VISITOR ARRIVAL REPORT

2nd QUARTER

APRIL TO JUNE - 2010

PAPUA NEW GUINEA TOURISM PROMOTION AUTHORITY

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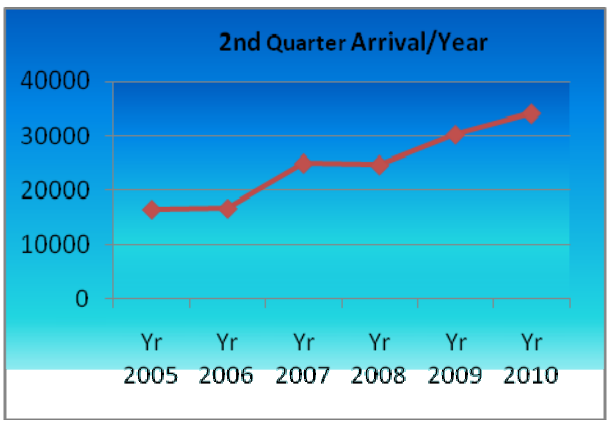
INTRODUCTION

This is the Second Quarter visitor arrivals report for the year 2010. The tabular and graphical analysis contained herein depicts performance of the world regions and the top markets generating arrivals to Papua New Guinea for the period and all percentage changes are calculated in comparison to last year's second quarter.

Cruise ship data for the first and second quarter have not been analyzed as agencies from some ports were too slow in returning the data but we will ensure that the results be published in our third quarter report. While preparing this summary, pending arrival data from some outer ports have not been included. Therefore, please be informed that any negative outcomes on markets in the analysis are subject to change when all figures are updated.

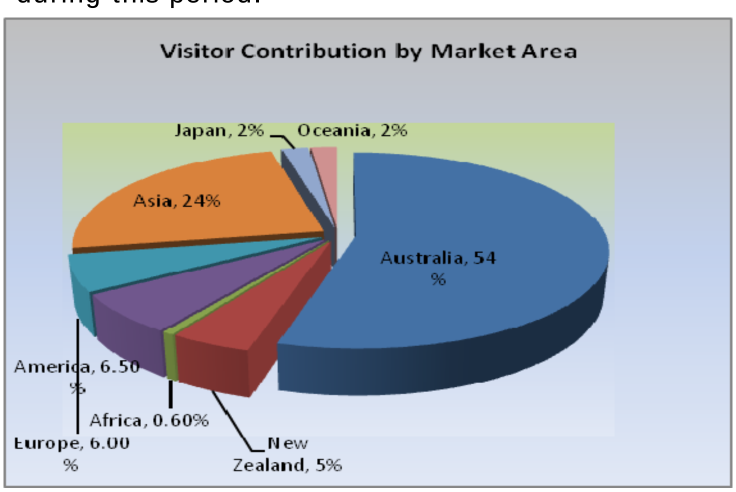
To obtain additional information on arrivals to Papua New Guinea, please consider contacting the Tourism Promotion Authority office, or subscribe to the monthly, quarterly and/or annual summary of Visitor Arrivals. To meet readers' expectations and different interpretations few tables have been included in the last two pages of this report.

SUMMARY



Papua New Guinea received over **34** thousand international visitors in the second quarter of 2010, resulting in an almost **13** percent increase with respect to the second quarter of 2009. Arrivals in the quarter slightly improved from last year's 2nd quarter which increased by just 4 percent. The notable growth in the quarter continued from 2005, which marked five consecutive quarters. This increase was due mainly to a positive growth in arrivals from countries and regions including Japan, Europe, Germany, New Zealand, America, and Asia. It is anticipated that this trend will continue for the ensuing years. One reason for this continuous increase is due to the increase in business activity in the country. The other reason is because of the implementation of tentative tourism policies in product identification and development and the aggressive strategies used in marketing and promoting these products.

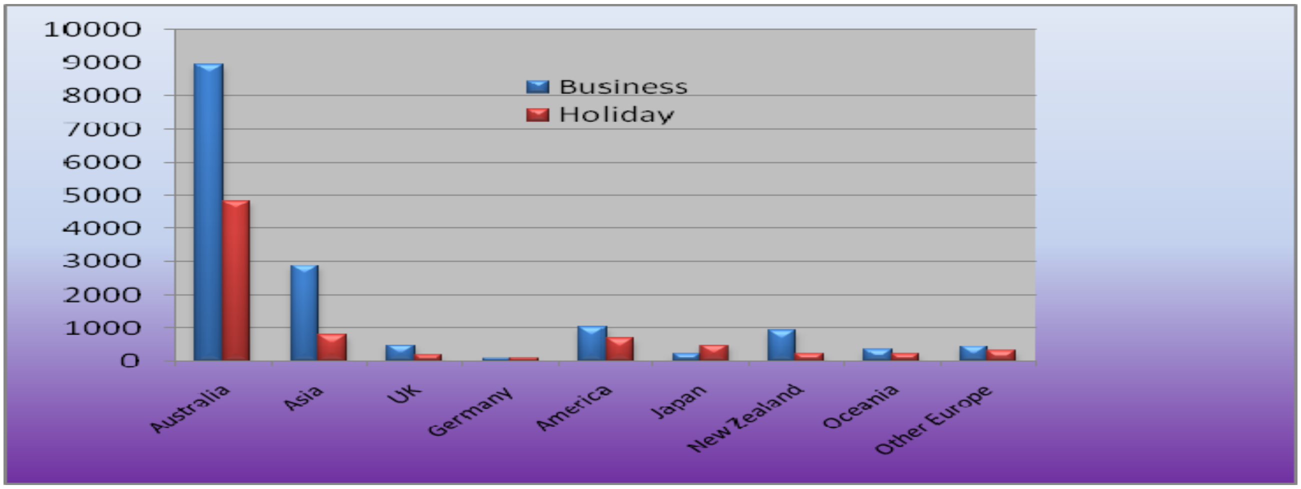
For this year, all the months had a noteworthy increase with 13% and 19% for April and May respectively and a 7% increase for the month of June compared to the same period last year. Further analysis done showed an otherwise opposite trend when specifically considering the purpose by market region of international visitors as is entailed in this report. At a broader perspective, there was definitely an increase for the overall visitors that have visited PNG during this period.



