Item 5b of the Provisional Agenda

GENERAL DISCUSSION ON REGIONAL TOURISM TRENDS

Note by the Secretary-General

In this report, the Secretary-General presents to the member States of the Joint Commission reference material on global tourism market trends and trends on Asia-Pacific region.
TOURISM TRENDS IN 2010

I. Global Trends

1. 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. The number of international tourist arrivals is estimated to have reached 935 million, up 59 million (+6.7%) 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.

2. While estimated full-year results were positive in all world regions, the Middle East (+14%) was the fastest growing region in 2010, but this followed a significant drop in 2009 (of -6%). Asia and the Pacific (+13%) posted a remarkable growth rate. 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%. In the Americas (+7%), growth was strongest in South America (+11%) followed by North America (+7%), and 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. Europe (+3%) is recovering at a slower pace than other regions, mainly due to the uneven economic recovery.

3. 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.
4. Although only just over half of the top 50 destinations by international arrivals and receipts have reported 2010 full year data, so the ranking is still very provisional, a few clear trends are visible.

- While only one of the top ten by arrivals, the UK, registered a decline of 1%, and provisional figures for the top 50 reveal only one other destination in negative growth figures, Ireland (-13%), the significant change among the first ten by international arrivals is the rise of China (+9.4%) to third position, ousting Spain. And Germany recorded an 11% increase in arrivals, followed closely by the USA with around 10%.

- 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%).

II. Regional Trends in Asia and the Pacific

1. 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.

2. North-East Asia was the best-performing sub-region (+14%), with double-digit growth in arrivals for virtually all destinations: Japan (+27%), Republic of Korea (+13%), and China (+9.4%).

3. South-East Asia was the sub-region least affected by the world economic crisis, recording a slight increase in arrivals in 2009, and they rose a further 12% in 2010. As in North-East Asia, almost all destinations recorded double-digit increases; Vietnam (+35%), Laos (+23%), Cambodia (+17%), and Thailand (+12%).
4. International arrivals in South Asia increased by 11%, with growth for major destination India somewhat below the average. Sri Lanka posted a remarkable 46% increase in arrivals in 2010, which was thanks to the end of the civil war. 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.

5. 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. While Australia (+5%) posted the moderate growth rate, many of the smaller destinations in the Pacific recorded double-digit increases, including Fiji (+18%) and Papua New Guinea (+15%).

UNWTO FORECASTS FOR 2011

I. Global Perspective

1. 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. This growth 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.

<table>
<thead>
<tr>
<th>Forecast of growth in International Tourist Arrivals</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2011</th>
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<tbody>
<tr>
<td></td>
<td>real</td>
<td>projection</td>
<td>year</td>
<td>between</td>
<td>year</td>
</tr>
<tr>
<td>World</td>
<td>2.1%</td>
<td>-4.0%</td>
<td>6.7%</td>
<td>4% and 5%</td>
<td>4% and 5%</td>
</tr>
<tr>
<td>Europe</td>
<td>0.5%</td>
<td>-4.9%</td>
<td>3.4%</td>
<td>2% and 4%</td>
<td>2% and 4%</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>1.1%</td>
<td>-1.7%</td>
<td>12.6%</td>
<td>7% and 9%</td>
<td>7% and 9%</td>
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<tr>
<td>Americas</td>
<td>2.7%</td>
<td>-4.9%</td>
<td>7.0%</td>
<td>4% and 6%</td>
<td>4% and 6%</td>
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<tr>
<td>Africa</td>
<td>2.7%</td>
<td>3.4%</td>
<td>6.4%</td>
<td>4% and 7%</td>
<td>4% and 7%</td>
</tr>
<tr>
<td>Middle East</td>
<td>19.2%</td>
<td>-6.4%</td>
<td>14.0%</td>
<td>7% and 10%</td>
<td>7% and 10%</td>
</tr>
</tbody>
</table>

Source: World Tourism Organization (UNWTO) ©

2. 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.

3. But a number of significant downside risks remain:

- The economic slowdown in the UK and the problems in the periphery of the euro zone 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.

II. Regional Perspective

1. 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.

2. 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).