



VISITOR ARRIVALS SUMMARY

2010



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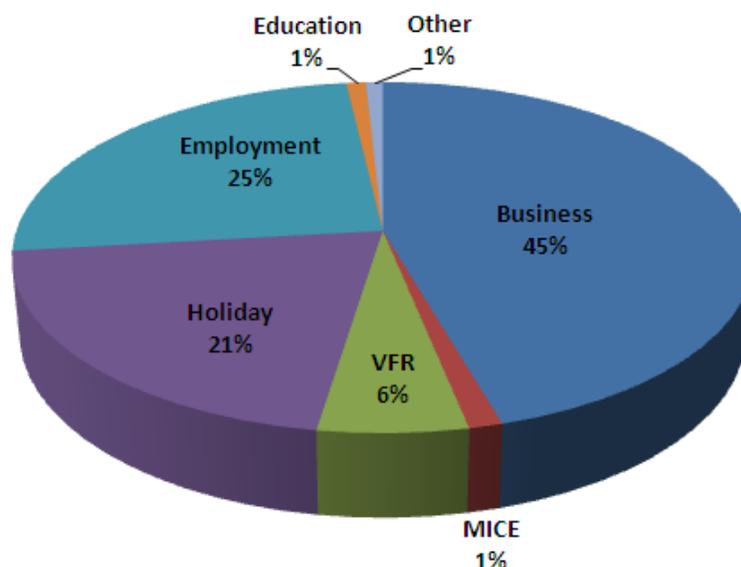
This is the final total visitor arrivals report for PNG in 2010.

The report presents the trends and market share analysis of all short-term international visitors, strongly emphasizing on holiday visitors. It is reported by **source market** and **purpose of visit** to the country. The report also presents summary tables and graphical analysis of annual and monthly trends to observe historical performance of tourism in the year compared to the previous years. Additional marketing briefs are also included based on recent research to compliment the visitor arrivals trend from the key source markets.

1.1 Executive Summary

Total international arrivals to Papua New Guinea were recorded at 146,350 visitors in 2010, an increase of more than 18% or an additional 22,000 arrivals compared to the 124,006 arrivals in 2009, with holiday arrivals contributing significantly showing an increase of 7% compared to the holiday arrivals recorded in 2009. This is an improvement from 2009, where we saw a decrease of 12% in our holiday arrivals due to the global financial crisis affecting most of our key source markets and other various domestic factors that deter tourists from visiting. However, in 2010 the PNG Tourism Promotion Authority in partnership with the industry players and key stakeholders responded positively by working together in the markets as well as making it conducive through awareness and more product development in the model provinces to restore tourist confidence. As a result, the year 2010 was another successful year for tourism in Papua New Guinea, repeating the healthy trend seen in the last 6 years from 2003 – 2008. This healthy trend is expected to continue in 2011 and beyond as TPA in the last 5 years has set out some clear short and long-term strategies/plans to grow the tourism industry in Papua New Guinea, and as TPA leads to implement and achieve these objectives, tourism in the next 10-20 years will be a significant contributor to the economy.

Percentage Distribution by Purpose of Visit – 2010

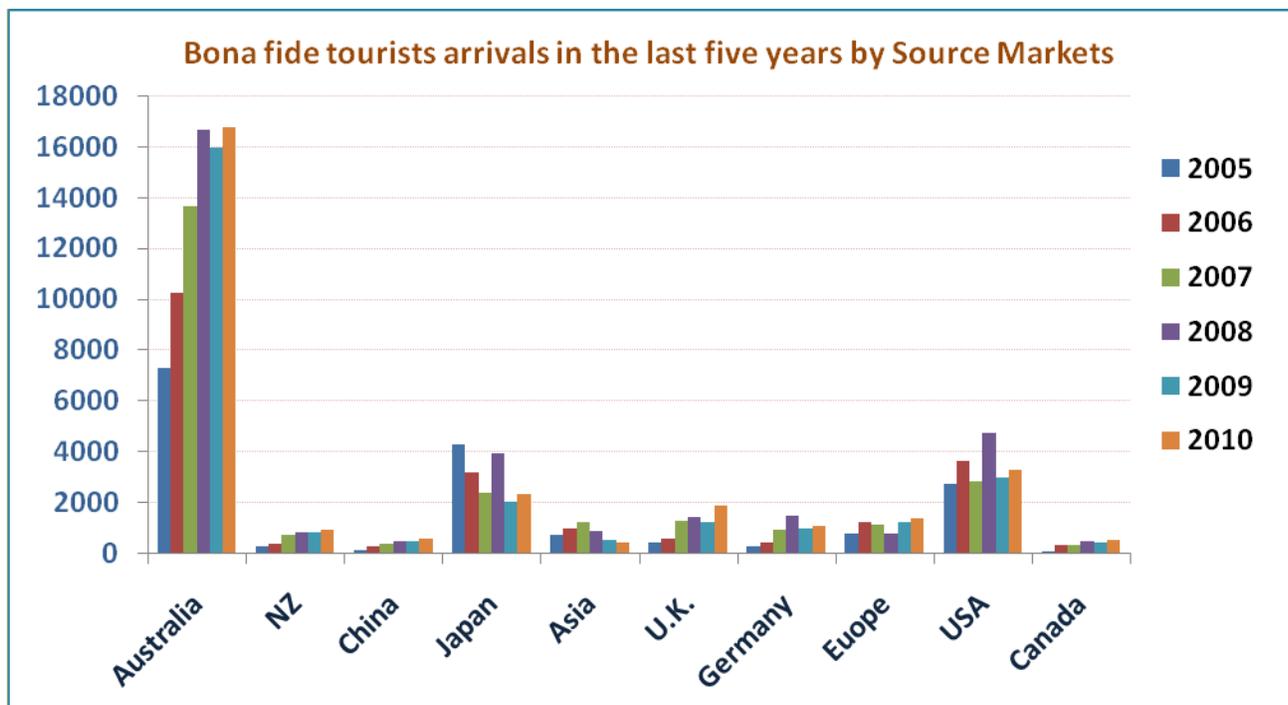


Most of the visitors from Japan (60%), America (40%) and European markets (42%) were strongly holiday/leisure-oriented, while the majority of the visitors from Australia (48%) and Asia (42%) were more on business. However, the holiday segment of the Asian, New Zealand and other European markets increased in 2010 compared to 2009 (refer to table).

Holiday Arrivals by Source Markets – 2010/2009

Source Market	2010	2009	Change	% +/-
<i>Australia</i>	16,744	15,973	771	4.8
<i>New Zealand</i>	874	862	12	1.3
<i>Oceania</i>	496	631	-135	-21.4
<i>China</i>	583	509	74	14.5
<i>Japan</i>	2,350	2,032	318	15.6
<i>Malaysia</i>	766	520	246	47.3
<i>Philippines</i>	795	647	148	22.9
<i>Indonesia</i>	288	310	-22	-7.1
<i>India</i>	212	326	-114	-34.9
<i>Other Asia</i>	754	934	-180	-19.3
<i>UK</i>	1,934	1,235	699	56.6
<i>Germany</i>	998	980	18	1.8
<i>France</i>	294	224	70	31.3
<i>Other Europe</i>	1,405	1,324	81	6.1
<i>USA</i>	3,220	3,012	208	6.9
<i>Canada</i>	547	457	90	19.7
<i>Other America</i>	119	95	24	25.3
<i>Africa</i>	256	278	-22	-7.9
Total Holiday	32,635	30,349	2,286	7.6%

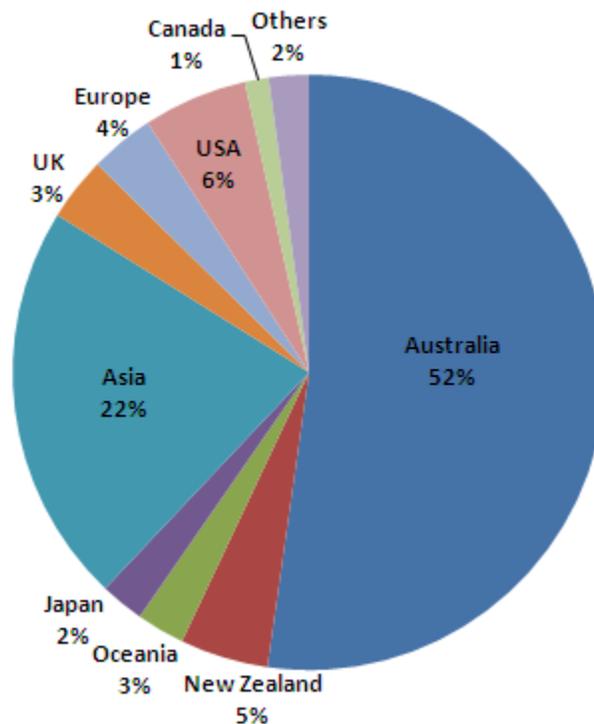
Annual Holiday Arrivals Trend by Source Market (2005 – 2010)



Holiday arrivals from most of the key source markets performed well in 2010 compared to 2009. The healthy growth in the holiday segment was a result of carrying out more marketing activities in the markets.

