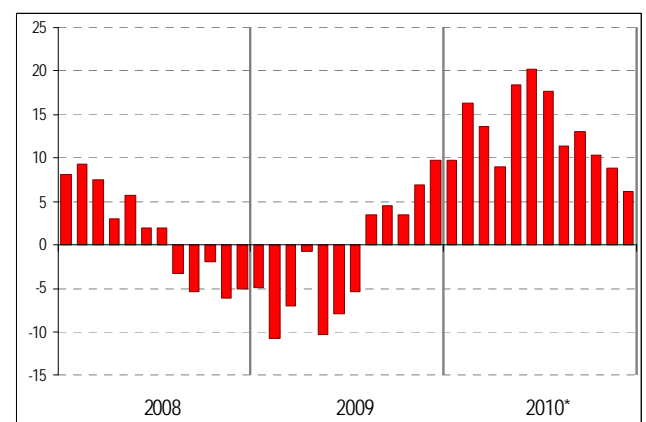


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Asia and the Pacific

(% change)



Source: World Tourism Organization (UNWTO) ©

- Arrivals in Republic of Korea were up 13% in 2010, in spite of the recovery in the value of the won (it had plunged in 2008-09). They have risen 28% in the last two years. Major events like the G20 Seoul Summit and F1 Grand Prix at Yeongam helped in 2010, but North Korea's actions are said to have deterred many tourists.
- Arrivals in Taiwan (pr. of China) were up even more, by 27% in 2010 and 45% in 2009-10. Taiwan was opened to group visits from China in 2010 and the same is planned for individual visitors in 2011.
- Hong Kong (China) reports a 19% increase in tourists (overnight visitors) and an even larger increase including day visitors: up 22% to 36 million, of whom 22.5 million (+27%) from mainland China. Similarly, Macao (China) reports a 15% increase in tourists and an even larger increase in day visitors. Over 80% of customers for its casinos come from mainland China and Hong Kong.

South-East Asia was the sub-region least affected by the world economic crisis, recording a slight increase in arrivals in 2009. In 2010 they rose a further 12%. As in North-East Asia, almost all destinations recorded double-digit increases; the exceptions were Malaysia, Timor-Leste and, from anecdotal evidence, Brunei Darussalam.

- Singapore (+22%) is riding the wave induced by its new 'integrated resorts', Resorts World Sentosa and Marina Bay Sands. Its leading markets are Indonesia, Malaysia, China, Australia and now India.
- In Thailand (+12%) tourism has made a remarkable recovery since the civil unrest of late 2009 and the first half of 2010. The emphasis in Phuket and other major resorts is shifting from Western Europe and North America to new markets, including Russia, China and many others in Asia and the Middle East, but often at lower prices.
- In the Mekong Area arrivals were up 17% in Cambodia, 23% in Laos and a remarkable 35% in Vietnam in 2010 (in spite of some very mixed reports from experts).

International arrivals in South Asia increased by 11%, with growth for major destination India somewhat below the average.

- Arrivals in India, the sub-region's most important destination by a wide margin, have been only moderately up (+9%) by current Asian standards. In the expert responses there is a contrast between the optimism and high ratings expressed, and concerns about security threats, political uncertainties and poor infrastructure.
- Sri Lanka posted a remarkable 46% increase in arrivals in 2010. This was, of course, due to the end of the civil war, and at 654,000 they remain far short of the country's potential. The government is preparing the ground for an integrated programme for tourism involving all stakeholders to be launched in 2011. Sri Lanka intends to position itself as a high-end tourism destination, focusing more on quality service delivery,

but the immediate problem is the serious flooding which has affected eastern and central areas of the country.

- In Nepal arrivals rose 18% in 2010, with huge growth reported from India and China. The Maldives (+21%) also attracted large increases from India and China, but experts report continuing declines from Europe.

The growth in arrivals in Oceania has been moderate (+6%), by Asia Pacific standards, and just below the world average – much the same as in recent years. This is essentially because the dominant destinations in the sub-region, Australia (+5%) and New Zealand (+3%), are mature, advanced economies, and therefore expensive destinations for the booming neighbouring markets of Asia – all the more so since their currencies are buoyed by high commodity prices – and expensive, ultra-long-haul destinations for their traditional markets in Europe and North America. Nevertheless, both report an increase in arrivals from Asia but continuing declines from Europe and North America.

Many of the smaller destinations in the Pacific recorded double-digit increases, including (among the more important ones) Fiji (+18%), Guam (+14%), Palau (+19%) and Papua New Guinea (+15%). Niue reports an increase of 42% and Kiribati 19%, but the numbers involved are tiny. The numbers for Vanuatu improved dramatically in recent months, but those for French Polynesia, New Caledonia and Tonga declined further in 2010.

Outlook for 2011

Expectations for tourism in Asia and the Pacific in 2011 are almost universally high. Members of UNWTO's Panel of Experts from the region gave 2010 a score of 160, 16 points higher than the rating given for prospects at the beginning of the year (146), and second only to their optimism during the recovery from the effects of the SARS epidemic in 2004.

Confidence among Panel members in the region remains high for 2011, with members' expectations for the full year rated at 151. To judge from their comments on qualitative trends, the decline from the even higher rating for 2010 reflects base effects rather than any diminution in their expectations.

Growth for this region is projected to remain high, at a rate between 7% and 9% in 2011.

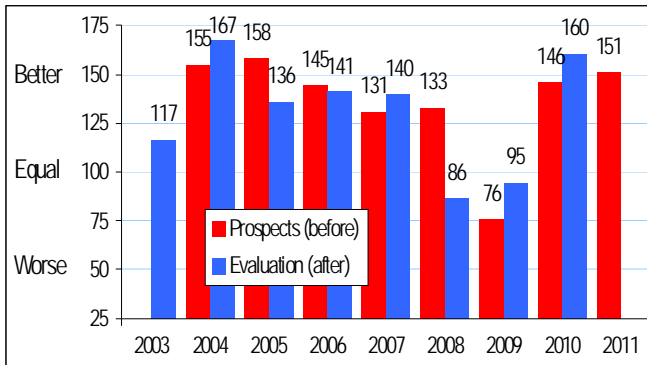
The growth potential for tourism demand in the region is far from exhausted and destinations are busy making efforts to tap this, with heavy investments and targeted marketing strategies, such as the theme-year initiatives planned for 2011 in Indonesia, Republic of Korea, Nepal and Vietnam.

Many of the region's governments are placing a high priority on tourism – inbound, domestic and even outbound – and taking appropriate measures (witness the many bilateral visa waiver agreements which were announced

last year). ASEAN has published its Tourism Strategic Plan for 2011-2015, which includes a broad range of strategic, coordinating and marketing initiatives, and proposes visa-free travel among all its members (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam).

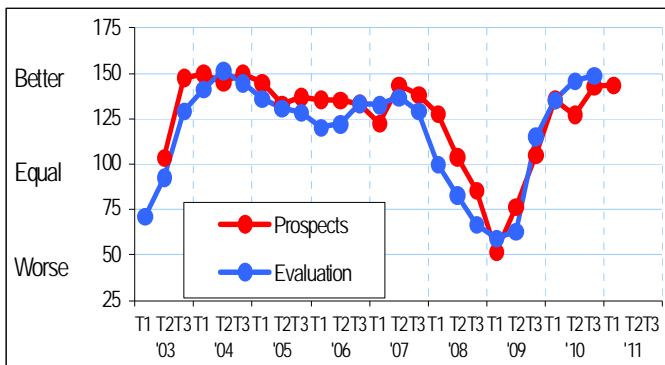
UNWTO Panel of Tourism Experts

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

Asia and the Pacific



Source: World Tourism Organization (UNWTO) ©

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Americas

Results for 2010

International tourist arrivals in the Americas reached an all-time high in 2010, growing by 7% to 150 million, some 10 million more than in the crisis year 2009 and 2.5 million more than at their peak in 2008. This growth was slightly faster than the world average – half as fast as in Asia and the Pacific and the Middle East, but twice as fast as in Europe.

Tourism in the Americas declined in 2009 largely as a result of the economic recession in North America and the A(H1N1) influenza outbreak. The recovery that started in the last quarter of 2009 continued throughout 2010: the apparent slackening in Q4 was due entirely to the stronger base figures in Q4 2009.

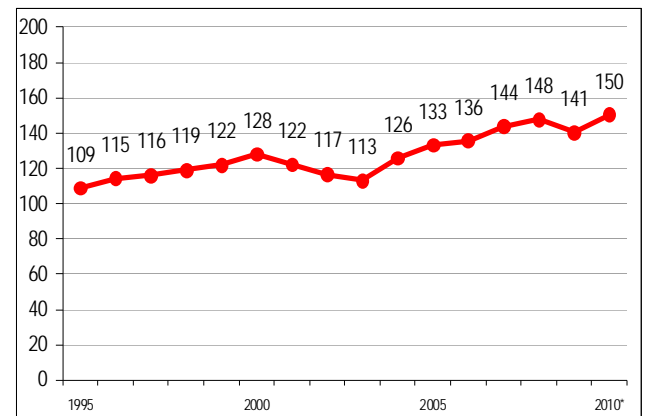
South America remained the strongest component in the region, as it was in 2009, but the return to growth in the US economy has helped improve the results of the region as a whole. The actual increase in US outbound travel has been modest, perhaps because of the weakness of the US dollar and the reinforced tendency for Americans to opt for holidays in the USA. But renewed economic growth in the USA has tended to boost business and leisure travel demand in the whole region.

- Inbound travel to the USA, however, was up strongly in 2010, by 10%. Through November, arrivals from Canada were up by 11%, from Mexico by 6% and overseas markets were up 12%, with the strongest performances coming from China – up 54%, thanks in large part to China's granting of Approved Destination Status (ADS) to the USA – South Korea (+53%, helped by the new visa waiver), Brazil (+35%, boosted by the strong real), Australia (+25%), Argentina (+22%) and Japan (+17%, again helped by a strong currency). Arrivals from South America overall were up 19%.
- There seems to have been some slackening in growth in the last quarter, which will have been reinforced by severe weather in the USA and elsewhere in December and January. However, the Panel of Experts is in general confident about the upward trends, which it expects to persist in 2011. New York reports very strong occupancy rates for hotels (albeit still at reduced prices), and Las Vegas is beginning to see a recovery (Its custom is, of course, very largely domestic.) Hawaii saw increases of 9% in arrivals and 16% in receipts in the first eleven months of the year.
- Canada, with a stronger currency than the USA, saw an increase in inbound travel of just 2% in 2010, not nearly enough to make for the declines in 2008 and 2009, but again experts are moderately confident. In the first ten months of 2010 arrivals from Japan were up 23% and those from China (following the ADS agreement) up 21%; arrivals from Latin American are generally buoyant (with the exception of Mexico, because of new visa requirements). The main European markets are also

showing signs of a gradual recovery. Part of this optimism reflects the strength of the domestic market: a highly successful domestic marketing campaign ('Locals Know') was mitigated by the strong Canadian dollar, which encouraged outbound travel.

