

# CTN CACCI Tourism Newsletter

Volume 2

June 2006

*We are back on with the 2<sup>nd</sup> News letter with exciting news of the region and some interesting clips on tourism.*

*The best grown is predicted to come from our region - Asia - Pacific (9%) for 2006. We should be proud of synergies and efforts to grow even bigger.*

*Please log into the websites of our partner countries if you need further information.*

*My Best Wishes*

*Prema Cooray  
Chairman  
CACCI Tourism Council*



*An exciting segment - Eco tourism ....Page 5*

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- Small Luxury Hotels - A Profile

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## World Tourism Statistics

	2004	2005 *	04/03	05*/04
	million		change (%)	
Europe	425.6	443.9	4.2	4.3
Northern Europe	48.4	51.8	8.6	7.1
Western Europe	138.7	141.1	1.9	1.7
Central/Eastern Europe	89.1	92.3	11.0	3.6
Southern/Mediterranean Eu.	149.5	158.8	1.2	6.2
Asia and the Pacific	145.4	156.2	27.3	7.4
North-East Asia	79.4	87.5	28.6	10.2
South-East Asia	48.3	50.2	30.3	4.1
Oceania	10.2	10.6	12.4	3.9
South Asia	7.6	7.9	18.1	4.5
Americas	125.8	133.1	11.2	5.8
North America	85.9	89.4	10.9	4.1
Caribbean	18.2	19.2	6.7	5.4
Central America	5.8	6.6	17.8	13.6
South America	16.0	18.0	16.2	12.7
Africa	33.3	36.7	8.4	10.1
North Africa	12.8	13.6	15.5	6.1
Subsaharan Africa	20.5	23.1	4.5	12.6
Middle East	35.9	38.4	19.8	6.9
<b>World</b>	<b>766.0</b>	<b>808.0</b>	<b>10.0</b>	<b>5.5</b>

\* - provisional data

Source - World Tourism Organisation

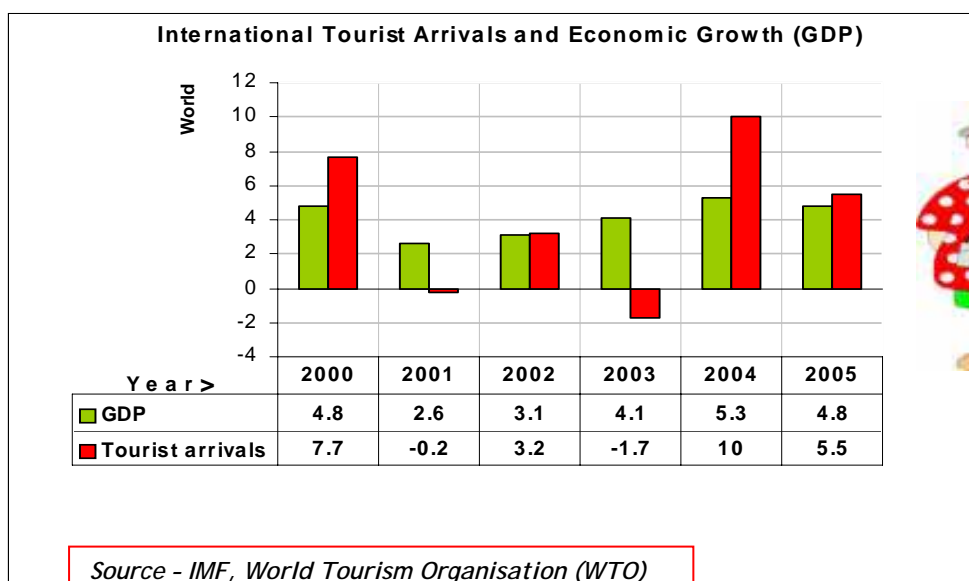
# International tourism up by 5.5% to 808 million arrivals in 2005

Terrorism, natural disasters, health scares, oil price rises, exchange rate fluctuations and economic and political uncertainties - these were just some of the issues facing the tourism industry in 2005. Yet, international tourist arrivals worldwide beat all expectations last year, exceeding 800 million and achieving an all-time record.

