

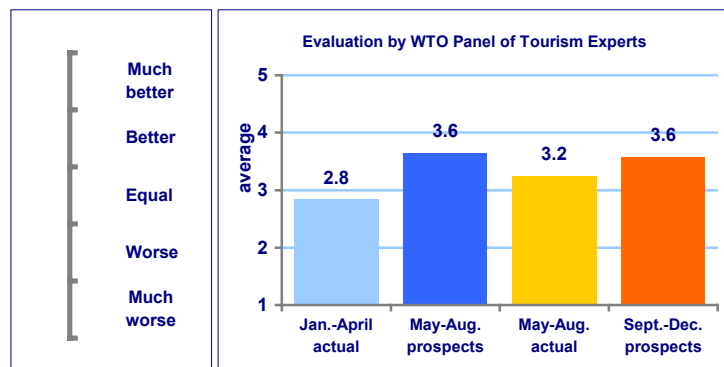
Results gradually getting better, but still some way to go

In the past four months, international tourism results generally have improved compared to the first four months of 2003. Many destinations are on the increase again, although it generally costs quite some effort to overcome the damage done by the Iraq conflict and SARS. Evolution is still somewhat dissimilar as there is a big variety in the losses to recover and the speed at which this is taking place.

WTO Panel of Tourism Experts

The some hundred and forty experts worldwide consulted for the WTO Panel of Tourism Experts confirm positive prospects of the evolution of international tourism for the remainder of 2003. For all regions expectations range between equal and better than might reasonably have been expected for that time of the year. The panel assesses the coming four months with an average of 3.6 on a on a five-point scale ranging from [1] much worse to [5] much better. Expectations have clearly improved in Asia and the Pacific (4.0), and are also higher than average in Africa and the Middle East (both 3.8).

Compared to the expectations expressed four months ago (3.6), however, the actual performance for the period May-August is seen as slightly less positive. For the panel as a whole, the past four months are valued with an average of 3.2, just above the equal point of 3, but still a clear improvement compared to the evaluation of 2.8 measured for the period January to April. Actual performance is judged most positively in the Middle East (3.6) and in Africa (3.5), while Asia and the Pacific was the only region with an evaluation below equal (2.9). (More on page 12)



Contents

Short-term Tourism Data	2
- International Tourism: Arrivals, Receipts and Expenditure	2
- Air Transport	9
Evaluation by WTO Panel of Tourism Experts	12
The Economic Environment	15

Tourism Highlights, Edition 2003

Recently WTO issued its customary *WTO Tourism Highlights* presenting a concise overview of international tourism in the world based on the results for the year 2002. The eight page brochure offers statistics and analysis on international tourist arrivals, international tourism receipts, a summary of the results by region, top destinations by arrivals and receipts, outbound tourism by generating region, top spenders, etc. The brochure is an advance on the forthcoming *WTO Tourism Market Trends, Edition 2003* series of regional reports, containing in-depth analysis of the short- and mid-term tourism trends by region, subregion and country.

The electronic version of the *WTO Tourism Highlights, Edition 2003* can be downloaded for free from the Facts & Figures section at <www.world-tourism.org>.

This is the second issue of the *WTO World Tourism Barometer*, a new activity of the Market Intelligence and Promotion section of WTO with the aim of monitoring the short-term evolution of tourism in order to provide the tourism sector with adequate and timely information.

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

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

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Short-term Tourism Data

International Tourism: Arrivals, Receipts and Expenditure

In the first four months of 2003, world tourism performance was predominantly influenced by the Iraq conflict and from April on by the emergence of SARS. With regard to the geopolitical situation, travel confidence was gradually restored with the end of the war. Even though further uncertainty was added in the following months by various terrorist attacks, such as in Riyadh, Casablanca, Jakarta and Mumbai, these events had markedly less impact than before, as the public by now seems to have assumed that the world is not always as safe a place to live in as would be wished.

With the Iraq conflict cooling down and SARS under control, the big question remained what the real impact had been on tourism performance in each region and whether demand would recover and at what pace. According to the data available on arrivals for more than hundred countries, most destinations have made headway in overcoming the damage done by the Iraq war and the SARS scare. The still weak economy, however, continued to restrain a faster recovery in various regions, in particular in Western Europe.

Results by Region

The following section gives an overview of the performance of destinations in terms of international tourist arrivals up to August 2003. Furthermore, in this issue of the *WTO World Tourism Barometer* International Tourism Receipts and International Tourism Expenditure are analysed as two new indicators. So inbound tourism can be evaluated both from the point of view of volume and of receipts, and in addition to that, attention will also be paid to the evolution of expenditure on outbound tourism from major generating markets.

Europe

With the ghost of economic recession over some of the most important generating markets, results for the first eight months are not particularly buoyant. Of the more important European outbound markets, Germany (-6%), Netherlands (-7%), Switzerland (-6%), Austria (-1%), Sweden (-13%), Denmark (-8%) and Belgium (-1%), all show decreases in their expenditure on international tourism for the period over which data is available. This circumstance can be clearly seen in the results of most of their favourite holiday destinations. Also, Europe experienced a long and unusually hot and dry summer, which affected the traditional sum-

mer flow from North to South, with more Northerners staying at home or closer to home. Many consumers opted for domestic holidays induced by the economic climate, a trend that governments are beginning to recognize and even offer incentives through special payments schemes similar to those introduced in Poland and Hungary. On the other side of the spectrum are France and Italy, both spending 4% more in the first half of the year. In Northern Europe, the United Kingdom and Ireland escape from the general trend. The United Kingdom is, in fact, one of the brighter spots in Europe both in terms of inbound and outbound tourism. The country recovered from the bad figures of the war months and ends the period of January to

The data included in this section has been compiled by the WTO Secretariat in September and early October 2003 based on preliminary data as disseminated by the institutions of the various countries and territories through websites, press releases, bulletins or provided through direct contacts with officials. Whenever necessary, updated data will be included over time without further notice.

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

Countries that are not included in this overview, but with monthly data for 2003 at their disposal, are kindly requested to please contact the WTO Secretariat at barom@world-tourism.org.

August almost equal to 2002 results (+0,5%). With regard to outbound tourism its citizens spent almost 5% more in the first half of the year.

The three major traditional destinations, France, Spain and Italy, decreased or showed no change. France was plagued by a combination of different factors -fires, strikes, a heat wave, oil spill, anti-French sentiment by Americans- and saw the number of nights in hotels decline by 8%. With this figure, however, it should be taken into account that it only reflects hotel business and thus is very much influenced by the failing of interregional demand from North America and Asia. The French tourism product for the intra-regional market is comparatively stronger based on other types of accommodation, such as campsites, rented houses, second homes, etc. By comparison, in the first half-year, French receipts from international tourism were just flat. Spain ended the year until August with an increase of 0.4% in international tourist arrivals. August saw a decline by 6.8%, but this negative result is, for a matter of fact, due to an exceptional strong August in 2002. Italy faced declining arrival numbers since April, leading to an accumulated loss of 3,5% over the first seven months of the year. Main reason given is the reduced long-haul demand from the United States and Japan affecting in particular cultural tourism in major cities, while the “sun and sea” segment is said to have suffered less. Some of the lesser traditional sun and sea destinations such as Croatia (+6% between January and August), Slovenia (+4%), Turkey (+1%) achieved particular good results in their summer season. Turkey recovered impressively quickly and strongly from the negative figures of the period from March to May, recording double-digit increases in both July (+10%) and August (+17%). As will be seen later, Mediterranean destinations in North Africa and the Middle East also did rather well. One of the factors for this popularity could be the fact that with the current exchange rate for the euro, holidaying outside the euro area offers high price competitiveness.

With regard to transport, the situation gradually seems to move back to normal. Air traffic by traditional airlines was slightly up till August, while low-cost carriers are continuing their swift advance. Spain for instance saw a clear reversing trend. While in 2002 arrivals by road and rail increased by 18% and 9% respectively, and air transport

International Tourist Arrivals by Country of Destination

	2002*		2003* Monthly data							
	Series (1)	02*/01	Series	Series (%)						
				YTD (2)	April	May	June	July	Aug.	
	(1000)	(%)								
Europe										
Andorra	TF	3,388	-3.6	TF	-8.9	1.5	-7.0	-4.9	-12.6	-5.7
Austria	TCE	18,611	2.4	TCE	2.0	34.9	-12.6	6.5	-4.3	13.4
Belgium	TCE	6,724	4.2	TCE	-5.6	-1.2	-12.7	1.1	-10.6	
Bulgaria	TF	3,433	7.8	TF	13.5	..	..	..	..
Croatia	TCE	6,944	6.1	TCE	6.2	30.7	0.4	13.9	1.4	8.6
Cyprus	TF	2,418	-10.3	TF	-6.7	-5.9	-17.0	-10.6	-2.8	7.8
Czech Rep	TCE	4,579	-11.8	VF	-6.1	-9.4	-11.6	-4.8	-7.6	6.6
Denmark	TCE	2,010	-0.9	NHS	-0.8	12.3	-4.3	-3.7	-3.6	8.7
Estonia	TF	1,360	3.0	TF	-1.7	-6.6	1.4	-2.1	2.9	
Finland	TF	2,875	1.7	NHS	-2.8	-2.6	-2.3	0.4	-6.6	
F.Yug.Rep.Macedonia	TCE	123	24.3	TCE	8.0	0.0	11.7	8.9		
France	TF	77,012	2.4	NHS	-8.3	-4.5	-15.1	-12.1	-13.8	-10.0
Germany	TCE	17,969	0.6	THS	-0.2	-5.5	2.8	-2.4	-1.0	
Hungary	VF/2	15,870	3.5	TCE	-5.9	0.0	-16.0	-4.8	-6.9	-1.8
Iceland	TF	278		NHS	7.7	27.3	12.3	4.2	4.9	
Ireland	TF	6,476	1.9	TF	3.2	..	..	..
Israel	TF	862	-27.9	TF	16.4	17.7	35.7	43.9	53.9	52.0
Italy	TF	39,799	0.6	TF	-3.5	-1.1	-6.9	-3.5	-7.8	
Latvia	TF	848	43.5	VF	10.9	14.2	6.7	6.1	5.9	15.8
Liechtenstein	THS	49	-13.2	THS	-1.9	-3.8	0.8	-9.6	-7.8	-6.3
Malta	TF	1,134	-3.9	TF	2.9	12.7	2.5	5.7	2.4	
Netherlands	TCE	9,595	1.0	TCE	-7.6	-2.1	-19.5	9.8		
Norway	TCE	3,107	1.1	NHS	-8.4	-17.7	-3.7	-9.9	-9.6	-0.6
Poland	TF	13,980	-6.8	VF	-3.2	-0.7	-1.7	4.2		
Portugal	TF	11,666	-4.1	NHS	1.6	9.9	1.9	1.9	3.0	
Serbia & Montenegro	TCE	448	27.5	TCE	4.1	-10.2				
Slovakia	TCE	1,399	14.8	TCE	1.3	-1.4	-7.1	3.1		
Slovenia	TCE	1,302	6.8	TCE	4.3	4.9	0.6	12.9	2.0	7.0
Spain	TF	51,748	3.3	TF	0.4	12.3	4.7	0.2	1.0	-6.8
Sweden	TCE	7,459	4.3	NHS	-1.3	7.9	-2.8	0.5	-4.6	
Switzerland	TF	10,000	-7.4	NHS	-5.4	1.1	-11.9	-7.7	-6.8	-1.4
Turkey	TF	12,782	18.5	TF	0.7	-21.8	-15.1	1.2	9.6	16.8
United Kingdom	VF	24,180	5.9	VF	0.5	-16.1	-7.4	8.2	-4.7	4.7

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

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

(2) Year to date.

decreased by 1%, in the first eight months of 2003 air transport increased by 7% and road and rail transport declined by 13 and 10% respectively. Also, Spain saw an increase in passengers through low-cost carriers of a staggering 50% in the period January to August 2003.

