

Industry Overview & Forecasts

WTTC's 2010 Economic Research

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Croatia Tourism Days

Key trends at a glance, Jan 2010

2008:



2009:



2010:



2020:

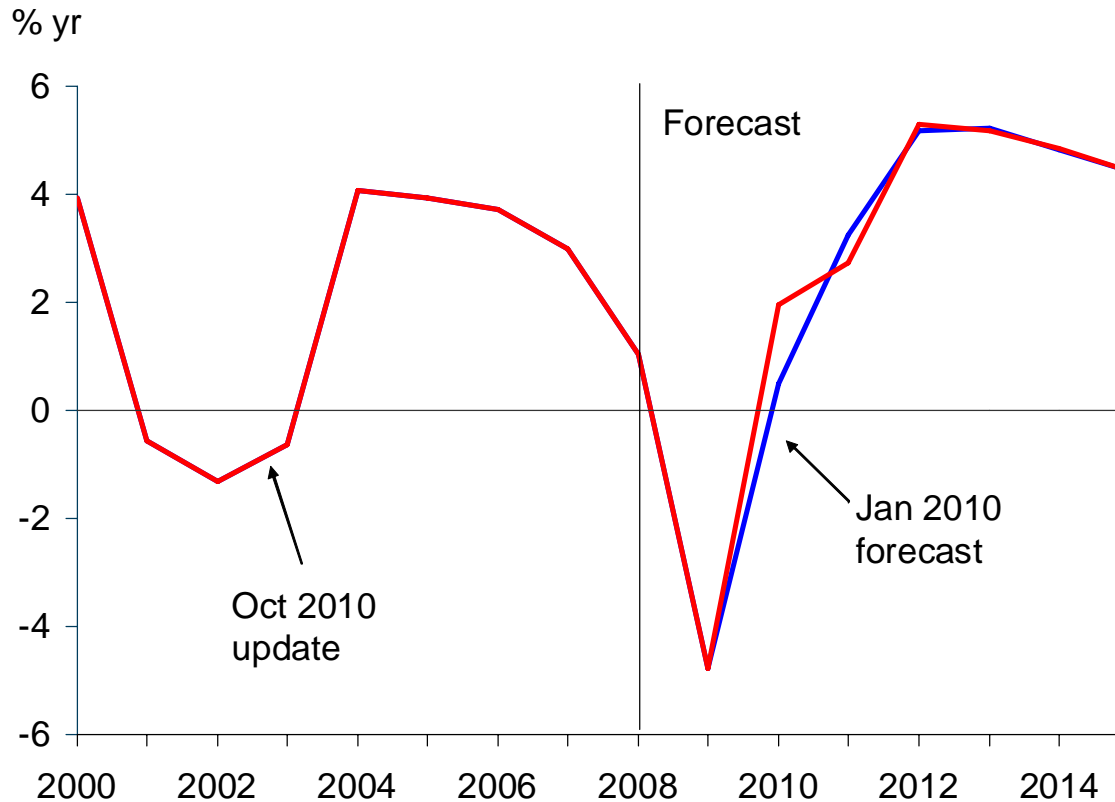


A close-up photograph of a woven bamboo mat. The mat is made of light-colored bamboo strips woven together with white thread. The perspective is from an angle, showing the diagonal lines of the weave. The text is overlaid on the upper left portion of the image.

Improved
Outlook for
Travel & Tourism
in 2010

Travel & Tourism rebounded in 2010 H1, beating our expectations

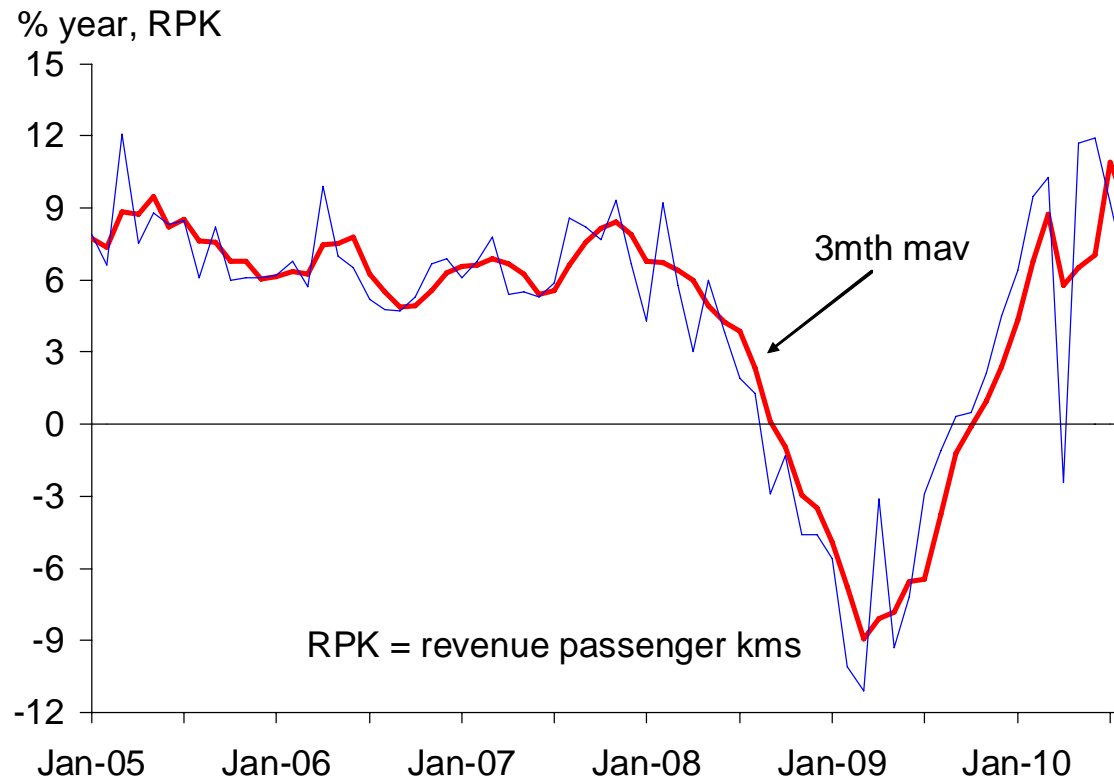
World: Travel & Tourism Economy GDP growth



