



2013 VISITOR ARRIVALS REPORT



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This is the final visitor arrivals report for 2013.

The report presents the trends and market analysis of all short-term international visitors into PNG in 2013, 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 monthly, quarterly and annual trends to observe historical performance of tourism in the country. Additional market briefs are also included based on recent research to compliment the arrivals trends from the key source markets.

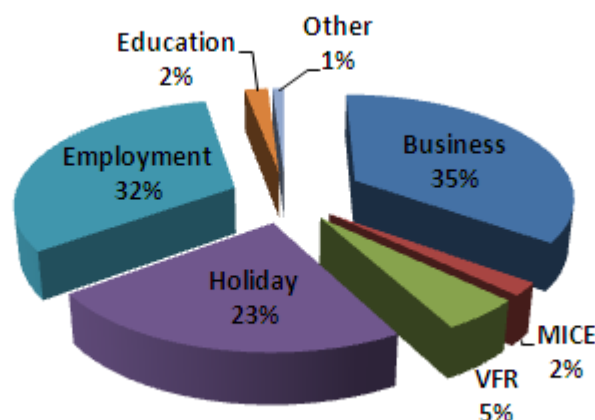
1.1 Executive Summary

Despite the challenges in 2013, PNG recorded over 180,000 international arrivals to the country, an increase of 4% or additional 6,000 arrivals compared to the 175,000 visitors recorded in 2012.

Out of the total arrivals, 35% came for business, 28% were on holidays including those visiting friends and relatives, 32% came for employment, while the remaining 5% visited the country for other reasons. Holiday arrivals to the country performed well by recording an increase of 8% in 2013, compared to the holiday arrivals recorded in 2012. The healthy holiday trend marked the seventh consecutive year to see growth in this sector since 2005, though there was a slight decrease in 2009 due to the global financial crisis that affected many destinations around the world. The healthy trend picked up again in 2010 and continued through to 2013. Out of the 42,000 holiday arrivals more than 7,000 came to the country via cruise ship.

The healthy holiday arrivals trend was a result of the PNG Tourism Promotion Authority in partnership with its industry partners and key stakeholders responding positively by working together in the markets and making it conducive through awareness and more product developments in the model provinces. As a result, 2013 was another successful year, repeating the healthy trend seen in the last 7 years from 2005 – 2012. This healthy trend is expected to continue in 2014 as TPA in the last 5 years had set out clear long-term 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 national economy.

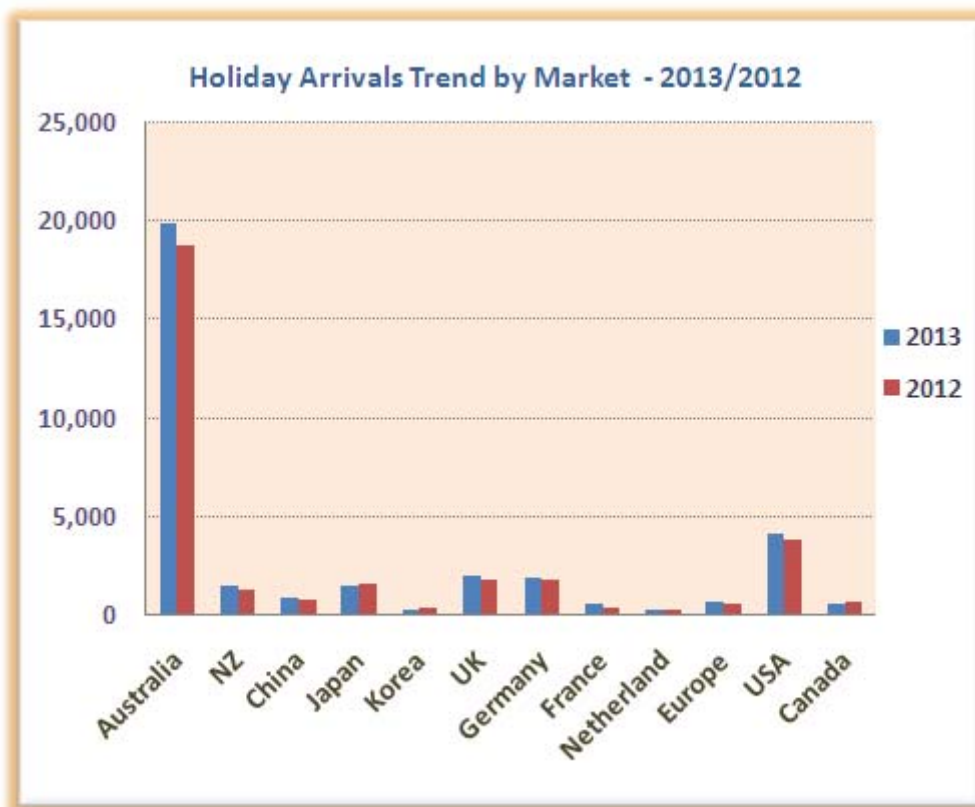
Percentage Distribution by Purpose of Visit – 2013



Most of the visitors from Japan (48%), America (40%) and European markets (48%) were strongly holiday/leisure-oriented, while the majority of the visitors from Australia and Asia were more on business and holiday, and the holiday segment of the other Asian, New Zealand and Oceania markets increased in 2013 compared to 2012 (refer to table below).

Holiday Arrivals by Source Markets – 2013/2012

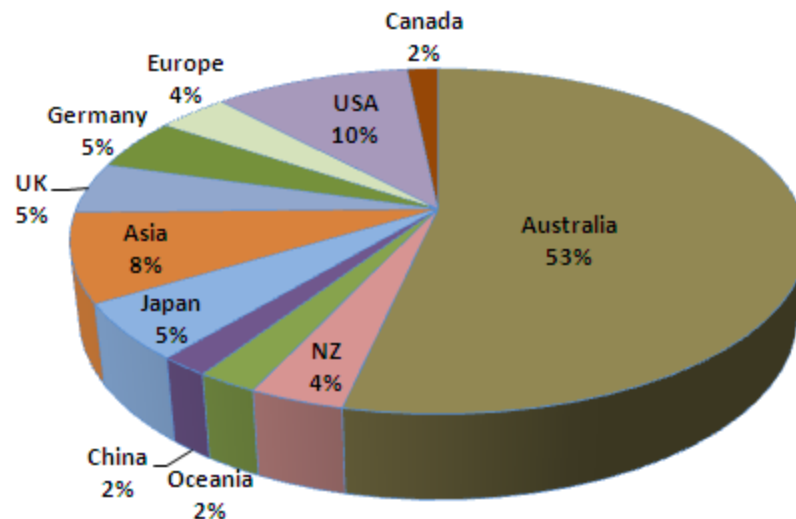
Source Market	2013	2012	Change	% +/-
<i>Australia</i>	19,917	18,914	1,003	5%
<i>New Zealand</i>	1322	1283	39	3%
<i>Oceania</i>	805	792	13	2%
<i>China</i>	985	806	179	22%
<i>Japan</i>	1,538	1,646	-108	-7%
<i>Malaysia</i>	435	634	-199	-31%
<i>Philippines</i>	820	807	13	1.6%
<i>Indonesia</i>	312	165	147	89%
<i>India</i>	230	318	-88	-28%
<i>Other Asia</i>	2834	1633	1,201	73%
<i>UK</i>	1,986	1,791	195	11%
<i>Germany</i>	1,951	1821	130	7%
<i>France</i>	597	431	166	38%
<i>Other Europe</i>	989	1,453	-464	-31%
<i>USA</i>	4,129	3,872	257	7%
<i>Canada</i>	634	685	-51	-30%
<i>Other America</i>	120	172	-52	-30%
<i>Africa</i>	85	342	-257	-75%
<i>Others</i>	1694	766	928	121%
<i>Total Holiday</i>	41,383	38,331	3,052	8.0%



Holiday arrivals from most of PNG's key source markets performed well in 2013 compared to 2012. The healthy growth in the holiday segment was a result of carrying out more marketing activities in the markets under the new brand and tagline 'A MILLION DIFFERENT JOURNEYS'.