	Series (1) International Tourism Receipts							International Tourism Expenditure						
	US\$	Local currencies (%)						US\$	Local currencies (%)					
	2002	02/01	2003* on previous year				2002	02/01	2003* on previous year					
	(million)		YTD (2)	Q1	Q2	Jul	Aug	(million)		YTD (2)	Q1	Q2	Jul	Aug
Europe														
Austria	11,237	3.8	-0.7	-12.3	15.7	5.9	9,391	-1.0	-2.3	-0.6	-2.6	-3.2		
Belgium	6,892	-6.0	3.3	6.5	0.5		10,435	1.5	-0.9	-0.3	-1.4			
Bulgaria	1,344	2.9	-4.7	-6.6	-3.8		616	3.8	-8.4	-6.1				
Croatia	\$ 3,811	14.3	64.7	64.7			781	28.8	-10.3	-10.3				
Cyprus	1,863	-10.4	-12.1	-12.1			424	17.7	13.8	13.8				
Czech Rep	2,941	-18.5	-5.7	-4.1	-7.1		1,575	-2.4	3.2	9.5	-1.6			
Denmark	5,785	19.4	-11.0	-13.9	-8.7		6,856	18.5	-8.2	-11.2	-5.4			
Estonia	555	2.9	-0.5	-6.6	2.9		231	13.5	21.7	24.9	19.3			
Finland	1,573	3.7	1.4	0.0	2.7		1,966	0.5	3.1	4.4	1.9			
France	32,329	1.5	-0.1	10.2	-7.3		19,460	2.6	4.1	8.1	0.7			
Germany	19,158	-1.5	-4.2	-3.7	-4.7		53,196	-4.3	-6.0	-3.7	-8.0			
Greece	9,741	-2.8	-9.1	-15.7	-9.3	-7.0	2,450	-45.2	7.2	4.6				
Hungary	3,273	-18.4	-14.1	-21.0	-9.1		1,722	11.7	-8.6	-17.7	1.1			
Ireland	3,089	4.4	2.0	3.8	0.9		3,743	23.5	11.6	13.4	10.3			
Israel	\$ 1,197	-18.0	-9.8	-14.2	-4.9		2,547	-13.7	-5.3	-26.2	12.6			
Italy	26,915	-2.7	-1.6	10.8	-7.8		16,935	7.6	4.3	11.4	-1.1			
Latvia	161	31.4	23.1	34.9	17.2		230	0.4	20.9	21.6	20.4			
Lithuania	513	22.0	-10.1	-20.2	-2.2		341	42.5	0.3	0.0	0.6			
Luxembourg	2,186	8.2	6.6	5.1	8.1		1,896	22.4	3.9	-5.9	12.1			
Malta	568	-5.6	7.8	4.4	10.0		152	-18.7	-10.6	-10.6				
Netherlands	7,706	8.6	-5.3	-10.4	-1.2		12,919	1.8	-6.7	-10.8	-3.8			
Norway	2,738	-1.8	1.8	-5.7	5.2	7.1	5,814	1.3	12.5	12.1	15.1	77.3		
Portugal	5,919	2.2	3.9	3.4	3.8	5.0	2,274	2.4	-2.0	-1.5	-3.3	0.6		
Russian Fed	\$ 4,188	17.6	5.7	2.9	7.6		12,005	20.5	7.2	12.0	3.8			
Slovakia	724	5.9	23.1	26.8	19.9		442	43.3	1.3	12.4	-7.1			
Slovenia	1,083	5.9	5.7	2.8	6.9	8.2	614	12.2	6.6	-6.5	10.2	12.6		
Spain	33,609	-2.9	4.4	0.3	7.5		6,638	5.4	0.6	0.6	0.6			
Sweden	4,496	-1.6	-2.4	-8.3	2.6		7,241	-2.1	-12.5	-12.9	-12.0			
Switzerland	7,628	-6.3	5.1	6.5	3.6		6,427	0.9	-6.0	-5.3	-6.5			
Turkey	\$ 9,010	4.8	-7.2	-10.4	-10.8	1.9	1,881	8.2	-4.4	23.7	-19.7	-15.0		
United Kingdom	sa 17,591	6.3	-4.8	0.2	-9.5		40,409	18.7	4.6	8.7	0.6			

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

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

(2) Year to date.

Americas

Although the months following the Iraq war and the SARS outbreak show some alleviation, North America still has to recover an important part of the losses suffered. In the seven months till July the United States was still 7% down on the same period last year. Results have been particularly weak for travel from Asia (-20%) and South America (-23%) and comparatively better for travel from Mexico (-2%, excluding trips within 25 miles of the U.S. border zone), Canada (-4%) and Western Europe (-3%), with an encouraging 2% increase from the United Kingdom. Canada, hard hit by the travel advisories issued regarding SARS by the end of April, showed double-digit drops for all months, particularly profound in the month of May. It ends the period with decrease of 15%. Mexico started to recuperate from the severe decline in arrivals from the United States during the war in Iraq and recorded positive figures in June and July, but still faced an accumulated loss in arrivals of 8% till August. International tourism receipts for Mexico, however, increased by 7% in the period till July. This discrepancy can be explained on the one hand by a shift from short-term trips just over the border to longer trips to the interior, and on the other hand by the increase in cruise arrivals (counted as same-day arrivals instead of as tourists, but included in the receipts).

For the remainder of the region the situation is much brighter, with the majority of destinations in the Caribbean and in Central and South America presenting generally positive and in some cases very positive figures. Benefiting from the weaker US dollar, making most destinations cheaper for European and Canadian consumers, and from some traffic replacement from Asia due to SARS, the Caribbean confirms its steady recovery from the 2002 negative results. Some of the major destinations recorded particular good results, such as the Dominican Republic (+20%), Cuba (+14%) and Jamaica (+7%), while Puerto Rico (+3%) and the Bahamas (+2%) were also on the positive side.

Likewise, Central and South America succeeded in maintaining the momentum of the first four months of 2003. As political and economic stability in major intra-regional generating markets was reinforced, particularly in Argentina and Brazil, countries in the region like Chile (+11%), Peru

International Tourist Arrivals by Country of Destination

	2002*		2003* Monthly data							
	Series (1)	02*/01	Series	(%)						
	(1000)	(%)	YTD (2)	April	May	June	July	Aug.		
Americas										
Anguilla	TF	44	-8.3	TF	2.7	7.0	3.5	12.5	20.4	
Antigua, Barb	TF			VF air	5.0	14.0				
Argentina	TF	2,820	7.6	VF(3)	26.8	33.0	10.6	25.8	25.6	
Aruba	TF	643	-7.0	TF	-2.4	-1.1	-2.1	-3.2	7.0	2.5
Bahamas	TF			TF Air	1.7	14.5	-5.5	-1.6	5.8	-0.2
Barbados	TF	498	-1.8	TF	8.2	25.7	12.0	19.6	7.6	-1.6
Belize	TF	200	1.8	TF	9.7	15.5	11.6	13.4		
Bermuda	TF	284	2.1	VF air	-4.2	-9.0	-2.7	0.4	0.2	
Bonaire	TF	52	3.2	TF Air	26.6	78.9	24.0	24.4		
Canada	TF	20,057	1.9	TF	-14.9	-16.5	-23.3	-17.2	-16.0	
Cayman Islands	TF	303	-9.3	TF	-5.7	3.9	-10.0	-8.7	-8.2	-6.4
Chile	TF	1,412	-18.0	TF	10.6	15.7	8.0	26.9	24.8	21.6
Cuba	TF	1,656	-4.6	TF	14.3	20.6	6.5	2.5	5.8	16.0
Curaçao	TF	218	6.3	TF	-1.3	-0.8	-2.7	4.8	15.1	
Dominica	TF	67	1.1	TF	6.3	38.2	0.5			
Dominican Rp	TF	2,811	-2.5	VF air	19.7	25.6	13.8	14.2	23.0	26.9
Ecuador	VF	654	2.1	VF	16.1	20.4	3.2	14.2	16.3	41.0
El Salvador	TF	951	29.5	VF	5.5	-4.1	17.4	7.7		
Grenada	TF	132	7.3	TF	7.4	30.1	-12.3	29.0	18.4	
Guyana	TF	104	9.8	TF	-16.1	4.6	-8.4	-8.9	-22.2	
Jamaica	TF	1,266	-0.8	TF	6.8	11.2	2.7	7.4	4.6	8.0
Martinique	TF	448	-2.7	TF	0.2	9.9	-5.6	3.5	-2.1	-6.1
Mexico	TF	19,667	-0.7	TF	-7.8	-20.4	-4.0	1.9	4.5	-2.3
Montserrat	TF	10	-1.9	TF	-11.9	14.6	-28.4	14.5	27.0	
Nicaragua	TF	472	-2.3	TF	7.5	30.5	11.3	15.6	21.8	
Panama	TF	534	2.9	TF	9.4	13.9	16.7	10.3		
Peru	TF	846	6.0	VF air(4)	3.4	13.5	1.6	2.8	5.6	
Puerto Rico	TF	3,087	-13.1	THS	3.4	-4.5	-3.7	2.6		
Saba	TF	11	19.7	TF	14.9	15.2	19.3	8.3		
Saint Lucia	TF	253	1.3	TF	8.6	1.2	10.3	35.1	19.7	23.4
St. Maarten	TF	381	-5.4	VF air	8.3	7.9	23.7	3.5		
St. Vincent, Grenadines	TF	78	9.3	TF	-7.2	22.7	9.2			
Trinidad Tbg	TF	379	-1.1	TF	12.6	26.0	2.5			
United States	TF	41,892	-6.7	TF(5)	-7.3	-6.1	-11.8	-7.4	-4.1	
Uruguay	TF	1,258	-33.5	VF(6)	2.6	47.1	-15.3	2.2	17.1	
US. Virgin Is	TF	553	-6.6	THS	0.1	-7.4	8.0	-3.9	7.9	

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

- (1) See Table on Europe.
- (2) Year to date.
- (3) Foreign arrivals to Ezeiza and Jorge Newbery Intl Airports and to the Buenos Aires Port
- (4) Foreign arrivals to Jorge Chavez Intl Airport
- (5) Excluding Mexican visitors not travelling beyond the 25 miles U.S. border zone
- (6) Excluding Uruguayan nationals residing abroad

(+3%), Uruguay (+3%) and Ecuador (+15%) all prospered. Argentina, benefiting from the competitive price advantage, managed to continue the positive trend initiated in 2002 and presents a substantial 27% increase in arrivals at its major air and water entry points in the period between January and July. Central American destinations with data available for the first six or seven months of the year -Belize (+10%), El Salvador (+6%), Panama (+9%), Nicaragua (+8%)- consistently show a continuation of the strong growth trend already seen in previous years.