Source : Oxford Economics

Air passenger volume growth surges in 2010 H1...

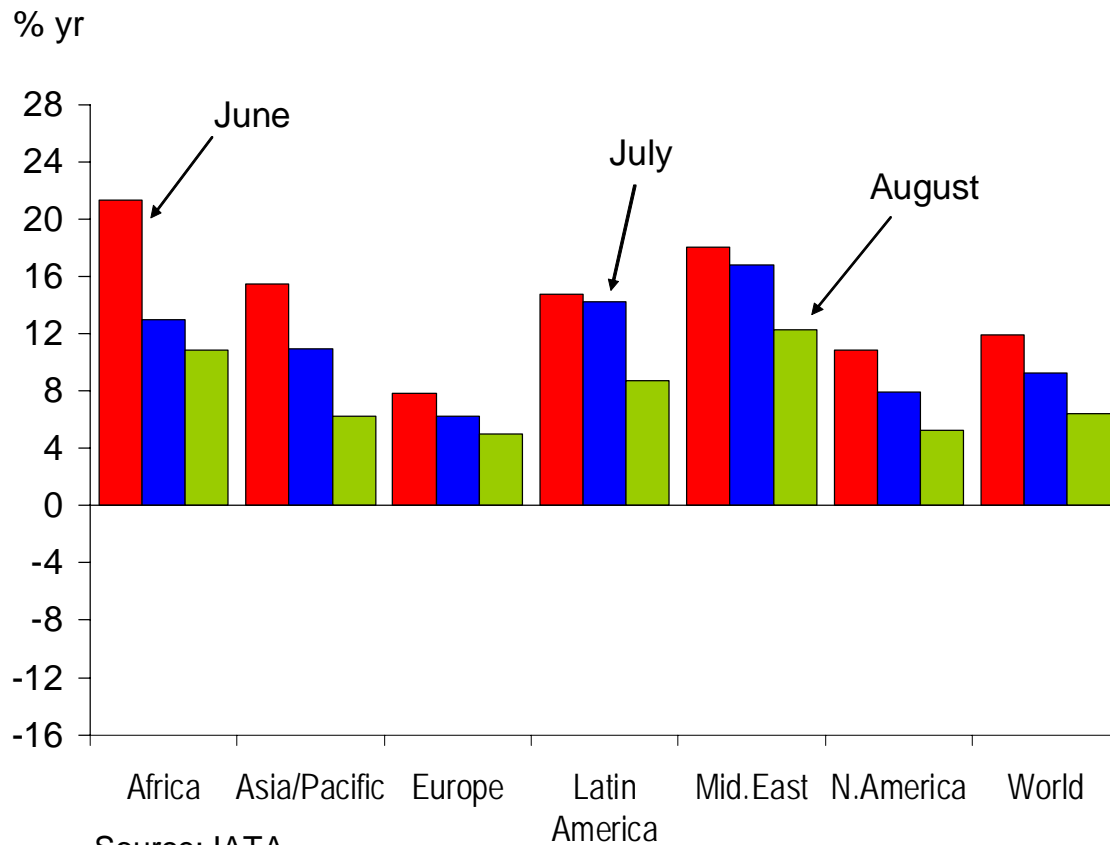
International air passenger traffic growth



