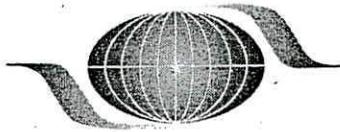


WORLD TOURISM ORGANIZATION

**GENERAL
ASSEMBLY**



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REPORT OF THE SECRETARY-GENERAL

Addendum 2

Note by the Secretary-General

The delegates will find below the latest update of the main report of the Secretary-General, taking into account the most recent developments in international tourism.

REPORT OF THE SECRETARY-GENERAL

Addendum 2

On the eve of the Assembly, the UNWTO Secretariat has just published the third issue of its Barometer. The delegates will find in this publication the most recent information on the situation of international tourism.

During this latter period of 2007, two words sum up the situation of our sector: satisfaction and prudence – satisfaction regarding the present, prudence for the future.

First of all, satisfaction with regard to the good performance of world tourism during the first half of the year. Up to and including the month of August, 610 million international arrivals have been registered. This already represents 32 million more than for the same period in 2006. The summer season was particularly satisfactory in the major tourism destinations of the northern hemisphere. There has been an acceleration in the growth registered in East Asia and in the Americas.

Based on this, the number of international arrivals is expected to post an increase of 5.7 per cent for the year. The total figure is therefore expected to surpass 880 million and, perhaps, even approach the 900-million mark, as compared to 846 million in 2006. At the start of the year, a slowdown in the rate of growth was expected relative to the results of 2005 (5.5 per cent) and 2006 (5.4 per cent), instead, we are witnessing a very slight acceleration.

The good news is that the economic and financial turbulence experienced during and after the summer (sharp variations in exchange rates, marked by the weakness of the dollar and the strength of the euro, crisis in the U.S. real estate market, and drops in the major international stock exchanges) has not, at this stage, perceptibly affected international travel.

Thus, we can be satisfied with the immediate situation, but we must be prudent with regard to the foreseeable future. The third issue of the Barometer, based on the available macroeconomic data and on the opinion of our international panel of experts, projects a slight slowdown in the growth of arrivals for 2008. At an estimated level of 5 per cent, this growth would still be above the long-term trend projected in our "Vision 2020", which is on the order of 4 to 4.5 per cent per year.

Nevertheless, reasons for concern are emerging, which have led the International Monetary Fund, after having revised upward in 2007 its initial projections for 2008, to revert to its original estimates projecting that the world economy will grow by 4.8% next year.

Indeed, while up until now the major economies have been able to absorb the high price oil without any notable consequences for their development, the historically high levels that oil prices have hit over the past several weeks could change this. Furthermore, the re-emergence of inflationary tendencies in North America, in the euro zone and in China, could prompt central banks to tighten credit conditions, and thus slow down growth. Lastly, consumer confidence is threatened by apprehensions stemming from the volatility of the financial markets and the sentiment that the full effects of the subprime mortgage crisis on the major credit institutions have yet to be revealed.

In this context, and specifically insofar as our sector is concerned, the UNWTO's international panel of experts has decided to revise the short-term growth prospects lower.

Overall, the outlook for 2008 remains favourable; but international tourism is not sheltered from a reversal of current conditions – despite the resilience it has demonstrated and to which we have grown accustomed – and cannot remain unaffected by it indefinitely.