On the total holiday arrivals, 53 percent came from the Australian market, followed by the US Market with 10 percent, while Japan, Germany and the UK contributed 5 percent each. Total Europe and New Zealand holiday visitors made up 4 percent each, followed by Oceania, Canada and China with 2% each, while the combined Asian Market contributed 8% to the holiday arrivals in 2013.

Holiday Arrivals Distribution by Source Market - 2013



The New Zealand market has performed well in holiday arrivals by gaining the fifth position after Australia, USA, Japan, United Kingdom and Germany, as a result of more coordinated marketing activities extended to other parts of New Zealand's main cities by the TPA Sydney Office in the last two years under the new brand.

1.2 Key Source Market Performance

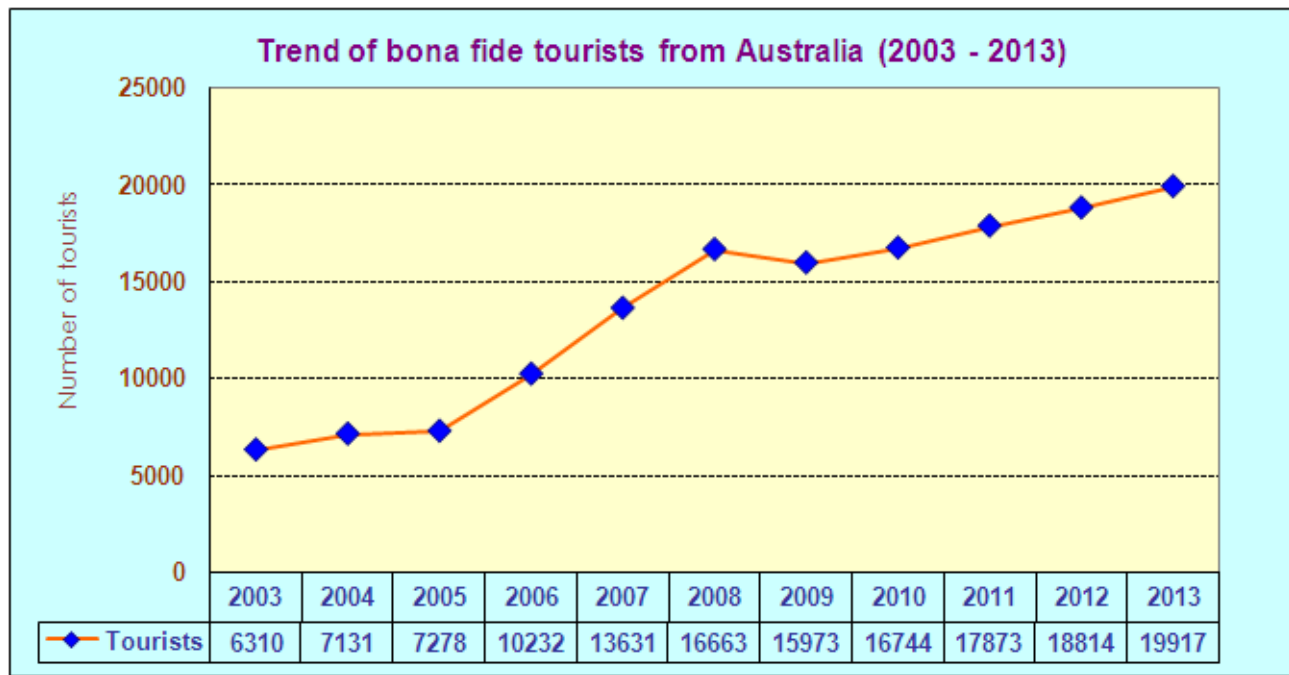
Australian Market

The Australian market continued to remain the highest single source market (in all segments) for Papua New Guinea. It accounted for more than 46 percent (83,616) of the total arrivals in 2013, recording a slight increase of 4% compared to the 2012 previous year.

Most of the visitors from the Australian market were business travelers (48%), while 24% accounted for holiday.

The holiday segment from the Australian market recorded an increase by 6.7 percent, while business arrivals also show an increase by 5 percent compared to the 2012 arrivals.

Annual trend of bona fide tourists from the Australian Market



As it can be seen above, strong growth in holiday arrivals from the Australian market was from 2005 to 2008, and that was a result of opening a new TPA office in Sydney. The TPA Sydney office 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 2010, TPA appointed another new marketing representative and the new marketing team in Sydney have come up with new marketing techniques to grow tourist numbers from the market.

The new 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 in the next 5 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 additional 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 in 2010, while the business sector also show an increase in 2010 compared to 2009 arrivals.

In 2011, Japan recorded a drop in visitor numbers by more than 24% compared to 2010 arrivals. This was the result of the chain of disasters that was triggered by the 9.0 magnitude earthquake in northern Japan on March 11, 2011 that hampered growth of Japanese outbound tourists since April 2011.

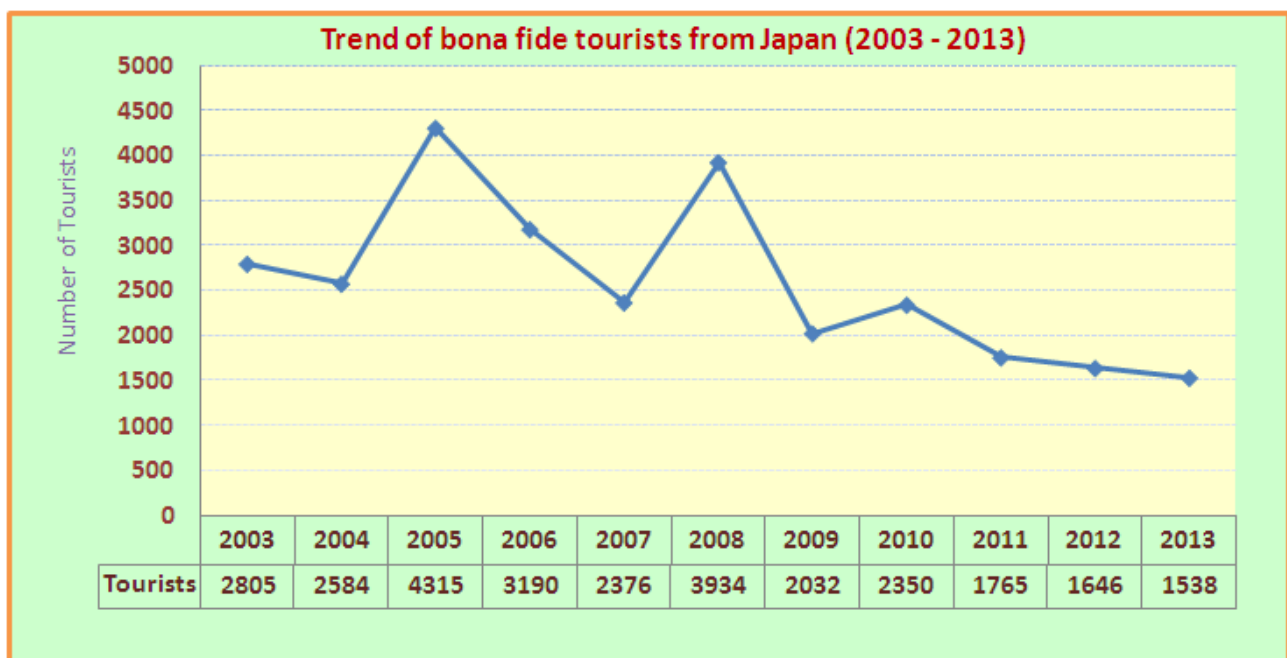
Japanese outbound travel recovered greatly in 2012 after the country's disastrous earthquakes and tsunami hit the travel industry, and more Japanese are now choosing to travel closer to home and to destinations that offer more frequent flights and easily accessible.

About 2 percent of the total arrivals were from Japan and most of the visitors from the market were holidaymakers (45%), while 38% came for business and 17% for other reasons. Most of the holiday travelers from the Japan market was attributed by air arrivals which accounted for 90% of the total arrivals from the market.