The estimated increase represents a staggering 42 million additional arrivals, of which more than 18 million in Europe, 11 million in Asia and the Pacific, 7 million in the Americas, 3 million in Africa and 2 million in the Middle East. Last year's results not only correspond to a worldwide increase of 5.5%, but also mean a consolidation of the bumper growth achieved in 2004, 4 (+10%). Although growth was more moderate, it was still almost 1.5 percentage points above the long-term average annual growth rate of 4.1%. In 2005, international tourism sustained the sharp upturn that began in 2004 despite the various tragic events with which it had to contend. The tourism sector has become increasingly resilient over the past years. In spite of the turbulent environment we live in nowadays, destinations worldwide added some 100 million international arrivals between 2002 and 2005. Although 2005 was certainly a tumultuous year, international tourism fared

amazingly well. Despite various terrorist attacks and natural disasters, such as the aftermath of the Indian Ocean tsunami and an extraordinarily long and strong hurricane season, the recovery, which started in 2004, continued firmly through 2005. Even though the disruptions experienced definitely left traces locally in the short-term, they did not substantially alter the global or regional traffic flows. Based on detailed preliminary results for a large number of destinations the number of international tourist arrivals in 2005 is estimated at 808 million, up from 766 million in 2004.

Results by region show that Africa recorded the best growth in arrivals last year (+10%) - the only region to surpass its 2004 rate - followed by Asia and the Pacific (+7%), the Middle East (+7%), the Americas (+6%) and Europe (+4%). Meanwhile, despite a comparatively slower growth rate in 2005, the Middle East has shown the strongest average annual increase over the past five years. Since 2000, it has averaged 9% a year as against 7% for Asia and the Pacific, 5% for Africa, 2.3% for Europe and less than 1% for the Americas. By comparison, the world average was just over 3%. North America is the only sub-region to have recorded a decline in arrivals over the five year period (-2.1%).



## Forecast for 2006 - Asia - Pacific poised to show highest growth for 2006

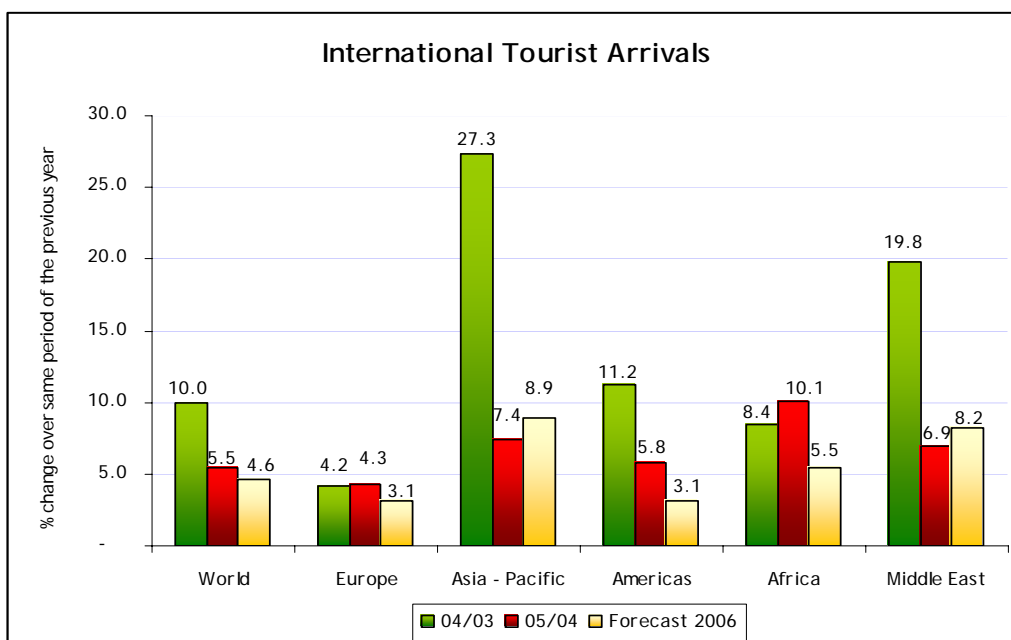
For 2006 the current pattern of gradually slowing growth is expected to continue. In corporation with the Foundation Premio Arce of the Universidad Politecnica de Madrid a short-term forecast has been elaborated according to which international tourist arrivals worldwide are expected to grow between 4 - 5% in 2006. Growth is projected to be around one percentage point lower than in 2005, but still somewhat above the forecast long-term in 2005, but still somewhat above the forecast long-term annual growth rate of 4.1%.