Americas: Inbound Tourism
International Tourist Arrivals

(million)

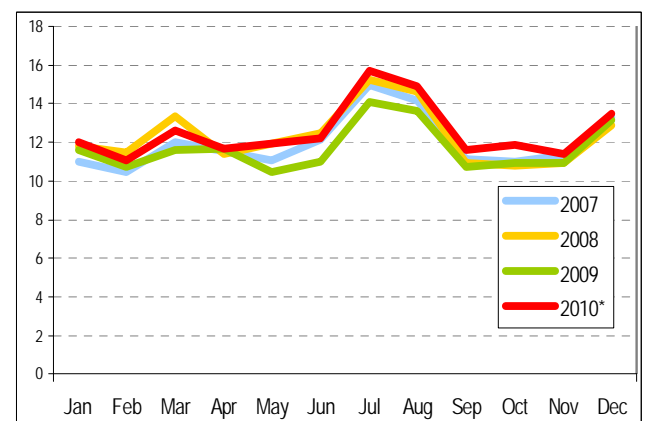


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Americas

(million)

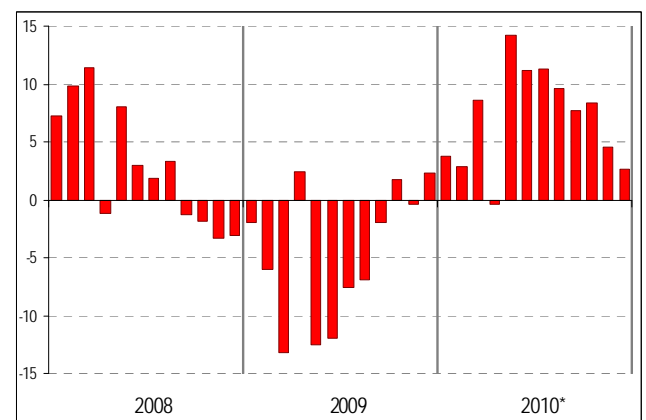


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Americas

(% change)



Source: World Tourism Organization (UNWTO) ©

- Tourism is returning to normality in Mexico after the damage caused in 2009 by the financial crisis and the influenza A (H1N1). Mexico reported a 4% increase in arrivals in 2010, although not sufficient to make up for the losses of the previous year. The economic rebound is bringing hopes in terms of new investments in tourism and an increase in domestic and inbound business tourism. In addition, Mexico's authorities have put in place an ambitious plan to promote the destination overseas and to diversify source markets attracting new emerging ones such as Russia. 2011 has been declared the Year of Tourism in Mexico and President Calderon has called for a united effort across all government ministries and departments to promote the sector.

The Caribbean is heavily dependent on the US and European markets, neither of which have been strong, but some destinations are tapping into more buoyant markets in South America. Overall, arrivals in 2010 are estimated to have risen 4% in 2010, slightly more than enough to make up for the decline in 2009, but not enough to transform the weak longer-term trend.

- Tourist arrivals in the Bahamas increased by 3% in 2010, not nearly enough to make up for the declines in 2008-09. For much of the year it was running a very successful 'Companion Fly Free Programme', but this was suspended over the winter. Business/convention travel, however, remained weak throughout the year.
- Cuba saw no decline in arrivals in 2008-09, and reports a further 4% increase in 2010. More relaxed rules on travel from the USA helped, but there were also increases in arrivals from Argentina, Brazil, China, Mexico, Peru, Switzerland and Venezuela.
- The Dominican Republic (+3%) also saw a record level of arrivals, as a result of the intense promotion overseas, the increase in inbound tourism from South America and Russia, and the efforts made to attract new source markets such as China. The earthquake's aftermath in neighbouring Haiti did not affect tourism in the Dominican Republic, but rather put the destination in the spotlight.
- Jamaica (+5%, also to record levels) reports new air services to Europe and North America, a new international airport, a new pier for cruise ships in Falmouth Trelawny, 1,000 new hotel rooms and a new convention centre.
- The smaller island destinations sometimes report very large fluctuations in arrivals from year to year, but only Anguilla and Dominica are likely to have produced double-digit increases for 2010, while St. Lucia and probably the British Virgin Islands came close. But Curaçao, Grenada, Montserrat, St. Kitts-Nevis, St. Vincent and Trinidad and Tobago report further declines in arrivals, at least in the first part of 2010.

The Caribbean Tourism Organization says cruise visitors among its members rose 6% in 2010. The cruise industry has been growing rapidly in recent years, but for

destinations it is often an erratic and low-yield business. Some countries in Central America and the Caribbean have been attempting to impose or raise passenger landing fees, but it is all too easy for operators to take their custom elsewhere.

- The Bahamas reports an 18% increase in cruise visitors in 2010. Nassau harbour has been deepened to allow visits from the largest ships and 3-4 night cruises out of the USA are currently very popular.
- In Bermuda tourist (overnight) arrivals were flat in 2010, but cruise arrivals were up 12% (according to one report) or 20% (according to another).
- Cruise arrivals were also said to be up 50% in Martinique and 18% in the US Virgin Islands.

Arrivals in Central America rose by just 4% in 2010, not enough to make up for the decline in 2009. And there are still reports that most of the increase is in cross-border VFR and business travel, rather than in higher-yielding leisure tourists from the USA and other non-neighbouring markets. But there is some optimism about the recovery in the US market and about efforts to tap new markets in South America and elsewhere.

- In terms of nominal arrivals in 2010, the better performances came from Panama (+10%), Costa Rica (+9%) and Nicaragua (+9%). The more moderate ones came from Belize (+3% in January-October), Honduras (+3%) and El Salvador (+5%). In El Salvador and Guatemala arrivals are still well short of their peak levels.

South America again posted the strongest results in the Americas: arrivals in 2010 were up 11%, and were 8% higher than in 2008. There are few countries that are not sharing in the general prosperity. The emphasis is very much on domestic and intra-regional travel, but high exchange rates are also encouraging long-haul outbound travel (including travel to North America). Those same high exchange rates (and rising air fares) are also discouraging long-haul inbound travel, and any increases in inbound long-distance travel are largely due to business or VFR.

- Argentina was the star performer in 2010, with a 22% increase in arrivals in the first three quarters, but part of this increase was a recovery after the A1(H1N1) crisis last year (arrivals were down 24% in Q3 2009 and up 42% in Q3 2010). Huge increases in arrivals from Brazil are reported (boosted by the strong Brazilian real), and more moderate but still large increases from Uruguay and Chile.
- Brazil is rapidly gaining weight as an important source market and, having overtaken Mexico in 2008, now ranks as the third largest outbound market in the region by expenditure (after the USA and Canada). In 2010 spending was up 51% to US\$ 16.4 billion – three and a half times spending in 2005.
- Figures for arrivals in Brazil are not available, but receipts rose 12% to US\$ 5.9 billion. The high value of

the real and the industry's focus on domestic travel has hindered inbound leisure travel for many years, but business travel and cross-border travel (especially from Argentina, Uruguay and Paraguay) are buoyant. The government has set a target of doubling international arrivals to 10 million within ten years.

- Uruguay is equally prosperous. International arrivals in 2010 increased by 14% after solid increases in 2008 and 2009. This includes increases of about 60% for Brazilians and 40% for Chileans, Argentines and Paraguayans (the bridges are now open again for those coming by road). Long-haul arrivals are reported to be up about 10%.
- Chile also is prosperous, but the earthquake in February 2010 had a serious impact on the economy and on tourism. The Chilean currency has also been very strong. Consequently, the growth in arrivals in 2010 (+0.5%) was very modest by South American standards, while domestic trips (leisure, business and MICE) and outbound travel (especially to Mexico, Brazil and the Caribbean) were strong.
- Ecuador (+8%) and Peru (+7.5%) report strong growth in intra-regional business and cross-border tourism, but their long-haul leisure tourism is faltering: Macchu Picchu was forced by landslides to close for a while early in the year, while the capacity of the Galapagos Islands is overstretched. The Ecuadorian Government intends to rebrand the country and promote a more diversified range of tourism 'routes'.
- Arrivals in Colombia were up 10%, with a robust performance throughout the year, in spite of the heavy rains which afflicted the country in recent months, causing environmental, social and economic disruption. The Caribbean coast resorts used by Colombians for their year-end holidays were particularly seriously affected.
- Finally, arrivals in Venezuela were down 13% in 2010 in the first nine months of the year. Tourism authorities in Venezuela plan to reverse the negative trend by launching new promotion strategies around the world. Outbound travel suffered after the government imposed new exchange controls and exchange rates for travellers earlier in the year.

Outlook for 2011

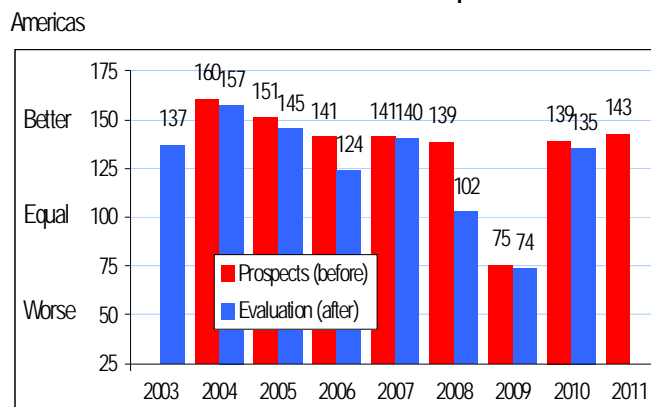
The Americas has been very much in the news because of natural disasters such as the earthquakes in Haiti and Chile and the floods and mudslides across Central and South America associated with La Niña – which was also probably responsible for the intense snowstorms in the USA this winter.