Referring to the graph, an upward trend developed in 2005 for the Japanese tourists visiting Papua New Guinea. However, in 2006 and 2007 PNG lost its market share by 26% and 25% respectively. The reason for the drop in tourists from the Japanese market in those years 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 had been a shift in offshore travel to Asia in those years, away from traditional longer-haul destinations. Papua New Guinea recording the drop in 2006 and 2007 was also contributed by the drop in cruise ship arrivals from the Japan market, together with some PX cancellations from the market.

An upward trend from the Japan market was experienced in 2008 and 2010, which was a sign of the efforts put in by the new marketing representative appointed by the PNG Tourism Promotion Authority. The new marketing strategies put together for the market will start to boost tourist numbers after fully recovering from the damages caused by the earth quake.

Annual trend of bona fide tourists from the Japanese Market



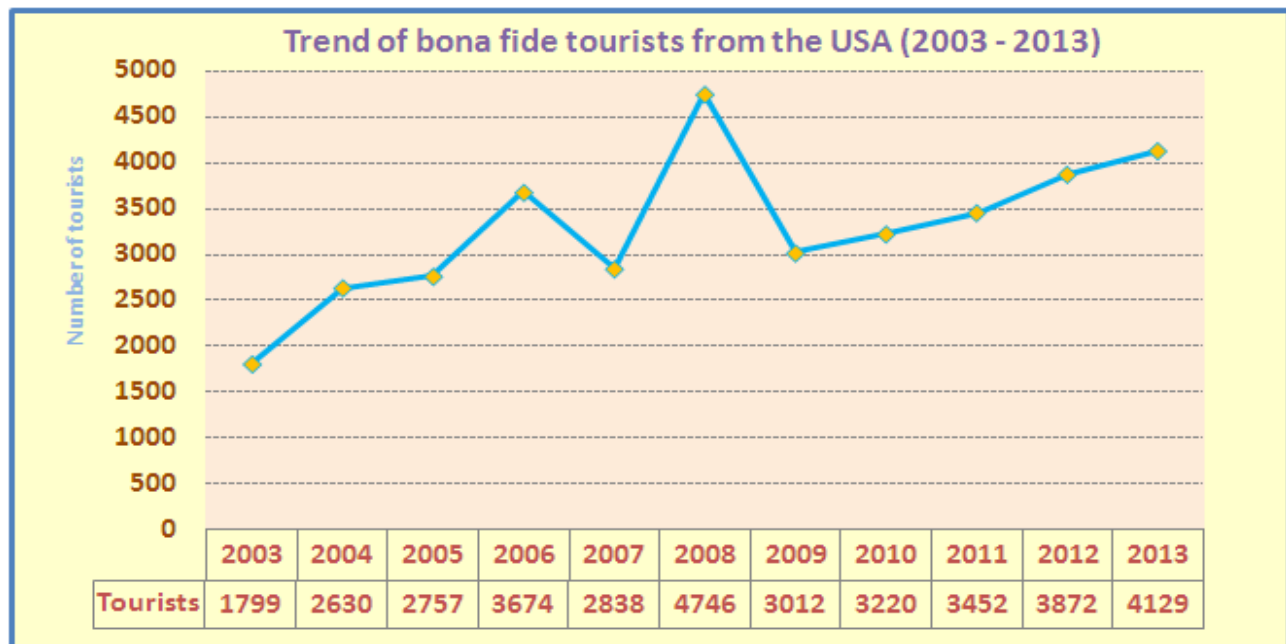
North American Market

The North American market collectively generated about 7% (12,449) of the aggregate arrivals in 2013, reflecting an increase by 13% from 11,235 in 2012.

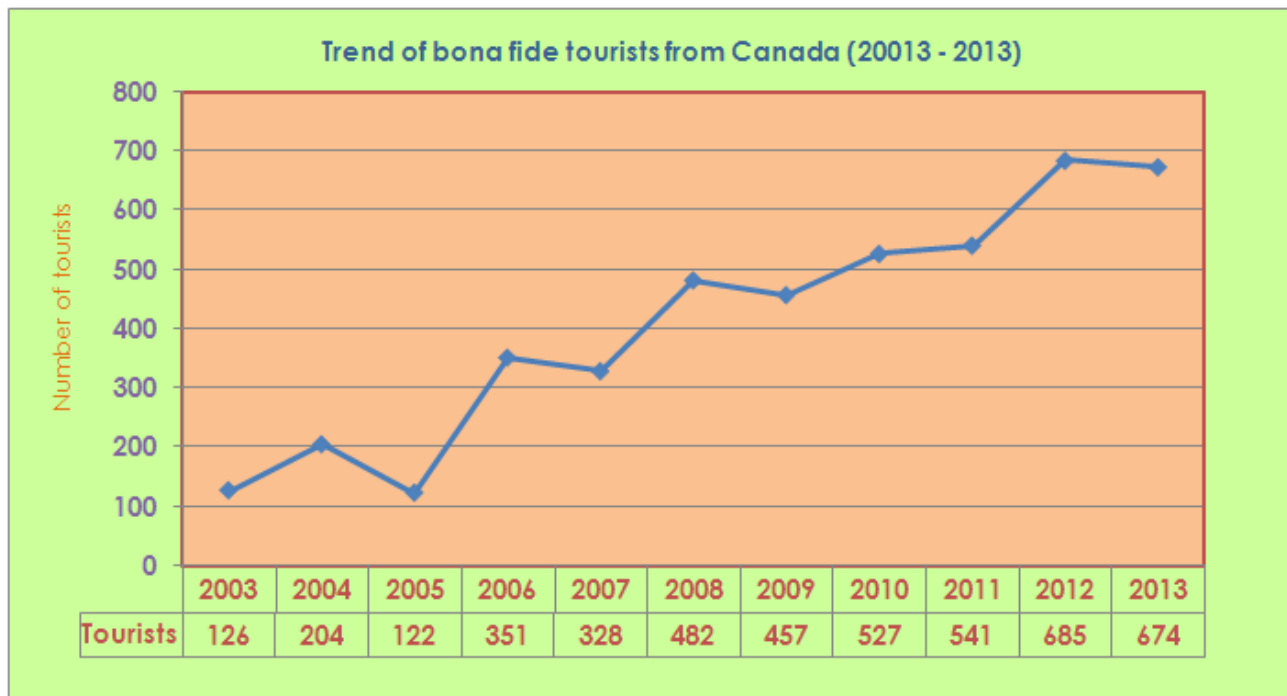
Between 2003 and 2009, total arrivals from the US increased by around 88 percent, and in 2009 arrivals from the market declined by 14 per cent, with arrivals being greatly impacted by the financial crisis in the United States. In 2010 arrivals picked up well and recorded an increase of 26 percent after a slow growth in the first quarter. With the positive sign in 2013, 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