On the total holiday arrivals, 52 percent was from the Australian market, followed by the US Market with 6 percent and Japan with 2 percent. The total European holiday visitors made up 4 percent, the Asian market accounted for 22 percent while Oceania, New Zealand and other smaller markets accounted for 8 percent of the total holiday arrivals in 2009.

Holiday Arrivals Distribution by Source Market – 2009



1.2 Key Source Market Performance

Australian Market

The Australian market continued to remain the highest single source market (in all segments) for Papua New Guinea. It accounted for 52 percent (76,755) of the total arrivals in 2010, recording an increase by 16.2% compared to 2009 arrivals.

Most of the visitors from the Australian market were on business visits (48%), while 20% accounted for holiday.

The holiday segment from the Australian market recorded an increase by 4.8 percent, while business arrivals also show an increase by 20 percent compared to the 2009 arrivals.

Annual trend of holiday arrivals from the Australian Market



As it can be seen above, strong growth in holiday arrivals from the Australian market is from 2005 to 2008, and that is a result of opening the new office in Sydney. The TPA office in Sydney was able to carry out more marketing activities targeting tourists from all around Australia. One of it being the development of a comprehensive website for visitors to browse through and make travel decisions. In May 2009, the TPA Board appointed another new marketing representative and the new team have come up with new marketing techniques to grow tourist numbers from the market.

In March 2010, the PNG Tourism Promotion Authority Office in Sydney has launched a TPA Australia face book & twitter page to service as a platform to support and carry out marketing activities in this market and boost tourist numbers from the market in the next five years.

Japan Market

Japan is Papua New Guinea's third largest holiday market after Australia and the United States, and one of the highest spending markets for Papua New Guinea. Growth in visitor numbers has greatly improved in 2010 after performing poorly in 2009. The healthy growth in 2010 was a result of launching the addition flight by Air Niugini on the PNG/Japan route and the appointment of a new marketing manager for the PNG TPA Japan Office, who is coming up with new marketing initiative to grow the market share for Papua New Guinea. The Japan market recorded an increase of 17% in holiday arrivals, while the business sector also show an increase compared to 2009 arrivals.

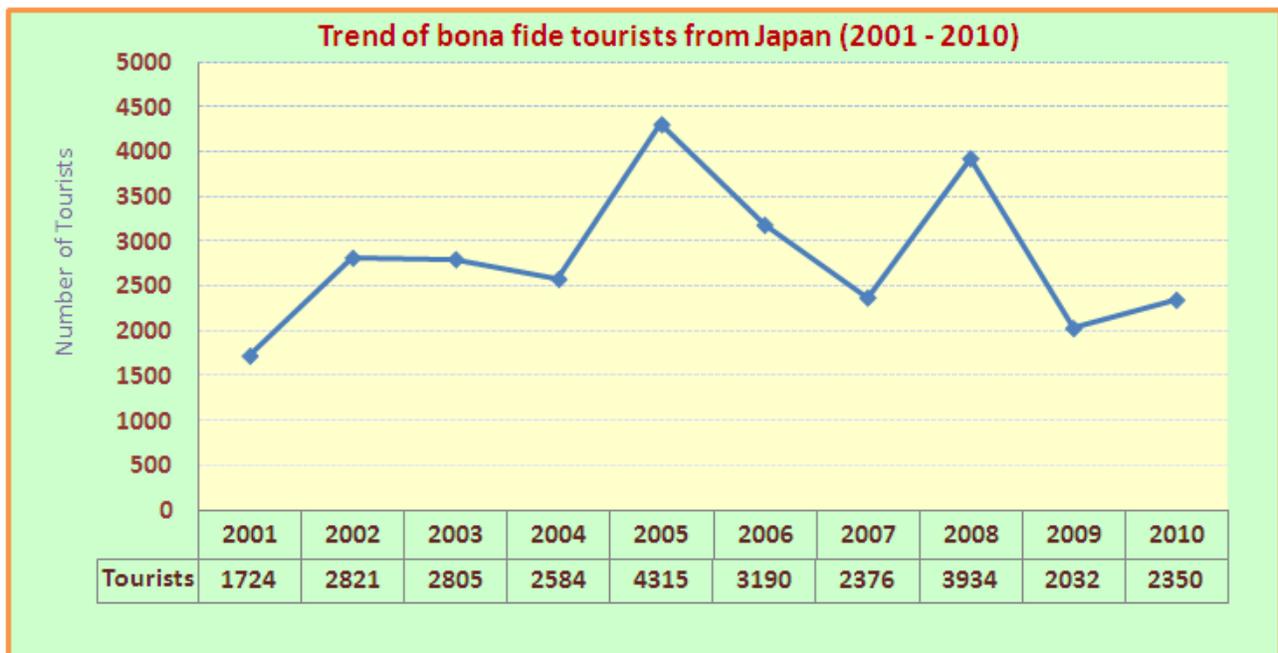
About 2 percent (3,504) of the total arrivals were from Japan and most of the visitors from the market were holidaymakers (60%), while only few (30%) came for business and 10% for other reasons. Most of the increase from the Japan market was attributed by air arrivals which accounted for 90% of the total arrivals from the market.

Referring to the graph below, an upward trend developed in 2005 for the Japanese tourist arrivals into Papua New Guinea. However, in 2006 and 2007 PNG lost its tourists market share by 26% and 25% respectively.

The reason for the drop in tourist arrivals from the Japanese market was due to a drop in outbound travel in 2006 and 2007, which affected most of the long-haul destinations (including Australia & New Zealand and the Pacific Island countries). There has been a shift in offshore travel to Asia over the last three years, away from traditional longer-haul destinations. Papua New Guinea recording the lose in 2006 and 2007 was also contributed by the drop in cruise ship arrivals from the Japan market, together with some PX cancellation in those years from the market.

An upward trend was experienced in 2008 from the Japan Market, which was a sign of the efforts put in by the new marketing representative appointed by the PNG Tourism Promotion Authority Board in 2007. The new marketing strategies put together for the market will start to boost tourist numbers in 2010 after recovering from the financial crisis in 2009.