This prognosis is supported by the continued good shape of the world economy in most parts of the world and the improved prospects for the euro zone economies, in particular it's most important source market Germany. However, the growth rate is slowing down to a more sustainable pace as most of the pent-up demand in the market available after the difficult years 2001-2003 is absorbed by now. The forecast is based on econometric modeling using the series of monthly data of 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 2004 and 2005 with the real data for

those years. Of course, as with any model, the forecasted growth rates are most likely values given that the current situation will not suddenly change and will have a margin, depending on the stability of the underlying data series.

### Regions

For 2006, while Europe, the Americas and Africa are expected to follow the world trend of more moderate growth in 2006, Asia and the Pacific and Middle East are forecast to exceed the already strong 2005 rates. **Asia and the Pacific is expected to be the fastest growing region in the world (+9%), confirming thus the dynamism of the tourism sector in this part of the globe.** Second best results are forecast for the Middle East, at 8%, in line with the strong performance of the previous years due to a growing interregional middle-class market and government's and private sector's continue investing in infrastructure development and marketing, and improving tourism legislation. Africa's growth rate is predicted to slowdown to around 6% from 10% this year. Arrivals at European destinations will maintain a slow but stable growth, and above average demand for new emerging destinations may slow down. Growth in the Americas is also estimated at a modest 3%.



Source - World Tourism Organisation (WTO)

## India's skies get more crowded



*With carriers ordering new aircraft, inbound and outbound traffic expected to grow 25 per cent*

Mumbai - year 2006 is expected to keep pace with the 25 per cent growth in domestic air traffic of 2005. It helps that one new aircraft will be added to Indian skies every week on average this year. Indian carriers together placed orders for 400 aircraft, more than half of world bookings, in the last 18 months. These carriers are expected to buy or lease 60 new aircraft during the year, increasing their fleet size from 175 to 235 next year. All airlines enjoy load factors of over 70 per cent now. India Civil Aviation Minister, Mr. Praful Patel, said "We are extremely bullish for the Indian aviation sector and expect a compounded year to year growth of 25 per cent over the next 10 years. The number of passengers is expected to reach 50 million a year in the next five years, from the current 20 million.

Mr. Patel said "this is the time for Air India to regain its leadership in Indian aviation". National carrier Air India has signed an agreement to buy 68 aircraft from Boeing Company. Air India Chairman and Managing Director, Mr. V. Thulasidas said: "the aircraft, valued at more than US \$ 11 billion at list price, are scheduled for delivery beginning November this year. "He also said delivery would be completed over the next 10 years. Air India's order consists of 23 Boeing 777s, 27 B787-8 Dream liners and 18 next generations B737 - 800s for Air India Express. Mr. Thulasidas said "the introduction of these aircraft will allow Air India to expand and modernize its fleet, effect cost savings and add new long-range routes. New aircraft will be deployed on ultra-long nonstop routes such as Delhi-New York and Mumbai - San Francisco".

More direct flights from South Indian cities to the west are also planned. Meanwhile Indian, former Indian Airlines, has signed a deal with Airbus to buy 43 aircrafts as part of its fleet expansion plan. These include 19 A319s, four A320s and 20 A321s.