	Series (1) International Tourism Receipts							International Tourism Expenditure					
	US\$	Local currencies (%)					US\$	Local currencies (%)					
		2002	02/01	2003* on previous year				2002	02/01	2003* on previous year			
	(million)	YTD (2)	Q1	Q2	Jul	Aug	(million)	YTD (2)	Q1	Q2	Jul	Aug	
Americas													
Aruba	898	1.3	-2.1	-2.1			154	17.0	36.6	36.6			
Canada	9,700	1.9	-11.7	-7.0	-16.7		9,929	0.2	0.2	5.9	-5.3		
Colombia	\$ 962	-20.5	-18.8	-18.8			1,072	-7.5	-14.6	-14.6			
Costa Rica	\$ 1,078	-1.5	-3.0	-3.0			367	-4.9	-4.8	-4.8			
Dominican Rp	\$ 2,736	-2.2	17.5	18.2	16.7		295						
Ecuador	\$ 447	4.0	-8.6	-7.3	-9.8		364	7.0	1.7	1.7			
El Salvador	\$ 342	20.9	-3.7	-0.5	-7.1		161	-2.4	-26.7	-42.7	1.6		
Guatemala	\$ 695	24.2	-4.3	32.7	-0.4								
Mexico	\$,sa 8,858	5.4	6.9	6.8	6.9	7.0	6,060	6.3	1.2	-3.7	4.2	5.9	
Panama	679	9.7	9.6	9.6			178	1.0	18.7	18.7			
United States	sa 66,547	-7.6	-4.1	-1.3	-7.0		58,044	-3.6	-5.3	-2.0	-8.7		

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

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

(2) Year to date.

Asia and the Pacific

With the exception of South Asia, tourism performance in the majority of Asian destinations has been almost completely determined by the outbreak of SARS. Most countries in North and South East Asia suffered double digit decreases in March and April. The bottom, however, was reached in May, a month in which many destinations saw their arrivals decreasing by over half. Particularly badly affected were Taiwan (pr. of China), Singapore, Hong Kong, Vietnam, Malaysia and Thailand. In June, July and August results generally were still negative but each month less pronounced. The countries that show the highest decreases over the first eight months of the year are Malaysia (-31%), Guam (-29%), Taiwan (pr. of China) (-28%, 7 months), Singapore (-28%) and Indonesia (-21%, 7 months). China also suffered seriously, but has a somewhat lower accumulated loss of 17% till July, due to strong positive results in the first three months of the year. However, data for the last few months show that recovery is underway, as decrease rates are becoming less and less accentuated. Also, some destinations such as Macao (China), already managed to achieve positive results in July and August of +3% and +14%.

The impact of SARS was felt not only in the countries directly affected by the outbreak, but also in many others due to the generalized fear of travelling to the region. Likewise, intra-regional outbound tourism also declined significantly. The region also suffered from the fact that some of the affected destinations, such as Hong Kong (China) and Singapore, constitute important transit points to other countries in the area. Major players in Oceania, Australia and New Zealand, also felt the impact of SARS and are still recovering from the drops occurred in April, May and June. Some of the smaller Pacific destinations, however, did rather well, probably through traffic from Australia, New Zealand or the Americas avoiding North-East Asia.

South Asia, on the contrary, continued to post increases, particularly significant in Sri Lanka and in the Maldives with growth rates of 24% and 18% respectively. India (+12%) and Nepal (+13%) also did well.

International Tourist Arrivals by Country of Destination

	2002*		2003* Monthly data							
	Series (1)	02*/01	Series	(%)						
	(1000)	(%)	YTD (2)	April	May	June	July	Aug.		
Asia and the Pacific										
American Samoa	TF		VF	4.7	19.1	-0.2	-2.8	21.8		
Australia	VF	4,841	-0.3	VF	-6.3	-10.8	-20.9	-9.2	0.6	-3.1
Cambodia	TF	787	30.1	VF Air	-14.7	..	..	..
China	TF	36,803	11.0	TF	-17.4	-41.6	-45.3	-29.5	-13.8	
Cook Is	TF	73	-2.1	TF	16.3	11.1	17.3			
Fiji	TF	398	14.4	TF	3.6	4.8	2.0	11.4	9.9	
French Polynesia	TF	189	-16.9	TF	10.4	8.8	19.4	7.4	6.1	9.8
Guam	TF	1,059	-8.7	TF	-28.5	-36.2	-43.9	-43.3	-18.2	-20.2
Hong Kong (China)	VF	16,566	20.7	VF	-18.4	-64.8	-67.9	-38.2	-5.6	
India	TF	2,370	-6.6	TF	12.4	5.0	0.2	19.9		
Indonesia	TF	5,033	-2.3	TF(3)	-20.9	-37.6	-38.6	-31.9	-10.1	
Japan	TF	5,239	9.8	TF(4)	-6.7	-23.1	-34.2	-24.7	-2.7	13.5
Korea, Republic of	VF	5,347	3.9	VF	-15.2	-28.6	-39.4	-26.7	-17.9	-4.8
Lao P.D.R.	TF	215	24.3	VF	-16.1	-14.1	-18.8	-24.2		
Macao (China)	TF	6,565	12.4	VF	-2.8	-33.8	-36.8	-5.4	3.0	14.4
Malaysia	TF	13,292	4.0	TF	-30.9	-58.5	-53.1	-44.6	-33.7	-29.0
Maldives	TF	485	5.2	VF air(5)	18.0	14.3	-1.3	13.8	10.9	17.4
Myanmar	TF	217	6.0	VF Air	-6.6	-24.7	-36.6	-16.6		
N.Mariana Is	TF	466	6.4	VF	-5.8	-15.0	-30.0	-31.3	-8.9	-7.4
Nepal	TF			VF air	13.2	15.1	9.3	28.7	30.9	24.8
New Caledonia	TF	104	3.5	TF	-6.9	-2.8	-8.2	-12.1		
New Zealand	VF	2,045	7.1	VF	-0.3	4.5	-13.1	-6.6	-4.3	1.6
Palau	TF	59	9.3	TF	6.3	4.9	-15.6	-61.7	31.6	31.2
Papua New Guinea	TF	54	-0.4	VF	-0.6	-8.0	-21.3	16.8	-1.1	
Philippines	TF	1,933	7.6	VF	-9.1	-24.4	-33.0	-18.4	-2.8	-1.3
Samoa	TF	89	0.8	VF	1.5	19.1				
Singapore	TF	6,996	4.0	VF	-27.4	-67.3	-70.7	-47.5	-20.5	-10.4
Sri Lanka	TF	393	16.7	TF	23.6	24.6	12.7	20.8	22.4	18.7
Taiwan (Pr. of China)	VF	2,726	4.2	VF	-27.8	-50.7	-81.9	-74.0	-27.2	
Thailand	TF	10,873	7.3	TF	-17.2	-44.9	-50.2	-24.1	-5.1	
Tonga	TF	37	14.2	VF air	2.5	10.5	17.6	-5.2		
Vanuatu	TF	49	-7.4	TF	-3.8	1.0	-18.0	-12.2	-1.6	3.0
Vietnam	TF			VF	-17.8	..	-54.0	..		

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

(1) See Table on Europe.

(2) Year to date.

(3) Foreign arrivals through thirteen selected Ports of Entry

(4) Data obtained from the Japan Tourism Marketing Co, quoting JNTO data

(5) Foreign arrivals at Male Intl Airport

	Series (1) International Tourism Receipts								International Tourism Expenditure					
	US\$		Local currencies (%)						US\$		Local currencies (%)			
	2002	02/01	2003* on previous year						2002	02/01	2003* on previous year			
			(million)	YTD (2)	Q1	Q2	Jul	Aug			(million)	YTD (2)	Q1	Q2	Jul	Aug
Asia and the Pacific														
Hong Kong (China)	10,117	30.2	-27.3	19.8	-64.4			12,417	-0.6	-16.8	-6.8	-28.0		
India	2,923	-1.0	15.6	12.1	20.0			2,942	26.6	6.0	39.0	-29.9		
Korea, Republic of	\$ 5,277	-17.2	-12.2	-1.1	-22.8	-15.5	-6.3	7,642	16.7	7.6	23.7	-15.5	-0.6	11.1
Malaysia	6,785	4.0	-29.5	-4.1	-51.3			2,618	0.1	3.1	3.2	2.9		
New Zealand	2,918	13.9	4.1	6.4	0.2			1,480	0.6	-13.1	-13.7	-12.7		
Philippines	\$ 1,741	1.0	-27.6	-15.4	-39.2			871	-29.1	-17.2	9.5	-41.0		
Singapore	4,932	-4.6	-25.7	-6.3	-46.1			5,213	-7.0	-11.8	-0.5	-22.3		
Sri Lanka	253	16.7	28.4	34.3	22.5	26.6		253						
Taiwan (Pr. of China)	\$ 4,197	5.2	-38.7	-7.9	-66.5			6,963	-5.0	-20.3	-3.8	-35.8		
Thailand	7,902	8.2	-12.0	-0.5	-26.7			3,303	8.9	-1.4	16.4	-13.6		

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

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

(2) Year to date.

Africa and the Middle East

The limited data available for both regions shows, above all, the surprisingly strong and quick recovery of some of the destinations of the Middle East and North Africa from the Iraq conflict.