As usual, Australia's share of visitors into the country soared to 54% for this period. The collective Asian market continued to take its position as the next big visitor contributor with 24% while the European market and the America had a 6% and 6.5% share of visitors to PNG respectively. New Zealand contributed 5 percent of the total arrivals while trailing behind were the Oceania market (2%), the Japanese market (2%), and Africa with .6 percent.

PURPOSE of ARRIVALS

In the quarter majority of the visitors from Japan, Germany and a good number of visitors from USA came to PNG for holiday while Australia, Asia, New Zealand and Oceania markets were mostly dominated by business visitors. By volume, Australia still tops the list for all category of purpose of visit and for this quarter, 59% of all its total arrivals were for holiday. The chart and table below with the following notes further explain performance of the two segments (holiday & business) from each source market.



VISITOR SOURCE MARKETS:

This table will generate a clear picture of how the major markets performed within the different category of purpose of visit. However it does not show the percentage or figure change when figures for each purpose by market are compared to the total arrival figure of that period. This is explained in the analysis of the trend in each of the major markets.

Purpose of Arrivals

Market	Business			Holiday			Other		Total		
	Yr 2009	Yr 2010	% +/-	Yr 2009	Yr 2010	% +/-	2009	2010	2009	2010	%+/-
Australia	**11235**	13481	*20.0*	**5989**	4821	*-19.5*	169	**127**	17393	18429	*5.96*
Asia	**5560**	6902	*24.1*	**759**	1064	*40.2*	69	**112**	6388	8078	*26.5*
UK	**582**	707	*21.5*	**184**	192	*4.3*	16	**12**	782	911	*16.5*
Germany	**101**	144	*42.6*	**90**	89	*-1.1*	3	**5**	194	238	*22.7*
America	**1129**	1415	*25.3*	**719**	696	*-3.2*	70	**108**	1918	2219	*15.7*
Japan	**199**	296	*48.7*	**181**	475	*162.4*	3	**6**	383	777	*103*
NZL	**1164**	1310	*12.5*	**304**	226	*-25.7*	9	**12**	1477	1548	*4.81*
Oceania	**522**	555	*6.3*	**223**	208	*-6.7*	36	**34**	781	797	*2.05*
Oth. Europe	**551**	620	*13*	**225**	310	37.8	7	**20**	783	950	*21.3*
Africa	**170**	173	*2*	**41**	29	-29.3	2	**3**	213	205	*-3.8*
Total	**21213**	**25603**	*21*	**8715**	**8110**	***-6.9***	**384**	**439**	**30312**	**34152**	*12.7*

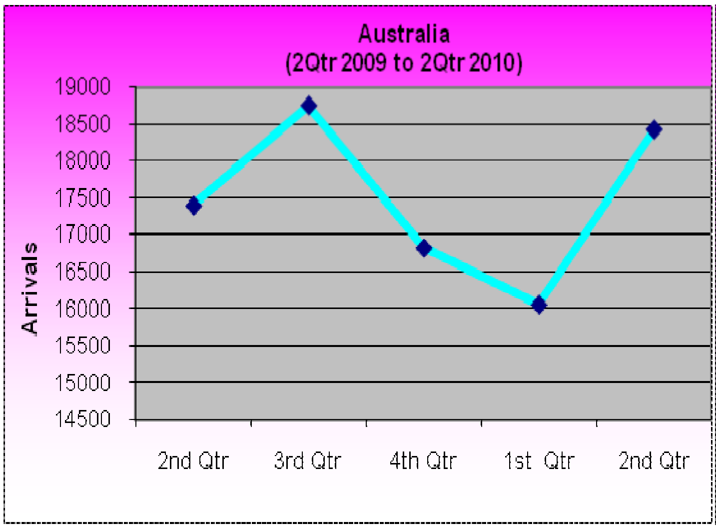
The following presents further interpretations of the trend in the top market listed in the table.