Bona-fide 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

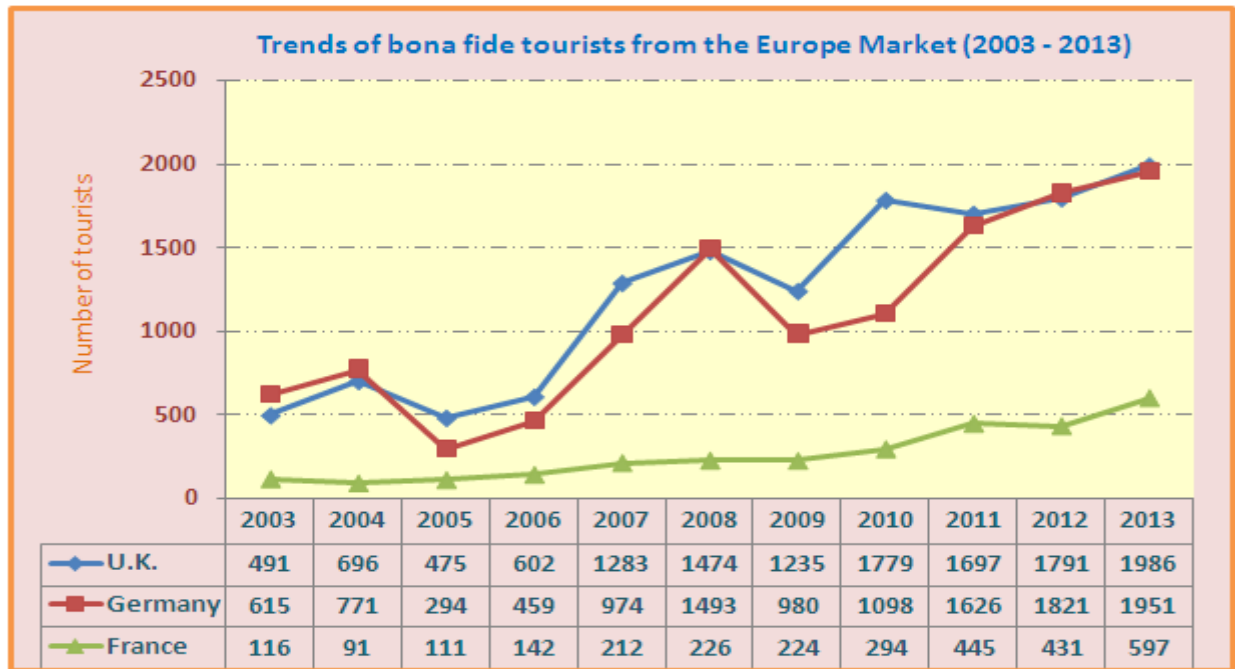
Europe is a valuable holiday market for Papua New Guinea with long-staying visitors who like to engage in multiple activities. The Europe market comprise of the United Kingdom, Germany, France, Netherlands and other smaller contributing European countries. As PNG's fourth largest holiday markets, the 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 euro-zone financial crisis, and many present good growth opportunities for the Papua New Guinea Tourism Industry. In 2013, visitor arrivals from Europe performed well. The UK and Germany were the major contributing markets, posting 11% and 7% increase in holiday arrivals.

The collective European markets accounted for 6% percent (11,651) of the total arrivals. United Kingdom represented 43 percent (4,962) of arrivals from the market, Germany generated 21 percent (2,487) and France accounted for 11 percent (1,278), while the other European markets contributed 25 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's new representative offices in London and Munich continue 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 will also be 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

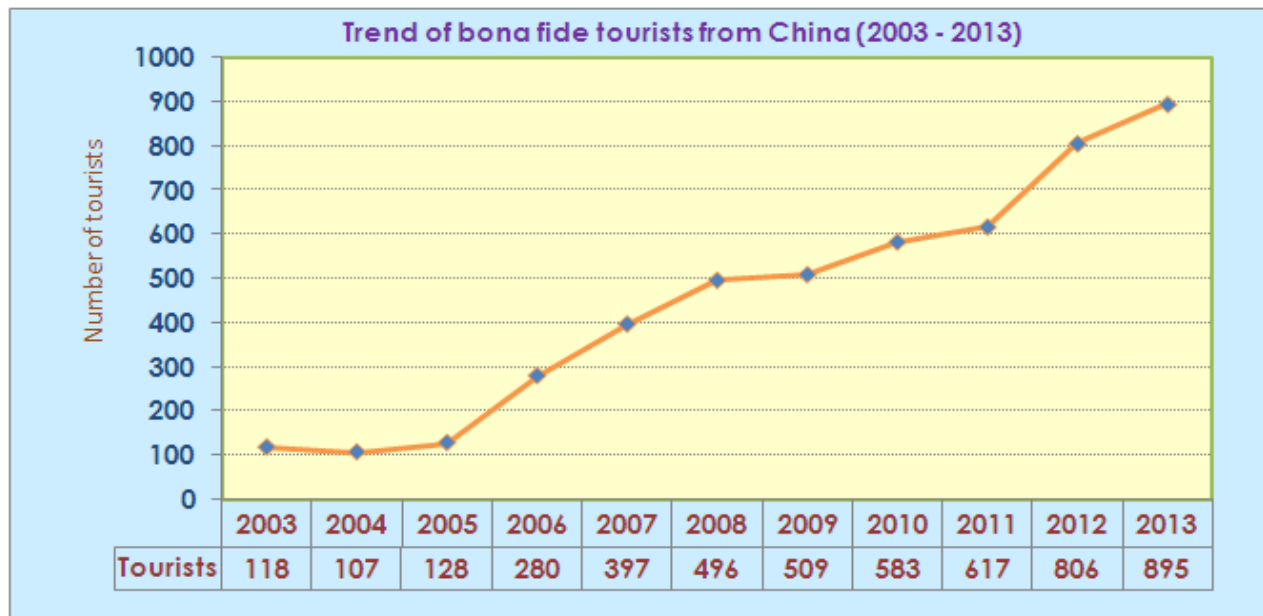


It can be seen that the markets performed well in 2004, 2006, 2007 and 2008, while a drop on bona fide tourists was experienced in 2005 and 2009 as a result of the growing terrorism threats amongst the European countries in 2005 and global financial crisis experienced in 2009 worldwide.

In 2006, 2007 and 2010, situations have improved 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 2013, 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 on the next page, 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 more marketing activities in Chinese language will boost tourist arrivals from the market.



Other Asian Markets

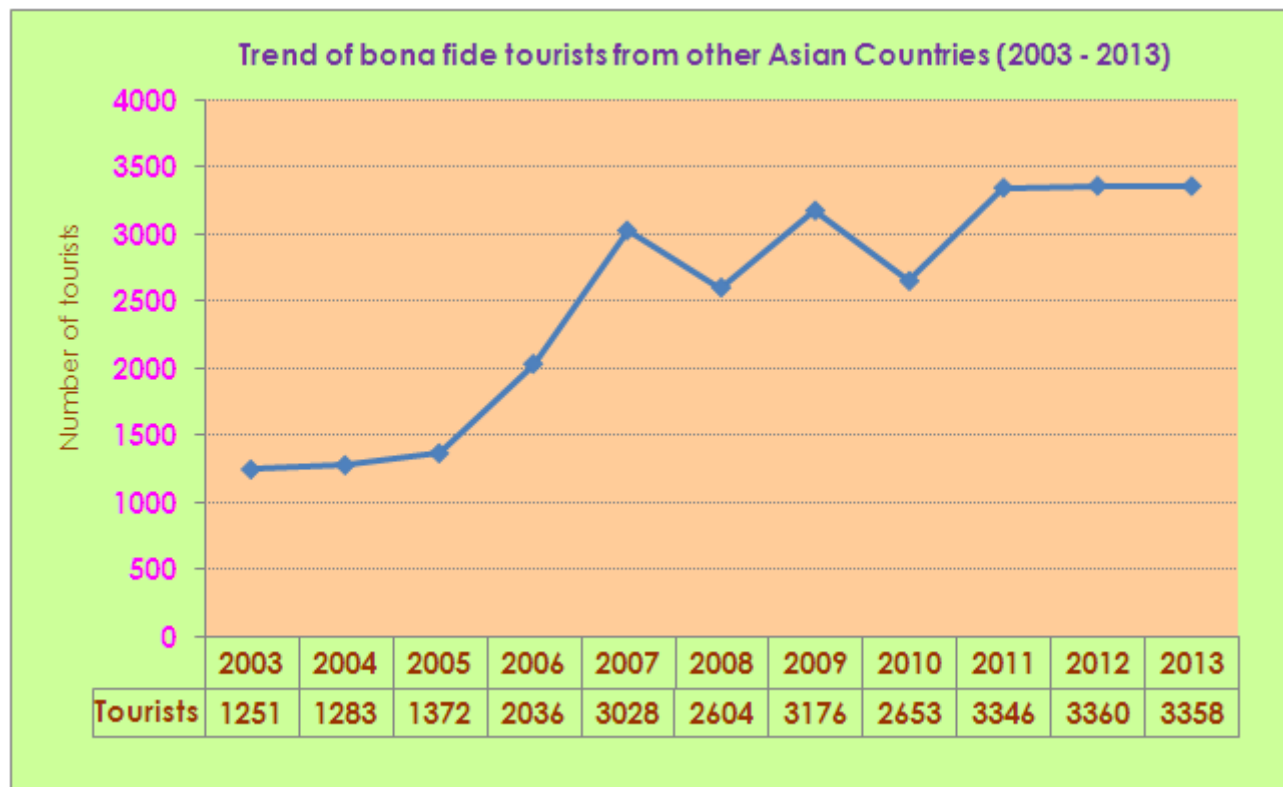
The other Asian markets collectively represented 16 percent of the total arrivals (23,677), with an increase of 22 percent compared to the total arrivals in 2012.