However, these disasters (except for the one in Haiti) are not likely to have more than very temporary effects on tourism flows. More important are the economic dynamism of South America and the weakness of the US dollar in North America, particularly against the principal South

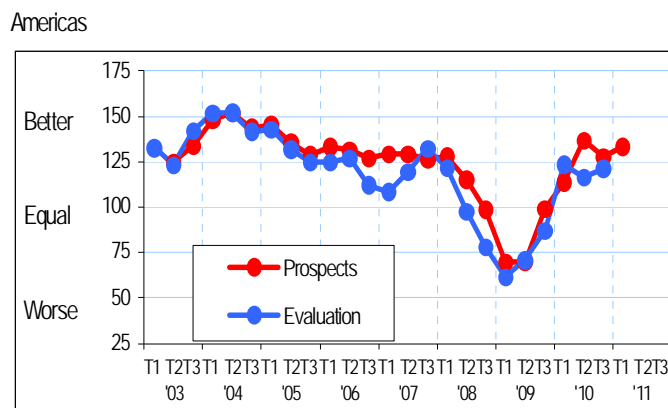
American currencies. Both factors are expected to persist (to the extent that such things can be predicted), and both are having quite dramatic effects on the directions of travel in the region. Recent economic news from the USA has also been better.

Members of UNWTO's Panel of Experts from the Americas gave 2010 a score of 135, just below that given for prospects at the beginning of the year, and their confidence for 2011 is expressed in their rating of 143 for prospects.

UNWTO Panel of Tourism Experts



Source: World Tourism Organization (UNWTO) ©



Source: World Tourism Organization (UNWTO) ©

Africa and the Middle East

Results for 2010

Africa, the only region to show positive figures in 2009, maintained growth during 2010, increasing international arrivals by another 3 million (+6%) to 49 million. The Middle East was the fastest growing region in 2010 (+14%), but this followed a significant decline in 2009. International tourist arrivals are estimated to have reached 60 million in 2010, up 7 million on 2009 and 4 million compared with the pre-crisis peak year 2008.

An important factor in the growth of international tourism in the two regions has been high international oil and other commodities prices. In different ways in each destination, these high prices are supporting increases in travel and tourism (local and long-haul, business and leisure) and investments (in commodities, infrastructure and other industries, including tourism).

In much of East and Southern Africa, the general prosperity has been more widely diffused and, after the huge boost to the region's reputation provided by the successful staging of the FIFA World Cup in 2010, expectations for the economic environment and for tourism were running very high – which is very naturally leading to some disappointment:

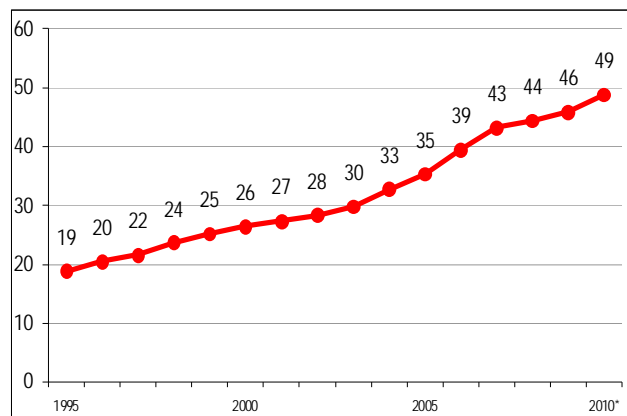
- In South Africa, which accounts for over a quarter of total arrivals in Sub-Saharan Africa, arrivals were up 15% in 2010, with no apparent slackening in the months after the World Football Cup.
- In Swaziland arrivals were flat, after a 20% increase in 2009, in spite of hopes for a spill-over from the World Cup.
- Arrivals were up 21% in Madagascar, but the increase represents a recovery from the drop of 2009. Kenya and Mozambique reported increases of respectively 16% and 15% through September.
- Among the 'vanilla islands', arrivals in 2010 increased by 11% in the Seychelles and 7% in Mauritius, and are reported to have been roughly stable in Réunion. Mauritius is making an intensive effort to diversify away from its traditional markets towards emerging markets in the Middle East and Asia, including Russia, India and China (Air Mauritius hopes to start flights to China in June). It aims to triple its annual revenues from tourist shopping to 20 billion rupees (US\$ 0.7 billion) a year by 2020 by attracting brand-conscious visitors from these markets. All this will require heavy investments in world-class facilities, and the government plans to put 250 billion rupees (US\$ 7 billion) into infrastructure over the next ten years.
- No figures are available for Rwanda, Burundi, Malawi, Tanzania, Uganda and Zambia, but experts' comments from Rwanda and Tanzania continue to be positive, with reports of new air services and investments in hotels and attractions. However, a discussion is raging in Tanzania

over plans to build a highway across the Serengeti National Park.

Africa: Inbound Tourism

International Tourist Arrivals

(million)

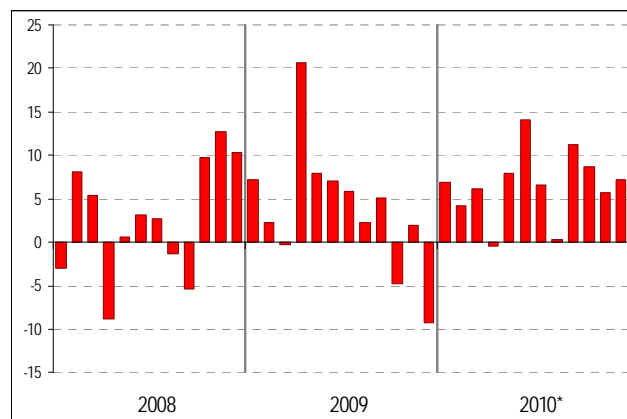


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Africa

(% change)

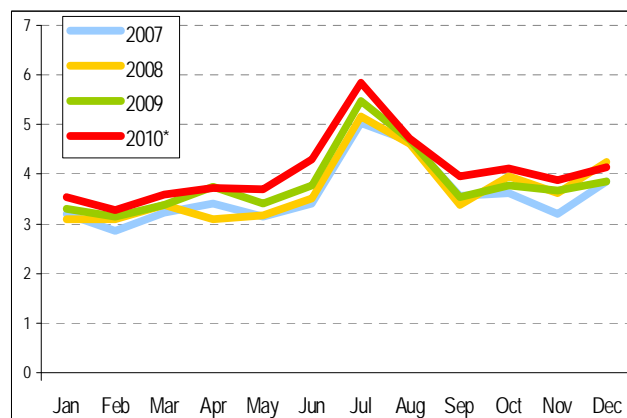


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Africa

(million)



Source: World Tourism Organization (UNWTO) ©

- If statistics for 2010 from East Africa are scarce, those from West Africa and Central Africa are as yet almost non-existent. To the extent that responses from UNWTO's Panel of Experts are available (from Gambia, Niger and Senegal (+1%), for instance), they suggest

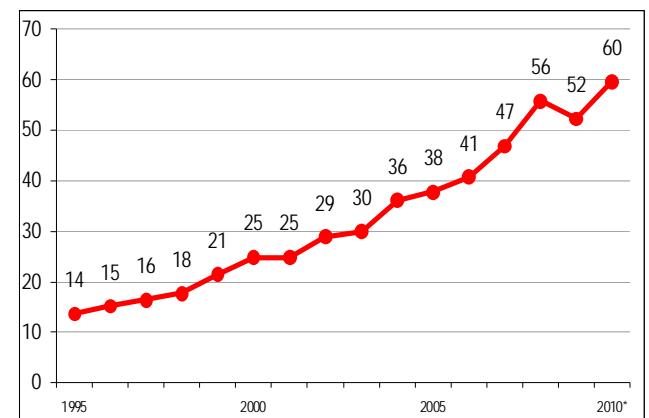
declines in tourism activity rather than growth or stability, and few of their neighbours are likely to be any better.

- At the same time, demand for petroleum and mineral resources is attracting international investments and an increase in linked business tourism. However, the conditions for the further development of inbound tourism are not ideal in all oil-exporting countries. Ghana, is one country that is making progress thanks to its natural resources. The Ghana Tourism Federation reports that international investments in oil are supporting a more general growth in the economy and in tourism. Business travel is growing very fast, with the final preparations to start oil production in December 2010 and the arrival of investor groups – from Turkey, Greece, the USA, UK, China, France, India, Serbia and Russia, for instance – to explore the possibilities of setting up oil-related and other industries. This prosperity is supporting further growth in leisure travel from traditional visitor markets in Europe and North America, and encouraging expatriate Ghanaians to visit Ghana and renew their local investments. It is also encouraging local air and cross-border business, shopping, holiday and VFR travel from Nigeria, Côte d'Ivoire, Togo, Mali and Burkina Faso. Road links with Ghana, Nigeria and Côte d'Ivoire have improved and the number of coaches, luxury mini-buses and saloon vehicles plying these routes has increased. The Chinese have signed an agreement to extend the railway network and link it to Côte d'Ivoire, Burkina Faso and Togo. Meanwhile, there has been a dramatic increase in air services to North America (United Airlines and Delta provide services to nine US cities), Europe (Virgin Atlantic, Brussels and Turkish Airlines now compete with Lufthansa, KLM, British Airways and Alitalia) and on African/Middle East routes (Emirates, Afriquiya, Egyptair, Ethiopian, Kenya Airways, South African Airways and Namibia Airlines). Most hotels in Accra, Kumasi and the oil-city of Sekondi-Takoradi are said to be full.
- In Morocco international arrivals were up 11% in 2010, but the growth in overnights and receipts was reportedly less impressive, reflecting the nature of the revival of tourism demand in Europe. There were increases in both leisure and business travel, and large increases in arrivals from Russia. The government has published its tourism policy for 2010-20 and seems to be following up on it, giving confidence to the industry. Total arrivals have risen from 4.4 million in 2001 to 9.3 million in 2010, and the government hopes to double them again by 2020.
- In Tunisia, in contrast, arrivals have been almost flat in recent years – attributed in part to a lack of diversification of Tunisia's tourism industry – and the scaling back of Dubai World's investment plans was a serious blow. Algeria, Libya and Sudan have shared in the North African tourism boom only to a very limited extent, and recent figures are not available.