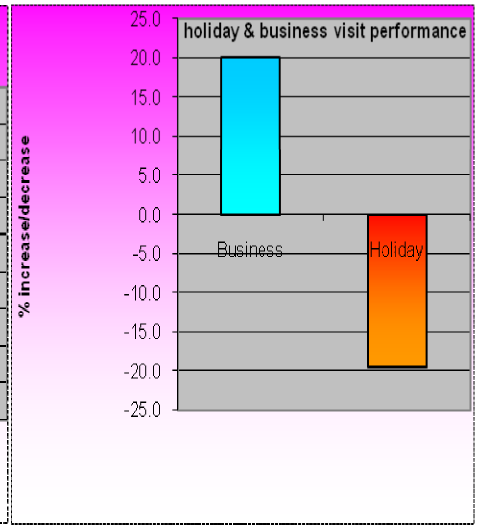
Australia:

Australia contributes the largest visitors in all category by volume and in the 2nd Quarter there was a 6 percent increase for the total arrivals compared to the same period last year with over 18 400 visitors. Australia also plays a considerable role in the tourism market for Papua New Guinea and for the period, 26 percent of the total Australian visitors visited for holiday and this was a favorable performance from the market compared to the same period last year, 34 percent of the total arrivals from this market came for holiday which means that there was a decrement of 8 percent for this period.

However, when holiday figures are compared for the same period last year, there was a significant decrease of 19.5 percent. There was no growth for the June arrival and the increase in this market was due to arrival increase for the month of May (19%) and a slight increase for the month of April (3%). The decrease in the holiday sector can be attributed to the fact that less Australians walked the Kokoda track within this period as the plane crash killing all trekkers on board the AirlinesPNG and the deaths of trekkers along the trek are still fresh in their mind. Kokoda trek is becoming one of the challenging and difficult track to potential Australian trekkers. Another reason would be because of the media reporting of the two shootings at the airport. Australians felt that it was not safe to travel especially when the reported incident happened right at the entry point of the country. Another reason would be its state of recovery from the world financial recession where potential visitors feel financially insecure to travel.

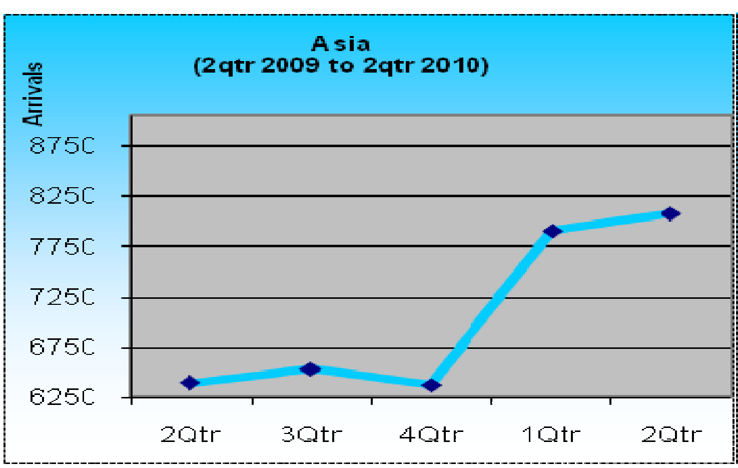
All the visitors from Australia arrived by air as cruise ship information was not available for this term but we will definitely include the cruise ship analysis in our 3rd Quarter Arrival report.

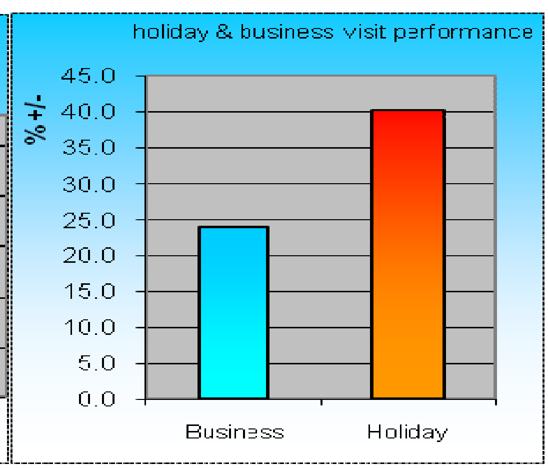




Asia:

Travels from the Asian market collectively totaled 8 080 for the quarter reflecting an increase of 26 percent over the 2nd quarter of last year. The market is dominated by business travelers. There was an increase (by 40%) of holiday visitors from this region compared to the same period last year but it is difficult to authenticate their claim as most of them come on tourist visa when in actual fact, they come here for short business trips. Genuine holiday visitors were from countries like India and China. There is an influx of more Asians as a result of business boom in the country and with the LNG project getting off the ground, the Ramu nickel mine, and increase in operations of Inter Oil, increase in Asian arrivals is expected.