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 2012 compared to 2013. The increase in holiday figures from other 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 2013 showing increase in outbound travel. Contributing factors are renewed confidence after the 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 in the last three years.

Asian tourists are often seen as just one category - package tourist, but there are other categories. By recognizing 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.

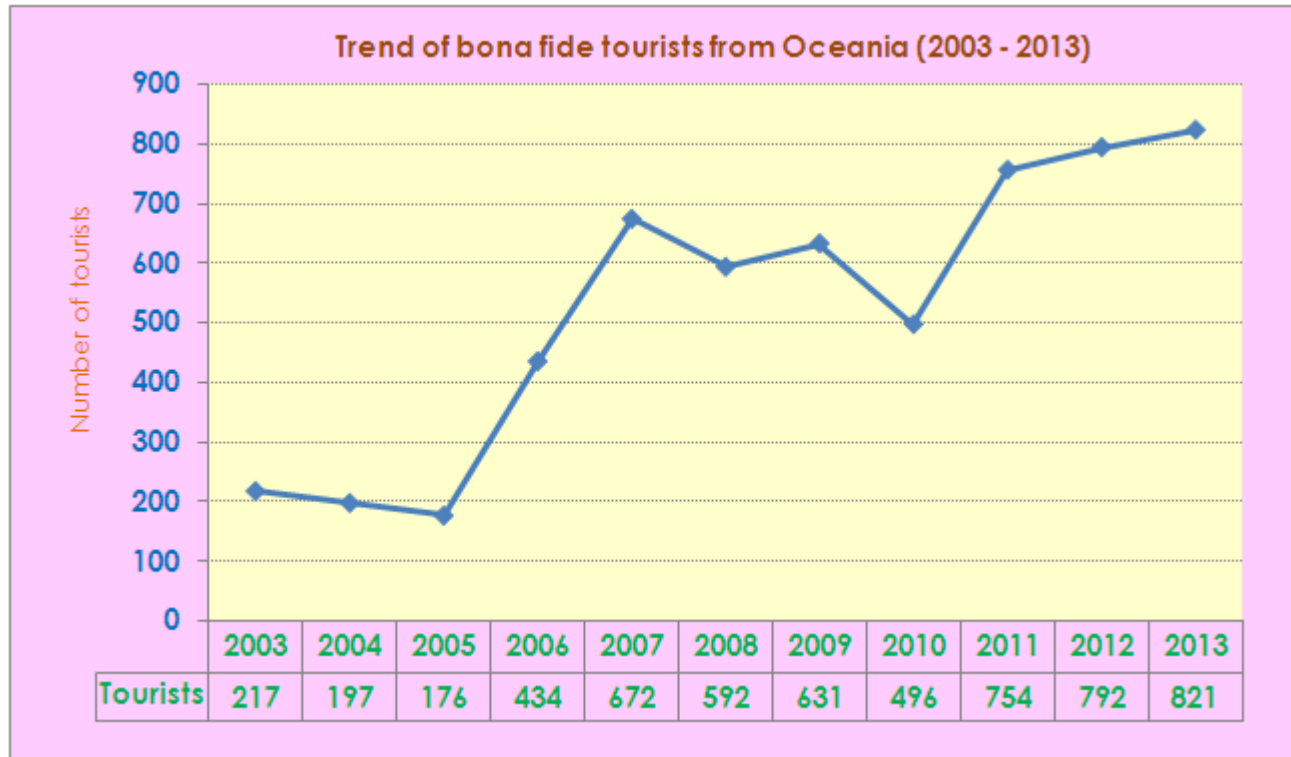
Oceania

Arrivals from Oceania in 2013 indicated an increase of 10 percent compared to the total arrivals in 2012. Most of the visitors from this market came for business and employment reasons (66%), while 15 percent visited for holiday. However, the holiday segment increased by 2% for this market.

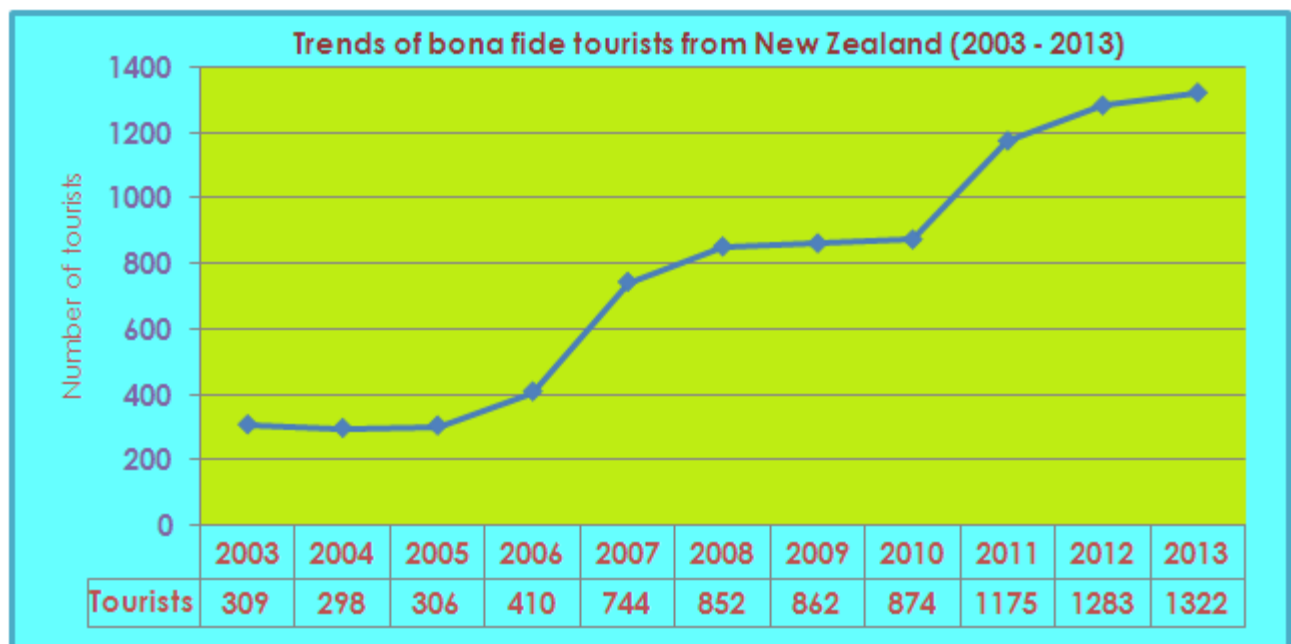
New Zealand

New Zealand contributed about 5 percent (8,288) of the total arrivals in 2013, which was a decrease of 10% compared to 2012. The holiday segment recorded increase by 3% compared to 2012 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.