Source: IATA

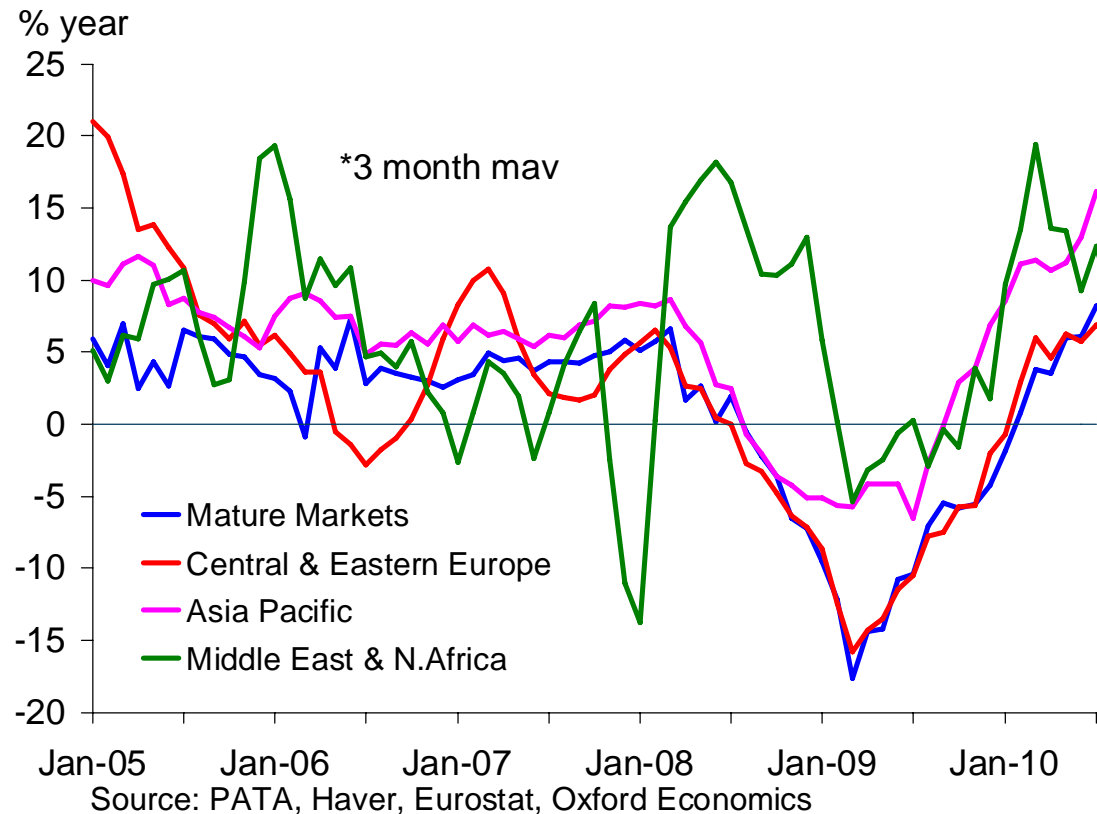
...driven by emerging markets

International air passenger growth by region



...while visitor arrivals growth paints a similar picture...

Regions: Overnight visitor arrival growth*



Overnight visitor arrival growth 2010

Overnight visitor arrival growth in 2010 (% year-on-year, January 2010 to the indicated month)								
Year to:			Year to:			Year to:		
		%			%			%
Austria	Jul	3.8	Canada	Jul	1.4	Hong Kong	Aug	24.0
Belgium	May	2.9	US	Jun	10.8	South Korea	Aug	12.7
Denmark	Jun	3.2	Mexico	Jul	5.6	Macau	Aug	21.0
Finland	Jun	1.1	Chile	Jul	-4.0	Taiwan	Aug	27.5
France	Jun	1.9	Anguilla	May	11.3	India	Aug	9.7
Germany	Jul	11.4	Antigua & Barbuda	Apr	-1.7	Maldives	Aug	21.8
Greece	Mar	4.7	Aruba	Aug	1.5	Nepal	Sep	19.8
Italy	May	6.1	Bahamas	Jul	3.3	Pakistan	#N/A	-3.5
Luxembourg	#N/A	-9.5	Barbados	Aug	4.1	Sri Lanka	Aug	46.7
Netherlands	May	10.6	Bermuda	Jun	-0.8	Cambodia	Aug	14.9
Portugal	Jul	6.1	Cayman Islands	Aug	5.4	Indonesia	Aug	12.1
Spain	Jul	7.8	Cuba	Jul	1.5	Laos	#N/A	15.6
Sweden	Jun	0.7	Dom Republic	Aug	2.9	Malaysia	Jun	4.6
UK	Jul	-2.1	Dominica	Jul	7.6	Myanmar	Jul	34.0
Bulgaria	Jul	5.6	Grenada	May	0.0	Papua New Guinea	Aug	17.2
Cyprus	Jul	0.1	Jamaica	Jun	4.1	Philippines	May	11.2
Czech Rep	Jun	3.7	Martinique	Aug	6.6	Singapore	Aug	22.2
Estonia	Jun	13.3	Puerto Rico	May	7.9	Thailand	Aug	13.2
Hungary	Jun	7.7	St Kitts	Mar	-12.8	Vietnam	Aug	36.3
Latvia	Jun	5.0	St Lucia	Jun	11.9	Australia	Aug	5.6
Lithuania	Jun	1.8	St Vincent	May	-2.3	New Zealand	Jul	3.6
Malta	Jun	14.1	British Virgin Islands	Jul	12.7	Fiji	Jun	21.5
Poland	May	5.8	US Virgin Islands	Aug	7.2	Kiribati	Jun	47.9
Romania	Jun	2.1	Bahrain	Mar	0.6	Tonga	Jul	-13.7
Slovakia	Jun	3.6	Israel	Aug	23.3	Vanuatu	Jun	-8.3
Slovenia	Jul	4.4	Jordan	Aug	21.7	REGIONAL ESTIMATES (1)		
Montenegro	Jul	1.3	Lebanon	Jul	12.5	Europe	Aug	5.0
Croatia	Jun	-6.6	Egypt	Jun	21.0	Americas	Aug	6.1
Iceland	Jun	4.3	Mauritius	Jul	6.3	Middle East	Aug	12.7
Norway	Jul	8.8	South Africa	Jul	13.3	Africa	Aug	12.5
Switzerland	Jul	3.3	Tunisia	Aug	-2.2	Asia-Pacific	Aug	12.8
Turkey	Aug	5.1	Japan	Aug	33.5	WORLD	Aug	7.4
			China	Aug	5.8			