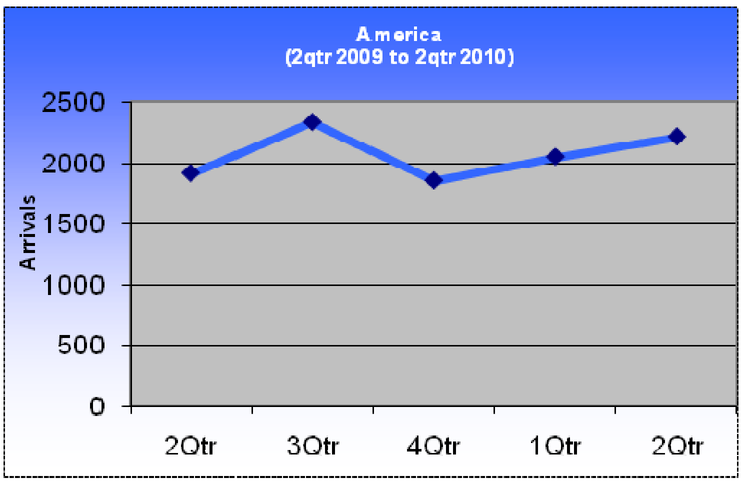


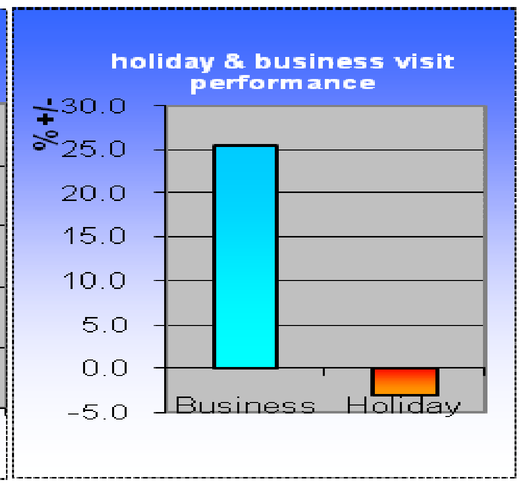
America:

Arrivals from the collective America, which PNG usually sees a positive quarter since 2003 has maintained that progress and has registered a positive quarter this year with a 15 percent increase from 2009. The increase in arrival mostly occurred during the month of May and June. 31 percent of the total arrival from this market for this term was for holiday compared to the 2009 period which was 37 percent. There was actually a decrease by 3.2 percent of holiday visitors when compared to the same period of last year. This slow growth was expected particularly due to the financial scare and prudent measures taken to curb that problem in the States. That problem gave that uncertainty feeling to prospective travelers and the insignificant growth was somewhat expected.

Visitation by USA totaled 1,716 in the quarter resulting in a 19% increase. There was no increase for Canada arrivals and other America increased by 28 percent.

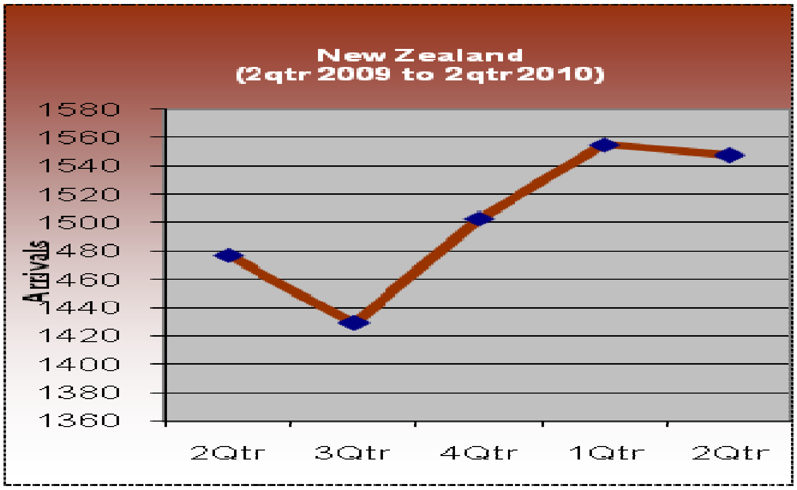
The higher increase experienced between the two major visitors categories was from business (25%) while the holiday segment registered 3% decrease.

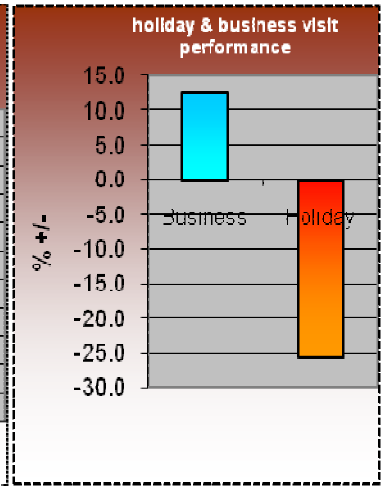




New Zealand:

Only 14.5 percent of the total arrival from New Zealand for this term came for holiday. When compared to the holiday arrivals of last year for the same period, there was a drastic decrease of almost 26 percent. This is a significant drop but it is anticipated that an increase will be seen as marketing campaigns and awareness in line with our new brand are tailored for the New Zealand and Australian market. A total of 1 548 New Zealanders visited PNG in the period and this is an increase of almost 5 percent this year. The business segment saw an increase of 12.5 percent for the period compared to the same time of last year.