Annual trend of bona fide tourists from the Japanese Market



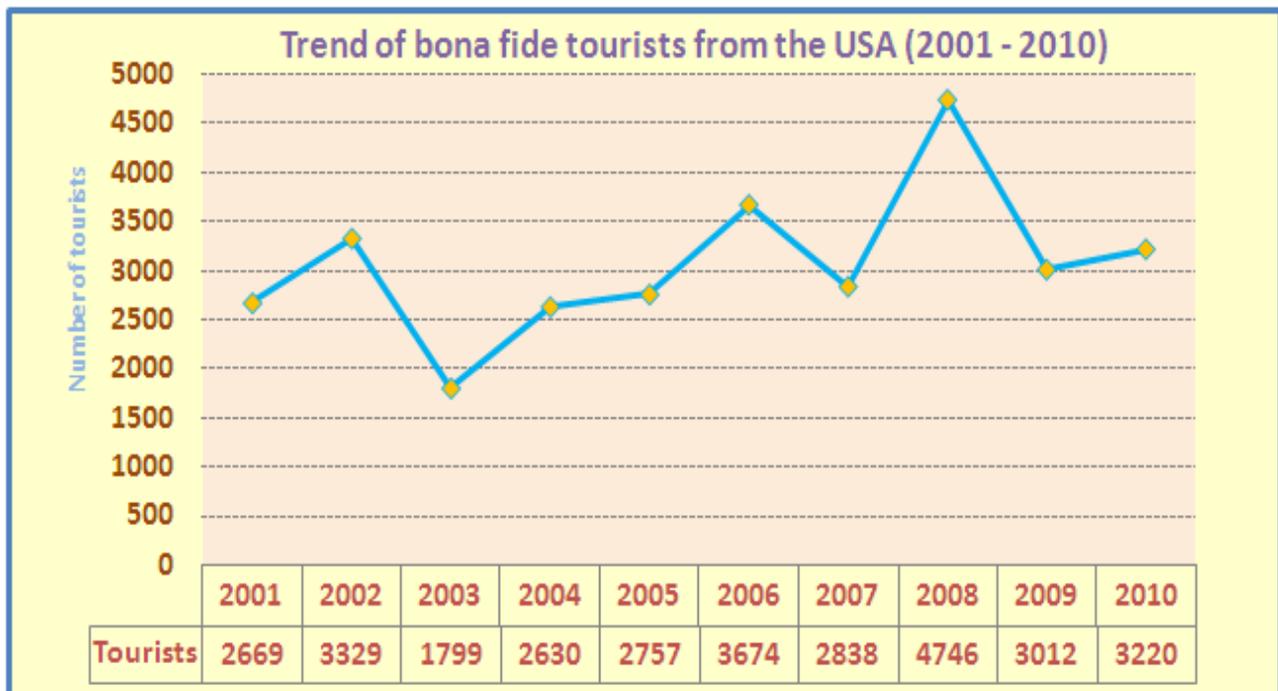
American Market

The American market collectively generated about 8% (10,743) of the aggregate arrivals in 2010, reflecting an increase by 17% from 8,704 arrivals in 2009.

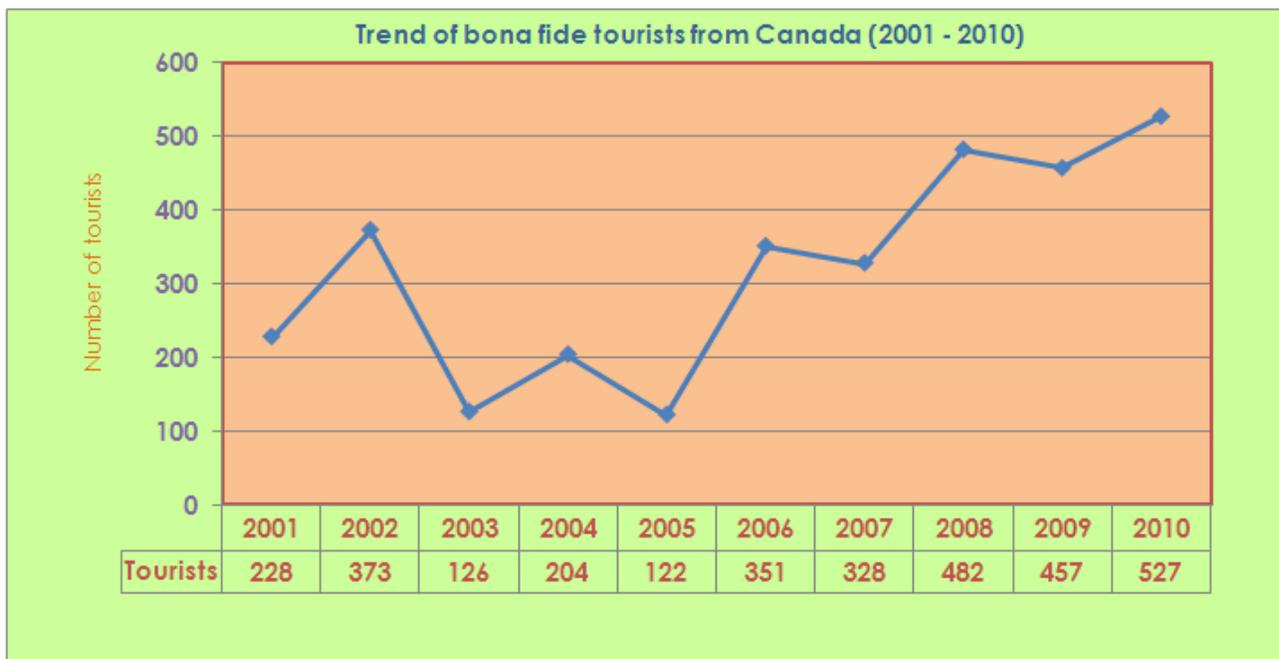
Between 2003 and 2009, total arrivals from the US increased by around 88 percent, and in 2009 arrivals from the market declined by 14 per cent, with arrivals being slightly impacted by the financial crisis in the United States. In 2010 arrivals picked up well and recorded an increase of 26 percent after a slow growth in the first quarter. With the positive sign, Papua New Guinea remains well-positioned for growth with good air access and a favourable exchange rate. The TPA Los Angeles Office has been working hard to promote Papua New Guinea under the new brand 'A MILLION DIFFERENT JOURNEYS' in the North American Market.

Visitors from the US rate PNG's environment and the activities we have on offer more highly than other markets, showing that PNG's offering as a destination fits well with Americans from our target market. In particular PNG has very strong appeal as a niche destination among North American travellers interested in the outdoors, adventure and culture. Despite being our second largest holiday market, New Papua New Guinea continues to attract only a tiny proportion of US outbound travellers and awareness remains low. In Canada, interest in Papua New Guinea was strong, but has slightly dropped back in the aftermath of the global economic downturn.

Annual trend of bona fide tourists from the American Market



As it can be clearly seen, the trend in holiday tourists from the US market picked up well since 2003, but dropped in 2007 and 2009 due to the down turn in the US economy. The US economy has fallen into a deep recession in 2008, and the entire world tourism market has suffered. However, Papua New Guinea has benefited in 2008, recording a strong growth due to the stable PNG Kina and the strong marketing efforts put in by TPA in this market to resist any unforeseen threats in the future. Below is a similar holiday arrivals trend from the Canadian market.



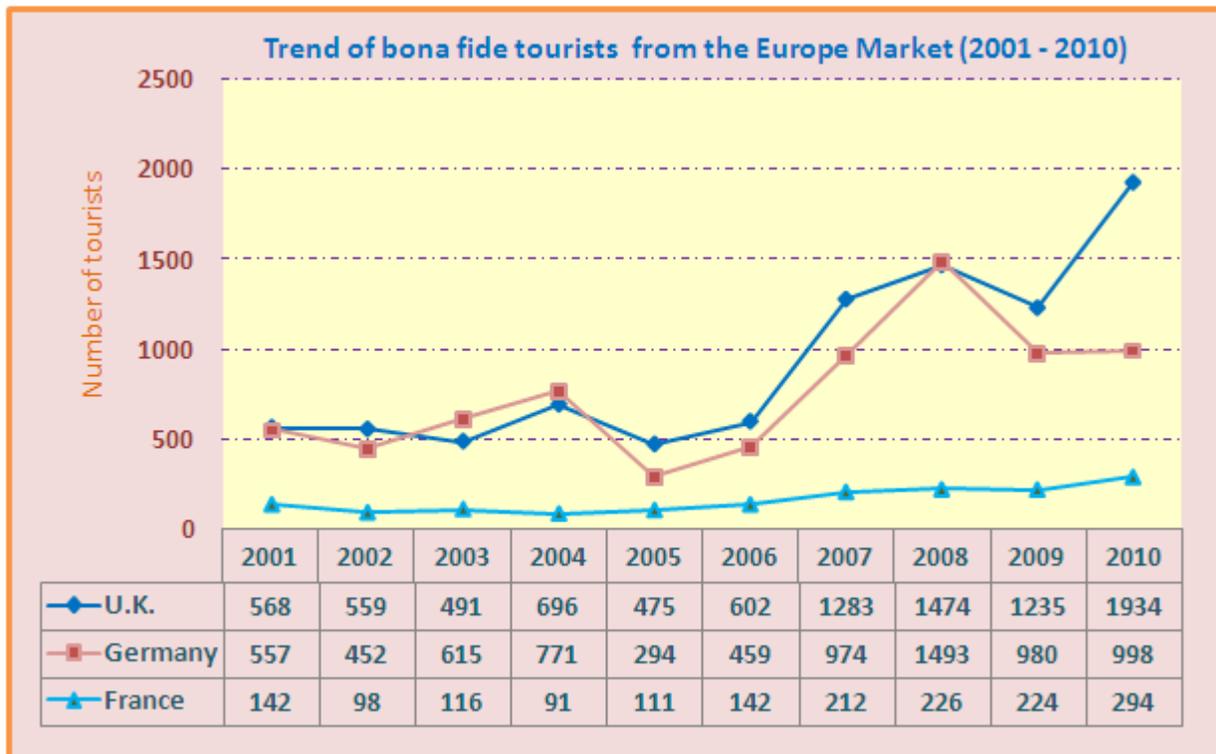
Europe

Europe is a valuable holiday market for Papua New Guinea with long-staying visitors who like to engage in multiple activities. The Europe market comprise of the United Kingdom, Germany, France, Netherlands and other smaller contributing European countries. As PNG's fourth largest holiday markets, the United Kingdom and Germany are the key focus of Papua New Guinea Tourism Promotion Authority's international marketing, trade and public relations activity. However, the smaller European markets have shown their resilience over the past months, despite the global economic downturn, and many present good growth opportunities for the Papua New Guinea Tourism Industry. In 2010, visitor arrivals from Europe show an increase of 20 percent, with holiday arrivals posting a growth of 15 percent. The UK and Germany were the major contributing markets.