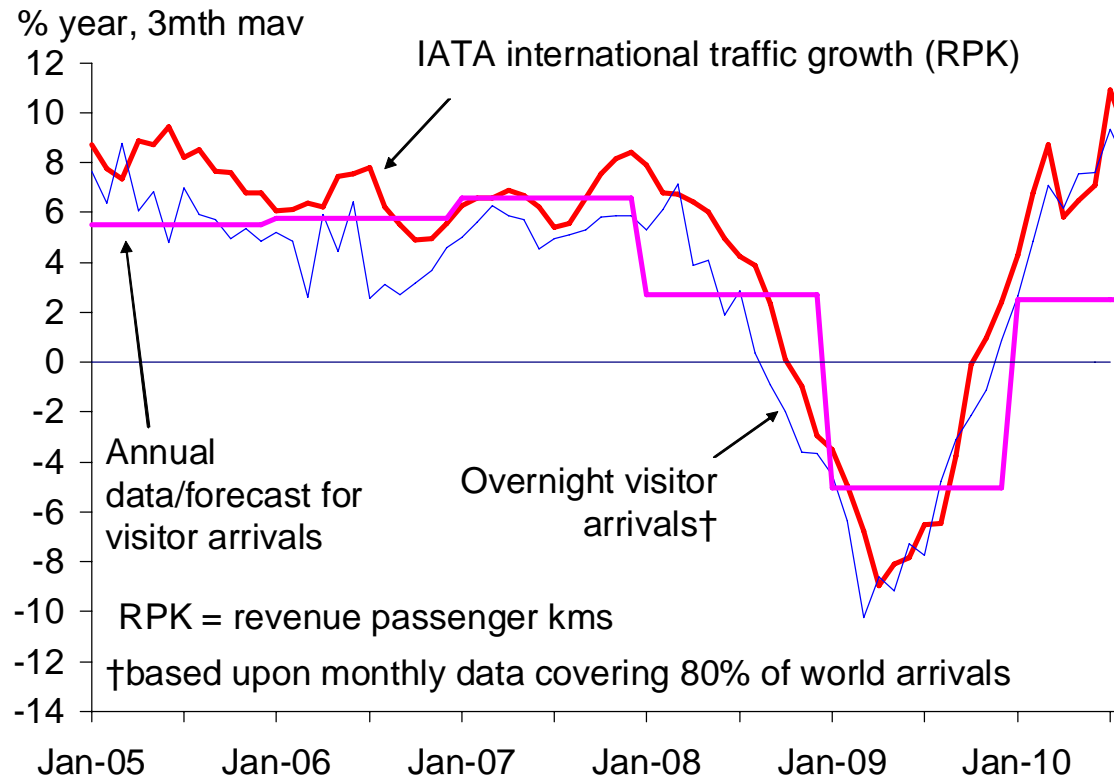
NB. Where there is no 2010 data yet available 2009 growth is listed instead

(1) based on these 90 countries only; coverage good for Europe, North America, the Caribbean and Asia-Pacific but very limited elsewhere

Source: Oxford Economics

...implying a significant improvement on our early-2010 forecast

World: Short-term tourism indicators

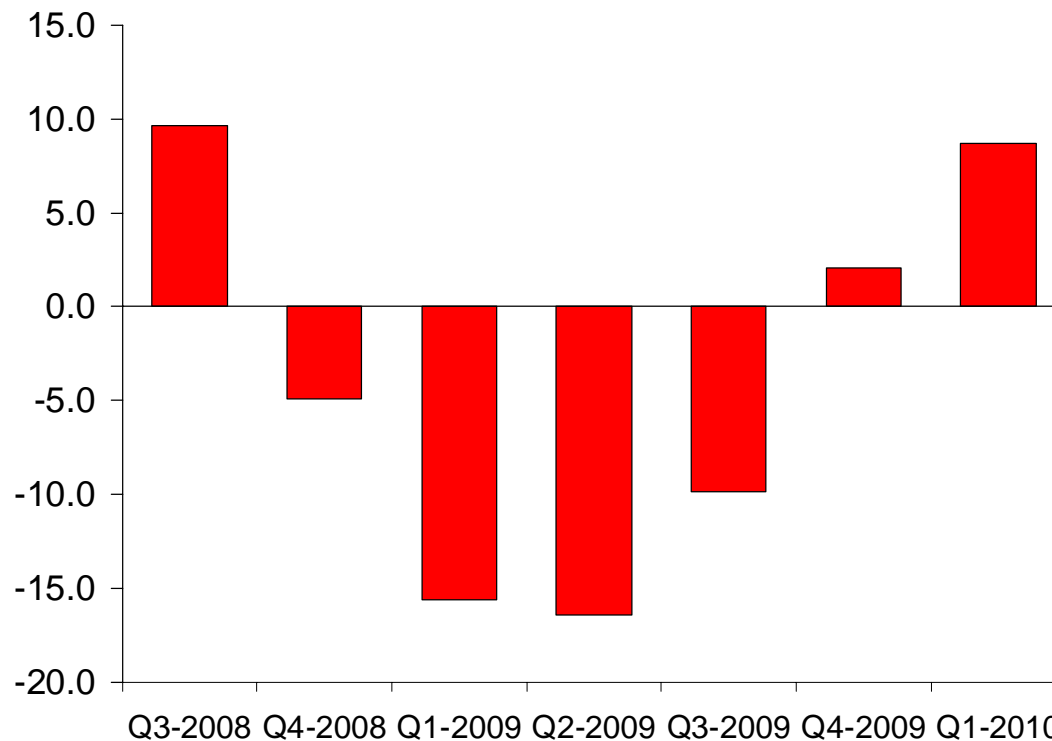


Source: IATA, PATA, Haver, Eurostat, Oxford Economics, WTTC, CTO

Growth in travel spending rebounds strongly...