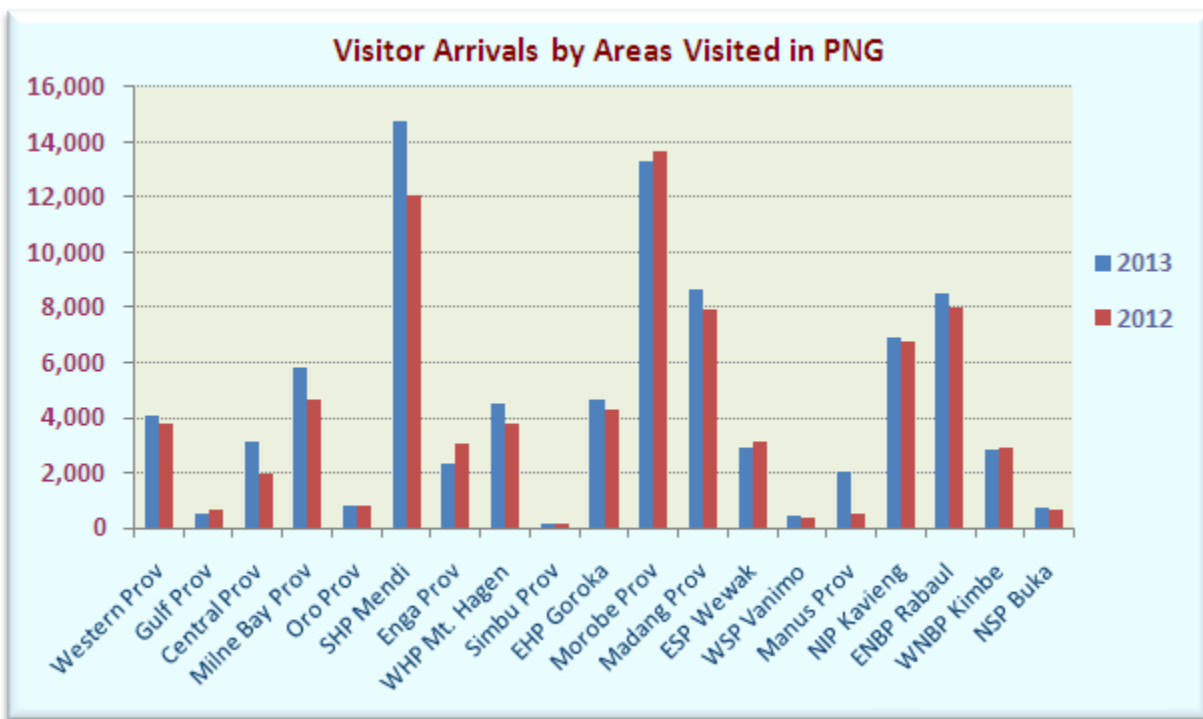
The increase was a result of opening the new TPA office in Sydney and the new web-site development, where a lot of quality promotion was done (through this office) to attract more Australian and New Zealand tourists.

1.3 Areas visited by international visitors in PNG

Main Area	2013	2012	Change	% +/-
Western Prov	4,055	3,791	264	7%
Gulf Prov	527	632	-105	-17%
Central Prov	3,113	1,943	1,170	60%
NCD (POM)	95,690	98,266	-2,576	-3%
Milne Bay Prov	5,845	4,678	1,167	25%
Oro Prov	825	791	34	5%
SHP Mendi	14,755	12,049	2,706	24%
Enga Prov	2,360	3,063	-703	-23%
WHP Mt. Hagen	4,504	3,761	743	20%
Simbu Prov	122	139	-17	-12%
EHP Goroka	4,679	4,308	371	9%
Morobe Prov	13,335	13,692	-357	-3%
Madang Prov	8,650	7,895	755	10%
ESP Wewak	2,235	3,110	-875	-28%
WSP Vanimo	441	398	43	11%
Manus Prov	2,023	521	1,502	228%
NIP Kavieng	6,935	6,751	184	3%
ENBP Rabaul	8,480	7,982	498	6%
WNBP Kimbe	2,832	2,917	-85	-3%
NSP Buka	740	643	97	15%

The high visitation to the Southern Highlands, Morobe and NCD are attributed to the increased business and mining activities in the areas, while most of those visiting Milne Bay, ENBP, Madang, New Ireland and WNBP are mainly genuine tourists going to part-take in tourism activities in these provinces.

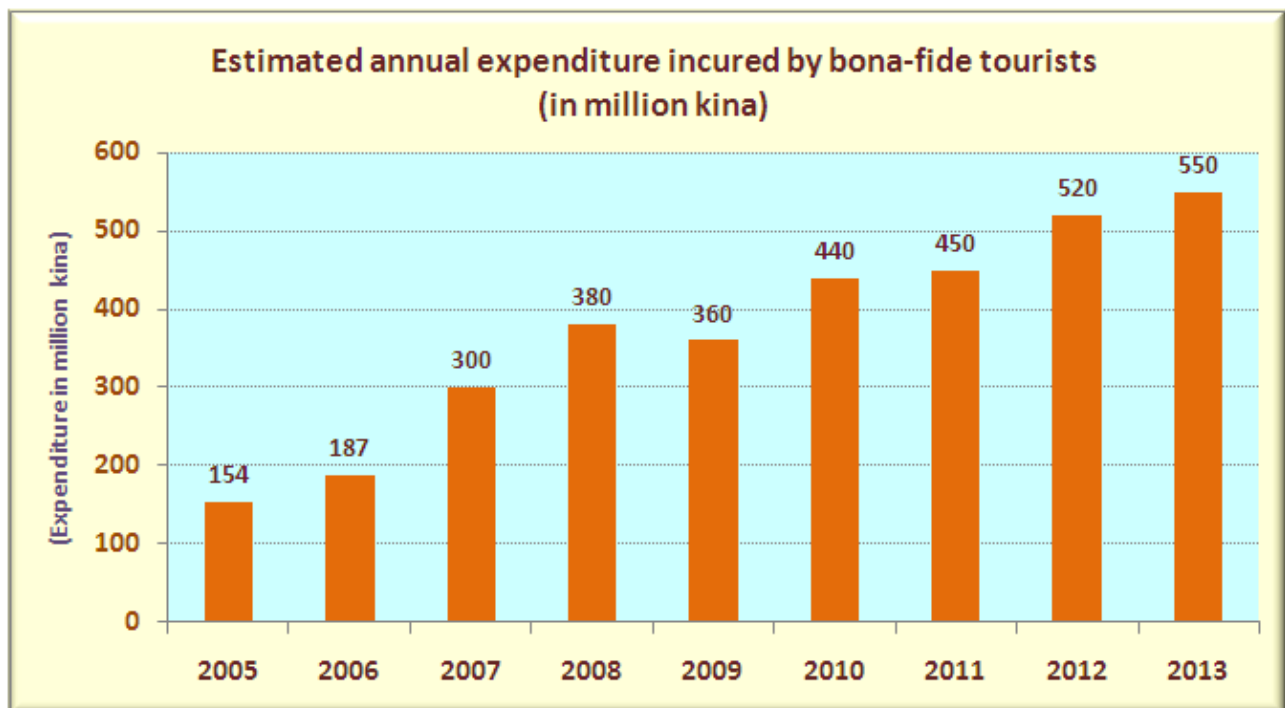
In 2013, Rabaul, Kavieng, Madang and Alotau received the highest number of bona-fide tourists, followed by Eastern Highlands, West New Britain, Western Highlands and the East Sepik Provinces. Most of the tourists that visited the coastal areas were cruise ship visitors, which made up more than 60 percent of the total visitation for the coastal provinces. From data collected last year, about 15 cruise ships visited Papua New Guinea and contributed about four percent or about 7,000 cruise tourists to the total arrivals in 2013.



1.4 Tourism Receipts (Estimate)

According to the information from our Visitor Exit Survey:

Total visitor expenditure in 2013 was estimated to be **K1.8 billion**, which was an **increase of 3%** compared to the estimated **K1.75 billion** spent by visitors in 2012. Out of the total, it was estimated that genuine tourists spent **K550 million**, an increase of **6%** or additional **K30 million** compared to the **K520 million** spent by bona-fide tourists in 2012. The increase in expenditure by genuine tourists was a direct result of the 8% increase in the holiday arrivals in 2013 compared to 2012.