The collective European markets accounted for 7% percent (10,238) of the total arrivals. United Kingdom represented 49 percent (5,102) of arrivals from the market, Germany generated 15 percent (1,580) and France accounted for 8 percent (830), while the other European markets contributed 28 percent to the total Europe arrivals. Even though there was a drop of 24 percent in the European markets in 2005 compared to 2004, it picked up exceptionally well in 2005, 2006 and 2007. In 2008, the healthy growth continued with UK, Germany and France recording an increase by 15%, 54% and 7% respectively. In 2009, visitor arrivals from the markets dropped due to the global financial crisis and picked up well in 2010.

Holiday arrivals from UK and Germany remain strong and the Papua New Guinea Tourism Promotion Authority Frankfurt Office continues to run the new marketing campaign with the tagline '*A MILLION DIFFERENT JURNEYS*' and working closely with travel sellers in this market, to ensure British & Germans keep Papua New Guinea on their wish-lists. The new brand campaign has also been extended to other parts of Europe including France, the Netherlands and Switzerland, where growth opportunities have been identified.

Annual trend of bona fide tourists from the European Market



It can be clearly seen from the trend that the markets performed well in 2004, 2006, 2007 and 2008, while a drop on bona fide tourists was experienced in 2005 and 2009 as a result of the growing terrorism threats amongst the European countries in 2005 and global financial crisis experienced in 2009.

In 2006, 2007 and 2010, situations have slowed and European tourists re-gained confidence and wanted to travel to long-haul destinations. Most of the bona-fide tourists traveling to PNG were motivated by the PNG Tourism Promotion Authority's effective marketing and promotions of tourism products in the region. The notable one was the inviting of more travel writers and film crews from Europe both by TPA and industry partners to channel the tourism products to targeted consumers in the region and participating in travel/trade shows to generate demand amongst wholesalers/retailers from Europe. In 2010, the European market performed to expectation.

Annual trend of bona fide tourists from the Chinese Market

In the Asian region, China is a potential market for Papua New Guinea and represents 5% of the total arrivals. There was a drop in holiday visitors from the collective Asian market in 2009, but the Chinese market continued to maintain the upward trend that was developed since 2005. As it can be seen from the trend below, the steady growth which started in 2005 is expected to continue in the future due to the signing of the Approved Destination Status (ADS) between PNG and China, and also PNG TPA's future plan to develop marketing strategies in the Chinese market and carry out marketing activities in Chinese language will boost tourist arrivals from the market.



Other Asian Markets

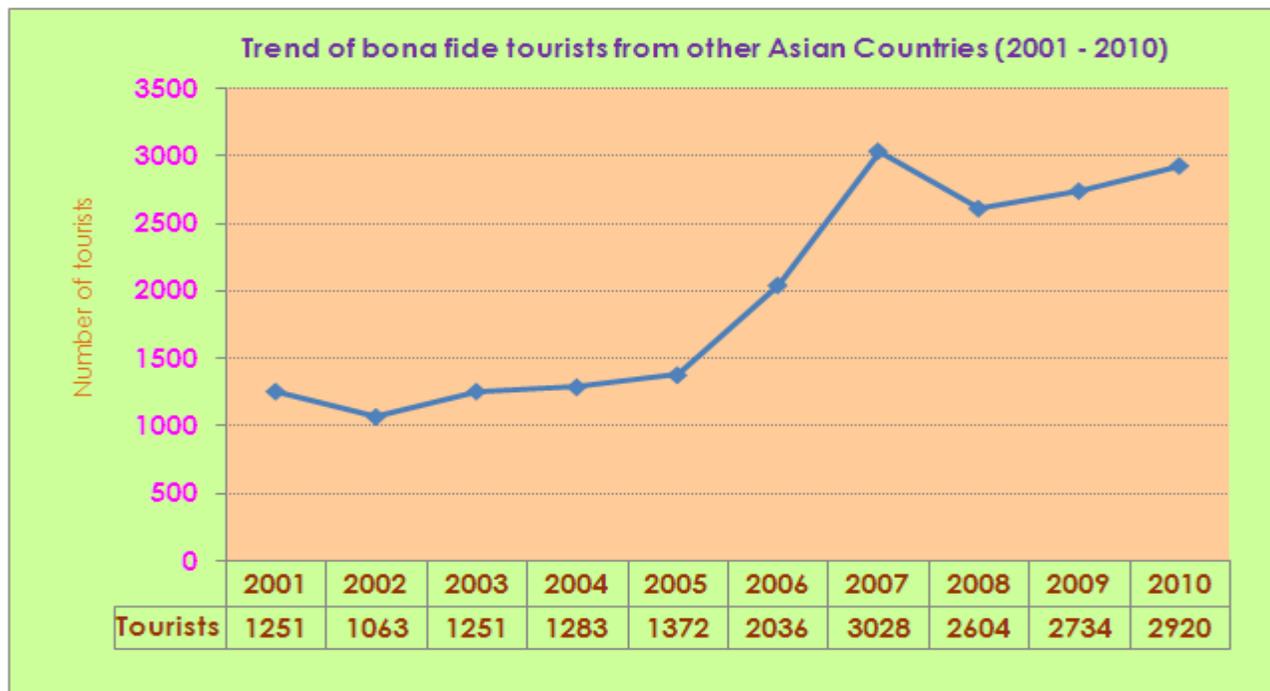
The other Asian markets collectively represented 16 percent of the total arrivals (23,677), with an increase of 22 percent compared to the total arrivals in 2009.

A higher number of the visitors were age between 30-39 and 40-49 years. Most of the visitors from the Asian markets visited for business and employment reasons. However China and other Asian markets recorded an increase in holiday arrivals in 2010 compared to 2009. The increase in holiday figures from China or Africa could not be real as most of those coming for business or employment might register as holiday visitors to avoid cost on visa, but the fact that we must accept is that China is PNG's potential market in the Asian region after signing the Approved Destination Status (ADS) between the two countries. Therefore, future marketing activities in the Chinese market and other Asian markets will boost holiday tourists from the Asian region.

After dropping back in 2009, outbound travel has started to rebound, and more Asians are travelling overseas for holidays than ever before, with 2010 showing increase in outbound travel. Contributing factors are renewed confidence after last year's Influenza A (H1N1) Swine Flu impact and financial crisis, more flights in and out of Asia, and growth in travel to China around the Shanghai World Expo. This positive outbound trend was reflected in visitor arrivals to Papua New Guinea, which grew by 16 per cent in 2010.

Asian tourists are often seen a just one category - package tourist, but there are other categories. By recognising these categories and catering for them better, Papua New Guinea has a great opportunity to take advantage of growth in the number of Asian including Japanese holidaying overseas. In the past most of the Japanese/Asian tourists preferred package tours. Today however, many Japanese/Asian have already experienced overseas travel, so their desires are changing. As a result, travel agencies in Japan are providing various kinds of new services to attract customers, where PNG tourism operators can take advantage maintaining a close relation with the Japan travel agencies and wholesalers.

Annual trend of bona fide tourists from the Asian Market



As seen from the trend above, a significant growth was experienced from the Asian markets since 2003; however, in 2008 there was a drop of 14% due to the global economic crisis, which affected most of the emerging Asian and the Pacific Island countries. The economic crisis has posed uncertainties in the exchange rate in destinations around the globe causing fear amongst potential travelers as they become concern over the purchasing power of their currency in other countries.

As a result of the global economic crisis, most countries around the world have lost their tourism market share while others including Papua New Guinea survived. The steady growth in tourist numbers from the major source markets was due to the stable economic condition in PNG combined with a strong marketing and promotional efforts put in by the PNG Tourism Promotion Authority in the key source markets. For PNG, only the collective Asia and the Oceania recorded a decrease in holiday visitors in 2008, which slowly picked up in 2010 and expect to pick up strongly in 2011 and beyond.