Middle East: Inbound Tourism

International Tourist Arrivals

(million)

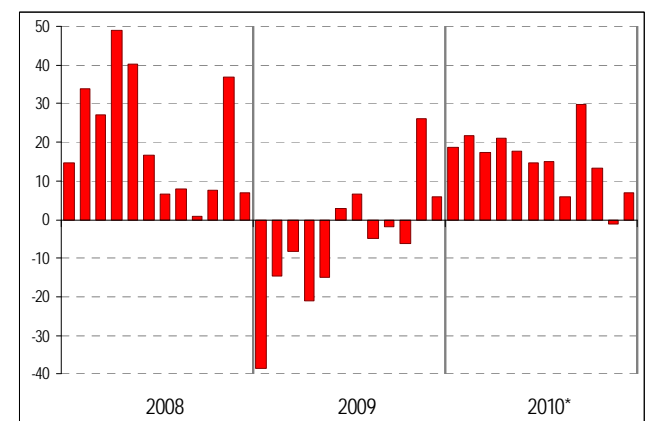


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Middle East

(% change)

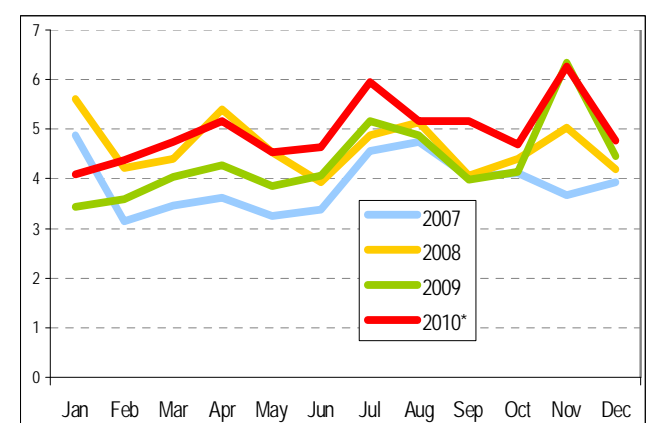


Source: World Tourism Organization (UNWTO) ©

International Tourist Arrivals, monthly evolution

Middle East

(million)



Source: World Tourism Organization (UNWTO) ©

The growth of tourism in the Middle East in the last few years has been remarkable, although it was seriously but briefly interrupted by the world economic crisis in 2009. It has been associated with the emergence of Dubai, Abu Dhabi, Doha and other capitals in the region as major international air hubs, with the phased return of Lebanon and, in 2010, also Syria to peaceful prosperity. The success

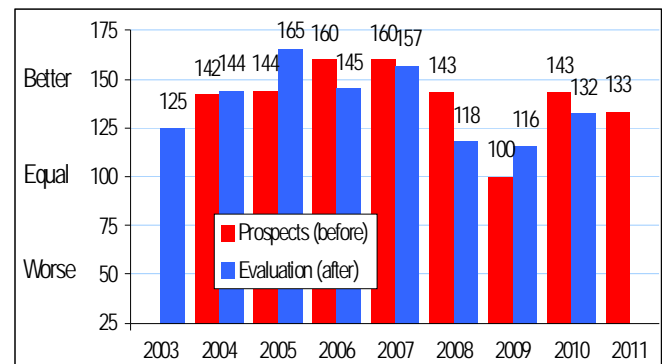
of Egypt's Red Sea coast as a tourism destination for (mostly) European sun & beach holiday-makers has also been a key factor. It has been underpinned by international oil prices three or four times higher than the regional oil producers had become used to.

- One of the success stories in the region has been Lebanon, with increases in arrivals in the last three years of 31%, 38% and 18%. Much of the increased demand has come from within the Middle East, but there have also been large increases from Europe, Asia and the Pacific and elsewhere. As always, the Lebanese Diaspora is an important component. Lebanon offers an unusually wide range of tourism products, including sun & beach, city/shopping, mountain and rural, historical and cultural, business and MICE, medical and religious tourism, and has been hosting a wide range of festivals, concerts and other cultural events.
- If the success of Lebanon was more or less expected, that of Syria was less so. Arrivals rose by 31% in 2008, 12% in 2009 and 40% in 2010, and are four times larger than Lebanon's. It is associated with the easing of Syria's international relationships and a much more relaxed attitude to tourism by the authorities. Lebanon, Turkey, Syria and Jordan have formed a joint strategy for the industry, and visas for Jordan and Lebanon are now valid in all four countries; Turks and Iranians no longer require visas to enter Syria. The respective governments are now actively encouraging tourism and recognise the role of local festivals and conferences in attracting foreign and domestic tourists. Syria's Minister of Tourism says 287 tourism projects were completed in 2010, including 57 hotels and 230 restaurants, involving investments of US\$ 400 million; another 85 hotels will open this year.
- Egypt (+18%) continued to focus on its core European markets in 2010, with great success. The strong results in the last four months of the year were especially encouraging, given relatively strong base figures in 2009, but operators had noticed some slackening in demand due to the increases in air passenger duties in the UK and Germany.
- Jordan (+20%) has also been investing heavily in tourism, with a focus on restoring degraded attractions, and on tapping new markets like India and Brazil. There has also been an increase in the numbers of day visitors from Egypt, Israel, Syria and Lebanon (often international holidaymakers extending their trips with a day visit to Petra) and in cruise arrivals at Aqaba.
- Arrivals in Saudi Arabia increased by 13% in the first nine months of 2010, including a huge, Hajj-related increase in September. But rising oil prices and consumer spending are also supporting an increase in trade-related business travel.
- There has been much trade and media attention on the growth of Dubai, Abu Dhabi and Qatar as international aviation hubs hosting a wide range of business and leisure events and attractions. The United Arab Emirates' airlines are believed to have carried 47 million

passengers in 2010. Reports suggest that Dubai is making a gradual recovery from its 2008-09 financial crisis, with an emphasis on new markets, including Russia, China and India. Hotel arrivals were up 9% in the first half of the year, but at lower prices – although it is not reasonable to compare current revPAR with the inflated figures of 2008. In all three destinations there seems to be lots of excess capacity to fill, and lots of new capacity coming. Bahrain, Kuwait and Oman have similar but less ambitious strategies, but figures for 2010 are so far scarce.

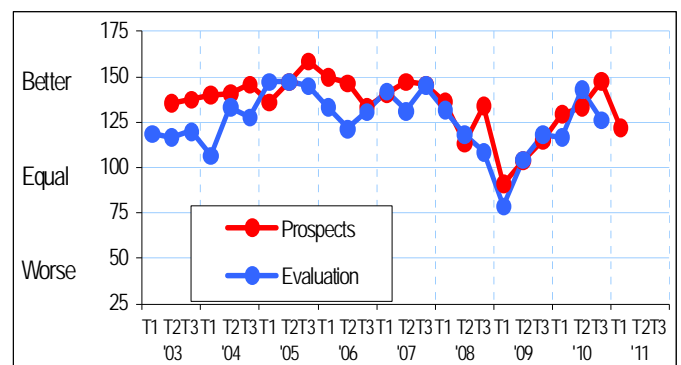
UNWTO Panel of Tourism Experts

Africa



Source: World Tourism Organization (UNWTO) ©

Africa



Source: World Tourism Organization (UNWTO) ©

Outlook for 2011

With a score of 135 for the Middle East and 133 for Africa, expectations for 2011 remain optimistic but lag somewhat behind the world average.

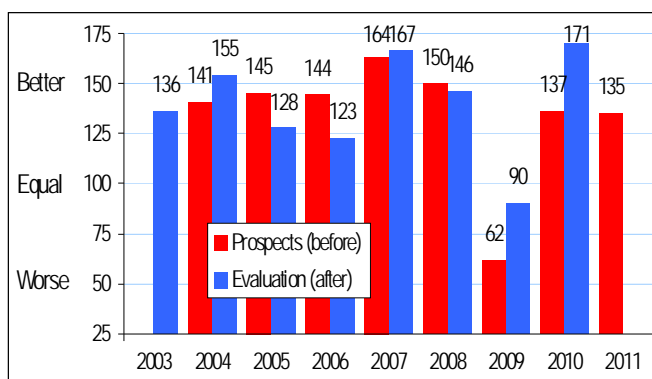
However, these scores were surveyed mostly before the events of January and February that have not so much transformed the prospects for tourism in North Africa and the Middle East as made them, for the time being, entirely unpredictable. From an optimistic viewpoint, there is no reason why the local economies and tourism should not continue much as before, under new, transitional or old governments. From a more realistic point of view, the changes that are taking place create uncertainty that at least in the short term is discouraging international tourists, and

the readiness with which they recover their confidence will depend on how events unfold. As far as the organised market is concerned, tour operators can hardly be expected not to respond to the inevitable uncertainties.

One immediate consequence of the rebellion in Libya has been a surge in international oil prices, although prices were already on the rise before and have fallen back slightly, suggesting that markets are taking a relaxed view of their ability to absorb any loss of Libyan production, at least in the short term. If production were more seriously affected across a wider range of producers, then substantial increases in oil prices would almost certainly immediately affect consumer spending in Europe and North America, with further consequences for tourism destinations worldwide, including North Africa and Egypt. But it would take very substantial increases in oil prices to undermine the prosperity in Asia, and in turn put an end to the increases in commodity prices and related investments in Africa. Effects there will certainly be, but predicting them is not possible until the political outcomes in the Middle East are clearer.

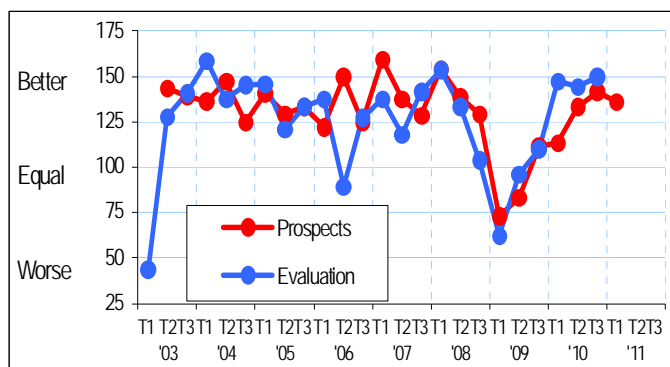
UNWTO Panel of Tourism Experts

Middle East



Source: World Tourism Organization (UNWTO) ©

Middle East



Source: World Tourism Organization (UNWTO) ©

Forthcoming:

Policy and Practice for Global Tourism (2011)

Directed at all those working directly in tourism, as well as those simply interested in learning more about this dynamic sector, this publication brings together eleven major themes in world tourism today from sustainability to social networks and market trends to destination competitiveness.