Global Travel Spending Receipts Growth

% yr

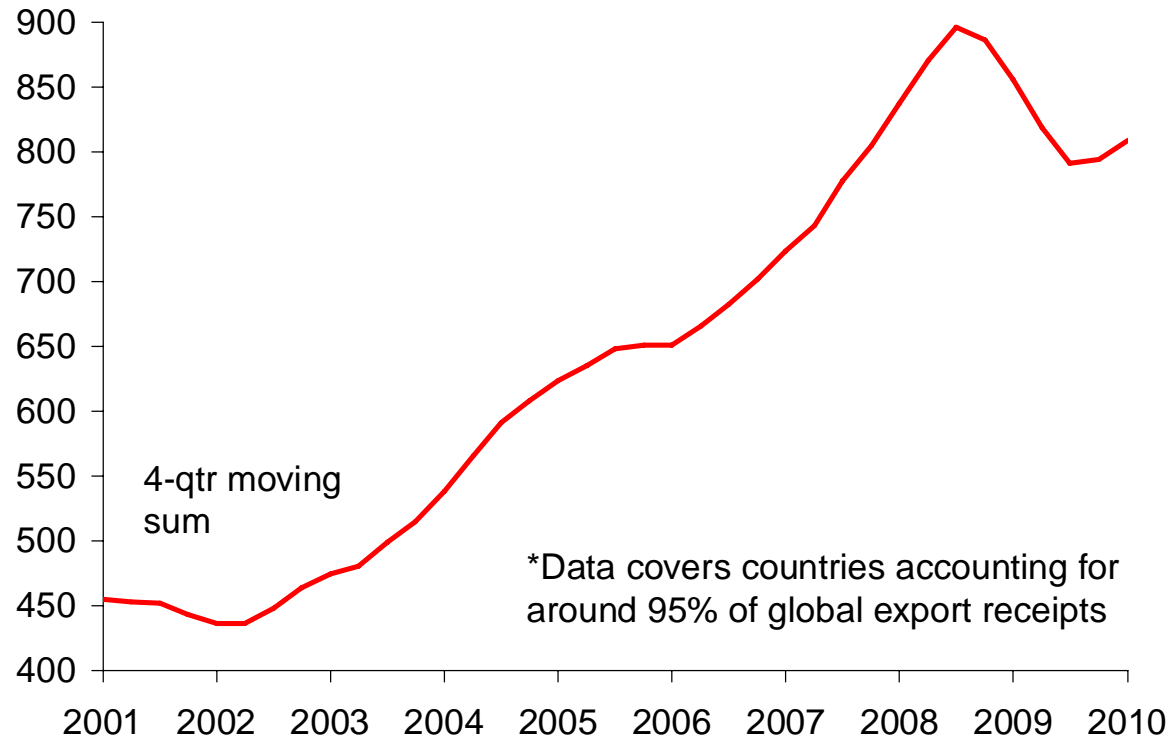


Source : Oxford Economics/Haver Analytics

...but total remains well down on pre-recession peak

Global Travel Spending Receipts*

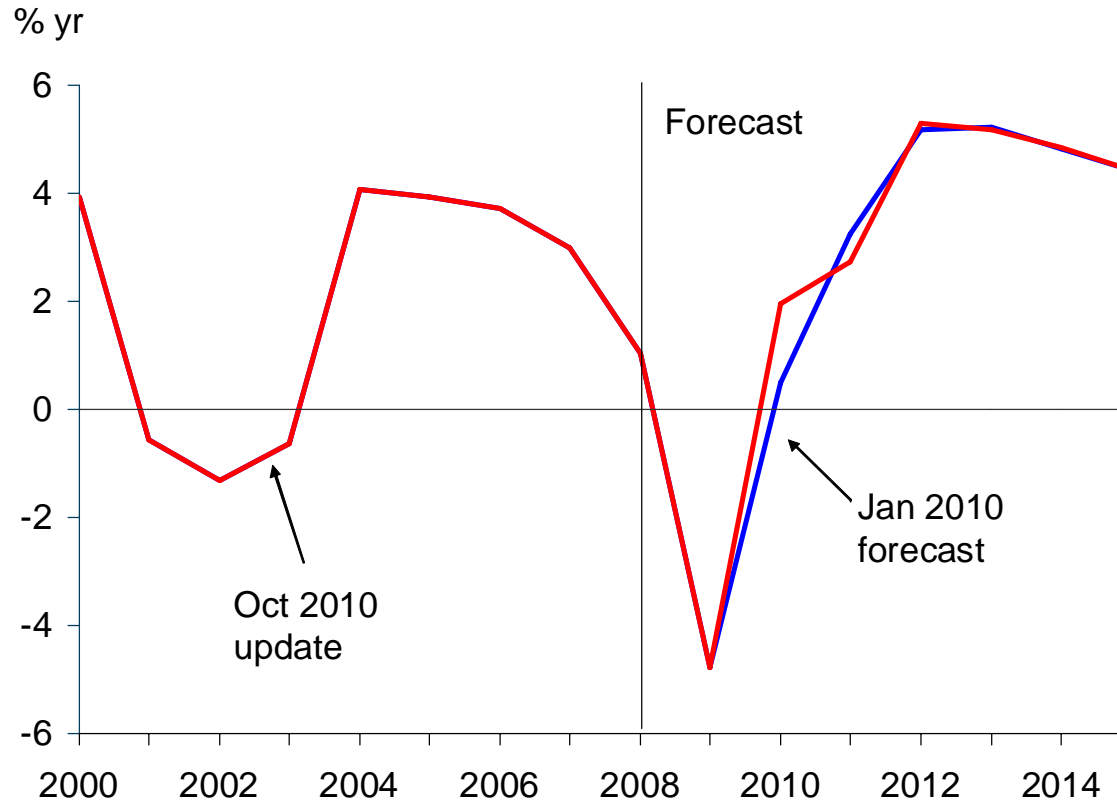
\$US bns



Source : Oxford Economics/Haver Analytics

Rebound faster than expected this year...

World: Travel & Tourism Economy GDP growth



Source : Oxford Economics

...but forecasts for 2011 revised downwards

T&T Economy GDP growth forecasts: October vs. January 2010
(shading highlights forecast downgrades)

	2009	2010 forecast			2011 forecast		
	%	October	Jan	%pt chg	October	Jan	%pt chg
Europe	-4.2	-0.4	-1.3	0.9	1.4	1.6	-0.2
Americas	-7.4	1.5	0.7	0.8	2.4	3.1	-0.7