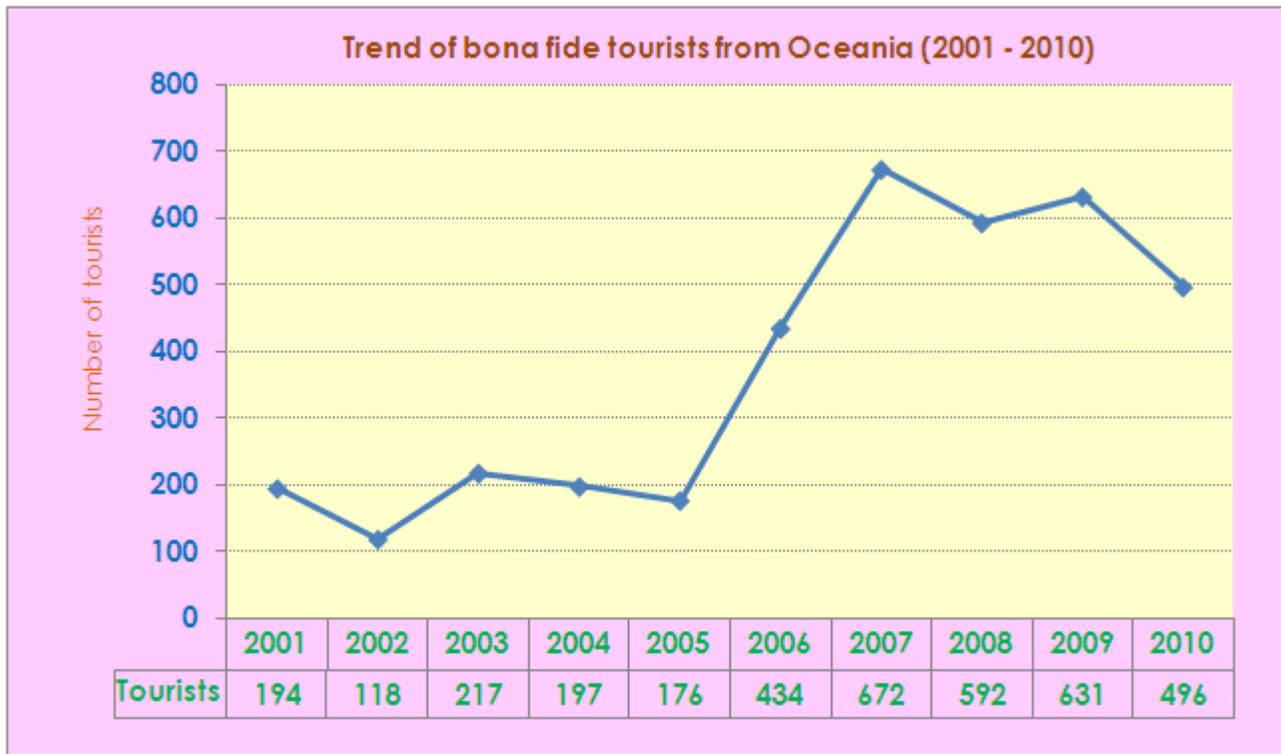
Oceania

Arrivals from Oceania in 2010 indicated an increase of 3.8 percent compared to the total arrivals in 2009. Most of the visitors from this market came for business reasons (35%), while 17 percent visited for holiday. However, the holiday segment decreased by 21% for this market.

New Zealand

New Zealand contributed about 4.5 percent (7,000) of the total arrivals in 2010, which was an increase of 25% compared to 2008. Both the holiday and business segments recorded increase with the holiday showing a significant increase by 1.3% compared to the 2009 holiday arrivals. Refer to graphs below.

Annual trend of bona fide tourists from the Oceania Market



Annual trend of bona fide tourists from the New Zealand Market

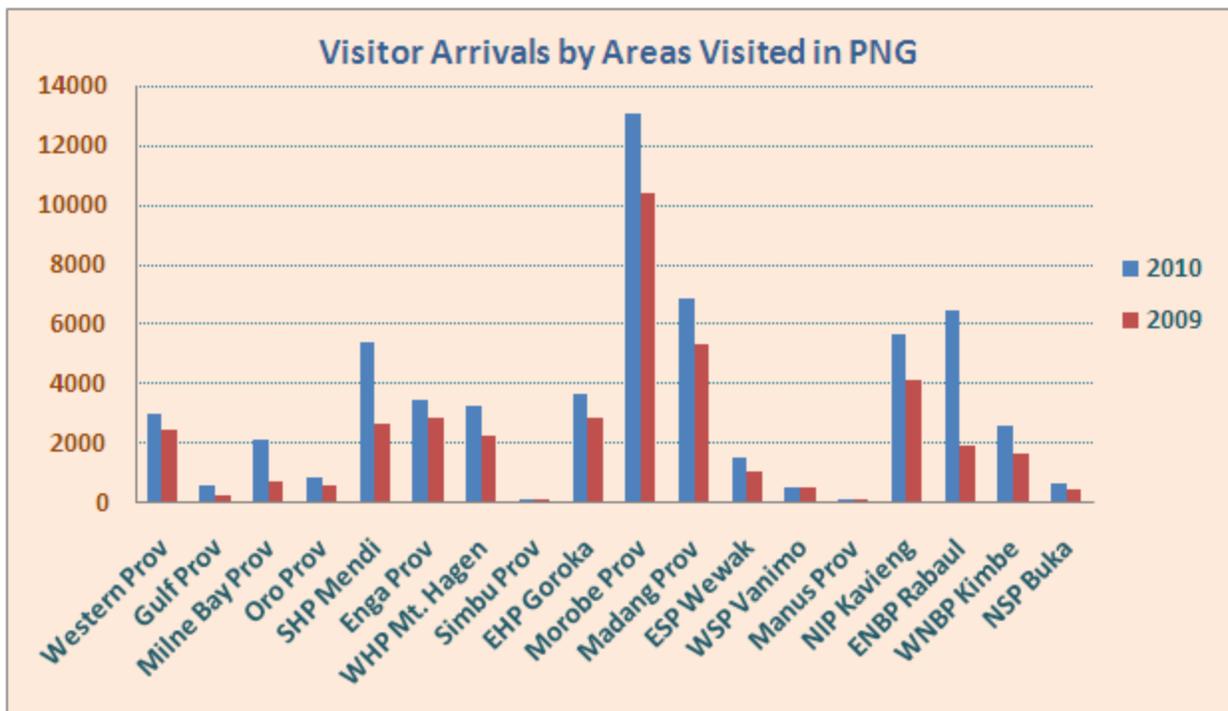


The holiday market from New Zealand picked up slowly in 2004 and 2005, and in 2006 and 2007, the upward trend continued on a higher note, recording an increase of 34%, while in 2008 the performance continued the upward trend, which show an increase of 12% compared to the 2007 holiday arrivals.

The increase was a result of opening the new TPA office in Sydney and the new web-site development, where a lot of quality promotion was done (through this office) to attract more Australian and New Zealand tourists.

1.3 Areas visited by international visitors in PNG

Main Area	2010	2009	Change	% +/-
Western Prov	2,989	2,462	527	21.4
Gulf Prov	569	280	289	103.2
Central Prov	766	744	22	2.9
NCD (POM)	83,838	55,146	28,692	52.1
Milne Bay Prov	2,139	1,619	520	32.1
Oro Prov	852	585	267	45.6
SHP Mendi	5,382	2,660	2,722	102.3
Enga Prov	3,441	2,865	576	20.1
WHP Mt. Hagen	3,279	2,250	1,029	45.7
Simbu Prov	145	146	-1	-0.7
EHP Goroka	3,685	2,874	811	28.2
Morobe Prov	13,053	10,409	2,644	25.4
Madang Prov	6,839	5,301	1,538	29.0
ESP Wewak	1,542	1,052	490	46.5
WSP Vanimo	555	563	-8	-1.4
Manus Prov	135	148	17	11.4
NIP Kavieng	5,679	4,150	1,529	36.8
ENBP Rabaul	6,446	1,933	4,513	233.4
WNBP Kimbe	2,586	1,688	898	53.2
NSP Buka	651	460	191	41.5



1.4 Tourism Receipts (Estimate)

According to the information from our Visitor Exit Survey:

Total visitor expenditure in 2010 is estimated to be **K1.4 billion**, which is an **increase of 17%** compared to the **K1.2 billion** spent by visitors in 2009. Out of the total, it is estimated that genuine tourists have spent a total of **K435 million**, an increase of **21%** or **K75 million** extra spending into the PNG economy, compared to the **K360 million** spent by holiday-makers in 2009. The increase in expenditure by holiday makers is a direct result of the 7% increase in our holiday arrivals in 2010 compared to 2009.