Policy and Practice for Global Tourism presents a range of case studies and expert opinions from UNWTO Affiliate Members and other organizations which include major tourism businesses, destination management organizations, academic institutions and NGOs. Its accessible format helps guide the reader directly to the information they're looking for and suggests other suitable UNWTO publications for each topic.

This publication is available in English. The Spanish version is due to be launched in summer 2011. For more information please contact unwtoam@unwto.org



POLICY AND PRACTICE FOR GLOBAL TOURISM

Transport

ICAO: domestic and international passenger traffic

According to preliminary figures released by the International Civil Aviation Organization (ICAO), airlines of the 190 ICAO member states carried approximately 2.5 billion passengers in 2010, up 6% over the depressed levels of 2009 – international and domestic, including low-cost airline services (LCCs). Total scheduled passenger traffic measured in revenue-passenger kilometres (RPK) increased by about 8% year on year.

Domestic passenger traffic

Domestic traffic overall grew by 7% in 2010 over 2009. Modest growth rates of 1.5% in North America and 4% in the Middle East and Africa were offset by rates of 15% in Asia and the Pacific region, 16% in Latin America and 12% in Europe.

Asia Pacific volumes benefited from an increase of around 20% in the domestic Chinese market. In North America, still the world's largest domestic market, a deceleration of traffic growth confirms the blurring of traditional lines between LCCs and legacy business models.

International passenger traffic

International traffic grew by 9%, driven by a strong rebound in business and leisure long-haul travel, particularly in emerging markets such as the BRICs (Brazil, Russia, India and China) from which outbound tourism flourished. Relative growth was higher for airlines in the Middle East (+21%), followed by those in Asia and the Pacific (+13%), Latin America (+11%) and Africa (+10%). Traffic in the mature markets of North America and Europe grew by 6% and 7% respectively.

Despite the below-average growth rate, increases are still impressive in these mature tourism regions. In Europe, LCCs confirmed their ability to expand their point-to-point operations. Furthermore, demand for air travel from this region showed surprising resilience despite the disruption caused by the eruption of the Icelandic volcano, Eyjafjallajökull, in April. The subsequent partial closure of European airspace caused the cancellation of more than 100,000 flights, including 80% of intra-European traffic, which affected 9 million passengers.

Looking ahead

In response to the impact of the economic recession, several trends in the airline industry were either strengthened or confirmed. Consolidation accelerated mainly for American and European airlines, enabling them

to maintain a competitive position, while the development of new airline business models expanded.

LCCs continued their expansion, notably in Asia, where they currently represent a 15% share of passenger traffic. In the Middle East, airlines are taking advantage of ongoing liberalisation within the sector to offer a 'value-for-money' range of products, with strategically adapted connections to well-positioned geographical hubs, as well as new and efficient aircraft, combined with attractive frills (e.g. seating comfort and amenities).

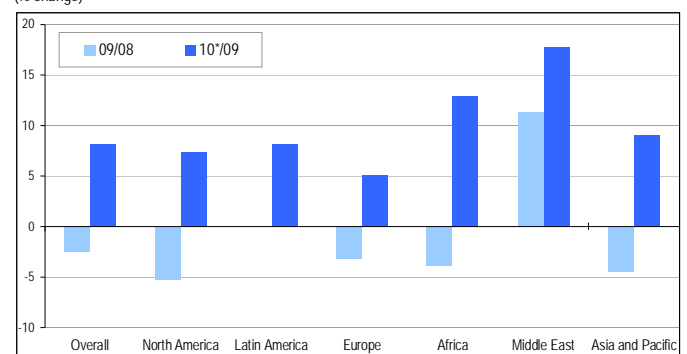
ICAO forecasts that traffic worldwide will grow at 4.7% and 4.9% in 2011 and 2012, respectively. Oil prices remain a potential impediment to growth, although this could be mitigated by the delivery of new and more fuel-efficient aircraft.

The world's two major aircraft manufacturers are expected to have delivered more than 950 new aircraft in 2010, with 40% of them aimed at replacing aircraft in mature markets. These energy-efficient aircraft will contribute to reducing the carbon footprint of air transport on the environment and support efforts towards reversing climate change.

IATA's Monthly International Statistics (MIS)

The International Air Transport Association (IATA), which monitors the international scheduled services of its 230 member carriers (generating approximately 93% of total demand), has reported full-year 2010 statistics that show an 8.2% increase in passenger traffic. Demand growth outstripped the capacity increase of 4.4%, resulting in a 2.7 percentage point increase in average seat load factor for the year, to 78.4%.

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



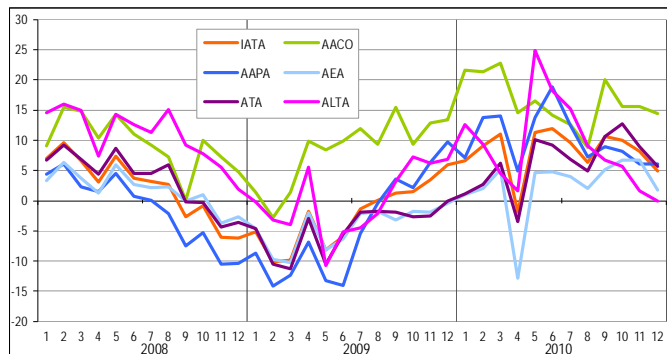
Source: compiled by UNWTO from IATA

“The world is moving again,” said Giovanni Bisignani, IATA's Director General and CEO. “After the biggest demand decline in the history of aviation in 2009, people started to travel and do business again in 2010. Airlines ended the year slightly ahead of early 2008 volumes, but with a pathetic 2.7% profit margin. The challenge is to turn the demand for mobility into sustainable profits.”

Severe weather in Europe and North America in December put a dent in the industry's recovery. It is

estimated that this shaved 1% off of total traffic demand for the month. As a result passenger demand dipped to 4.9% growth on December 2009 levels, significantly lower than the 8.2% growth recorded in November. The hardest hit region was Europe, which saw December growth slow to 3.3%. Nevertheless, December air travel volumes were 4% higher than the pre-recession levels of early 2008.

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



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

2010 financial performance and outlook for 2011

Thanks to a better-than-forecast performance of the global air transport industry in 2010, IATA again upwardly revised its 2010 outlook on an “exceptionally strong third-quarter performance” and a “stronger-than-expected cyclical rebound in airline profitability”. IATA’s projection is for a profit of US\$ 15 billion in 2010, an upward forecast from the US\$ 9 billion forecast in September 2010, which was in turn up from the US\$ 2.5 billion profit forecast in June and a US\$ 2.8 billion loss forecast in March. By comparison, the industry lost US\$ 9.9 billion in 2009. In achieving this performance, the industry has benefited from a substantial improvement in yields, an upturn in the market and improved capacity management resulting in improved supply-demand conditions. However, margins remain low and the sector’s recovery is patchy with European carriers under-performing those in other regions. Bisignani noted that the global situation for aviation remains “very challenging”. The aviation industry creates almost US\$ 600 billion in revenues and has US\$ 205 billion in debt, with margins over the past 40 years averaging a “pathetic” 0.1%.

Following the events of the past weeks, IATA has downgraded its airline industry profits' outlook for 2011 to US\$ 8.6 billion from the US\$ 9.1 billion it estimated in December 2010. This is a 46% fall in net profits compared with 2010. On expected industry revenues of US\$ 594 billion, the US\$ 8.6 billion 2011 profit equates to a net profit margin of poor 1.4%.

“Political unrest in the Middle East has sent oil over US\$100 per barrel,” says Bisignani. “That is significantly higher than the US\$ 84 per barrel that was the assumption in December. At the same time the global economy is now forecast to grow by a full 0.5 percentage point better than

predicted just three months ago. But stronger revenues will provide only a partial offset to higher costs.”

With regard to fuel, IATA has raised its 2011 average oil price assumption to US\$ 96 per barrel of Brent crude (up from US\$ 84 in December), in line with market forecasts. Including the impact of fuel hedging, which is roughly 50% of expected consumption, this will increase the industry fuel bill by US\$ 10 billion to a total of US\$ 166 billion. Compared to levels in 2010, oil prices are now expected to be 20% higher in 2011. Fuel is now estimated to represent 29% of total operating costs (up from 26% in 2010) and for every dollar increase in the average price of a barrel of oil over the year, airlines face the difficult task of recovering an additional US\$ 1.6 billion in costs.

Air transport data

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

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

Capacity on offer is measured in terms of Available Seat Kilometres (ASK), which is the number of seats carriers have available multiplied by the number of kilometres flown. The ratio of available seat-kilometres (ASK) to revenue passenger-kilometres (RPK) is called Passenger Load Factor, i.e. the percentage of capacity used.

Airports

The general trends recorded by ICAO are confirmed by statistics from the world airports' body, Airports Council International (ACI), which reports that in the full 12 months of 2010, worldwide passenger numbers increased by 6.2%, with international traffic growing by 7.3% and domestic traffic by 5.2%. Europe is expected to have become the largest traffic region in 2010 for the first time ever, moving ahead of the North American market.

According to ACI Director of Economics, Andreas Schimm, "2010 was a banner year for air traffic generating a much quicker recovery than expected. The 6% growth takes the global industry well beyond pre-crisis volumes, but the recovery continues to progress in a two-paced manner between developing and mature markets. Exceptional factors such as the volcanic eruption, airline cabin and ground worker strikes, severe weather and new security scares affected Europe and North America more deeply than the fast growing markets of India, China and Brazil. Nonetheless, the industry needs to remain vigilant, as setbacks to aviation business can occur unexpectedly as we have recently witnessed with the bomb incident in Moscow and political unrest in Tunisia and Egypt."

Regional airline associations

North America

The Air Transport Association of America (ATA), the industry trade organisation for the leading US airlines, reported a 9% increase in December 2010 compared with the same month in 2009, marking the 12th consecutive month of revenue growth. Miles flown by paying passengers rose 3% while the average price to fly one mile rose 6%. Passenger revenue improved 6% domestically and 16% in international markets, led by a 32% jump in spending on trans-Pacific and intra-Asia travel.