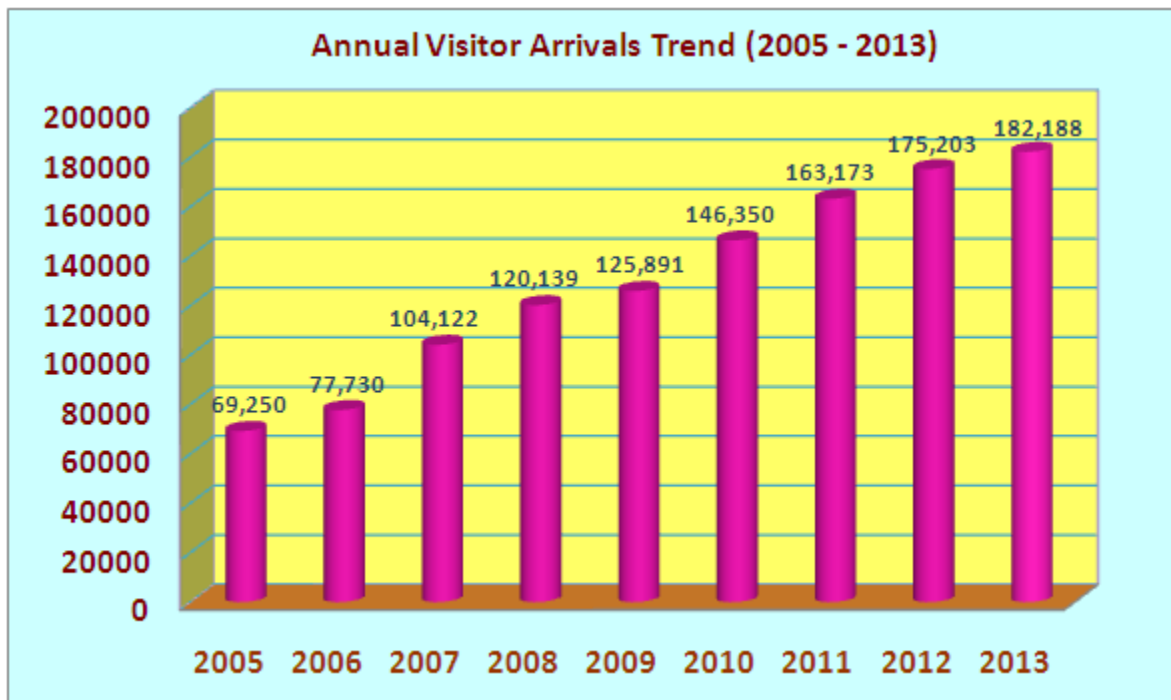


Summary of Short-Term Visitor Arrivals in the last eight years (2005-2013)

In the last 6 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, and the healthy trend continued through to 2009.

The year 2010 was even better for tourism growth in Papua New Guinea, recording more than 140,000 arrivals, an excess of more than 22,000 new arrivals or 18% increase compared to the same period the previous year.

In 2011, the arrivals figure continued its healthy upward trend by recording more than 165,000 short-term international visitors, an increase of 14% or more than 20,000 extra arrivals compared to the 2010 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 world tourism being impacted by the global financial crisis. In 2012, short-term visitor arrivals to PNG increased by 6%, recording more than 175,000 international visitors to Papua New Guinea, and the trend continued through to 2013.



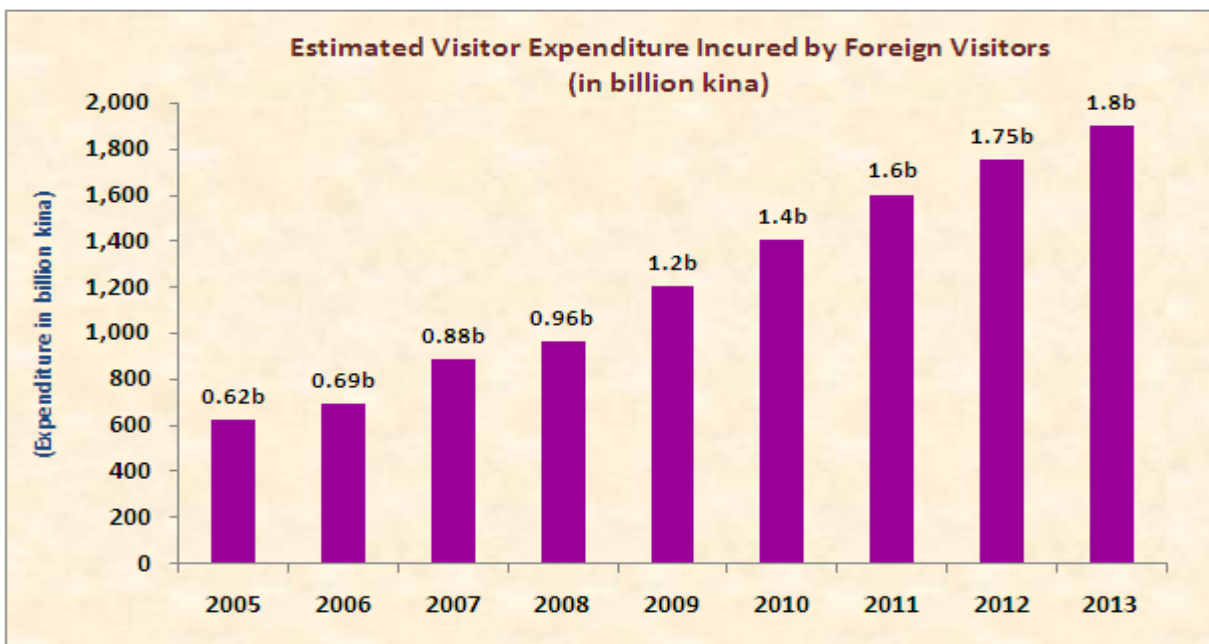
Summary of International Visitor Expenditure in the Last six Years

In the last six 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 visitors, showing an increase of 57% compared to the expenditure incurred by the short-term visitors in 2006.

In 2008, a total of K960 million was spent by international visitors 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 travel and tourism industry.

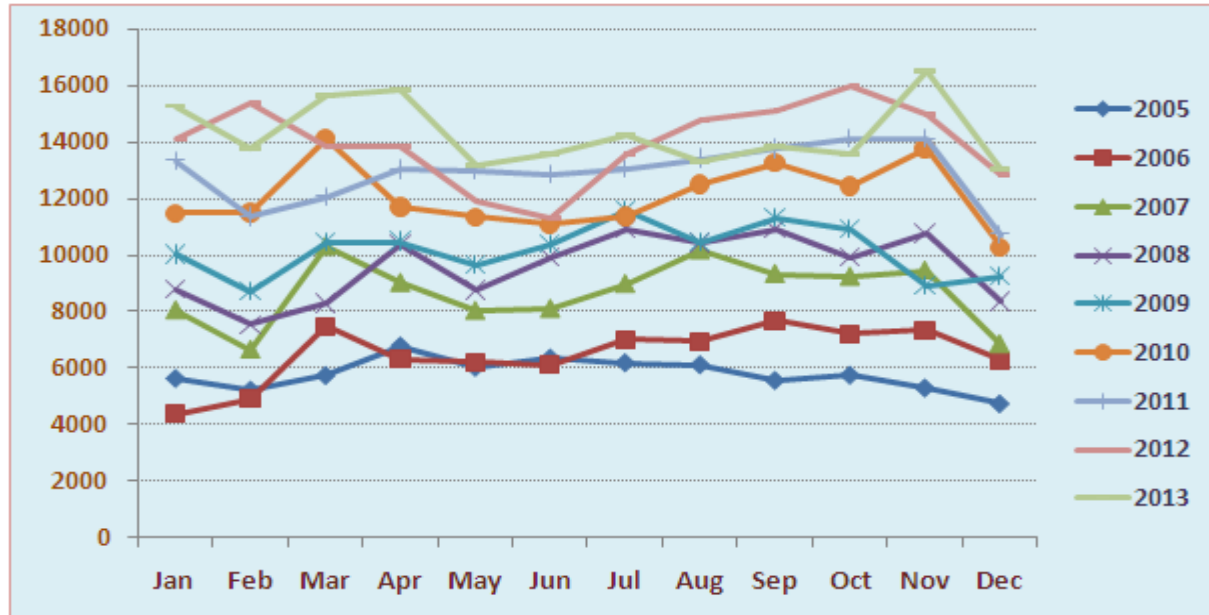
Out of the total estimated expenditure, bona-fide tourists spent the most during their holidays in Papua New Guinea. In 2007, a total of K300 million was spent by bona fide tourists in Papua New Guinea. The total expenditure incurred by bona-fide tourists in 2008 was K380 million, which was an increase 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 in 2009 was a direct result of the 12% drop in our holiday arrivals as a result of the global financial crisis and other international and domestic factors like the presence of swine flu threat amongst 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 and 2011 improved and bona-fide tourists spent an estimated K440 and K450 million respectively in the country. The healthy trend seen in 2012 and 2013 is expected to continue, and Papua New Guinea can benefit from the tourism industry in the future, if properly supported by the government and industry partners.