In Africa, the most important destinations in the North, Tunisia and Morocco, demonstrate a clear positive trend. In particular Morocco impresses with a 7% increase over the first eight months, in spite of the May terrorist attack in Casablanca. Tunisia recovered steadily during the summer months from the decreases suffered between March and May, and ends the period just even. In the other African destinations, South Africa seems to slow down a bit from the strong trend of last year and the first months of this year. Nevertheless, it still accumulates an increase of 5% till July. Furthermore, Kenya (+36%) and Angola (+33%) posted double-digit increases in the first half-year. Mauritius gained 4% till August, while Seychelles was the only destination recording a decrease (-7%), as they find it difficult to compete with the special offers many destinations have made as a reaction to the crisis.

In the Middle East, both Egypt and Lebanon still faced substantial losses in April and May, while again recording steady increases in the following months. For the year to date, they added already 7% and 4% respectively. Jordan, unfortunately, does not share in this trend, and still has to cope with a loss of 7%.

International Tourist Arrivals by Country of Destination

	2002*		2003* Monthly data							
	Series (1)	02*/01	Series	2003* Monthly data (%)						
				YTD (2)	April	May	June	July	Aug.	
	(1000)	(%)								
Africa										
Angola	TF	91	35.8	TF	33.0	..	..	..
Kenya	TF	838	-0.4	VF (3)	23.3	..	..	..
Mauritius	TF	682	3.2	TF	4.1	18.7	1.7	7.2	3.0	6.5
Morocco	TF	4,193	-0.7	TF	7.0	6.8	-2.4	11.3	6.7	14.7
Seychelles	TF	132	1.9	VF	-7.0	..	..	..	..	..
South Africa	VF	6,550	10.9	VF	4.5	9.2	4.5	-0.6	3.0	
Tunisia	TF	5,064	-6.0	TF	0.1	-8.4	-13.3	1.9	8.5	14.9
Middle East										
Egypt	TF	4,906	12.6	VF	6.5	-15.3	-10.1	5.0	26.1	
Jordan	TF	1,622	9.8	VF	-7.1	-24.7	-3.3	-15.6	1.9	-10.4
Lebanon	TF	956	14.2	VF air	4.3	-20.9	-5.1	3.6	8.5	22.6
Qatar	TF			VF air	1.9	-2.8				

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

(1) See Table on Europe.

(2) Year to date.

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

	Series (1) International Tourism Receipts							International Tourism Expenditure				
	US\$	Local currencies (%)					US\$	Local currencies (%)				
		2002	02/01	2003* on previous year				2002	02/01	2003* on previous year		
	(million)	YTD (2)	Q1	Q2	Jul	Aug	(million)	YTD (2)	Q1	Q2	Jul	Aug
Africa												
Kenya	\$	297	-9.2	45.7	59.3	31.6						
Mauritius		612	0.9	-6.0	-6.0		204	6.1	-23.5	-23.5		
Morocco		2,152	-0.1	-3.9	-1.9	-5.5	444					
South Africa	sa	2,719	37.3	-1.8	-0.2	-3.7	1,798	18.4	-14.8	-24.8	-3.8	
Tanzania	\$	730	5.8	9.8	9.8		337	3.1	-2.9	-2.9		
Tunisia		1,422	-13.7	-6.9	0.4	-11.9						
Middle East												
Egypt	\$	3,764	-0.9	1.9	0.4	3.3	1,278	6.9	19.3	29.1	8.7	

Source: World Tourism Organization (WTO) ©

(Data as collected by WTO September 2003)

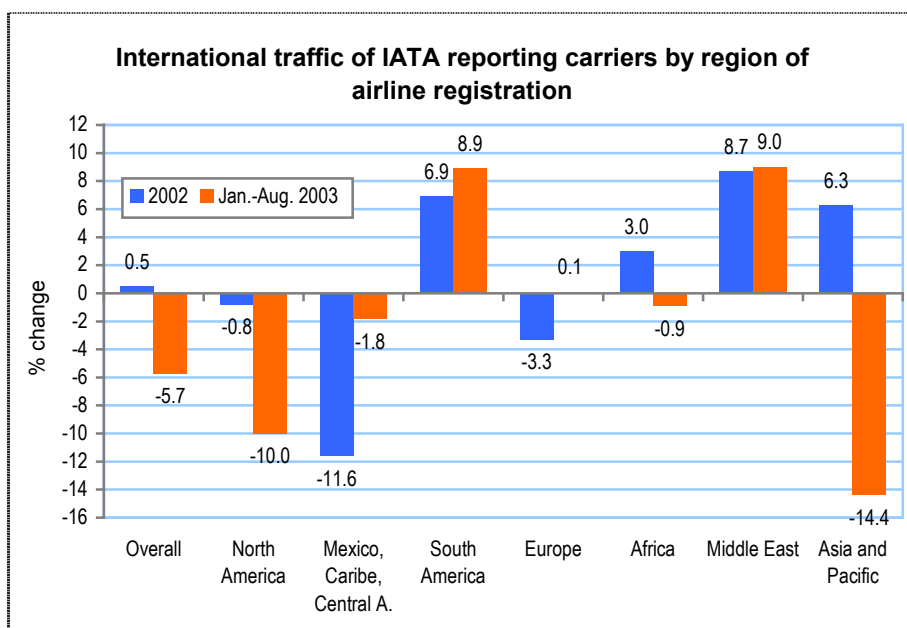
(1) All percentages are derived from not seasonally adjusted series in local currencies, unless otherwise indicated: \$: US\$, €: euro, sa: seasonally adjusted series.

(2) Year to date.

Air Transport

According to data from IATA, scheduled international passenger traffic in the industry worldwide decreased by 5.7% between January and August of 2003 compared to the same period last year. The figures clearly show the impact of the Iraq war on traffic in general and the devastating effect of SARS on traffic to, from and in Asia and the Pacific in particular. Losses, however, are quickly diminishing. Overall results for August were just 0.3% below August 2002, while in July the gap was still 3.5%, in June 12% and in May 20%. As a result of effective capacity control, load factors have been improving continually, reaching a notable high of 79.5% in August, up from 65.0% in May, 73.0% in June and 77.5% in July.

Europe, the Middle East, Africa and South America reported positive figures in both July and August. The two regions that suffered most in the first half of the year, North America and Asia and the Pacific, have still some way to go but are also making progress to recover from their low of respectively -22% in April and -41% in May. South American carriers recorded positive figures throughout the whole period, adding 7% compared to the same months last year. Carriers from the Middle East also performed surprisingly strongly, reporting an increase of 9% between January and August.



Source: compiled by WTO from IATA

North America

Traffic by the U.S. member airlines of the ATA through August was still 2.5% behind 2002 figures. Results just moved back in the plus in July (+0.5%) under the influence of a positive domestic market. In August, however, domestic traffic fell back and an overall decrease was recorded of 2%. Traffic on both the Atlantic and the Pacific routes is still negative, although gradually improving. For the whole of the period January to August, domestic travel just equalled last year's volume, while positive results were posted only on the Latin route (+4%).

Europe

The European member airlines of the AEA posted nearly identical figures in the period January to August compared to last year. Domestic travel was 1.6% up and international travel 0.4% down, resulting in an overall decrease of 0.2%. In July and August traffic was positive on all routes, except to the Far East/Australasia.

For the eight months as a whole only the Middle East and Far East/Australasia routes have not yet recovered completely from the losses recorded earlier in the year. The moderate gains posted, however, are still far from sufficient to compensate for the losses of 2002. Traffic on the North and Mid Atlantic routes was comparatively strong, with increases of 4% and 6% respectively for the 8-month period, and over 6% in June, July and August. Intra-European traffic is just positive with a 0.3% increase over all months. Real traffic growth, however, is expected to have been stronger, as low-cost airlines, which are quickly gaining market share within Europe, are not reflected in the AEA figures.

Asia and the Pacific

Data from the member companies of the Association of Asia Pacific Airlines plainly show the full extent of the impact of SARS in the region. May has been the worst month with intra-Asia-Pacific traffic even down by almost 60% and trans-Pacific traffic and traffic to and from Europe both down by 36%. Figures for June and July show a rapid and encouraging pick-up.

Preliminary Air Transport Statistics, Revenue Passenger-Kms

	2002*		2003* Monthly data				
	(billion)	(%)	YTD ¹	May	June	July	Aug.
International Air Transport Association (IATA), Monthly International Statistics (MIS)							
Scheduled international traffic of IATA reporting carriers by region of airline registration							
Overall	1,722 ²	0.5	-5.7	-19.8	-12.1	-3.5	-0.3
North America		-0.8	-10.0	-20.7	-12.5	-7.9	-6.5
Mexico, Caribbean, Central A.		-11.6	-1.8	-1.2	2.8	1.3	-0.6
South America		6.9	8.9	6.4	6.6	5.4	8.2
Europe		-3.3	0.1	-5.5	-0.9	2.2	4.4
Africa (incl. Egypt)		3.0	-0.9	-7.1	-4.7	0.4	1.6
Middle East (incl. Israel, Iran)		8.7	9.0	2.3	7.9	17.5	18.7
Asia and Pacific		6.3	-14.4	-41.3	-29.9	-11.8	-4.6

Air Transport Association of America (ATA)

Scheduled Passenger Traffic Statistics ATA U.S. Member Airlines

Scheduled mainline service	967.1	-2.5	-2.3	-6.4	-3.7	0.5	-1.9
Domestic (incl. USA-Canada)	701.6	-2.3	-0.1	-1.5	-0.8	2.4	-1.2
International	265.5	-3.1	-8.3	-19.1	-11.0	-4.7	-3.5
Atlantic	125.7	-2.8	-9.4	-17.6	-8.9	-5.2	-4.7
Latin	56.8	0.5	4.2	3.2	8.0	7.5	6.7
Pacific	83.0	-5.8	-15.4	-35.2	-26.6	-12.9	-8.7

Association of European Airlines (AEA)

Passenger Traffic of AEA Member Airlines

Total scheduled	588.8	-4.6	-0.2	-5.2	-0.5	1.9	3.3
Domestic	54.7	-6.1	1.6	-0.2	3.1	2.1	0.5
Total International	534.2	-4.5	-0.4	-5.7	-0.9	1.9	3.5
Geographical Europe	136.2	-4.5	0.3	-2.5	1.9	1.5	4.6
North Africa	6.1	-8.6	2.8	-1.8	7.5	27.3	20.1
Middle East	18.5	-4.1	-5.1	-2.1	3.9	4.9	2.2
Total long-haul among which:	373.3	-4.4	-0.4	-7.2	-2.4	1.5	2.9
North Atlantic	161.6	-7.6	3.7	-0.8	6.3	6.5	6.6
Mid Atlantic	42.2	-4.6	5.5	8.2	6.8	9.7	7.3
South Atlantic	27.9	-10.8	1.4	-6.9	-2.9	1.9	5.2
Far East/Australasia	100.8	0.2	-11.4	-28.7	-21.5	-10.1	-5.4
Sub Saharan Africa	40.5	0.7	4.4	9.2	2.6	1.0	2.7
Other	0.3						