Total Tourist Expenditure by Market Area (in 2010)

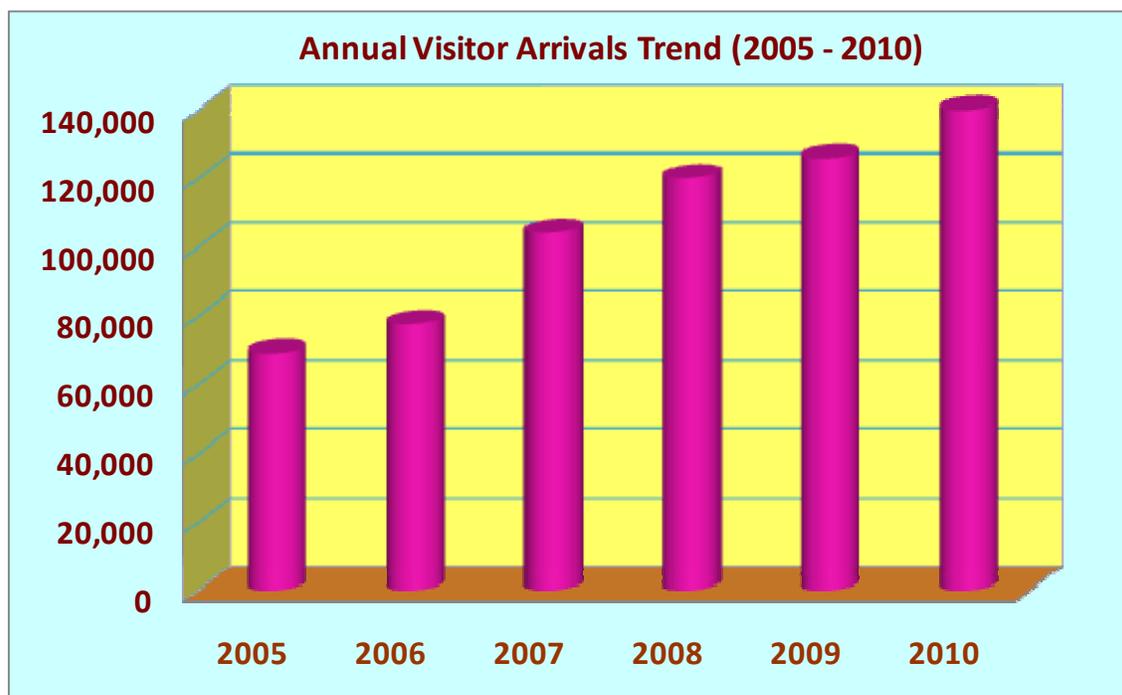
Country	Average length of Stay	Tourist Arrivals	Daily Expdt.	Average /Head Expenditure		Total Expenditure		%tage Share
				Kina	US\$	Kina	(*000 US\$)	
Australia	13	16,744	872	11,336	4,052.62	189,809,984	67,857,069	43.6
New Zealand	14	874	1,107	15,498	5,540.54	13,545,252	4,842,428	3.1
Pacific Islands	28	496	190	5,320	1,901.90	2,638,720	943,342	0.6
Japan	11	2,350	1,500	16,500	5,898.75	38,775,000	13,862,063	8.9
China	14	583	857	12,000	4,290.00	6,996,000	2,501,070	1.6
Philippines	14	1586	913	12,786	4,571.00	20,278,596	7,249,598	4.7
Other Asia	14	454	712	9,968	3,563.56	4,525,472	1,617,856	1.1
United Kingdom	21	1934	775	15,500	5,541.25	29,977,000	10,716,778	6.8
Germany	20	998	986	19,722	7,050.62	19,682,556	7,036,514	4.5
France	16	294	1,281	20,500	7,328.75	6,027,000	2,154,653	1.4
Other Europe	14	1,405	1,357	19,008	6,795.36	26,706,240	9,547,481	6.1
USA	16	3,220	1,088	17,410	6,224.08	56,060,200	20,041,522	12.8
Canada	25	547	466	11,667	4,170.95	6,381,849	2,281,511	1.5
Africa	12	126	833	10,000	3,575.00	1,260,000	450,450	0.3
Other Countries	19	605	1,078	20,500	7,328.75	12,402,500	4,433,894	2.9
Total Average	16.3	32,216	947.81	15,449	5,523.13	435,066,369	155,536,227	100

Summary of Short-Term Visitor Arrivals in the last five years (2005-2010)

In the last 5 years, Papua New Guinea's tourism industry has performed very well, in terms of international tourist arrivals. In 2005, a total of 69,251 short-term international visitors was recorded, which was an increase of 17.3% compared to the other year. In 2006, the arrivals figure maintained its upward trend by recording 77,730 international visitors, an increase of 12.2% compared to the 2005 arrivals.

The year 2007 was even better for tourism growth in Papua New Guinea, recording 104,123 arrivals, an excess of 26,000 new arrivals or 34% increase compared to the same period of the previous year.

In 2008, the arrivals figure continued its healthy upward trend by recording 120,139 short-term international visitors, an increase of 15.4% or 16,000 extra arrivals compared to the 2007 arrivals. Total international arrivals to Papua New Guinea in 2009 was recorded at 125,891, which was a slight increase of 4.8 percent compared to 2008 due to the fact that world tourism was affected by the global financial crisis. In 2010, short-term visitor arrivals to Papua New Guinea increased by 18%, recording more than 146,000 international tourists to Papua New Guinea.



Summary of International Visitor Expenditure in the Last Five Years

In the last five years, tourism's contribution to the economy of Papua New Guinea was significant. In 2005, an estimated K494 million was spent in Papua New Guinea by foreign visitors, recording an increase of 21.8% compared to the other year. In 2006, tourism expenditure by international visitors was estimated at K560 million, an increase of 15.2% compared to the previous year.

The upward trend continued and in 2007, an estimated K880 million was injected into the economy of Papua New Guinea by international tourists, showing an increase of 57% compared to the expenditure incurred in 2006 by the short-term visitors.

In 2008, a total of K960 million was spent by international tourists in Papua New Guinea, recording an increase of 27% or an extra K80 million compared to the amount spent in the previous year. Total tourism expenditure in 2009 was estimated to be **K1.2 billion**, which was an **increase of 30%** compared to the amount spent by visitors in 2008. In 2010, an estimated **K1.4 billion** was injected into the economy of Papua New Guinea by the tourism industry.

Out of the total estimated expenditure, bona fide tourists spent the most during their holidays in Papua New Guinea. In 2007, a total of K300 million was spent by bona fide tourists alone in Papua New Guinea. The total expenditure incurred by bona fide tourists in 2008 was K380 million, which was an increase of 27% compared to 2008 bona fide tourism expenditure.