Middle East	-5.4	4.0	-0.1	4.1	4.1	5.1	-1.0
Africa	-6.2	3.0	0.6	2.4	3.0	3.8	-0.8
Asia	-1.6	4.5	2.0	2.5	4.2	4.6	-0.4
World	-4.8	2.0	0.5	1.5	2.7	3.2	-0.5

Source: Oxford Economics

*Long-term
potential of Travel
& Tourism is
undiminished –
but government
support is
critical*





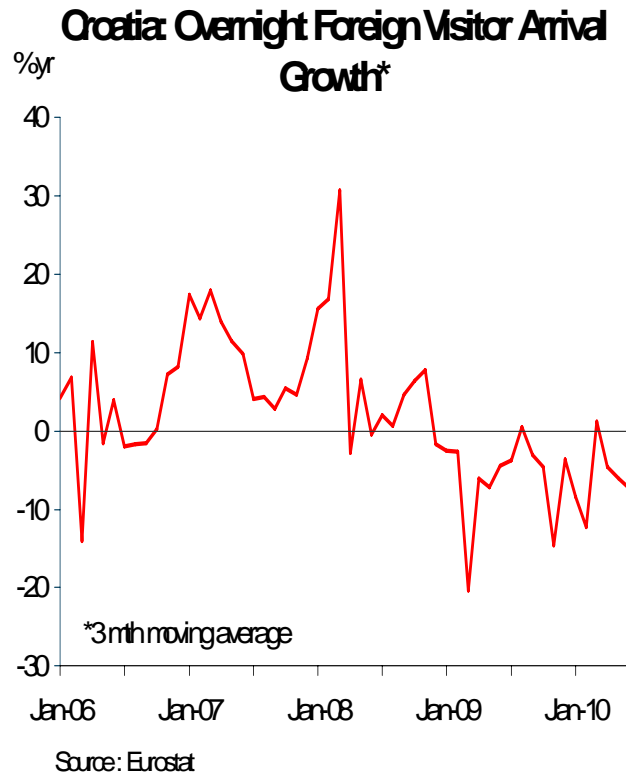
A dynamic force for wealth and job creation

- The global Travel & Tourism Economy will grow by 4.3% pa over the next 10 years, implying its share of the global economy will rise to just under 10%.
- This will help to create an additional 66 million jobs, acting as a key driver of poverty reduction.
- And we will need them – 2 bn new middle-class consumers globally between now and 2030 – 60 mn a year (Goldman Sachs)