Association of Asia Pacific Airlines (AAPA)

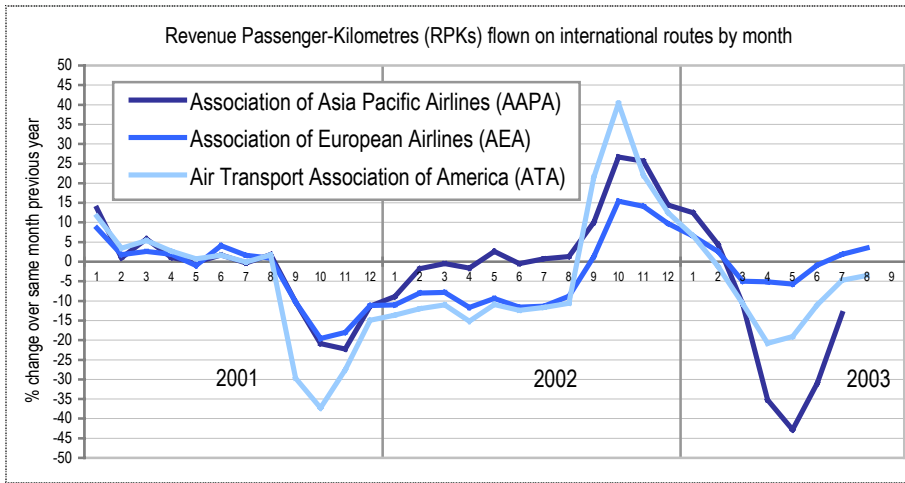
Consolidated Passenger Traffic

International operations	444.0	4.7	-16.8	-42.8	-31.0	-13.2	
Intra-Asia Pacific				-57.8	-39.1	-16.4	
Trans-Pacific				-36.0	-23.9		
Asia-Europe				-36.0	-27.9	-11.8	

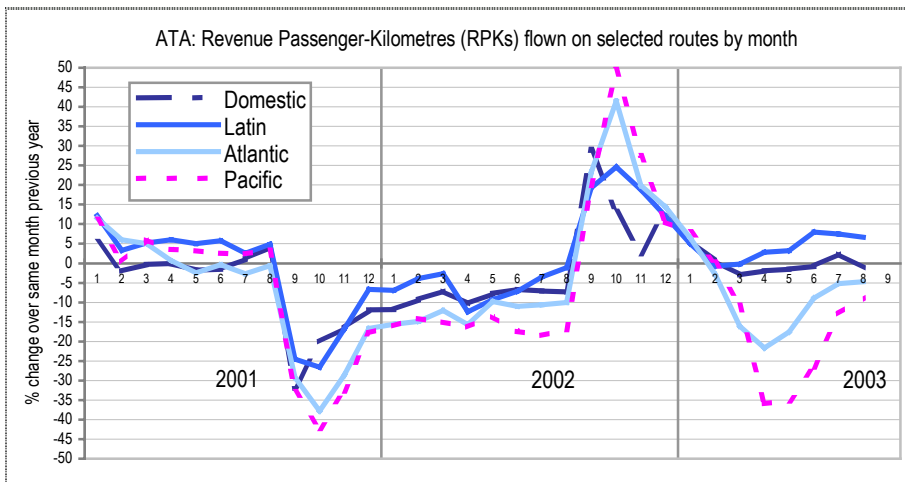
Source: compiled by WTO from IATA, ATA, AEA and AAPA

¹ Year to date.

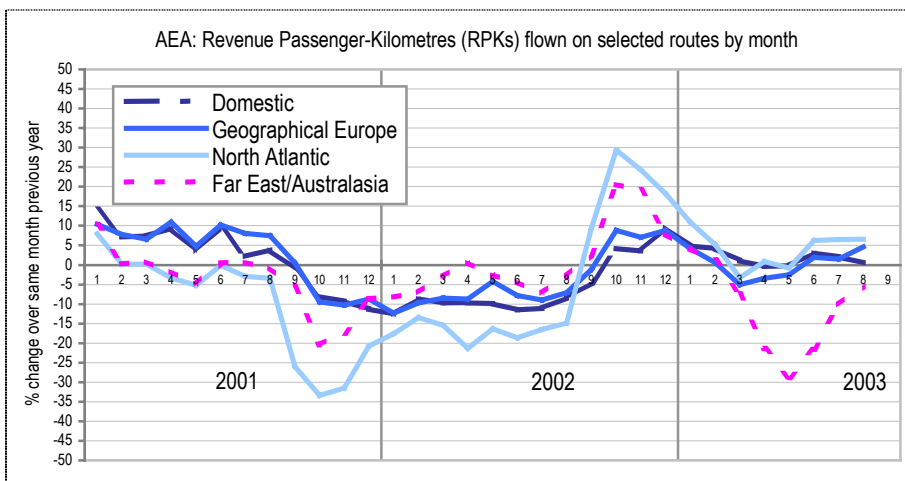
² All IATA carriers



Source: compiled by WTO from ATA, AEA and AAPA



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



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

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

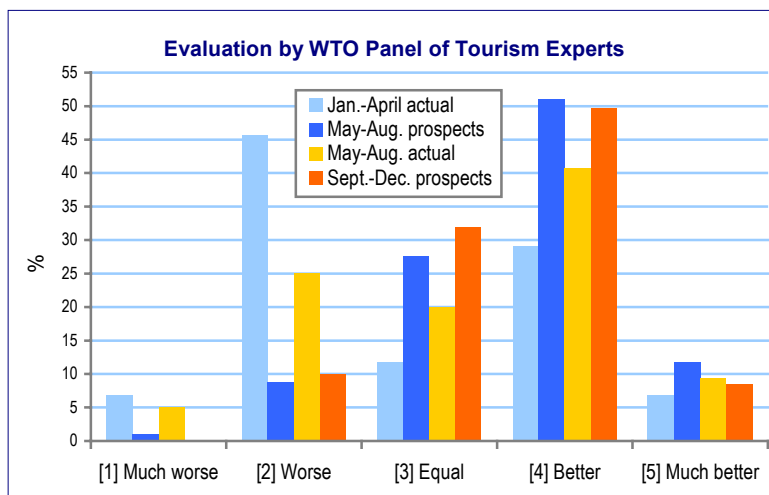
Airline data is in particular a good indicator for the short-term evolution of interregional traffic. For intra-regional traffic, however, air transport is in competition with alternative modes of transport (in particular over land, but also over water), and might be subject to shifts between means of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

Evaluation by WTO Panel of Tourism Experts

Results from the second survey conducted among the WTO Panel of Tourism Experts confirm a gradual improvement in conditions, while expectations for the coming 4 months are even better still.

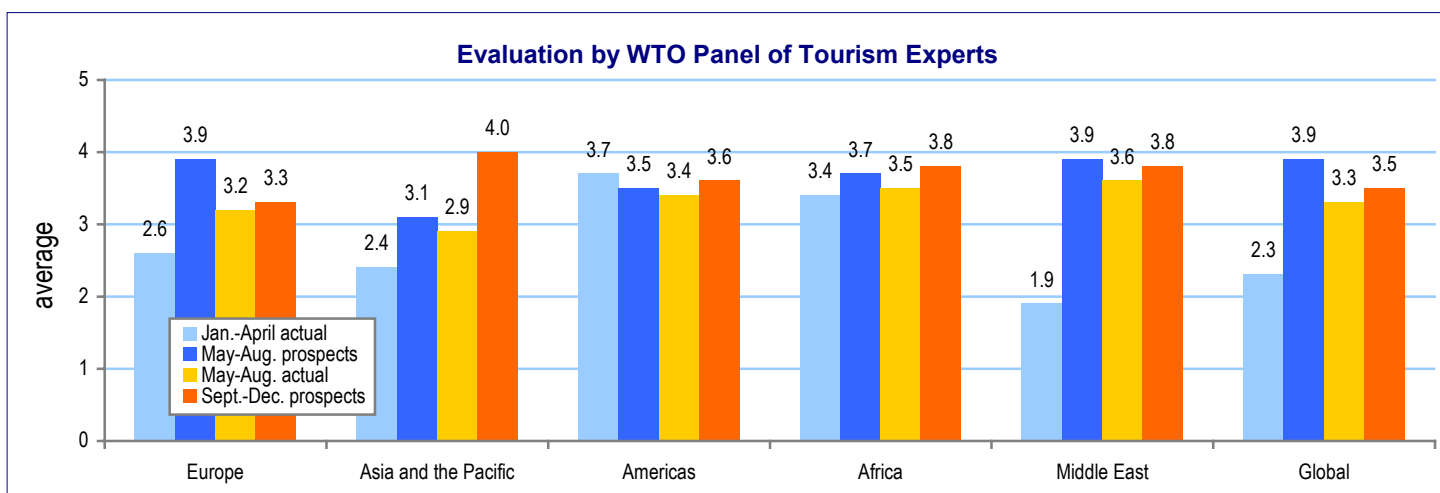
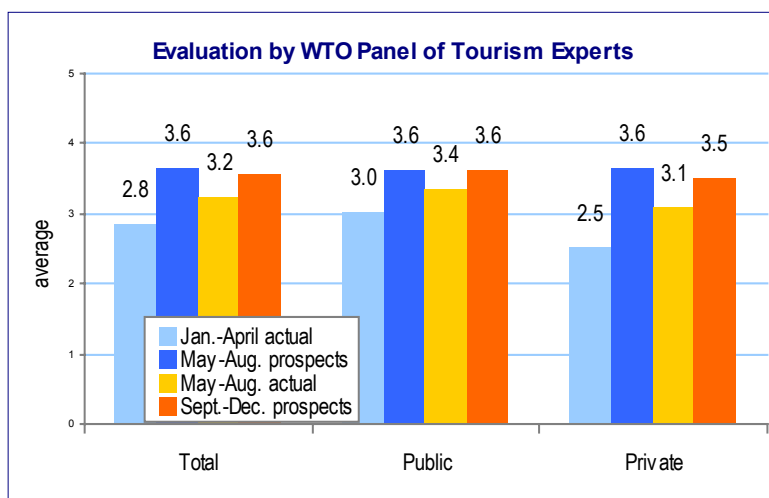
In a short questionnaire by email, a sample of selected tourism experts from public institutions and businesses all around the world were asked to evaluate the performance of the past four months, the period May to August 2003, and to assess the prospects for the coming four months, September to December 2003. Of the some 140 responding experts from over 85 countries and territories, the majority evaluated the performance of the past four months significantly better than the first four months of the year. While in May more than half of all experts evaluated the performance in the period January to April worse or much worse and only one third better or much better, in the current survey half of the sample evaluates the period May to August better or much better, against 30% worse or much worse. For the coming four months almost 60% expect results to be better or much better.