"These revenue results reflect ongoing strengthening in demand for travel by air as we enter 2011," said ATA Vice President and Chief Economist John Heimlich. "International markets continue to lead the way for growth in both passenger and cargo transportation."

Full-year results for ATA members point to a 2% increase in passengers carried (as against -7% in 2009), and a 3.4% rise in traffic (expressed in RPK). This was on a capacity increase of just 1%. International routes turned in the best performance: a 6% growth in passenger traffic compared with +2% for domestic routes. And the international average was significantly boosted by a 12% increase in traffic on Pacific routes. Overall, systemwide seat load factor was 82.7% (up from 81%) – roughly the same on international and domestic services.

Latin America & Caribbean

Members of the Association of Latin American Airlines (Asociación Latinoamericana de Transporte Aéreo – ALTA), which also includes the Caribbean carriers, recorded an 11% increase in passengers carried, with domestic routes (+13%) outperforming international services (+8%), while annual passenger traffic (measured in RPKs) was up 11%. Domestic traffic grew by 14% while international services were up 9%, with Latin American routes performing the best (+14%).

The average seat load factor for ALTA carriers systemwide climbed to 73.3%, 2.8 percentage points higher than in the previous year. On international routes it exceeded 76% as against 70% on domestic services.

Europe

The Association of European Airlines, which represents Europe's most important network carriers, has revealed a preliminary traffic estimate for 2010 of 335 million passengers boarded by its members, 10 million more than in 2009. Using the industry standard measure of passenger-kilometres, this represented a 2.6% increase over the previous year.

Traffic was of course severely distorted by the effects of external shocks, most notably the airspace closures associated with the Icelandic volcanic eruptions in April and May, but also the unprecedented disruptions at airports caused by the snowfalls of late November and December. The year was also notable for the frequency and intensity of industrial action which affected flight operations, very often as a response to national austerity measures linked with the recession and its aftershocks, particularly in the eurozone.

AEA anticipates that it will be able to announce a very small operating profit for the totality of its members for 2010. But it acknowledges that the figure is an average reflecting a spread ranging from impressive turnarounds for individual carriers to significant losses for others.

"Further consolidation appears inevitable under the prevailing circumstances", said AEA Secretary General Ulrich Schulte-Strathaus. "But all airlines, whether ailing or recovering, are united in their view that the European aviation value chain must become more efficient if the European aviation sector is to become competitive internationally".

It is necessary, he said, to address both systematic weaknesses – such as the slow progress towards an effective Air Traffic Control system – and the vulnerabilities exposed by the events which disrupted business in 2010.

Asia and the Pacific

Preliminary figures for the full calendar year 2010 released by the Association of Asia Pacific Airlines (AAPA)

confirm the strong rebound in traffic demand, bolstered by robust economic growth in Asia and an overall improvement in global economic conditions. In 2010, Asia Pacific carriers carried 185 million international passengers, 13.0% more than in the previous year. Passenger traffic measured in RPK grew by 10%, reflecting particularly strong demand on regional routes. Capacity growth for the year was a relatively restrained 4%, resulting in a 4.1 percentage point improvement in the average international passenger load factor to 78.5%.

Commenting on the 2010 results, Andrew Herdman, AAPA Director General said: “Asia Pacific carriers enjoyed a year of solid growth, with robust demand for both leisure and business travel, and a strong rebound in international trade, led by dynamic growth of the Asia Pacific region. Reported monthly growth rates have naturally moderated as the recovery phase is completed, but encouragingly both passenger and cargo traffic volumes have now surpassed their pre-recession peaks.”

Given expectations of further sustained growth in traffic demand, Herdman said, the outlook for 2011 remains broadly positive. Indeed, the prevailing shift of political influence and commercial dynamism towards Asia should result in players from the region playing an increasingly important role in shaping the future of the air transport industry. “Beyond achieving further commercial success in 2011, the region’s airlines are committed to concerted action and taking leadership on global regulatory issues,” Herdman added.

Middle East and North Africa

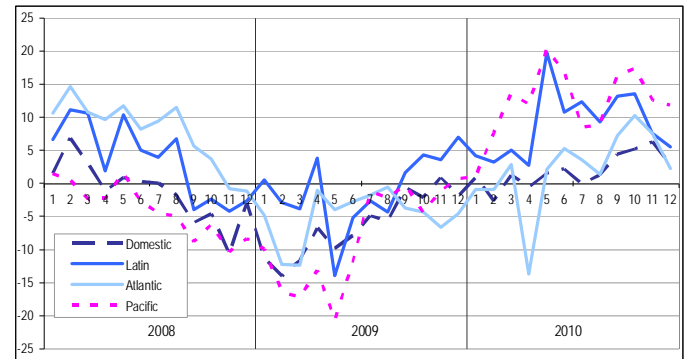
Members of the Arab Air Carriers Organization (AACO) recorded a 16% increase in total scheduled traffic in 2010 on a capacity rise of 13%, which resulted in an improved load factor of 72.7% (from 71.3% in 2009). Passenger numbers, meanwhile, grew by 16%.

Growth in international passenger numbers to, from and within the Arab world is estimated at 0.5% in December 2010 compared with December 2009, while international passenger numbers within the Arab world increased by 1%, and by 0.3% to and from the region.

On the other hand, the Arab airlines increased seat capacity to, from, and within the Arab world by 3.2%, while other airlines decreased their number of seats on

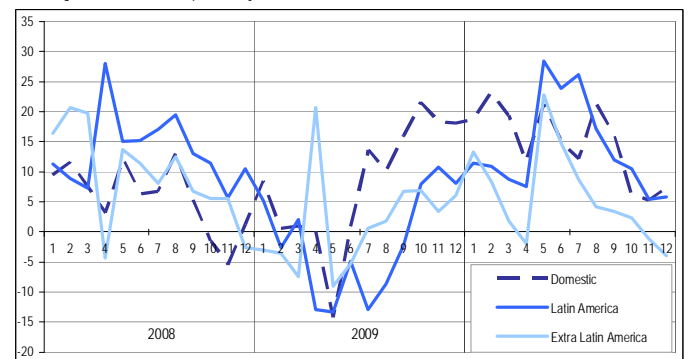
offer by 1.5%, leading to a 1.8% year-on-year increase in the total number of seats offered.

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



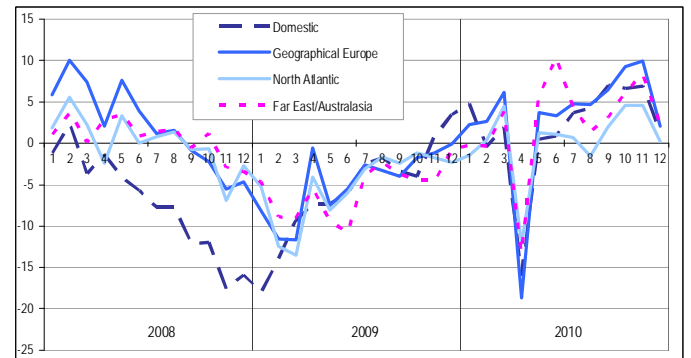
Source: compiled by UNWTO from ATA

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



Source: compiled by UNWTO from ALTA

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



Source: compiled by UNWTO from AACO

Hospitality



Hotel industry rebounding despite turbulent times

The past 12 months have been a turbulent time for the global hospitality industry. Volatile stock markets, volcanic ash clouds, natural disasters and extreme weather, new governments, continued spending cuts around the world and the bail-out of both Greece and Ireland have all hit the headlines at some point during the year. However, just as world economies have started to rebound (albeit some more quickly than others), so too has the hotel industry.

Asia Pacific is leading the pack in terms of hotel performance, with revPAR up 21% for the year to US\$ 88, resulting in the region now matching the 2007 pre-crisis peak. Shanghai performed particularly strongly last year as it lured tourists to the World Expo in 2010. Other cities that have also seen revPAR growth in excess of 20% include Beijing, Jakarta, Hong Kong, Kuala Lumpur and Phuket. In Australia, the region of Queensland recently experienced the worst floods ever which are expected to cost the tourist industry well over AUD100 million as vast areas remain underwater, so no doubt hotel performance in this region will be impacted in the short term.

Hotels in North America are also making a steady recovery, with revPAR up 6% in 2010. While occupancy rose 3 percentage points to 58%, average room rates remained unchanged last year. Key cities across the USA reported strong growth with Boston, Miami, New Orleans and New York all posting double-digit revPAR growth year-to-date. New York has secured the top spot in the USA with the highest occupancy at 81% and increasing average room rates (up US\$ 16).

In the framework of uncertainty, hotel performance in Europe is recovering relatively with 2010 revPAR up 10% to €63 (still €11 below 2007 levels). Performance though is far from uniform across the continent. Munich witnessed the strongest revPAR increase (+ 31%) as a result of hosting more exhibitions and events compared to 2009. Hoteliers in London also turned in outstanding results with 11.7% revPAR growth in local currency, coupled with the highest occupancy in Europe (82%). Meanwhile, Aberdeen, Athens, Cardiff, Copenhagen, Dublin, Malmo, Moscow and Oslo all remained in the red during 2010.

The Middle East is the only world region that experienced declines in revPAR during 2010, down 4% to US\$ 123. However, it still has the highest absolute revPAR results worldwide, some US\$ 35 highest than Asia and the Pacific. Most markets in the Middle East are seeing steady single-digit revPAR growth. Only Abu Dhabi continues to report huge declines in revPAR, down a staggering 41%. The main problem facing the emirate is the current oversupply of hotel rooms that were built in the run up to

the inaugural Abu Dhabi Formula 1 Grand Prix in 2009 and the expected new supply to come on board. According to STR Global, more than 14,712 are in the total active pipeline, with 8,460 already under construction.

Hotel performance by region

	Occupancy (%)		
	Full year		
	2010*	2009	Change (%p)
Europe	63.7	60.5	5.2
Northern Europe	67.1	65.0	3.3
Western Europe	65.3	61.8	5.7
Eastern Europe	54.6	50.9	7.2
Southern Europe	60.0	55.9	7.3
Asia and the Pacific	66.0	60.6	8.9
Central & South Asia	61.4	56.4	8.8
North-East Asia	64.5	58.0	11.3
South-East Asia	65.8	61.2	7.4
Australia & Oceania	73.1	69.4	5.3
Americas	57.8	54.7	5.6
North America	57.7	54.6	5.6
Caribbean	61.1	60.7	0.7
Central America	60.3	56.4	6.9
South America	65.0	59.4	9.5
Middle-East & Africa	61.8	61.3	0.8
Middle East	61.1	60.9	0.3
North Africa	69.2	65.8	5.3
Southern Africa	57.1	58.2	-1.9

Source: STR (North America) and STR Global. © 2010 STR and STR Global. All rights reserved; (%p: percentage points)

Analysis has been provided by Deloitte & Touche LLP using data from STR Global and Smith Travel Research.