The first aircraft is scheduled to arrive in October and the entire delivery is

expected to be completed by March 2010. Indian's Chairman and Managing Director, Mr. Sushma Chawla, said: "With the new aircraft joining our fleet and the new brand, we will be in a stronger position in the market". The airline plans to deploy new aircraft on under-served routes. India enjoys one third of the domestic share, with a load factor of 75 per cent.

India posted a record net profit of US \$ 14.8 million in financial year 2005, a 48.5 per cent jump over the previous year's profit. The carrier reported earnings were driven by an increase in traffic. Both Air India and Indian plan to raise funds to buy aircraft through an initial public offer (IPO) later this year. Jet Airways has placed orders for 12 A330-200s and 10 B77-300ERs for use on international routes. These are due to be delivered between May next year and the end of 2008. The airline will also take delivery of 10 B787-800s in the next two years. Jet has the highest market share with 42 per cent and plans to double its current fleet of 43 by 2009. Jet this month acquired the entire capital of Sahara Airlines for US \$ 500 million. Both airlines will operate independently until regulatory approval is received.

Paramount airways, the country's only premium class airline, will buy 15 small passenger jets from Embraer Company for US \$ 525 million. Starting May, one new aircraft will be added to the airline's fleet every month. The airline has selected the Embraer 175 and 195 jets in two class configurations: business class and first class. The new aircraft will have flatbeds in first class, a first for a domestic airline in India. Paramount Airways Managing Director, Mr. T.N. Thiagarajan told TTG India: "the basic aspiration of any person is to have best of luxury at a nominal price. We can afford to provide that as volume in India is high".

The airline has a load factor of 89 per cent. It hopes to fly three million passengers a year by end 2007. Kingfisher Airlines ordered 30 A320s at the Dubai Air Show 2005 in a deal worth US \$ 1.9 billion.

Delivery of the new aircraft will be between 2008 and 2010. Another A320 and three A319s are to join its fleet by January 2006.

Kingfisher had earlier placed an order for five Airbus super jumbo A380s, five A350s and five A330s. The first delivery of A330s is expected to be in 2007, while the A380s and A350s are to arrive in 2010 and 2012. Kingfisher General Manager Marketing, Mr. Girish Shah, said: "Our average load factor is 70 per cent and our expansion is demand driven".

To fund its new fleet, Kingfisher is planning a US \$ 200 million IPO late this

year. Spicejet General Manager, Sales and Marketing, Mr. Sanjay Kumar, said: "Spicejet intends to add eight aircrafts in 2006". Spicejet intends to grow its fleet aggressively by about 30 aircraft in the next three years. All our new routes will be demand - driven." The airline enjoys the highest load factor in the industry (88 per cent) since its inception seven months ago. The likely new airline launches this year include IndiGo (it ordered 100 aircraft), Premier, Magic Air, East West, Indus, Premier, Star Air and Pioneer.

*Source - TTG India January 2006*

## Eco - Tourism properly defined

Prema Cooray, Chairman, CACCI Tourism Council

Eco or Nature Tourism is the "buzz" word in the hospitality trade today and is projected to have the best potential as a niche market in the tourism world. In today's travel the visitor pays much attention to the concept of sustainability and this may be the reason why many travelers prefer this segment due to its strong linkage to the preservation of the environment and its high emphasis on community development.