An average can be computed for the replies given, where a score above three indicates an improvement compared to the reference period and a score below three a deterioration. For the panel as a whole, actual performance for the period May-August is evaluated with an average of 3.2, just above the equal point of 3, and a clear improvement compared to the evaluation of 2.8 measured for the period January to April. Representatives from the public sector evaluated the past four months slightly higher (3.4) than the representatives from the private sector (3.1). Actual performance is judged most positively in the Middle East (3.6) and in Africa (3.5), while Asia and the Pacific was the only region with an evaluation below equal (2.9). Furthermore, aside from the five regions a category of globally operating organisations and companies is distinguished. Their evaluation (3.3) was just above the average for the panel as a whole.



Compared to the expectations expressed four months ago (3.6), however, the actual performance for the period May-August is evaluated slightly lower. In particular in Europe the evaluation of actual performance (3.2) lagged behind the expectations expressed by the previous panel (3.9), while a comparable situation is found for the category of global operators. In the other regions there was also a slight difference, but far less marked.

For the period September to December the situation is still expected to improve further. The panel assessed the coming four months with an average of



3.6. Public and private sector representatives virtually agree in this regard. Prospects are clearly improving in Asia and the Pacific (4.0), and are also higher than average in Africa and the Middle East (both 3.8).

Expectations for the Americas coincide with the overall average, while the representatives from Europe and the global operators are slightly less optimistic with scores of 3.4 and 3.5 respectively.

Comments from the WTO Panel of Tourism Experts

In the responses received for WTO Panel of Experts a lot of valuable comments have been included concerning the determinants of the evolution of tourism in the period under review. According to the members of the Panel once war in Iraq and SARS had been overcome, the feeble state of the economy continued still to be the major obstacle to a faster recovery in world tourism. Decrease of outbound tourism from some important generating markets persists, while overall conditions and pressure from consumers for “best deals” have accentuated competition between destinations and between companies. More and more destinations have turned to the development of alternative products and markets, as well as to the implementation of events, to stimulate and meet the changing demand.

General prospects are positive for the last four months of 2003, on the expectations of a positive evolution of the economic conditions, pulled by the renewed confidence in the long awaited recovery of the American economy.

By region the following trends are distinguished as the most significant:

Europe

The majority of the experts in Europe of the WTO Panel are unanimous in considering that the economic situation has determined the performance of tourism in the region in the previous four months. The negative results of the main economies in the euro zone, and in particular of Germany, and the high exchange rate of the euro, lead consumers to stay in their own country, developing domestic tourism further, or to travel during shorter breaks to nearby destinations. In many cases domestic traffic compensated the absence on international arrivals. Demand continued to be very much influenced by prices and consequently the late bookings trend was reinforced. For some the late spring and the good temperatures during the summer months in the Northern European countries also appear as a determinant for the decreasing intra-regional traffic.

Perspectives are that results for the year can still improve with a good skiing season in some destinations and with the Christmas break, and that

The WTO Panel of Tourism Experts is based on the results of an email survey conducted by the WTO Secretariat among selected representatives from public and private sector organisations and companies. The survey is repeated every four months in order to keep track of the performance and prospects in the tourism sector. For this edition responses have been received from experts based in Argentina, Armenia, Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Cook Islands, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Cyprus, Dominican Republic, Dubai, Ecuador, Egypt, El Salvador, Estonia, Fiji, Finland, France, Gabon, Germany, Greece, Guatemala, Hawaii (USA), Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Lebanon, Liechtenstein, Macao (China), Maldives, Marshall Island, Martinique, Mexico, Monaco, Morocco, Myanmar, Nepal, Netherlands, New Zealand, Nicaragua, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Puerto Rico, Republic of Korea, Republic of Moldova, Russian Federation, Saba, Samoa, San Marino, Sao Tome and Principe, Saudi Arabia, Seychelles, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Tanzania, Thailand, Trinidad and Tobago, Turkey, Uganda, United Kingdom, United States, and Uruguay. The results broken down by region, in particular the results for Africa and the Middle East, should be taken with some caution as only a relatively small number of responses are included.

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

there could be some pent-up demand based upon postponed travelling during the previous months. Although it is generally considered that in the case of some destinations such improvement will not be enough to surpass the losses of the first eight months of the year, prospects of economic recovery and of international geopolitical stability are considered as reasons for optimism.

Asia and the Pacific

During the past four months, destinations in Asia continued to perform very much under the impact of SARS. Besides the abrupt fall in intra-regional traffic,

decreases were felt strongly in arrivals from the United States and Europe during the summer season. As long-haul bookings traditionally are planned more in advance, the impact of SARS will be felt for some longer time here. Destinations in the region have shown strong and prompt reaction, making considerable effort to reactivate the market, often in public-private partnerships. Tourism Boards generally put into practice aggressive marketing campaigns, which have already induced a clear recovery trend in many destinations. However, some panellists signal that the marketing assistance being provided by many East Asian governments is eroding their own marketing efforts and warn for the risk of over-competition.

Expectations expressed by the WTO Panel of Tourism Experts until the end of 2003 are positive and the market is expected to continue to recuperate over the coming months. The question is whether the recovery will be strong enough to finish the year still with positive figures. Though some fear of a resurgence of SARS is expressed, travel confidence is considered to be back as consumers know that countries are now better prepared to deal with an eventual reappearance of the virus. On the other hand, the economic growth in the region is expected to continue, allowing the further expansion of the intra-regional market, which will also be positively influenced by China's change in outbound policy regarding fully individual travellers (FIT) travelling to Macao and Hong Kong.

In South Asia, there are perspectives of a continued positive performance and the next four months will be influenced by the beginning of the high season in some major destinations, such as India.

Americas

With the renewed confidence in the economy of the United States, prospects for the region as a whole, and for recovery of travel in the sub-region itself in particular, are also improving. The maintenance of an exchange rate of the US dollar favourable for inbound tourism is expected to stimulate the revival of long-haul markets (and at the same time prevent Americans to travel outside the region). The effects are already visible in the increase in air traffic from Europe, with the United Kingdom in the lead, after two depressed years. Besides directly impacted by SARS, the region also felt the consequences of the decline in Asian outbound tourism, particularly strong in the United States, which also started to show signs of recovery. The US leisure travel is mentioned to be improving still faster than business travel, which is expected to

progress in the first quarter of 2004. Mexico might continue to see volume contained because of lesser traffic in the border area, but might compensate this in receipts by an increase of visits by cruise passengers and better spending tourists to the interior.

In Central and Southern Americas, as well as in the Caribbean, many destinations have been developing new products and investing in market diversification in order to improve their competitiveness and decrease dependence on the American market. Caribbean destinations benefited during the last months from improved price competitiveness due to the exchange rate of the US dollar and from traffic deviation from Asia. Meanwhile, Central and South America saw their performance mostly induced by an improved economic situation in the region in general and in Argentina and in Brazil in particular. Here prospects are generally positive as the political and economic growing stability in both countries is expected to continue.



Middle East

The Middle East appears to have strongly recovered from the losses suffered during the war in Iraq and is benefiting from the continuous vigour of the intra-Arab market. Tourism in the region is being strongly supported by governments and a number of destinations have been implementing new "Tourism Master Plans".

The last four months have been positively influenced by the good expectations generated by the "Road Map" for the peace process between Israel and the Palestine. Unfortunately, in the past few weeks the perspective shifted back from optimism to pessimism, with even the fear of a further spread of the conflict in the region. Prospects for the coming period will of course be influenced by the evolution of the conflict, which is essential for the image of the region, in particular outside the region. However, the impact should also not be overestimated, as the region counts many more destinations that have little to do with the involved parties. An overall positive assessment is still generally made regarding the continuous development of the intra-regional and domestic markets.

Africa

In Africa, destinations benefited from the fact that they were far away from war and from SARS. As more and more destinations are investing in tourism development, prospects for the region are of a continued positive performance.

The Economic Environment

Economic growth: Varied levels of optimism

In its latest *World Economic Outlook* (WEO) presented in September, the International Monetary Fund (IMF) largely maintained the economic growth projections of the previous issue of April. Worldwide GDP growth is still estimated at 3.2% for 2003 and 4.1% for 2004. Prospects for North America and Japan were gradually adjusted upwards, while prospects for the euro area were adjusted downwards. The Fund's optimism is based on the performance of stock markets, improved business and consumer confidence indicators, increased investment in the United States and Japan, contained inflation and interest rates in Europe, other developed countries and emerging countries, as well as the loosening of fiscal policies. Recovery is expected to be helped by a rise in private consumption, the increasing inventory levels, and the expected rise in external demand. The threat of war has declined and economic policies have been relaxed.

Prospects for the Americas brightened as a result of the improvement in the U.S. economy, with growth expected to speed up from 2.6% in 2003 to 3.9% in 2004. Growth in the United States is picking up sooner than expected due to the rise in productivity, the improvement in corporate balance sheets, and the measures taken to stimulate the economy. However, the country's high current account deficit continues to pose a threat. Canada is set to post growth of 1.8% this year and 3.0% in 2004. The outlook is getting brighter for Latin American economies, after three difficult years. The recovery, however, is fragile because various countries have to deal with political uncertainty and are saddled with high levels of foreign debt, which could affect how they are perceived in the financial markets.

Growth in the euro area is expected not to exceed 0.5% in 2003 and to reach just 1.9% in 2004. These subdued figures reflect the weak private domestic demand and the overall depressed economic situation in various countries in Western Europe. The economies in transition in the region are expected to do much better, with the countries of Central and Eastern Europe (excluding CIS) projected to grow by 3.4% this year and 4.1% in 2004 and the Russian Federation

by 6% in 2003 and 5% in 2004. The entry of ten countries into the European Union in 2004 will lead to an increase in direct investment, although the weak demand in the euro area will continue to pose a risk.