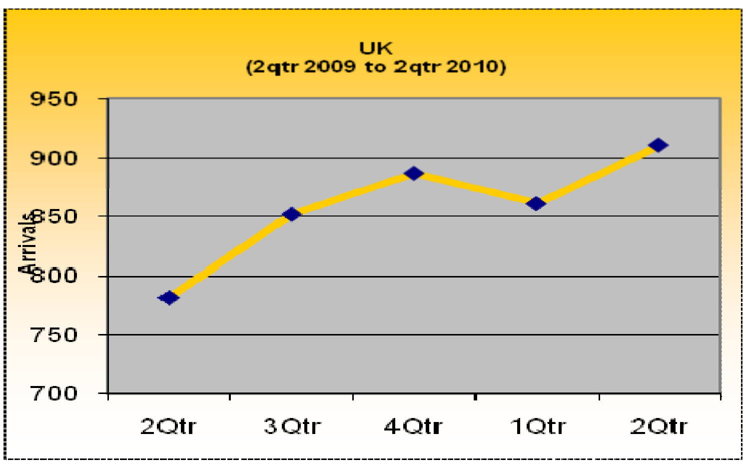


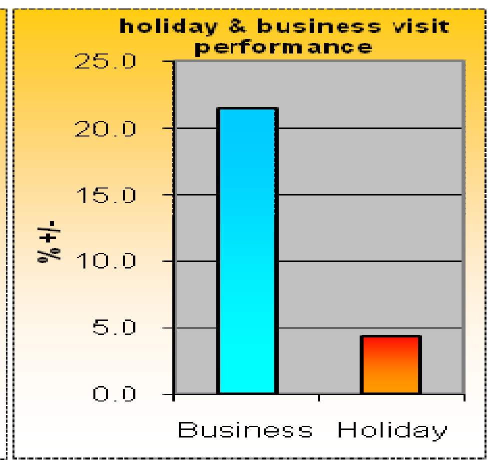


United Kingdom:

U.K. accounted for 77 percent of all arrivals from the European market in the 2nd quarter. The country which supplied a total of 782 in the 2nd quarter in 2009 continued to maintain a good figure for the second quarter this year with 911 visitors. Most travels into PNG from the U.K happened in April and May; both up by 30 percent while there was a decrease of 3 percent for the month of June.

Most (21.5%) of the arrivals from this market were for business and only 4 percent decided to come as holiday visitors for this period. This market is important because holiday visitors from this market stay longer and take part in nature based tourism activities. The arrival figure will surely increase when cruise ship data are analyzed and included in the next quarterly report.



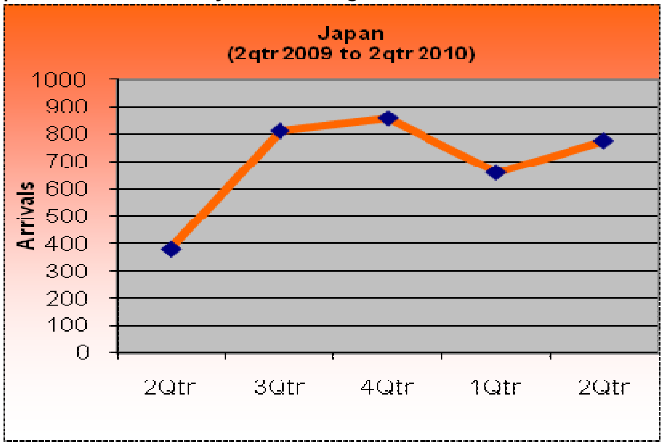


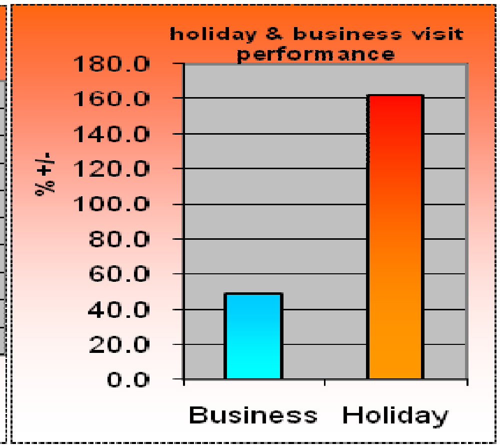
Japan:

The 2nd quarter saw a very significant growth for the Japanese market, and the holiday arrival trend is very healthy for this quarter and throughout the year. This market outperformed all other markets in terms of percentage increase in the quarter. Japanese visitors totaled 777 in the quarter and reached 103 percent increase compared to 2009 2nd Quarter figure of 383. The increase in Japanese visitors was mainly composed of a good number of holiday travelers which accounted for 61 percent of the total arrivals from Japan. When compared to 2nd quarter holiday arrival figure of 2009, there was actually an increase of 162 percent. The increase can be in part attributed to the introduction of two flights to Japan per week by Air Niugini. A market research will be undertaken for this particular market to identify the factors involved in the favorable performance.

The trend in mode of travel from Japan to PNG in the quarter is believed to have changed as more visitors from the Japanese market opt to take cruise ships for their holiday destination but this cannot be depicted here because of the failure to return arrival cards from the sea ports.