To most of us in Sri Lanka Eco Tourism is new and it may be relevant to attempt defining this important segment. I personally feel the following definition captures its meaning in an overall sense. "Eco logically sustainable tourism with a primary focus on experiencing natural areas that fosters environmental and cultural understanding, appreciation and conservation". There are core-set of eight (08) principles that govern the concept of an Eco Tourism product -

1. Focus on giving visitors the opportunity to personally and directly "Experience Nature" (Natural area tours).
2. Provide opportunities to experience nature in ways to lead to greater understanding, appreciation & employment (Interpretation)
3. Represent best practice for environmentally sustainable Tourism (Environmental Sustainable practice).
4. Contributes directly to the conservation of natural areas (Contribution to natural areas)
5. Provide ongoing contribution to the local community (Benefiting local communities)
6. Be sensitive to, interpret and involve the culture existing in the area (Respect for culture)
7. Consistently meets consumer expectations (Customer satisfaction)
8. Be marketed and promoted honestly and accurately so that realistic observations are toured (Responsible marketing).



# ASEAN faces room crunch

By Pauline Tan, Mimi Hudoyo, Ollie Quinquini and Sze Toh Yui Munn

DAVAO CITY - Tour operators have to manage a room crunch in several ASEAN destinations, but it is not likely to hobble growth as traffic will be diverted to other places, or remain and bear a higher price.

In the Philippines, rooms are scarce in Manila, Cebu and Boracay in the November to March peak season, and when conventions are in town.

*Hotel rates are expected to rise and some destinations will get reprieve from new inventory*

Tour operators can sometimes divert business to Northern Palawan, Badian and Puerto Princesa, but Annset Holidays President/General Manager, Ms Serafina Joven, said: "Sometimes if you take too long to confirm the rooms, the clients either cancel or go somewhere else."

Marsman Drysdale Travel tourism services director, Mr Pedro Young, said when Cebu was full, he moved his clients to Bohol and Davao. He said: "Once conventions come in, we have to fight for rooms for our clients because event organisers block all the rooms."

The room crunch will be eased with the opening of new hotels in Cebu this year and in Boracay next year. Singapore is also where rooms are scarce. US-ASEAN Business Council events manager, Ms Cheryle Davis, said: "It is getting pretty challenging getting rooms. In any case, as we are dealing with business travellers, we are willing to pay higher prices for the rooms and will not divert traffic." Denver-based Kim's World Travel's president, Ms Kim-Fong Sheremeta, said: "Rooms are getting tight in Singapore. Just last week, I was told that I could not get four rooms in Swissôtel the Stamford in March because of an event. Hotel rates are increasing but Singapore is still a good buy. If rates get too much, I may sell other destinations but it depends on each customer."

Vacation Singapore Inbound Marketing Director, Ms Helen Goh, said: "We normally like to promote leisure programmes, but now we can't do it because we can't get room allotments. Even if rooms are available, rates are high, and travellers who come to Singapore on transit to Australia or New Zealand may just opt to stay at the airport rather than take a short break in the city. According to Central Hotels and Resorts Sales & Marketing Vice-President, Mr Chris Bailey, Bangkok's inventory is tight all the way through to the first quarter of 2007, when demand will really peak with high-season traffic and corporate travel. Fortunately new inventory is coming in by summer 2007.

The pressure will be on wholesalers who have been enjoying low rates on good properties. This is set to change because the rates are starting to be in line with the rest of the region. Japan's ST World's contracting manager, Mr Yoshihisa Masuda, agreed: "The room situation is worst in Bangkok where there are problems with rooms (three- and four-star) year-round. Almost every market including Russia, the UK, Japan and Korea like to go to Bangkok. So we will pay more to go to Bangkok. We will look for other category of hotels if the three-star hotels are very tight."

In Vietnam, Hanoi and Ho Chi Minh City are squeezed from January to March and October to December. Vietravel sales and marketing manager, Mr Tran Thanh Phong, said: "This year, it is going to be worse with the APEC conference taking place in November. Hotel prices have increased from US\$60 to US\$70 to more than US\$100, and even reaching US\$120 during the period." SASCO Travel sales and marketing manager, Ms Renate Hoffmann, said rooms in the five- and four-star categories in other areas of Vietnam were getting popular. "Phu Quoc Island, for example is becoming more popular, and there is only one four-star hotel there," she said.

In Saigon, there are some 3,000 five-star and 4,000 four-star hotel rooms, and no new hotel developments.