This commentary has been written by Marvin Rust – Global Managing Partner of Hospitality at Deloitte and Jessica Jahns, Manager in the Tourism, Hospitality and Leisure team at Deloitte

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The economic environment

The two-speed recovery continues but risks remain elevated

The aftermath of the financial and economic crisis has produced a two-speed recovery of the world economy, led by the buoyant growth of emerging economies. In advanced economies, growth has moderated less than expected, but activity remains comparatively subdued.

- The advanced economies continue to struggle with big public sector deficits, worrying problems in financial sectors, heavy consumer debt, weak property markets and high unemployment. The recovery continues to be sluggish. Governments are faced with contradictory policy imperatives, juggling the needs to support their economies and to sustain employment against other needs to wind down their post-crisis fiscal stimuli and reduce their deficits, to contain inflation and to change unsustainable borrowing habits.
- Economic growth in the Newly Industrialising Economies has returned with great vigour. The acknowledged need is to shift the focus of this growth from investment and exports to consumption – a shift which will encourage travel and tourism. But the existing pattern of growth is already sustaining very rapid increases in business and leisure tourism – increases which are reflected in arrivals in destinations all around the world. Many emerging and developing economies are enjoying unprecedented prosperity, based on the high prices for their commodities – agricultural and mineral – and on the investments involved in securing and increasing supplies of these commodities (Commodity prices are roughly two and a half times what they were five years ago.) This is in general supporting a rapid increase in local travel (both domestic and cross-border) and in longer-haul travel.

Analyses of the current world economic situation can be found in the International Monetary Fund (IMF)'s *World Economic Outlook (WEO) Update* of 25 January and the United Nations Department of Economic and Social Affairs (UN/DESA)'s *World Economic Situation and Prospects 2011 (WESP)*.

See (www.imf.org/external/pubs/ft/weo/2011/update/01) and (www.un.org/en/development/desa/policy/wesp/index.shtml).

The IMF now expects the world economy (at purchasing-power parities) to expand by 4.4% in 2011, a quarter of a percentage point more than it predicted in October 2010, and by 4.5% in 2012. This represents a slight nominal slowdown from the estimated 5.0% for 2010, but the figures for 2010 are, of course, calculated on the much weaker base of 2009. UN/DESA, however, stresses the deceleration since the middle of 2010 and expects moderate growth in the developed and developing

economies. UN/DESA projects a 3.1% global economic growth in 2011 and 3.5% in 2012 (based on market exchange rates).

The IMF and UN/DESA warn that the imbalances in the world financial system that underlay the world economic crisis in 2008-09 are persisting, and continue to threaten the world economy. These include the fiscal and current account deficits run in the developed world, and the corresponding accumulation of foreign exchange reserves in the emerging world:

- If 'financial turmoil' were to spread from the periphery to the core of the eurozone (i.e. from smaller economies like Greece and Ireland to bigger ones like Spain or Italy), European banks might tighten lending conditions by a similar magnitude as during the collapse of Lehman Brothers in 2008. As a result, the IMF reckons that eurozone growth might be reduced by about 2.5 percentage points.
- The US fiscal deficit in 2011 is expected to be 10.75% of GDP (more than double that in the eurozone), and gross government debt is projected to exceed 110% of GDP in 2016. The absence of a credible, medium-term strategy to resolve this would eventually drive up US interest rates and might disrupt global financial markets and the world economy.
- Some of the export-oriented emerging economies continue to run large current account surpluses, but have been reluctant to allow their real effective exchange rates to rise – something which would also help combat their overheating economies and facilitate a healthy rebalancing from external to domestic demand.
- Conversely, others (particularly some of the commodities producers) are grappling with very high exchange rates and with volatile capital inflows – problems associated with the gulf between their interest rates and those in developed economies.

GDP growth measurement, methodological note

World aggregated growth of Gross Domestic Product (GDP) as reported by the UN/DESA is calculated as a weighted average of individual country GDP growth rates, where weights are based on GDP in 2005 prices and exchange rates (i.e. at 2005 market value).

IMF estimates growth rates on the basis of GDP in purchasing power parity (PPP). This is done because the purchasing power of a US dollar varies from one economy to another. As a US dollar usually buys quite a lot more goods and services in emerging economies, their GDP is more strongly weighted in the aggregate, in general resulting in a higher overall growth rate as emerging economies tend to grow faster. For instance, at market value the weight of the USA is 24% and of China 9%, while at PPP their weights are respectively 20% and 13%.

Regional and country outlooks

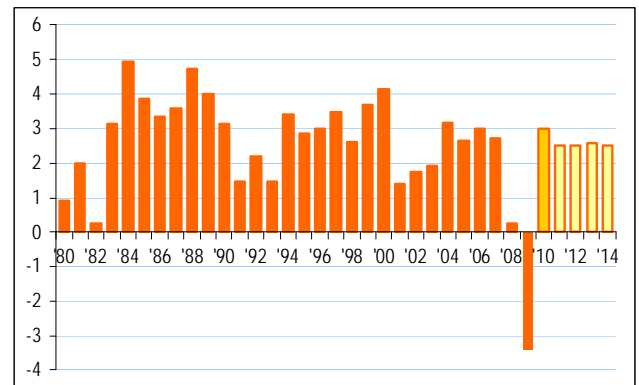
- The United States, a laggard earlier in 2010, seems to be accelerating now, and is pulling Mexico along with it. Canada had been cruising along nicely but has recently slowed down – but only a little. As a result North America no longer seems one of the weaker components of the developed world.
- The prospects for Japan, for long time a slow-coach in the developed world and lacking in confidence, have also improved in recent months – but again only moderately.
- The recent events in Ireland have unsettled Western European countries (in particular the eurozone), more so as the problems of the more heavily indebted countries have not been resolved. The fiscal and monetary problems in the region make further counter-cyclical measures impossible. Indeed, fiscal austerity measures dominate the European landscape. Germany and Sweden are notably prosperous, but the export-led nature of their prosperity does not encourage an increase in consumer spending. The IMF is expecting the eurozone to grow by just 1.5% in 2011 and 1.7% in 2012 – not much more than enough to make up for the decline in 2009. The IMF expects real GDP in the UK to increase by 2.0% and 2.3%, but the prospects for the UK are particularly uncertain.
- In Central and Eastern Europe few countries have yet managed to get back onto the industrialising economies' bandwagon. Successful exceptions include Turkey and Poland.
- Russia is prospering again, on the basis of its commodities sectors; incomes and consumer demand are rising strongly. Some of its neighbours in the Commonwealth of Independent States (CIS) are also investing heavily in oil and gas production, and most are seeing increases in trade and remittances from Russia. The IMF expects growth in the CIS to average just under 5% in the next two years.
- The extraordinary growth of China (9-10% a year) and India (8-9% a year) tends to overshadow the fact that most countries in Asia are sharing in the regional prosperity, enjoying high rates of growth. The question in Asia is whether inflation – both domestic (overheating due to bottlenecks and rising expectations) and imported (commodity prices) can be easily contained. In much of South and Southeast Asia inflation is running at 10% a year or more. Policy measures and bottlenecks in the economies are, between them, likely to dampen the boom a little in 2011-12.
- Similarly, media attention has been focused on Brazil as one of the 'BRIC' economies, but Argentina, Chile, Colombia, Peru, Uruguay and some other countries in South America are growing just as fast. Emerging middle classes are travelling more, and the most affluent among them are travelling further afield. As in Asia, rising inflation is already obliging some governments (Brazil, for instance) to apply the brakes. The recovery in Central America and the Caribbean has been more modest, and (as

in Mexico) much depends on the US economy and on progress in the war against the drug cartels.

- Sub-Saharan Africa is growing as never before, projected to be close to 6% for 2011 and 2012, but the redistribution of wealth generated remains largely unequal across the different subregions.
- The recent events in Tunisia and Egypt have thrown the prospects for the Middle East and North Africa into question. The optimistic view is that a combination of high oil prices and governments anxious to please their people is a recipe for increases in disposable incomes throughout the region. But when revolution is in the air, economic prospects become unpredictable.

Advanced economies

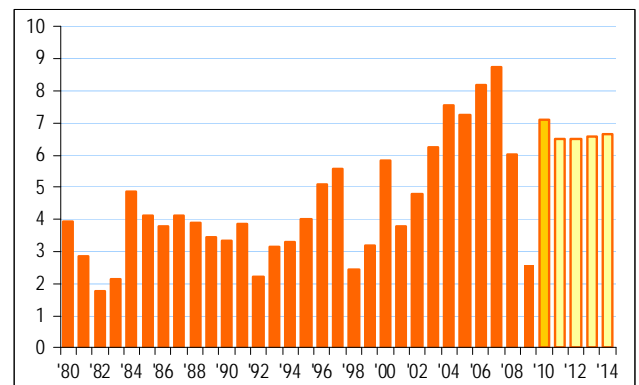
Growth of Gross Domestic Product (GDP), constant prices (%)



Source: International Monetary Fund

Emerging market and developing countries

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



Source: International Monetary Fund

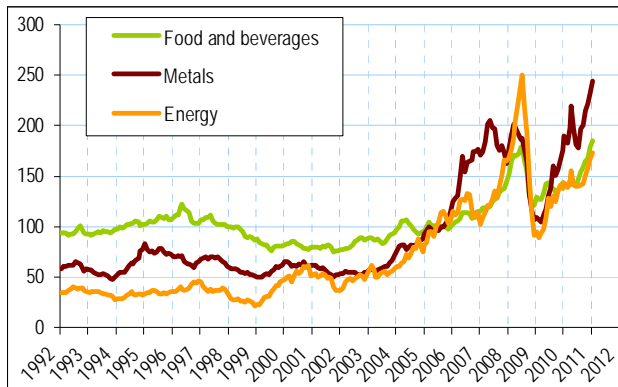
Commodities, inflation, interest rates

Futures prices indicate a further rise in oil and commodities prices of 10-15% in 2011. Oil prices of US\$ 100/barrel or more no longer seem exceptional. The IMF's latest assumption is that they will average US\$ 89.50 in 2011, but this was announced before the current unrest in the Middle East and North Africa.