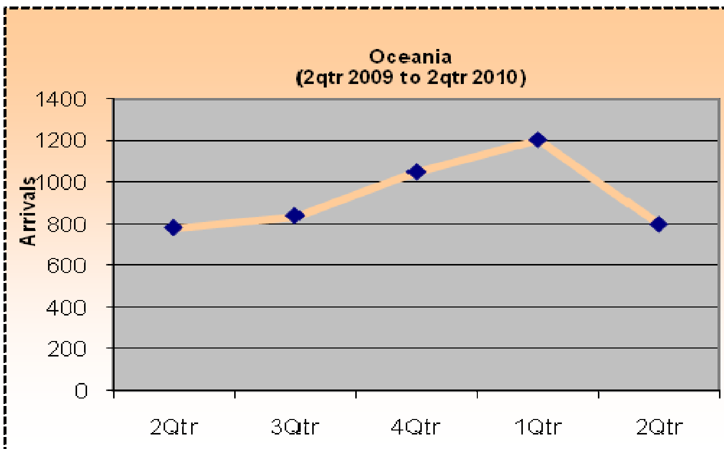
When data for Japanese visitors on cruise ship is included, the holiday visitor segment for this period will surely see a big increase.

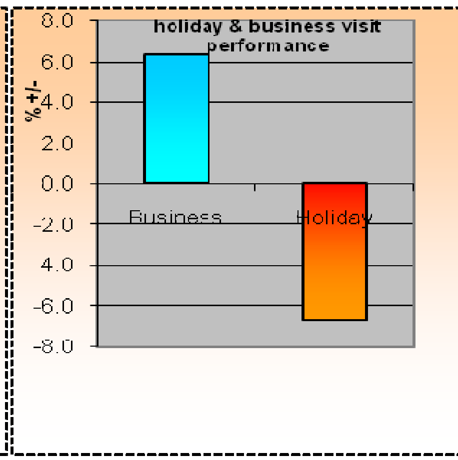




Oceania:

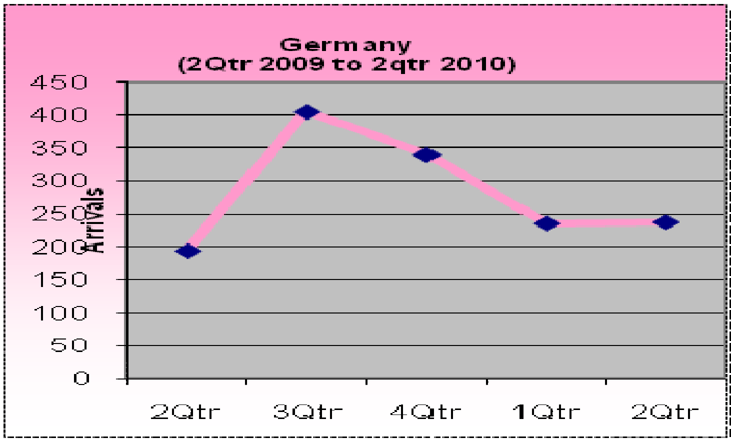
In the 2nd quarter, travels from Oceania totaled 797, up by just a mere 2 percent. Visitors from this market seem to visit PNG during the 1st quarter of the year as most Oceania visitors comprise students. Holiday arrivals are expected to increase resulting from the direct flights introduced to Honiara and Fiji from Port Moresby. In the quarter, there was a decrease of almost 7 percent of holiday arrivals from the market.

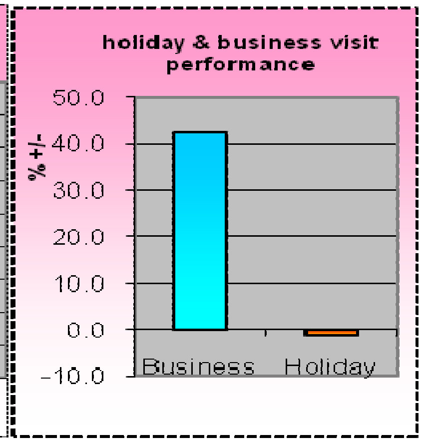




Germany:

German visitation climbed to almost 23 percent in the second quarter, totaling 238. This result is better than for the year 2009 with a figure of 194. Again, arrivals from cruise ships are not accounted for here and the current figure provided is just for those who arrived by Air. A larger portion (46%) of the arrivals from Germany for the same period last year came for holiday while for this term, 37 percent came on holiday. There was actually a decrease from this sector of purpose of visit. The financial turmoil in Europe, flight disruptions and the FIFA World cup in South Africa are some attributes to such negative growth.