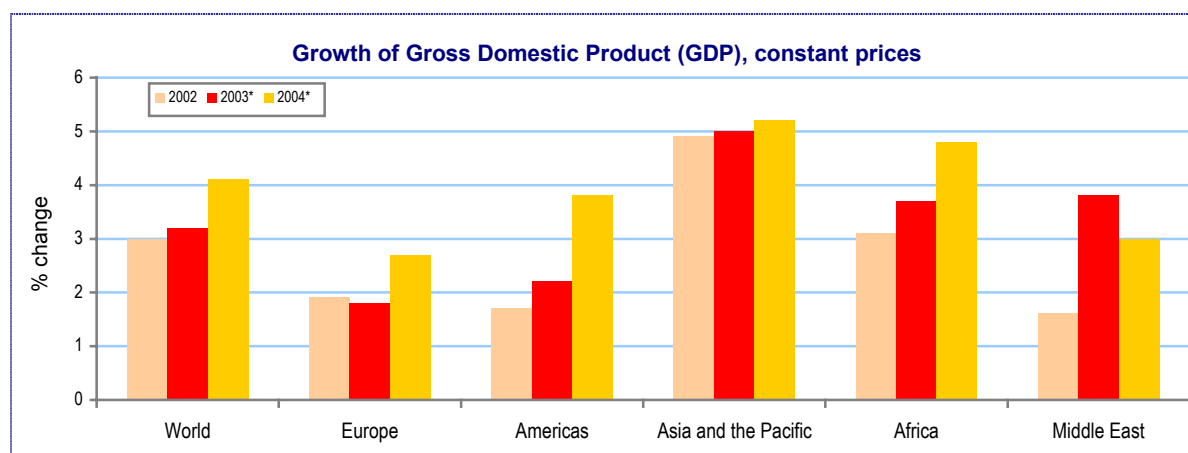
In Asia, with SARS under control, economic growth is expected to accelerate. Also, the Japanese economy turned out unexpectedly significant stronger than initially anticipated, although it is still too early to say whether it is really leaving behind the decade of stagnation it has been suffering. The four newly industrialized Asian economies on the other hand, are going through a comparatively weak 2003, but are expected to be back on track in 2004.

The economies of the emerging countries continue to be marked by the trends in the industrialized countries, external financing conditions, geopolitical factors, and the specific conditions in each country. Determinative factors are the policies of economic stimulus, the robust growth in China (7.5% for both years) and in India (5.6% for 2003 and 5.9% for 2004). Other important factors are the recovery of internal demand, worldwide recovery and the recovery of the IT sector.

In the Middle East, security is the biggest concern. The comparatively higher growth experienced in 2003, around 4%, is due to increased oil production. For 2004, growth is expected to be between half and one percentage point lower due to expectations of lower oil prices. In this context, economic diversification in general, and the contribution of international tourism to the balance of payments in particular, are especially relevant.

In Africa, the economies have proved to be rather resilient. Macroeconomic policies have improved, external debt has eased up somewhat, and commodity prices have risen. Growth is expected to reach 3.7% in 2003 and 4.8% in 2004, subject to the stability of the political situation and weather conditions.

Inflation in industrialized countries will remain low, with the projected 2004 figure of 1.3% the lowest in the last 30 years. In developing countries the figure is expected to be 5%, also a historical low. The volume of world trade, a valid indicator for business tourism, is expected to grow by 2.9% this year, and will enjoy vigorous growth of 5.5% in 2004.



Source: compiled by WTO from International Monetary Fund, *World Economic Outlook*, September 2003

Overview of the World Economic Outlook Projections of the International Monetary Fund (IMF)
Growth of Gross Domestic Product (GDP), constant prices (annual per cent change)

	Current projections					Trend ¹			Average
	2000	2001	2002	2003*	2004*	02-01	03*-02	04*-03*	1995-2002
World	4.8	2.4	3.0	3.2	4.1	+	=	+	3.5
of which:									
Advanced economies	3.9	1.0	1.8	1.8	2.9	+	=	++	2.8
Developing countries	5.7	4.1	4.6	5.0	5.6	+	+	+	4.9
Countries in transition	7.1	5.1	4.2	4.9	4.7	-	+	=	2.9
Europe	4.4	2.1	1.9	1.8	2.7	=	=	+	2.4
Euro area	3.5	1.5	0.9	0.5	1.9	-	-	++	2.2
Germany	2.9	0.8	0.2	0.0	1.5	-	=	++	1.4
France	4.2	2.1	1.2	0.5	2.0	-	-	++	2.5
Italy	3.1	1.8	0.4	0.4	1.7	--	=	++	1.7
Spain	4.2	2.7	2.0	2.2	2.8	-	=	+	3.4
Netherlands	3.5	1.2	0.2	-0.5	1.4	-	-	++	2.8
Belgium	3.7	0.8	0.7	0.8	1.9	=	=	++	2.2
Austria	3.5	0.7	1.0	0.7	1.5	+	-	+	2.2
United Kingdom	3.1	2.1	1.9	1.7	2.4	=	=	+	2.6
Switzerland	3.2	0.9	0.1	-0.4	1.4	-	-	++	1.4
Sweden	4.4	1.1	1.9	1.4	2.0	+	-	+	2.7
Central and Eastern Europe	3.8	3.0	3.0	3.4	4.1	=	+	+	2.9
Russian Fed	10.0	5.0	4.3	6.0	5.0	-	++	-	2.5
Americas	3.9	0.5	1.7	2.2	3.8	++	+	++	3.0
United States	3.8	0.3	2.4	2.6	3.9	++	=	++	3.3
Canada	5.3	1.9	3.3	1.9	3.0	++	--	++	3.7
Western Hemisphere (Americas)	4.0	0.7	-0.1	1.1	3.6	-	++	++	2.3
Brazil	4.4	1.4	1.5	1.5	3.0	=	=	++	2.0
Mexico	6.6	-0.2	0.7	1.5	3.5	+	+	++	3.9
Argentina	-0.8	-4.4	-10.9	5.5	4.0	--	++	--	-0.5
Venezuela	3.2	2.8	-8.9	-16.7	7.7	--	--	++	-0.5
Asia and the Pacific	5.8	4.0	4.9	5.0	5.2	+	=	=	4.7
Japan	2.8	0.4	0.2	2.0	1.4	=	++	-	1.1
Australia	2.8	2.7	3.6	3.0	3.5	+	-	+	3.9
Newly Industrialized Asian Economies	8.4	0.8	4.8	2.3	4.2	++	--	++	4.5
Korea, Republic of	9.3	3.1	6.3	2.5	4.7	++	--	++	4.8
Taiwan (Pr. of China)	5.9	-2.2	3.5	2.7	3.8	++	-	++	4.2
Hong Kong (China)	10.2	0.5	2.3	1.5	2.8	++	-	++	2.9
Singapore	9.4	-2.4	2.2	0.5	4.2	++	--	++	4.4
Developing Asia	6.8	5.8	6.4	6.4	6.5	+	=	=	6.3
China	8.0	7.5	8.0	7.5	7.5	+	-	=	8.1
India	5.4	4.2	4.7	5.6	5.9	+	+	+	5.6
Indonesia, Malaysia, Philippines, Thailand	5.2	2.8	4.3	4.1	4.4	++	-	+	2.2
Africa	3.0	3.7	3.1	3.7	4.8	-	+	++	3.5
South Africa	3.5	2.8	3.0	2.2	3.0	=	-	+	2.7
Middle East	4.6	2.9	1.6	3.8	3.0	--	++	-	3.2
Saudi Arabia	4.9	1.3	1.0	4.7	2.1	-	++	--	1.9
Untd Arab Emirates	10.0	3.8	1.5	6.3	3.9	--	++	--	5.0
Egypt	5.1	3.5	2.0	2.8	3.0	--	+	=	4.6

Source: compiled by WTO from International Monetary Fund, World Economic Outlook, September 2003

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

Employment

With the improvement of the economic prospects, IMF also anticipates that the trend towards the loss of jobs is reaching a turning-point with unemployment stabilising or going down slightly in most of the industrialized world. After a beneficial decrease of the unemployment rate in the second half of the nineties, unemployment for the group of advanced economies as a whole has been rising again since 2000, from 5.8% of the labour force in 2000 to 6.7% in

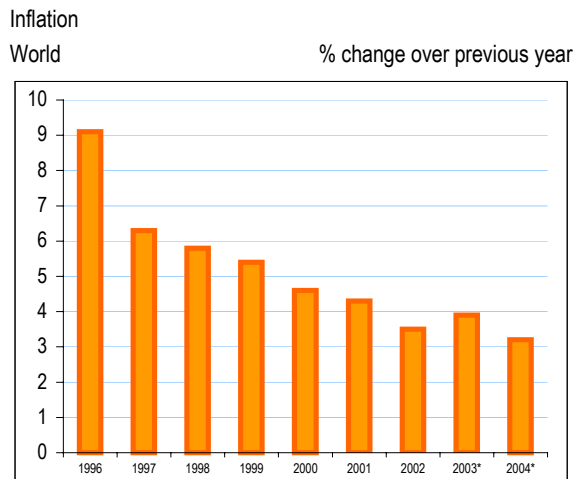
2003. Up until the first half of 2003, more jobs were lost than created, as employers first needed to improve results before hiring more staff. For 2004 IMF projects unemployment at 6.6%. While in a number of the countries of the euro area the employment situation is still expected to deteriorate slightly, unemployment is expected to start decreasing in the United States, Canada, the newly industrialized Asian economies, Switzerland, Sweden, Spain, Iceland and Israel.