In the developed world, the threats to inflation posed by high commodity prices and higher taxes are balanced by subdued economic growth, gains in productivity and weak confidence. But in many emerging and developing markets rising commodity prices are compounded by overheating

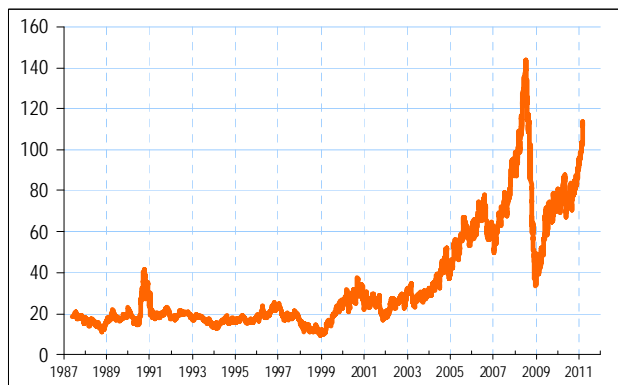
local economies. The IMF expects them to have an average inflation rate of 6% in 2011 and further measures to restrain demand may become necessary; many are already raising interest rates. Food prices are a very important component of the cost of living in most of these countries, and the recent increases have been a significant trigger in the social unrest evident in some countries.

Commodity price index (2005=100, in terms of US dollars)



Source: International Monetary Fund

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



Source: US Department of Energy, Energy Information Administration

Exchange rates

Exchange rates, as always, are having important effects on the direction of tourism flows. In general, the modest appreciations of currencies in prospering Asia are helping to keep the focus of tourism within the region, at the expense of long-haul travel. By contrast, the very strong currencies of many commodities producers are encouraging long-haul outbound travel and dampening inbound travel.

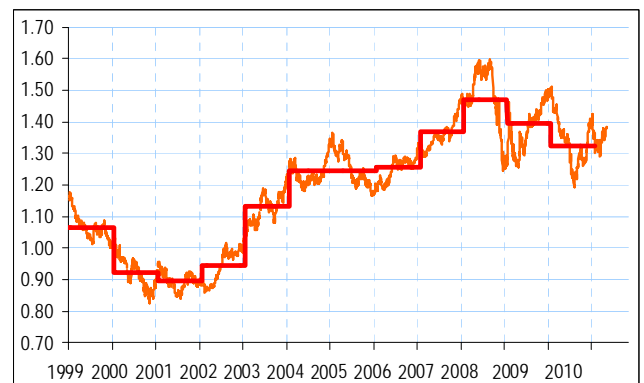
The most important trend in 2010 was the continued weakness of the US dollar – a weakness that persisted through the last part of the year. But within this overall trend were several other significant strands which had implications for the directional flows of tourism:

- Although the euro remains far stronger than it was ten years ago, it has see-sawed against the US dollar since 2008. It fell from a peak of €0.66 per US dollar in November 2009 to €0.84 in June 2010, before staging a recovery to €0.71 in December. The recent events in

Ireland then put it under renewed pressure. On average for the year, the euro depreciated some 5% against the US dollar (and pegged currencies such as those of some destinations in the Caribbean or the Middle East) in 2010, exchanging at 1 euro to US\$ 1.33 (0.75 euro per US\$), compared to the 2009 average of 1 euro to US\$ 1.39 (0.72 euro per US\$).

- The pound sterling has regained some of its strength, returning to its usual course in the middle ground between the US dollar and euro.
- Many other European currencies, including the Swedish krona, Norwegian krone, Swiss franc, Russian rouble and Turkish lira, have risen against both the US dollar and euro.
- The Chinese renminbi continues its gradual and controlled appreciation against the US dollar, while some other Asian currencies, which used to be more loosely linked to the US dollar, have been rising more sharply. These include the Taiwan, Singapore, Thai, Malaysian, Indonesian and Philippine currencies. However, this trend appeared to come to an end in the last quarter of 2010. The Japanese yen, Korean won (which had collapsed in 2008-09) and Indian rupee have also been rising against the US dollar.
- The currencies of many commodity-exporting countries have also been rising, and generally more dramatically, including the Canadian, Australian and New Zealand dollars and the currencies of Brazil, Chile and South Africa (but not the oil-exporting countries of the Middle East). The Mexican and Colombian currencies have also risen, but the Argentine and Venezuelan currencies have fallen.

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



Source: De Nederlandse Bank

World Tourism Organization (UNWTO) Publications



UNWTO World Tourism Barometer

The *UNWTO World Tourism Barometer* offers a unique overview of short-term international tourism trends. It is developed by UNWTO with the aim to provide all those directly or indirectly involved in tourism with adequate up-to-date statistics and analysis in a timely fashion. Each issue contains three regular sections: an overview of short-term tourism trends including data on international tourist arrivals, tourism receipts and expenditure for over 100 countries worldwide and data on air transport on major routes; a retrospective and prospective evaluation of current tourism performance by the members of the UNWTO Panel of Tourism Experts; and selected economic data relevant for tourism. The *UNWTO World Tourism Barometer* is periodically updated.

Available in English, French and Spanish in print and PDF version



Price: € 70 per year
(PDF version)
€ 100 (PDF and
print version)

Handbook on E-marketing for Tourism Destinations

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

Available in English

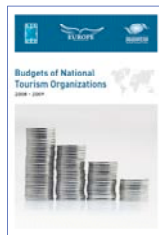


Published: 2008
Price: € 75

Budgets of National Tourism Organizations, 2008-2009

Budgets of National Tourism Organizations, 2008-2009 is a benchmarking reference tool on inbound tourism marketing. This ETC/UNWTO report compiles and analyses updated and comparable information on the budgets that NTOs allocate for the promotion of inbound tourism, as well as their structure, functions and activities, focusing on recent trends and developments. Given the increasing importance of e-marketing, the report also includes a special focus on the use of Information and Communication Technologies (ICT) by NTOs in international tourism promotion. The report covers 62 countries worldwide.

Available in English



Published: 2010
Price: € 75

Cruise Tourism – Current Situation and Trends

Over the past years, worldwide demand for cruise tourism has posted some of the biggest gains within the tourism sector. The constant dynamism in cruise activity, as well as the increasing number of countries that include cruises, as a key product for their tourism development, has led to update and expand the first edition of the UNWTO study of 2003. This new study discusses subjects like the current supply and demand for cruises as well as its characteristics and trends. A new element includes the relationship between destinations and cruise lines, analysing key factors such as legislation, promotion and the economic impact of cruises through reference cases. It presents current trends in this industry in terms of innovation, safety and security, sustainability, and identifies the major lines that will shape the sector.

Available in English and Spanish

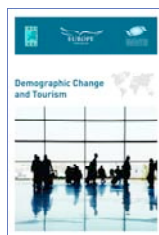


Published: 2008
Price: € 80

Demographic Change and Tourism

The structure of societies is continuously changing: The world population is forecast to grow to 8.3 billion in 2030, life expectancy is projected to increase in most of the world, households and families are becoming more diverse, and migration is changing the face of societies. All these changes will impact upon the types of tourists, where they originate from, where they travel to, the types of accommodation they require and the activities they engage in while travelling. The UNWTO/ETC Report on *Demographic Change and Tourism* aims to be a reference for destinations and the industry to achieve a better understanding of current and future changes and to anticipate and react upon them in the most competitive way. It includes a comprehensive analysis of major demographic trends and how these will impact on tourism in specific generating markets focusing on three major trends: Population growth and ageing, Household composition and travel parties, and Migration Branding.

Available in English



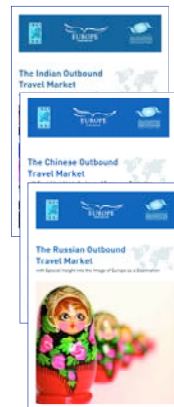
Published: 2010
Price: € 75

The Indian Outbound Travel Market, The Chinese Outbound Travel Market and The Russian Outbound Travel Market with Special Insight into the Image of Europe as a Destination

The Indian, The Chinese and The Russian Outbound Travel Markets are some of the fastest growing, and consequently increasingly important markets in the world. As a result, the UNWTO and ETC have jointly published in-depth research studies focused on each unique market. The reports aim to provide the necessary information in order to better understand the structure and trends of these growing markets.

The outbound reports cover issues such as travellers' behaviour and patterns – destination choice, purpose of travel, spending, holiday activities and market segmentation, as well as the media or internet use trends.

Available in English



Published: 2008/2009
Price: € 75 each

Handbook on Tourism Destination Branding

All over, governments have become aware of tourism's power to boost their nation's development and prosperity. As more tourism destinations emerge and competition for visitors becomes more intense, a destination's ability to project itself on the world stage and differentiate itself from others is ever more important. Recognizing the value of successfully building and managing a destination's brand, the ETC and the UNWTO provide a useful and practical handbook for both marketing novices and experienced destination managers. Introduced by Simon Anholt, it offers a step-by-step guide to the branding process accompanied by strategies for brand management. Case studies illustrate the various concepts, present best practices from around the world and provide fresh insight into destination branding. It concludes with a section on evaluating brand impact and a set of practical recommendations.

Available in English



Published: 2009
Price: € 75

The Spanish Outbound Travel Market to Africa and the Middle East and Study on Chinese Outbound Travel to Africa

While other regions enjoy their fair share of the tourism cake, Africa only accounts for five percent of international tourist arrivals worldwide. One of the reasons for this low traffic to Africa could be insufficient knowledge about how to tap into markets, especially growing markets, such as the Chinese and Spanish one. As a result, the UNWTO has published two reports aimed at supporting African countries in benefitting from the growing Chinese and Spanish markets; by providing information linked to size, main characteristics, needs and expectations, as well as possible strategies for attracting Spanish and Chinese tourists to Africa.

Available in English



Published: 2011
Price: € 75 each

The **World Tourism Organization** is a specialized agency of the United Nations and the leading international organization in the field of tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how. Its membership includes 161 countries and territories and more than 400 Affiliate Members representing local governments, tourism associations and private sector companies including airlines, hotel groups and tour operators.

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