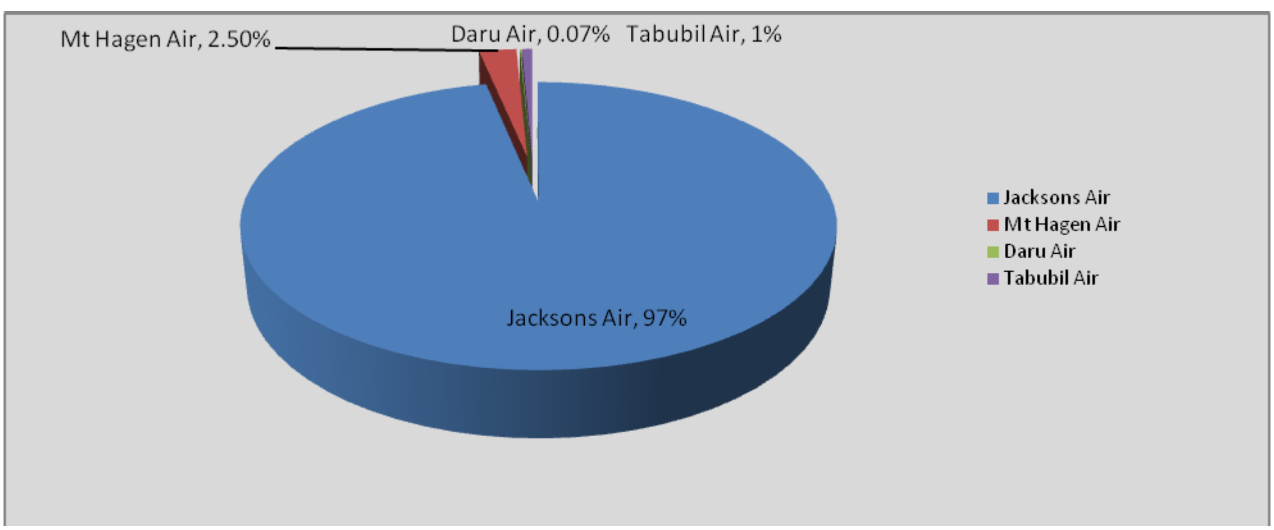


PORT of Entry and MODE of Transport - Second Quarter 2010

Performance by Ports:

In addition to tracking arrivals to the country on a monthly and quarterly basis, TPA also has data on arrivals for over 19 ports of entry and three different mode of transport by all world regions and 23 countries. Thorough analysis is absent here because there were no returns from the ports throughout the country. All the arrivals were through Air and majority (97%) of them were through Jacksons. Therefore, only a brief analysis is presented without taking into account other ports as well as other modes of transport. There were no data available during this quarter for Wutung, the PNG and Indonesia border post.
Jacksons Airport remained the top port of entry for international visitors and arrivals totaled 33,006 for the second quarter. Arrivals from the sea ports will be included in the third quarter report as the returns from theses ports were slow. Analysis for this quarter was done based only on data available from four ports and they are; Port Moresby, Mt. Hagen, Tabubil, and Daru. There was no data available for Rabaul, Madang, Lae, and other ports. Majority of the arrivals through Mt. Hagen were employees of Barrick Gold Limited in Pogera. Arrivals through Tabubil was 261 and arrivals through Daru was just 25.

Port of Entry-2010



Port of Entry	yr 2009	yr 2010	% +/-
Jacksons Air	29292	33006	12.6
Port Moesby Sea	0	Pending	Pending
Rabaul Sea	0	Pending	Pending

Mt. Hagen Air	687	860	25
Vanimo Land	77	Not Avail	0.8
Madang Sea	0	Pending	Pending
Tabubil Air	229	261	14
Rabaul Air	0	0	0
Alotau Sea	0	Pending	Pending
Daru	19	25	31.5

Performance by MODE of Travel

All visits to the country were made through our air ports. There are no data available whereby we can make comparison for the other modes of travel. Immigration and custom officials in the various ports of the country must come to realize the fact that such data are important and the prompt return of arrival information; especially the arrival cards will help a great deal in our timely and accurate release of monthly or quarterly reports.

All cruise ship information and analysis will be done on our third quarter arrival report and we are sure that our holiday arrivals figure will increase.

SUMMARY TABLES

Visitors Arrival Analysis			2nd Quarter - 2010			April-June					
Country	Busins	MICE	VFR	Holiday	Emplynt	Educatn	Other	**2nd Qtr 2010**	**2nd Qtr 2009**	***Chnge***	***% +/-***
Australia	8941	219	1294	3527	4321	77	50	**18429**	17393	1036	**6.0**
New Zealand	919	19	69	157	372	3	9	**1548**	1477	71	**4.8**
Oceania	345	63	76	132	147	26	8	**797**	781	16	**2.0**
China	629	12	48	173	951	12	10	**1835**	1360	475	**34.9**
Japan	225	6	10	465	65	1	5	**777**	383	394	**102.9**
Korea	130	3	22	52	49	1	1	**258**	181	77	**42.5**
Malaysia	742	7	60	142	652	9	2	**1614**	1302	312	**24.0**
Singapore	235	6	5	56	52	3	0	**357**	248	109	**44.0**
Philippines	814	13	119	156	1357	27	19	**2505**	2019	486	**24.1**
Indonesia	230	3	7	35	134	3	1	**413**	431	-18	**-4.2**
India	279	5	36	44	242	10	7	**623**	560	63	**11.3**
Other Asia	219	4	18	93	134	1	6	**475**	287	188	**65.5**
United Kingdom	478	12	41	151	217	10	2	**911**	782	129	**16.5**
Germany	86	1	7	82	57	3	2	**238**	194	44	**22.7**
France	95	2	5	36	20	0	2	**160**	124	36	**29.0**
Netherlands	45	1	3	21	33	2	0	**105**	98	7	**7.1**
Other Europe	173	3	15	110	63	2	11	**377**	310	67	**21.6**
USA	751	16	108	482	266	49	44	**1716**	1435	281	**19.6**
Canada	199	2	13	61	91	8	4	**378**	377	1	**0.3**
Other America	64	4	0	32	20	2	1	**123**	96	27	**28.1**
Africa	126	3	13	16	44	2	1	**205**	213	-8	**-3.8**
Russia	58	1	5	44	36	1	0	**145**	92	53	**57.6**
Italy	21	1	2	16	15	0	1	**56**	55	1	**1.8**
Scandinavia	34	2	0	40	7	0	1	**84**	70	14	**20.0**
Chile	2	0	0	0	0	0	0	**2**	10	-8	**-80.0**
Israel	9	0	2	9	1	0	0	**21**	34	-13	**-38.2**
Total 2010	**15849**	**408**	**1978**	**6132**	**9346**	**252**	**187**	**34152**	30312	**3840**	**12.7**
Total 2009	12861	460	2018	6697	7892	234	150	**30312**			
Change	2988	-52	-40	-565	1454	18	37	3840			
% +/-	***23.2***	***-11.3***	***-2.0***	***-8.4***	***18.4***	***7.7***	**24.67**	**12.7**			

