

Montenegro

TRAVEL & TOURISM
CLIMBING TO NEW HEIGHTS

The 2006 Travel & Tourism Economic Research



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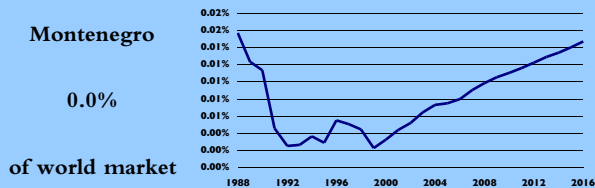
Jean-Claude Baumgarten

24 February 2006

TOTAL DEMAND

Montenegro Travel & Tourism is expected to generate EUR418.9 mn (US\$521.3 mn) of economic activity (Total Demand) in 2006, growing (nominal terms) to EUR1,488.7 mn (US\$1,786.4 mn) by 2016. Total Demand is expected to grow by 10.6% in 2006 and by 10.2% per annum, in real terms, between 2007 and 2016. 2006 Total Demand represents 0.0% of world market share.

WORLD MARKET SHARE



WORLD RANKING (out of 174 Countries)

142	ABSOLUTE size
44	RELATIVE contribution to national economy
1	GROWTH forecast

GDP - Contribution of Travel & Tourism to an Economy's GDP

Montenegro's T&T Industry is expected to contribute 9.4% to Gross Domestic Product (GDP) in 2006 (EUR159.5 mn or US\$198.5 mn), rising in nominal terms to EUR508.4 mn or US\$610.1 mn (15.0% of total) by 2016. The T&T Economy contribution (percent of total) should rise from 15.7% (EUR266.7 mn or US\$331.9 mn) to 22.8% (EUR771.4 mn or US\$925.7 mn) in this same period.

EMPLOYMENT - Number of Jobs Generated by Travel & Tourism

Montenegro T&T Economy employment is estimated at 24,000 jobs in 2006, 16.8% of total employment, or 1 in every 6.0 jobs. By 2016, this should total 38,000 jobs, 24.4% of total employment or 1 in every 4.1 jobs. The 14,000 T&T Industry jobs account for 10.0% of total employment in 2006 and are forecast to total 25,000 jobs or 16.1% of the total by 2016.

VISITOR EXPORTS - Foreign Visitor Spending in an Economy

Montenegro Travel & Tourism is expected to generate 41.5% of total exports (EUR277.1 mn or US\$344.8 mn) in 2006, growing (nominal terms) to EUR1,137.3 mn or US\$1,364.8 mn (53.6% of total) in 2016.

PERSONAL TRAVEL & TOURISM - Amount Spent on T&T by Residents

Montenegro Personal Travel & Tourism is estimated at EUR81.0 mn, US\$100.9 mn or 6.0% of total personal consumption in year 2006. By 2016, this should reach EUR202.8 mn, US\$243.3 mn or 7.6% of total consumption. Montenegro Business Travel is estimated at EUR7.3 mn, US\$9.1 mn in year 2006. By 2016, this should reach EUR17.2 mn or US\$20.7 mn.

CAPITAL INVESTMENT - T&T Capital Expenditures by Public and Private Sectors

Montenegro Travel & Tourism Capital Investment is estimated at EUR30.5 mn, US\$38.0 mn or 13.4% of total investment in year 2006. By 2016, this should reach EUR84.2 mn, US\$101.1 mn or 18.6% of total.

GOVT EXPENDITURES - Spending by Govts on T&T Industry and Visitors

Government Travel & Tourism operating expenditures in Montenegro in 2006 are expected to total EUR23.0 mn (US\$28.6 mn) or 3.4% of total government spending. In 2016, this spending is forecast to total EUR47.1 mn (US\$56.6 mn), or 3.5% of total government spending.