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

				Current projections		Trend ¹			Average
	2000	2001	2002	2003*	2004*	02-01	03*-02	04*-03*	1995-2002
Advanced economies	5.8	5.9	6.4	6.7	6.6	-	-	=	6.5
Europe									
European Union	8.2	7.4	7.7	8.2	8.3	-	-	=	9.1
Euro area	8.5	8.0	8.4	9.1	9.2	-	--	=	9.4
Austria	3.6	3.6	4.1	4.4	4.4	-	-	=	4.1
Belgium	6.9	6.7	7.3	8.1	8.3	--	--	-	8.2
Finland	9.8	9.1	9.1	9.3	9.3	=	-	=	11.0
France	9.3	8.5	8.8	9.5	9.7	-	--	-	10.3
Germany	7.8	7.9	8.6	9.5	9.8	--	--	-	8.6
Greece	11.1	10.4	9.9	9.8	9.7	+	=	=	10.6
Ireland	4.3	3.9	4.4	5.1	5.6	-	--	-	6.7
Italy	10.6	9.5	9.0	9.0	9.0	+	=	=	10.8
Luxembourg	2.6	2.6	2.8	3.2	3.3	-	-	=	2.9
Netherlands	2.6	2.0	2.3	4.2	4.5	-	--	-	3.8
Portugal	4.0	4.1	5.1	6.5	6.7	--	--	-	5.2
Spain	13.9	10.5	11.4	11.4	11.0	--	=	+	16.1
Denmark	5.1	4.9	4.9	5.7	5.6	=	--	=	6.1
Sweden	4.7	4.0	4.0	4.5	4.2	=	-	+	5.8
United Kingdom	5.5	5.1	5.2	5.2	5.2	=	=	=	6.2
Cyprus	3.4	3.0	3.2	3.4	3.3	-	-	=	3.3
Iceland	1.3	1.4	2.5	3.0	2.5	--	-	+	2.6
Israel	8.8	9.4	10.3	10.8	10.6	--	-	+	8.6
Norway	3.4	3.6	3.9	4.6	4.7	-	--	=	3.8
Switzerland	2.0	1.9	2.8	4.2	3.8	--	--	+	3.3
Americas									
Canada	6.8	7.2	7.6	7.9	7.7	-	-	+	8.0
United States	4.0	4.8	5.8	6.0	5.7	--	-	+	4.8
Asia and the Pacific									
Australia	6.3	6.7	6.3	6.1	6.0	+	+	=	7.2
Japan	4.7	5.0	5.4	5.5	5.4	-	=	=	4.4
New Zealand	6.0	5.3	5.2	5.4	5.3	=	-	=	6.2
Newly Industrialized Asian Economies	3.9	4.1	4.1	4.4	4.2	=	-	+	4.0
Hong Kong (China)	5.0	5.1	7.3	7.8	7.5	--	-	+	4.7
Korea, Republic of	4.2	3.8	3.1	3.4	3.3	++	-	=	4.2
Singapore	3.1	3.3	4.4	4.9	4.2	--	-	++	3.0
Taiwan (Pr. of China)	3.0	4.6	5.2	5.3	5.0	--	=	+	3.4

Source: compiled by WTO from International Monetary Fund, World Economic Outlook, September 2003

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



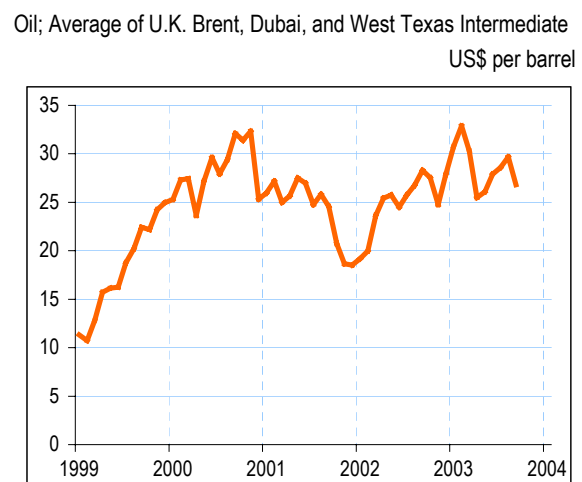
Source: International Monetary Fund



Source: International Monetary Fund



Source: International Monetary Fund



Source: International Monetary Fund

Oil prices

Since April, oil prices have gone up moderately, with monthly averages between US\$ 26 and US\$ 30 per barrel. The *World Economic Outlook* projected an average reference price of oil of US\$ 28.5 per barrel for 2003 and US\$ 25.5 for 2004. For the short-term, however, prices tend to be on the rise. In their Vienna meeting on 24 September 2003, the members of the Organization of Petroleum Exporting Countries (OPEC) unexpectedly decided to cut their oil production by 900,000 barrels per day. As reaction oil prices started to rise and touched the US\$ 30 barrier in early October. Analysts are concerned that too big an increase could threaten the expectations for the economic

recovery of most industrialized countries. The approaching winter in the northern hemisphere likely will boost demand for oil over the coming months, especially in the first quarter of 2004. It is still questionable whether OPEC's strategy will be effective in the medium-term, as it should be taken into account that there are large non-OPEC producers that are maintaining high production levels. Iraq's possible entry into the market might also increase supply. As oil prices are quoted in US\$, countries that recently experienced an appreciation of their currencies, such as the euro area, Canada, Australia and New Zealand, will be affected relatively somewhat less by a price rise.

Exchange rates

Between May and September, the euro fell back a few per cent against the dollar, but is on the rise again. Compared to a year ago, the euro still exchanges at a 14% higher rate. The Japanese yen, Korean won, Australian, New Zealand and Canadian dollar and South African rand all kept on appreciating slightly against the US dollar in the past four months.

For tourism a strong currency makes the own country less attractive, while stimulating travel to countries with weaker ones. In case of the euro, European destinations outside the euro area such as the United Kingdom, Switzerland, Norway, various Central and Eastern European countries all have become less expensive while the euro area has increased in price for travellers from those countries. Destinations outside of the region in general also have become more affordable as already can be noted through an

appreciable variation in traffic to destinations in North America, the Caribbean, North Africa, and less markedly to the Middle East.

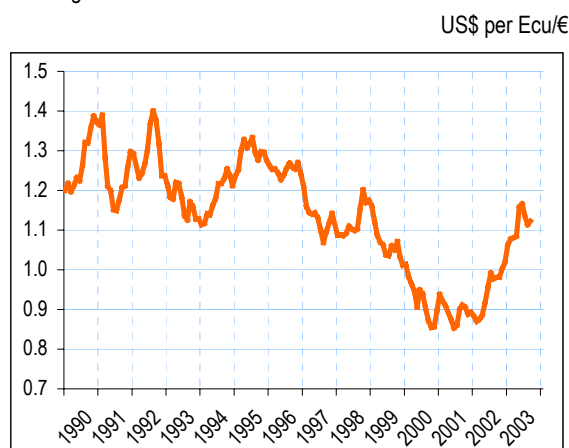
For the near future experts expect a further decline in the US dollar. One of the biggest challenges right now is how to restore balance in the exchange rates among the world's major currencies, such as the dollar, the euro, the Japanese yen and the Chinese yuan. According to among others the International Monetary Fund, the currencies of important Asian countries remain comparatively too cheap, as their exchange rates are pegged to the dollar (e.g. Chinese yuan) or rather firmly controlled by government intervention. As those currencies do not float freely, the euro is bearing relatively too much of the burden of the weak dollar. For European economic recovery -through the increase of exports and decrease of imports- a somewhat less strong euro might be desirable.

Exchange rates

	Currency units per US dollar							Currency units per euro						
	Average		year ago			year ago	M.-S.03	Average		year ago			year ago	M.-S.03
	2002	Sept.-02	Jan.-03	May-03	Sept.-03			2002	Sept.-02	Jan.-03	May-03	Sept.-03		
US dollar	-	-	-	-	-	-	-	0.95	0.98	1.06	1.16	1.12	14.4	-3.1
Canadian dollar	1.57	1.57	1.54	1.38	1.37	-13.2	-1.2	1.48	1.54	1.64	1.60	1.53	-0.7	-4.3
Mexican peso	9.69	10.07	10.62	10.26	10.92	8.5	6.5	9.16	9.87	11.28	11.88	12.26	24.2	3.2
Euro	1.06	1.02	0.94	0.86	0.89	-12.6	3.2	-	-	-	-	-	-	-
Danish krone	7.86	7.57	7.00	6.41	6.62	-12.6	3.2	7.43	7.43	7.43	7.42	7.43	0.0	0.0
Swedish krona	9.69	9.35	8.64	7.91	8.08	-13.6	2.2	9.16	9.17	9.17	9.16	9.07	-1.1	-1.0
Pound sterling	0.66	0.64	0.62	0.62	0.62	-3.4	0.8	0.63	0.63	0.66	0.71	0.70	10.5	-2.3
Norwegian krone	7.94	7.51	6.90	6.80	7.30	-2.7	7.5	7.51	7.36	7.33	7.87	8.20	11.3	4.1
Swiss franc	1.55	1.49	1.38	1.31	1.38	-7.7	5.4	1.47	1.46	1.46	1.52	1.55	5.6	2.1
Czech koruna	32.58	30.78	29.65	27.10	28.83	-6.3	6.4	30.80	30.19	31.49	31.39	32.36	7.2	3.1
Hungarian forint	257	249	226	212	228	-8.5	7.3	243	244	240	246	255	4.7	3.9
Polish zloty	4.08	4.15	3.83	3.74	3.98	-4.2	6.3	3.86	4.07	4.07	4.33	4.46	9.7	3.0
Turkish lira	1522504	1651956	1663657	1485474	1378210	-16.6	-7.2	1439680	1620238	1767136	1720476	1546627	-4.5	-10.1
Japanese yen	125	121	119	117	115	-4.8	-2.0	118	118	126	136	129	8.9	-5.1
Australian dollar	1.84	1.83	1.72	1.54	1.51	-17.3	-2.0	1.74	1.79	1.82	1.79	1.70	-5.4	-5.0
New-Zealand dollar	2.15	2.13	1.85	1.73	1.71	-19.4	-1.2	2.04	2.08	1.96	2.01	1.92	-7.8	-4.3
Singapore dollar	1.79	1.77	1.74	1.73	1.75	-1.1	0.7	1.69	1.73	1.84	2.01	1.96	13.1	-2.4
Hong Kong dollar	7.80	7.80	7.80	7.80	7.79	-0.2	-0.2	7.38	7.65	8.28	9.03	8.74	14.2	-3.3
Korean won	1243	1206	1177	1200	1165	-3.4	-3.0	1176	1183	1250	1390	1307	10.5	-6.0
South African rand	10.48	10.60	8.69	7.69	7.32	-31.0	-4.8	9.91	10.40	9.23	8.91	8.21	-21.0	-7.8

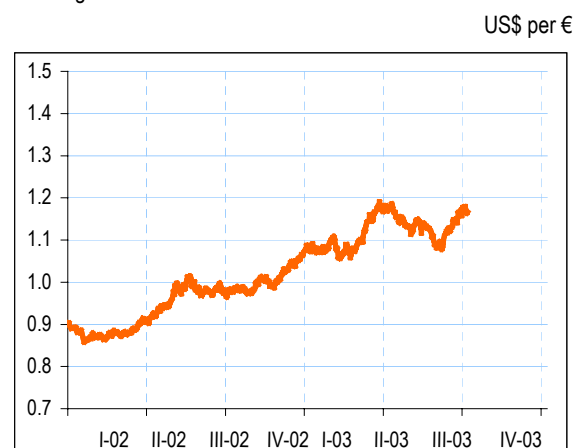
Source: compiled by WTO based on data from De Nederlandse Bank (DNB)/European Central Bank (ECB)

Exchange rate ECU/euro to US dollar



Source: De Nederlandse Bank

Exchange rate euro to US dollar



Source: De Nederlandse Bank

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