Main Areas Visited & Purpose of Visit

Main Areas	Purpose of Visit: Business	MICE	VFR	Holiday	Employnt	Educatn	Other	2Qtr10
Western Prov	284	2	20	58	225	5	3	**597**
Gulf Prov	54	0	7	8	61	2	5	**137**
Central Prov	32	2	31	82	24	2	2	**175**
NCD (POM)	10348	289	1269	2877	4848	114	89	**19834**
Milne Bay Prov	83	3	33	240	68	6	1	**434**
Oro Prov	56	0	8	90	80	9	0	**243**
SHP Mendi	571	1	2	59	657	2	2	**1294**
Enga Prov	340	2	9	38	525	0	2	**916**
WHP Mt. Hager	260	18	53	205	224	8	10	**778**
Simbu Prov	12	0	2	7	9	0	0	**30**
EHP Goroka	282	13	71	191	241	33	27	**858**
Morobe Prov	1688	31	162	366	759	31	15	**3052**
Madang Prov	489	28	57	271	700	17	18	**1580**
ESP Wewak	132	4	34	50	64	2	0	**286**
WSP Vanimo	75	1	2	9	42	0	0	**129**
Manus Prov	5	0	10	9	5	0	0	**29**
NIP Kavieng	632	2	41	227	413	5	0	**1320**
ENBP Rabaul	214	6	80	265	197	9	3	**774**
WNBP Kimbe	213	3	65	280	152	6	5	**724**
NSP Buka	65	2	17	63	52	1	1	**201**
Kokoda Trail	14	1	2	738	2	0	0	**757**
Not Stated	0	0	1	0	0	0	3	**4**
TOTAL	**15849**	**408**	**1976**	**6133**	**9348**	**252**	**186**	**34152**

Arrivals Analysis by Purpose & Port of Entry

Port	Business	Mice	VFR	Holiday	Employnt	Educatn	Other	2Qtr10
Tabubil	133	0	8	33	87	0	0	**261**
Umundo	0	0	0	0	0	0	0	**0**
Moro	0	0	0	0	0	0	0	**0**
Daru	7	0	0	3	15	0	0	**25**
Jackons	15394	408	1967	6072	8728	252	185	**33006**
Port Moresby	0	0	0	0	0	0	0	**0**
Gurney (Alotau)	0	0	0	0	0	0	0	**0**
Misima	0	0	0	0	0	0	0	**0**
Mt.Hagen	315	0	1	25	518	0	1	**860**
Lae	0	0	0	0	0	0	0	**0**
Madang	0	0	0	0	0	0	0	**0**
Vanimo	0	0	0	0	0	0	0	**0**
Kavieng	0	0	0	0	0	0	0	**0**
Rabaul	0	0	0	0	0	0	0	**0**
Kieta	0	0	0	0	0	0	0	**0**
Alotau Wharf	0	0	0	0	0	0	0	**0**
Madang Wharf	0	0	0	0	0	0	0	**0**
Wutung (Vanim	0	0	0	0	0	0	0	**0**
Tokua (Rabaul)	0	0	0	0	0	0	0	**0**
Total	**15849**	**408**	**1976**	**6133**	**9348**	**252**	**186**	**34152**

Arrivals by Mode of Transport & Purpose of visit

Mode of Transport

Purpose of Vis	PX	DJ	SP	CG	VH	QF	Land	2Qtr10
Mice	344	51	1	12	0	0	0	**408**
Business	12006	1527	116	1024	40	13	0	**14726**
Accom bus trvl	933	129	2	58	1	0	0	**1123**
VFR	1412	444	1	117	2	0	0	**1976**
Holiday	4829	961	21	297	20	5	0	**6133**
Eploymnt	7752	735	47	799	15	0	0	**9348**
Educatn	215	25	0	12	0	0	0	**252**
Other	157	13	2	14	0	0	0	**186**
Total	**27648**	**3885**	**190**	**2333**	**78**	**18**	**0**	**34152**