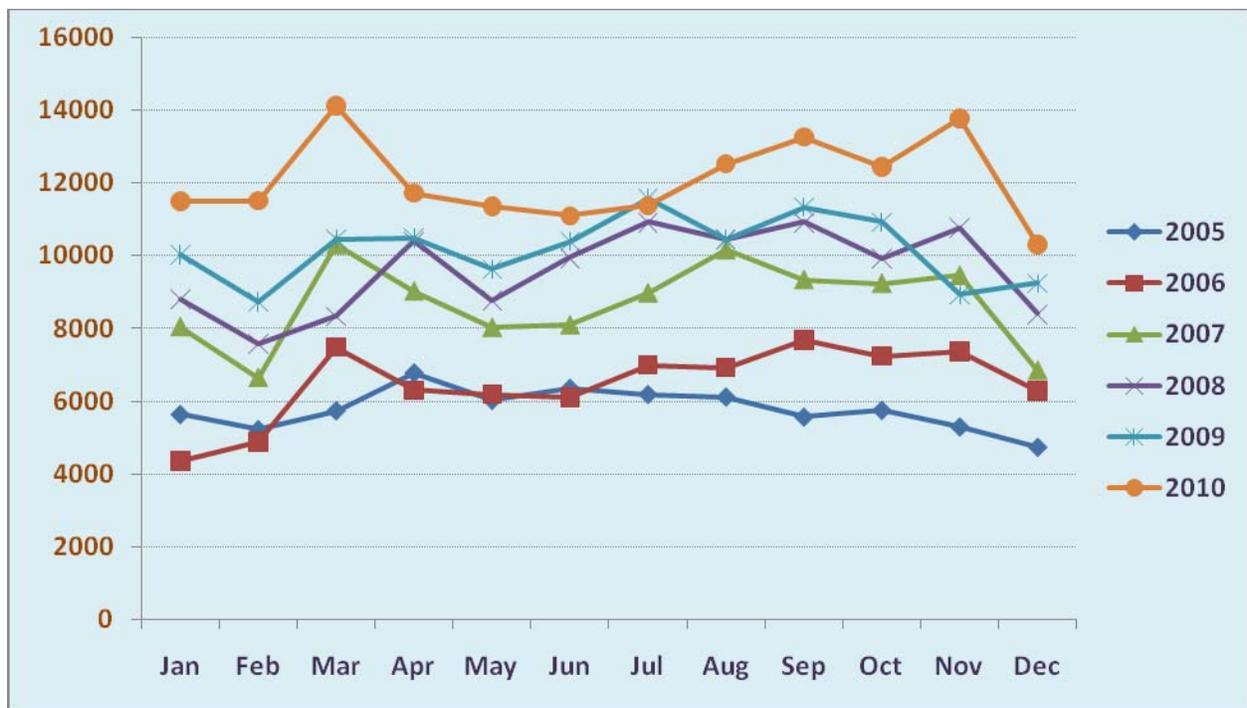
In 2009, expenditure made by bona fide tourists while in PNG was K360 million, which was less by K20 million compared to bona fide tourists spent in the previous year. The decrease in expenditure by holiday makers was a direct result of the 12% drop in our holiday arrivals in 2009 as a result of the global financial crisis and other international and domestic factors like the presence of swine flu threat amongst our key source markets including Japan, USA and Europe. PNG was also affected

by the plane crash in Kokoda which saw trekking numbers decrease dramatically by more than 30 percent in 2009. However, the trend in 2010 is expected to improve and PNG will benefit from the tourism industry in the future, if properly supported and managed.



1.5 Arrival Trends & Forecasts

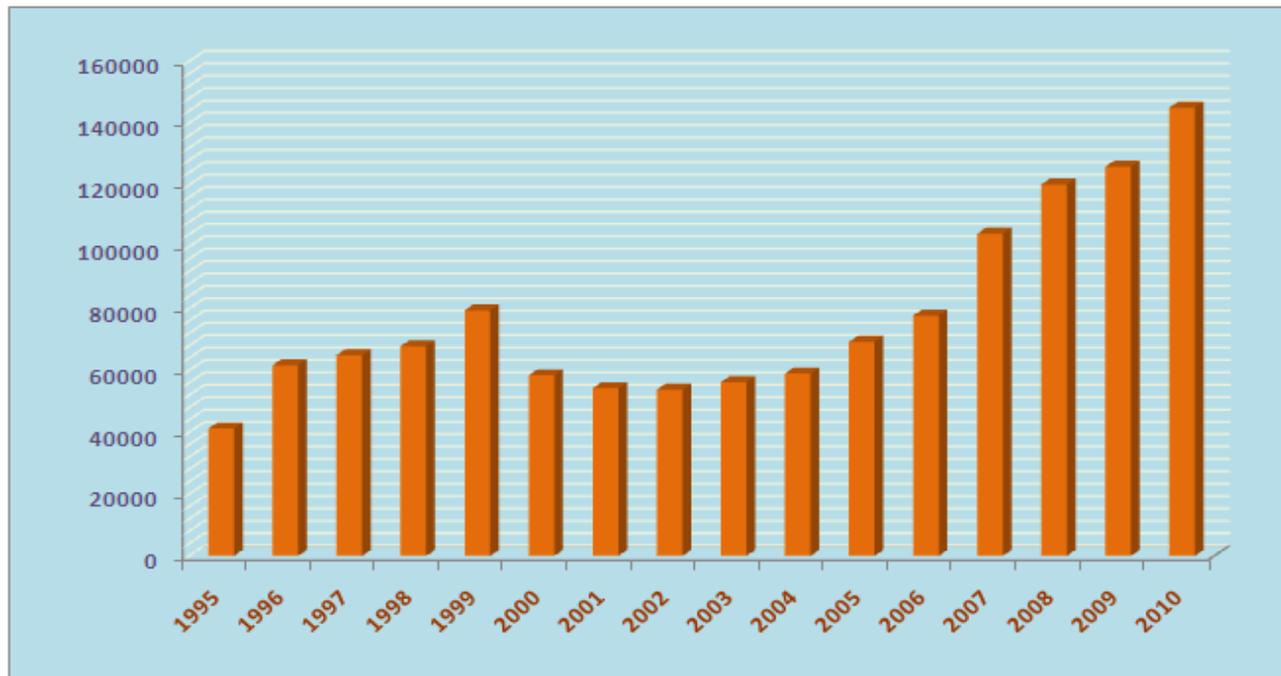
Monthly Visitor Arrivals Trend (2005 – 2010)