Source - TTG Asia January - February 2006

# Small Luxury Hotels of the World - A Profile

*Interview with Mr. Jeff Crowe, Regional Director of Development North Asia & Indochina*

## **Why is Small Luxury Hotels of the World (SLH) a dream company?**

SLH is a global marketing and reservations network, representing the ultimate in luxury accommodation. How could this not be a dream company! Being a fairly young company in comparison with many other brands, SLH is at the forefront of technology and services for our niche.

## **How did you get a job there?**

An associate recommended me for this newly created role due to the cross-section of skills I could bring to the SLH portfolio. I had worked in a sales and marketing capacity for

properties at Walt Disney World and Hilton in the U.S. and Shangri-La and Marriott in Asia. I have a Master's Degree from Cornell University's School of Hotel Administration, with emphasis in strategic planning; I also spent a year in franchise development for Holiday Inn before moving to Asia. Over the past 12 years I have lived in China, Malaysia and Thailand, so I am familiar with many of the properties, key players and the cultural diversity in the region.

## **Does it pay well?**

SLH is a not-for-profit association owned by the member hotels. It acknowledges salaries must be competitive and often the best use of members' fees is to retain the services of senior professionals who can most efficiently move SLH forward.

## **Does it offer training, enrichment?**

SLH offers a very enriching work environment. Training took place in London prior to commencement of the role.

## **Does it offer overseas postings, transfers?**

My responsibilities cover 10 countries in North Asia and Indochina. Realistically, I could operate anywhere within that area. The greatest growth of luxurious boutique

properties is in Thailand, so it makes sense for me to be based in Bangkok.

## **Business travel?**

Extensive and unpredictable. In addition to major hotel-related investment conferences and trade shows, my travel tends to be in response to prospective membership enquiries and pre-membership inspections.

## **Family-friendly?**

SLH is quite understanding and flexible.

## **Who is the big boss and how many staff are there?**

SLH is governed by an international board of Directors that is elected from the membership. Daily operations are executed by joint Managing Directors.

Paul Kerr and Brian Mills, with a global staff of about 50 people.

## **What is its philosophy?**

The SLH brand is a collection of more than 360 independently - owned exclusive hotels in almost 60 countries, featuring award-winning spas, country houses, golf resorts, island retreats, city sanctuaries, and game and wilderness lodges.

## **Why is it better than the competition?**

SLH is focused on the boutique, luxury accommodation sector of independent properties, offering personalized service at its best.

SLH offers the highest degree of consistency of any of the brand affiliation options available today. The first criteria for membership continues to be that the hotel or resort should be recognized as one of the finest - if not the finest - property in that market.

For the truly small and luxurious independent hotels, those which depend on high yield individual travelers, there is no better choice.

*Source - TTG Asia March - April 2006*

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## Your websites ...