1.5 Arrival Trends & Forecasts

Monthly Visitor Arrivals Trend (2005 – 2013)



2013 Visitor Arrivals Summary Table

Visitors Arrival Analysis		Total - 2013						January - December			
Country	Busins	MICE	VFR	Holiday	Empltynt	Educatn	Other	Total 2013	Total 2012	Chnge	% +/-
Australia	31421	874	5648	19917	25372	239	145	83616	80276	3340	4.2
New Zealand	3801	127	237	1322	2771	14	16	8288	9247	-959	-10.4
Oceania	1373	246	270	805	2182	458	30	5364	4869	495	10.2
China	2705	49	120	985	3922	46	39	7866	7736	130	1.7
Japan	1224	68	17	1538	314	3	3	3167	3492	-325	-9.3
Korea	795	27	17	491	463	13	3	1809	1876	-67	-3.6
Malaysia	1590	53	85	435	2599	23	8	4793	6009	-1216	-20.2
Singapore	1073	29	37	357	243	3	6	1748	1985	-237	-11.9
Philippines	2514	65	177	820	17349	92	31	21048	19314	1734	9.0
Indonesia	2364	94	309	1312	3202	19	13	7313	3253	4060	124.8
India	916	55	57	230	3853	35	13	5159	5480	-321	-5.9
Other Asia	1151	43	33	1946	1222	9	12	4416	4732	-316	-6.7
United Kingdom	1494	41	103	1986	1311	10	17	4962	4893	69	1.4
Germany	234	20	31	1951	227	13	11	2487	2407	80	3.3
France	367	13	9	597	284	1	7	1278	1059	219	20.7
Netherlands	183	5	8	278	117	0	5	596	696	-100	-14.4
Other Europe	757	34	34	711	768	17	7	2328	2739	-411	-15.0
USA	3118	127	238	4129	2836	65	50	10563	9336	1227	13.1
Canada	625	16	37	634	565	3	6	1886	1899	-13	-0.7
Other America	207	8	4	120	370	5	4	718	739	-21	-2.8
Africa	341	25	18	85	674	4	2	1149	1481	-332	-22.4
Russia	138	1	0	49	190	2	0	380	452	-72	-15.9
Italy	122	11	6	101	98	1	0	339	550	-211	-38.4
Scandinavia	146	6	10	431	77	0	4	674	538	136	25.3
Chile	3	1	0	41	1	1	0	47	11	36	327.3
Israel	90	2	0	72	29	0	1	194	134	60	44.8
Total 2013	58752	2040	7505	41343	71039	1076	433	182188	175203	6985	4.0
Total 2012	58986	2063	7030	38331	66815	1093	885	175203			
Change	-234	-23	475	3012	4224	-17	-452	6985			
% +/-	-0.4	-1.1	6.8	7.9	6.3	-1.6	-51.1	4.0			

Annual Total Visitor Arrivals Trend (1995 – 2013)



Quarterly Visitor Arrivals Trend (2005 – 2013)

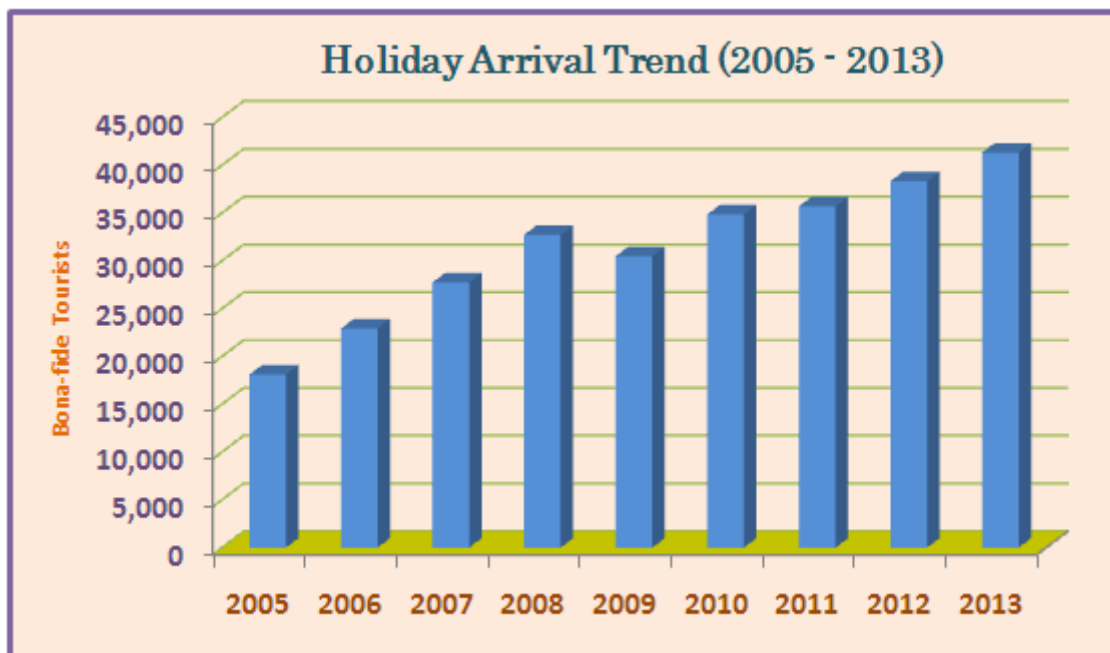


Annual Visitor Arrival Forecasts in the next three years (2014– 2016)

Year	BUSINESS	% +/-	HOLIDAY	% +/-	VFR	% +/-	OTHER	TOTAL	% +/-
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	11.0%	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	120,622	14.6%	35,618	9.1%	6,672	-19.9%	2,081	164,993	14.4%
2012	128,957	6.9%	38,331	7.6%	7,030	5.3%	885	175,203	6.2%
2013	131,831	3.0%	41,343	7.8%	7,505	6.7%	1,509	182,188	3.9%
2014*	134,048	9.4%	48,124	11.3%	13,588	13.3%	1,564	195,760	12.1%
2015*	145,560	8.6%	56,205	16.8%	14,485	6.6%	1,655	216,250	10.5%
2016*	162,072	11.3%	72,286	28.6%	15,782	9.0%	1,726	250,140	15.7%

*Figures in bold are forecasts**

The trends in the last eight years have been positive, and the holiday segment from most of our key source markets performed well. Most of the growths in holiday arrivals were within TPA's 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 Papua New Guinea 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 at that time, but because travel and tourism relates directly to people's household income, 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 partners 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 (2014-2018), international 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 over K2 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 tourist 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 last eight years have been performing well and the increase of 8% in 2013 marked the seventh consecutive growth. Tourists favored the stable PGK during the global financial crisis and decided to stay longer and spend more in PNG, thus contributing significantly to the national economy.

Holiday arrivals from most of our key source markets have been performing well in the last eight years. The growth in holiday arrivals over the last eight years was within TPA's target to double the holiday figures every five years. However, the year 2009 did not perform well due to the global financial crisis, but picked up well in 2010 and the following years.

The trend is clear from our 2009 holiday arrivals figure, where PNG had recorded negative 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 at that time, but since 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 life.

Papua New Guinea's tourism numbers picked up well in 2010 as TPA in partnership with its industry players were able to carry out more coordinated marketing and promotional activities in the overseas markets. The tourism outlook for PNG remains promising in 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, and stable political environment of PNG will also secure the destination for tourists.

In the next five years (2014-2018), international arrivals will continue to grow at an average rate of 7% annually and by 2016 more than 250,000 visitors will have visited Papua New Guinea, spending estimated revenue of over K2 billion into the national 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.