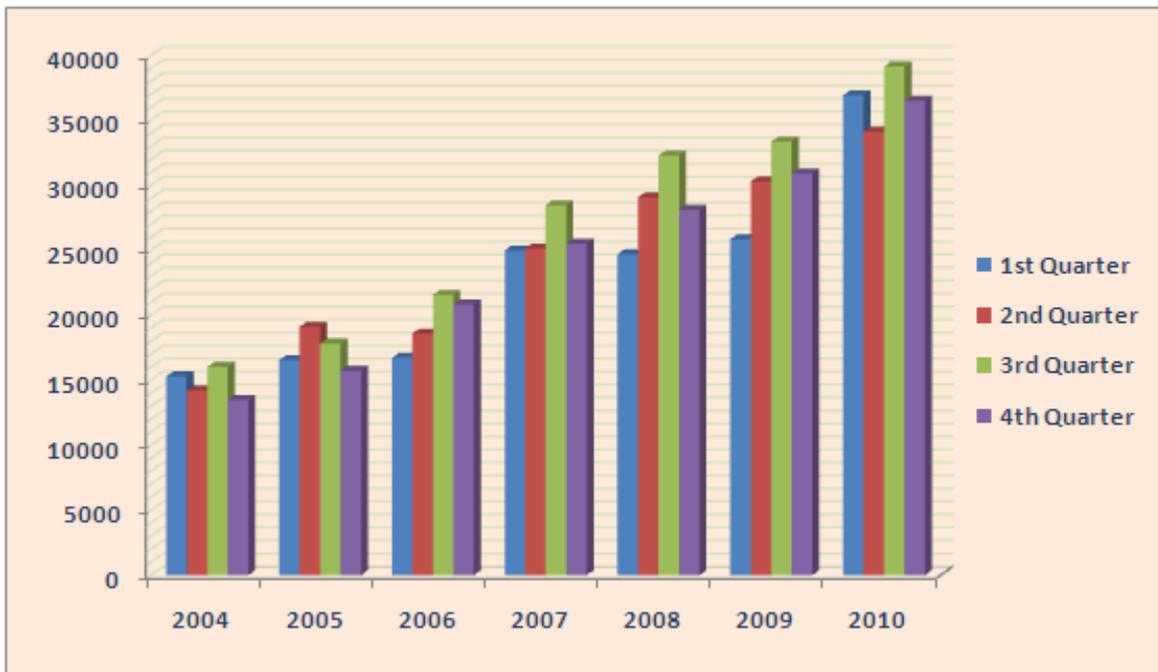
2010 Visitor Arrivals Summary Table

Visitors Arrival Analysis		Total - 2010						January - December			
Country	Busins	MICE	VFR	Holiday	Emplmnt	Educatn	Other	Total 2010	Total 2009	Chnge	% +/-
Australia	34526	802	5690	16744	16688	425	480	75355	66041	9314	14.1
New Zealand	4014	121	325	874	1609	39	61	7043	5638	1405	24.9
Oceania	1482	394	345	496	667	393	79	3856	3716	140	3.8
China	2732	50	199	583	3770	54	47	7435	6483	952	14.7
Japan	1094	38	49	2350	238	4	31	3804	3323	481	14.5
Korea	498	12	55	223	173	10	10	981	798	183	22.9
Malaysia	2874	41	208	566	2157	42	27	5915	4989	926	18.6
Singapore	878	23	29	237	168	13	9	1357	900	457	50.8
Philippines	3096	59	391	795	4986	129	95	9551	7947	1604	20.2
Indonesia	1275	22	37	188	700	10	17	2249	1836	413	22.5
India	1186	26	95	212	1123	70	38	2750	2400	350	14.6
Other Asia	913	25	71	454	575	7	19	2064	1202	862	71.7
United Kingdom	2054	57	150	1934	844	26	37	5102	3504	1598	45.6
Germany	357	13	64	998	217	20	11	1680	1590	90	5.7
France	379	18	23	294	108	3	5	830	566	264	46.6
Netherlands	223	4	22	224	150	5	3	631	484	147	30.4
Other Europe	744	22	65	1405	308	17	34	2595	1747	848	48.5
USA	3215	111	341	3220	1225	135	188	8435	6600	1835	27.8
Canada	884	5	74	547	373	23	21	1927	1701	226	13.3
Other America	248	7	6	119	101	2	10	493	403	90	22.3
Africa	570	8	54	126	269	14	15	1056	884	172	19.5
Russia	262	4	15	133	143	2	0	559	420	139	33.1
Italy	127	6	16	60	56	1	4	270	294	-24	-8.2
Scandinavia	181	6	15	73	60	2	6	343	377	-34	-9.0
Chile	11	0	0	1	2	0	0	14	21	-7	-33.3
Israel	42	0	2	7	4	0	0	55	142	-87	-61.3
Total 2010	63865	1874	8341	32863	36714	1446	1247	146350	124006	22344	18.0
Total 2009	53359	1977	7547	30349	30402	1507	670	125811			
Change	10506	-103	794	2514	6312	-61	577	20539			
% +/-	19.7	-5.2	10.5	8.3	20.8	-4.0	86.1	16.3			

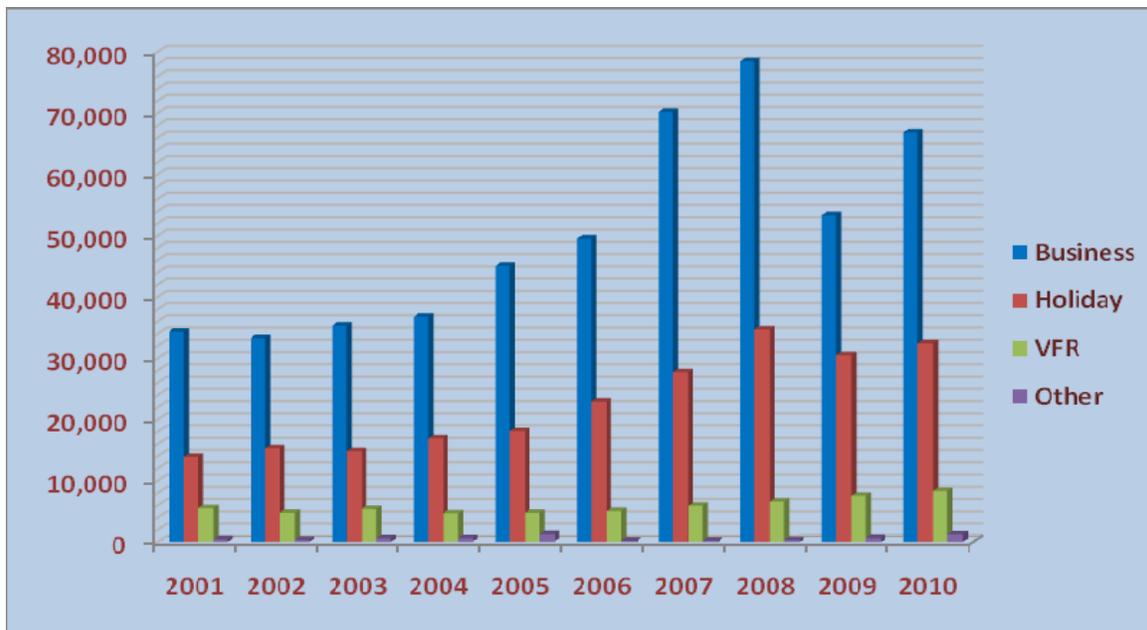
Annual Total Visitor Arrivals Trend (1995 – 2010)



Quarterly Visitor Arrivals Trend (2004 – 2010)



Annual Visitor Arrivals Trend by Purpose of Visit (2001 – 2010)



Continue

Annual Visitor Arrival Forecasts in the next five years (2011– 2015)

Year	BUSINESS	% +/-	HOLIDAY	% +/-	VFR	% +/-	OTHER	TOTAL	% +/-
2002	33,276		15,285		4,762		347	53,670	
2003	35,339	6.0%	14,820	-3.0%	5,395	13.0%	631	56,185	4.6%
2004	36,796	4.0%	16,917	14.0%	4,671	-13.0%	629	59,013	5.0%
2005	45,098	23.0%	18,115	7.0%	4,762	2.0%	1,275	69,250	17.3%
2006	49,547	10.0%	22,919	27.0%	5,075	7.0%	189	77,730	12.2%
2007	70,241	42.0%	27,737	21.0%	5,917	17.0%	227	104,123	34.0%
2008	78,488	12.0%	34,719	25.0%	6,603	12.0%	329	120,139	15.4%
2009	87,197	11.1%	30,497	-12.2%	7,537	14.1%	660	125,891	4.8%
2010	105,220	22.5%	32,696	7.7%	8,341	10.6%	671	146,928	18.5%
2011*	115,365	9.64%	35,962	9.90%	9,394	12.62%	842	160,721	9.38%
2012*	122,536	6.21%	40,043	13.00%	11,991	27.64%	1,013	174,570	8.61%
2013*	134,048	9.39%	48,124	11.34%	13,588	13.31%	1,564	195,760	12.13%
2014*	145,560	8.58%	56,205	16.79%	14,485	6.60%	1,655	216,250	10.46%
2015*	162,072	11.34%	72,286	28.61%	15,782	8.95%	1,726	250,140	15.67%

Note: Figures in bold (2011* - 2015*) are forecasts.

The trends in the last six years have been positive, and the holiday segment from most of our key source markets have been performing well. Most of the growths in visitor arrivals were within our target and that is to double the holiday figures every five years. However, the year 2009 did not perform well due to the global financial crisis as most potential and experienced travelers around the globe were cutting back on travel budgets and if they have to travel, they traveled within short distances or closer to home. We felt the effect in the last quarter of 2008 and continued through to 2009.

The trend is clear from our 2009 holiday arrivals figure, where we have recorded a negative growth of 12 percent. Most destinations around the Globe also experienced the downward trend in 2009, and according to the World Tourism Organization, global tourism dropped by 4% in 2009. In fact, our economy was well protected from the global economic crisis, but because of the fact that travel and tourism relates directly to people's household income, meaning that people travel when they have the money so because of the financial crisis, living standards in their country became expensive, most people lost their jobs and they have to cut down on luxury expenses like (travel) to meet the necessities of everyday life.

However, Papua New Guinea's tourism numbers picked up well in 2010 as TPA in partnership with the industry players were able to carry out planned tourism development, and marketing and promotional efforts in the overseas markets. The tourism outlook for PNG is promising over the next five years, largely due to the expected strong economic growth in PNG and its major tourism source markets, the TPA's marketing and promotion initiatives in the major markets, the proper recognition of the tourism sector by the PNG Government and the additional number of Air Niugini flights on the Japan and other international routes. The stable political environment of PNG will also secure destination for tourists.

In the next five years (2011-2015), international visitor arrivals will continue to grow at an average rate of 7% annually and by 2015 more than 250,000 visitors will have visited Papua New Guinea, spending an estimated revenue of some K3 billion into the economy. The growth will be supported strongly by the implementation of the TPA plans (including the master plan) and Air Niugini's plan to expand its flight services to other international and domestic destinations. Increased marketing activities by TPA and the development of new tourism products by the tourism industry players will also determine our predicted growth in visitor numbers into Papua New Guinea.

Please note that unforeseen events like natural disasters, political or economic crisis, non-implementation of plans, budget cuts and new development in the tourism industry during the forecast period are not taken into consideration in our forecast model and the forecast will be updated annually by monitoring these events through research.

1.5 Conclusion

Holiday Arrivals in the past years (2003, 2004, 2005, 2006, & 2007) have been growing and the increase of 25% in 2008 marked the sixth consecutive growth, and continued to perform well in 2010. The PNG Kina continues to be stable despite the global financial crisis and more tourists decided to stay longer and spend more in PNG, thus contributing significantly to the national economy.