Organisation	Country	Website
Tourism Australia	Australia	<a href="http://www.tourism.australia.com">www.tourism.australia.com</a>
Bangladesh Parjatan Corporation	Bangladesh	<a href="http://www.parjatan.org">www.parjatan.org</a>
Ministry of Industry and Primary Resources	Brunei	<a href="http://www.tourism.gov.bn">www.tourism.gov.bn</a>
Ministry of Tourism, Cambodia	Cambodia	<a href="http://www.mot.gov.kh">www.mot.gov.kh</a>
Canadian Tourism Commission	Canada	<a href="http://www.canadatourism.com">www.canadatourism.com</a>
China National Tourism Administration	China (PRC)	<a href="http://www.cnta.gov.cn">www.cnta.gov.cn</a>
Transportation & Communications ROC	China Taipei	<a href="http://www.tboc.gov.tw">www.tboc.gov.tw</a>
Cook Islands Tourism Corporation	Cook Islands	<a href="http://www.cook-islands.com">www.cook-islands.com</a>
Fiji Visitors Bureau	Fiji	<a href="http://ww.bulafiji.com">ww.bulafiji.com</a>
Guam Visitors Bureau	Guam	<a href="http://www.visitguam.org">www.visitguam.org</a>
Hong Kong Tourism board	SAR	<a href="http://www.DiscoverHongKong.com">www.DiscoverHongKong.com</a>
Kong SAR	SAR	<a href="http://www.info.gov.hk/tc">www.info.gov.hk/tc</a>
Department of Tourism, Govt. of India	India	<a href="http://www.tourismofindia.com">www.tourismofindia.com</a>
State Ministry of Culture and Tourism	Indonesia	<a href="http://www.indonesiantourism.go.id">www.indonesiantourism.go.id</a>
Japan National Tourist Organisation	Japan	<a href="http://www.jnto.go.jp">www.jnto.go.jp</a>
Korea National Tourism Organisation	Korea ROK	<a href="http://www.knto.or.kr">www.knto.or.kr</a>
Macau Government Tourist Office	Macao, China	<a href="http://www.macautourism.gov.mo">www.macautourism.gov.mo</a>
Tourism Malaysia	Malaysia	<a href="http://www.tourismmalaysia.gov.my">www.tourismmalaysia.gov.my</a>
Ministry of Tourism & Civil Aviation	Maldives	<a href="http://www.visitmaldives.com">www.visitmaldives.com</a>
Marshall Islands Visitors Authority	Marshall Islands	<a href="http://www.visitmarshallislands.com">www.visitmarshallislands.com</a>
Affairs Guam	Federated	<a href="http://www.visit.fsm.org">www.visit.fsm.org</a>
Directorate of Hotel and Tourism	Myanmar	<a href="http://www.myanmar.com/Hotel_Tour/">www.myanmar.com/Hotel_Tour/</a>
Nepal Tourism Board	Nepal	<a href="http://www.welcomenepal.com">www.welcomenepal.com</a>
Tourism New Zealand	New Zealand	<a href="http://www.purenz.com">www.purenz.com</a>
Niue Tourism	Niue	<a href="http://www.niueisland.com">www.niueisland.com</a>
Marlanas Visitors Authority	Marianas	<a href="http://www.mymarianas.com">www.mymarianas.com</a>
Youth Affairs	Pakistan	<a href="http://www.tourism.gov.pk">www.tourism.gov.pk</a>
Palau Visitors Authority	Palau	<a href="http://www.visit-palau.com">www.visit-palau.com</a>
Papua New Guinea Tourism Promotion A.	Guinea	<a href="http://www.pngtourism.org">www.pngtourism.org</a>
Philippine Department of Tourism	Philippine	<a href="http://www.wowphilippines.com.ph">www.wowphilippines.com.ph</a>
Samoa Visitors Bureau	Samoa	<a href="http://www.visitsamoa.ws">www.visitsamoa.ws</a>
Singapore Tourism Board	Singapore	<a href="http://www.visitsingapore.com">www.visitsingapore.com</a>
Sri Lanka Tourist Board	Sri Lanka	<a href="http://www.srilankatourism.com">www.srilankatourism.com</a>
Tahiti Tourism	Polynesia	<a href="http://www.tahiti-tourisme.com">www.tahiti-tourisme.com</a>
Tourism Authority of Thailand	Thailand	<a href="http://www.tat.or.th">www.tat.or.th</a>
Leste	Timore Leste	<a href="http://www.turismotimorleste.com">www.turismotimorleste.com</a>
Tonga Visitors Bureau	Tonga	<a href="http://www.tongaholiday.com">www.tongaholiday.com</a>
Hawaii Tourism Authority	USA	<a href="http://www.hawaii.gov/tourism">www.hawaii.gov/tourism</a>
VNAT	Vietnam	<a href="http://www.vietnamtourism.gov.vn">www.vietnamtourism.gov.vn</a>
<i>Source - Pacific Asia Travel Association (PATA).</i>		