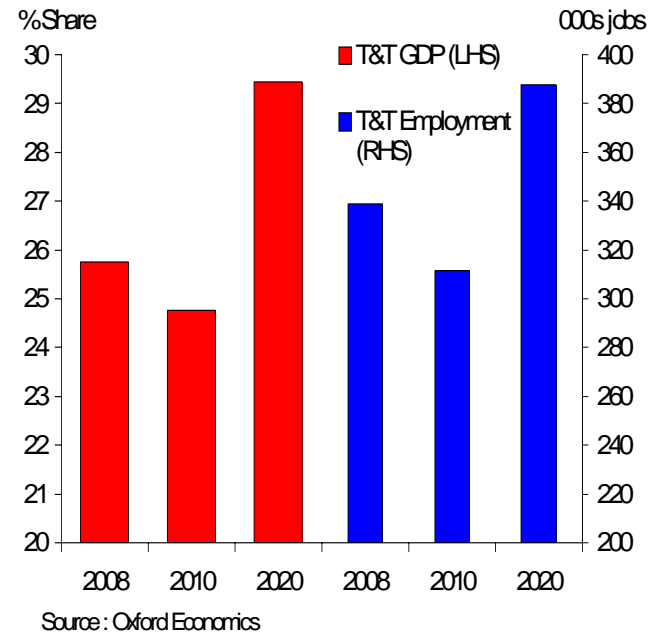
Croatia



Croatia: Activity weak in 2010H1 but signs of a nascent recovery emerging



Croatia: Outlook for T&T Economy





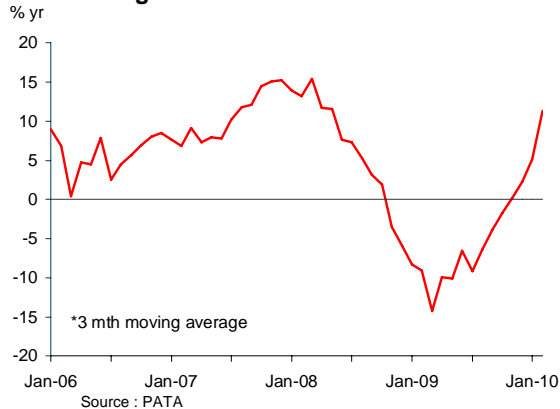
THANK
YOU



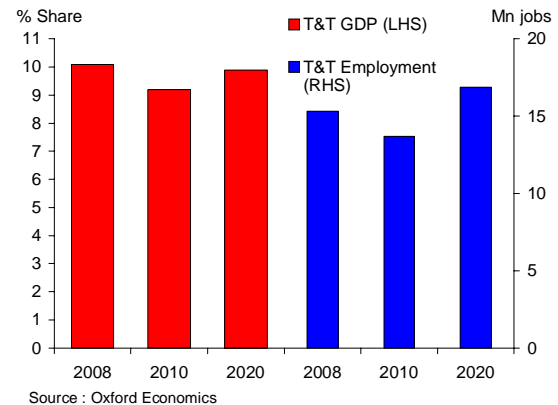
Individual Country Analysis

USA: Sharp fall in visitor arrivals drives recession, but recovery underway

US: Overnight Visitor Arrival Growth*



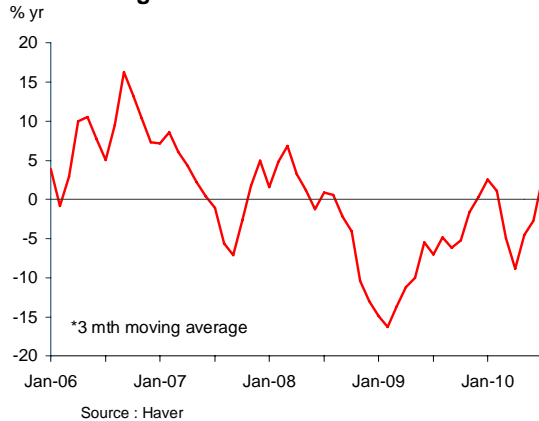
US: Outlook for T&T Economy



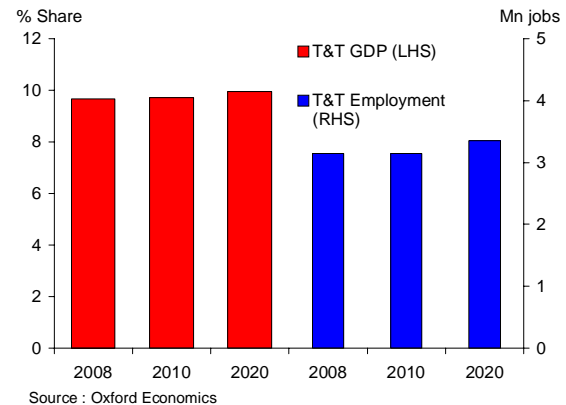
- Following an inventory-driven surge, growth has slowed sharply this year raising fears of a double-dip, but we expect growth to remain solid.
- Long-term growth prospects for Travel & Tourism are good – domestic (1.9 bn trips in 2009, of which 50% overnight) and inbound.
- Despite sharp growth in foreign visitor arrivals so far, recovery in 2010 dragged back by very weak investment and business travel

UK: Olympics should drive the recovery from 2011

UK: Overnight Visitor Arrival Growth*



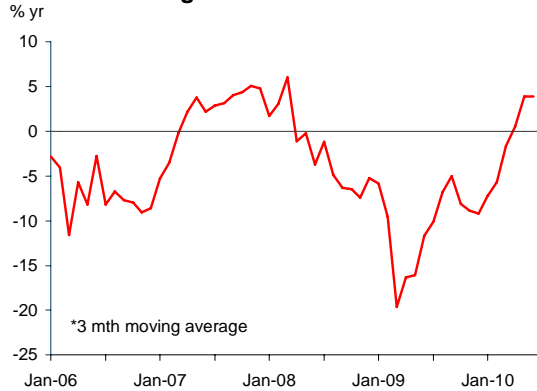
UK: Outlook for T&T Economy



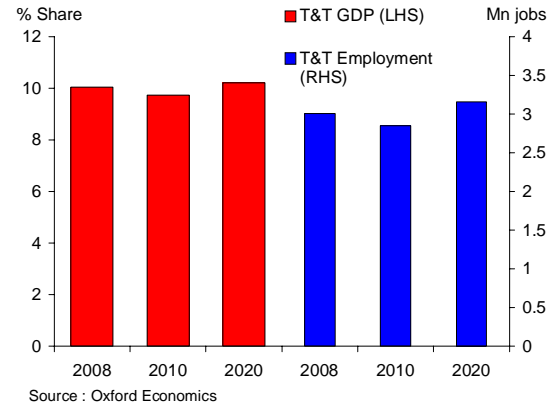
- Although growth surged in Q2 momentum is expected to slow as fiscal cuts bite.
- Despite the weakness of sterling, the collapse of business travel demand caused a sharp drop in foreign tourist arrivals in 2009.
- Travel & Tourism Economy GDP will contract further this year, before growth starts to accelerate from 2011, with the 2012 Olympics set to boost activity.

France: Further contraction expected in 2010 with no real growth until 2012

France: Overnight Visitor Arrival Growth*



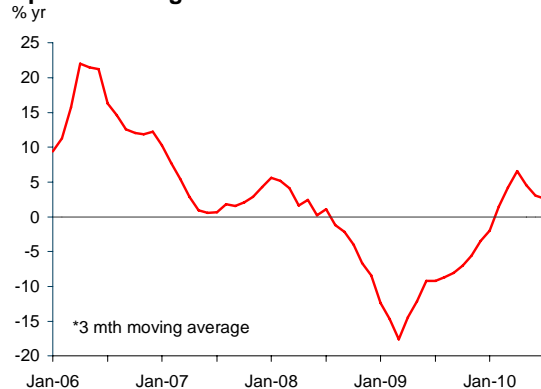
France: Outlook for T&T Economy



- Growth surprised on the upside in Q2 and internal demand should be sufficiently strong to generate modest growth in the near term.
- Foreign visitor arrivals have begun to recover following a double-digit fall during 2009.
- Real T&T Economy GDP is forecast to contract again this year before recovery commences, which is unlikely to gain real traction before 2012.

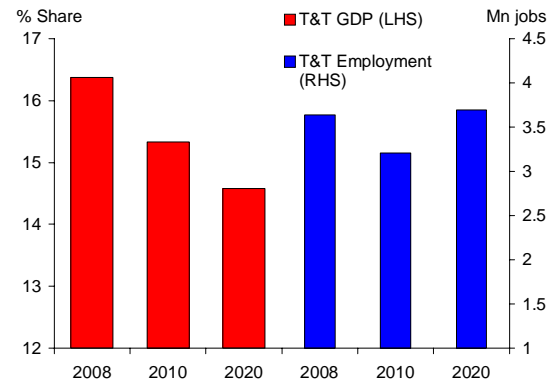
Spain: Further contraction expected in 2010 with no real growth until 2012

Spain: Overnight Visitor Arrival Growth*



Source : Eurostat

Spain: Outlook for T&T Economy

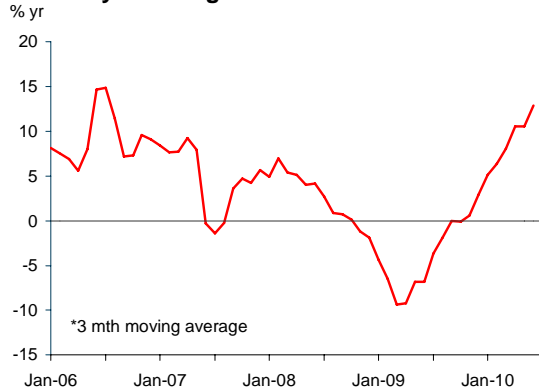


Source : Oxford Economics

- The current macroeconomic outlook remains dire with acute fiscal problems likely to constrain growth for the foreseeable future.
- Travel & Tourism has not escaped the malaise with the T&T economy estimated to have contracted by 7.5% in 2009.
- Real Economy GDP is forecast to contract again this year before recovery commences, which is unlikely to gain real traction before 2012.

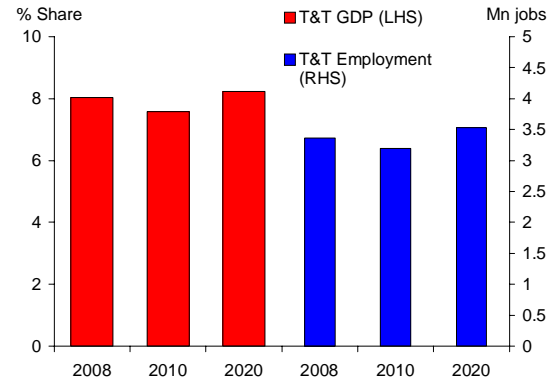
Germany: Strong visitor arrival growth offset by weak outlook for investment

Germany: Overnight Visitor Arrival Growth*



Source : Eurostat

Germany: Outlook for T&T Economy



Source : Oxford Economics

- Sharp recovery in economic growth as exports picked up on the back of a rebound in emerging markets, but momentum set to fade in 2010H2.
- Foreign visitor arrivals have rebounded sharply this year, boosting the T&T economy, but business travel spending remains very weak.
- The recovery is forecast to be very subdued with real economy GDP growth unlikely to gather much speed before 2012.