GDP*	EMPLOYMENT*	VISITOR EXPORTS	PERSONAL T&T	CAPITAL INVESTMENT	GOVERNMENT EXPENDITURE
OUTLOOK FOR 2006 (Real Growth)					
▲ 8.0%	▲ 4.7%	▲ 16.4%	▲ 7.9%	▼ -8.1%	▲ 4.4%
OUTLOOK FOR THE NEXT TEN YEARS (Real Growth per Annum 2007-2016)					
▲ 8.0%	▲ 4.7%	▲ 12.6%	▲ 6.4%	▲ 7.5%	▲ 4.3%

Each year the World Travel & Tourism Council, together with its research partner Oxford Economic Forecasting, produces comprehensive reports that quantify and forecast the economic impact of Travel & Tourism for 174 economies and the world. To download one page summaries, the full reports or spreadsheets visit www.wttc.org



Special Country Reports for select economies are also available online. In addition to an economic analysis / forecast of Travel & Tourism, these reports also set out WTTTC's policy recommendations that we believe will help, if addressed, to realize the potential benefits of Travel & Tourism, ensuring longer-term sustainable development and spreading the benefits across all levels of the economy and society.

www.wttc.org

WORLD TRAVEL & TOURISM COUNCIL

THE WORLD TRAVEL & TOURISM COUNCIL (WTTC) IS THE BUSINESS LEADERS' FORUM FOR TRAVEL & TOURISM, WORKING WITH GOVERNMENTS TO RAISE AWARENESS OF THE IMPORTANCE OF THE WORLD'S LARGEST GENERATOR OF WEALTH AND JOBS.

Travel & Tourism Satellite Accounting – the standardized United Nations' measurement of Travel & Tourism's economic impact on an economy's personal consumption, business spending, capital investment, government expenditures, gross domestic product and employment – is perhaps the most important recent development in the quest for recognizing Travel & Tourism's contribution and future potential.

With this 2006 edition of Tourism Satellite Accounting research, produced by its research team at Oxford Economic Forecasting, WTTC is thrilled to join efforts with its new global sponsor Accenture to strengthen and broaden the scope of its research and provide the resources to reach out to a wider audience of stakeholders who share the quest for solid, credible and professional information that can aid in public and private sector decision making.

Joining forces with Accenture, one of the world's leading professional services firms, will allow WTTC to take this vital industry research to the next level and provide even better and more detailed information covering 174 countries around the globe. In fact, significant strides have already been made with this 2006 edition to significantly improve the estimates and forecasts for business travel and create newly detailed international visitor demand forecasts based on a weighted grouping of major visitor markets. WTTC and Accenture have also planned a series of events to be held around the world over the coming months to discuss and debate the economics and policy issues which impact the future potential.

Finally, while we will continue to be relentless in our long-term pursuit of better and more reliable data sources and econometric modeling techniques that will capture the true impact of Travel & Tourism and the outlook for growth, we will also continue to produce and communicate ad-hoc real-time analysis that can be used to understand the severity and longevity of real-time shocks to the Travel & Tourism economy such as the 2005 bombings in London, the Indian Ocean Tsunami in 2004 or SARS in 2003.

WTTC is very proud to join forces with Accenture and build on the success of these past fifteen years of research. Welcome to the 2006 edition of WTTC's Travel & Tourism Satellite Accounting Research, we're climbing to new heights.



Jean-Claude Baumgarten
President, World Travel & Tourism Council



Vincent A. Wolfington
Chairman, World Travel & Tourism Council
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TRAVEL & TOURISM'S ECONOMIC IMPACT

TRAVEL & TOURISM – ENCOMPASSING TRANSPORT, ACCOMMODATION, CATERING, RECREATION AND SERVICES FOR VISITORS – IS ONE OF THE WORLD'S HIGHEST PRIORITY INDUSTRIES AND EMPLOYERS.

DEMAND

Worldwide in 2006, it is expected to post US\$6,477,219 mn of economic activity (Total Demand) and this is forecast to grow to US\$12,118,630 mn by 2016.

Travel & Tourism Demand in Central and Eastern Europe is expected to reach US\$244,631.3 mn in 2006, growing to US\$489,370.1 mn in 2016.

In Montenegro, in 2006, Travel & Tourism is expected to post EUR418.9 mn (US\$521.3 mn) of economic activity (Total Demand), growing to EUR1,488.7 mn (US\$1,786.4 mn) by 2016.

GDP

In 2006, the Travel & Tourism Industry should contribute 3.6% to worldwide GDP. The broader Travel & Tourism Economy should contribute 10.3% to world GDP in 2006.

In Central and Eastern Europe, the Travel & Tourism Industry is expected to post a GDP contribution of 2.0% in 2006, while the Travel & Tourism Economy contribution will be 9.1%.

Montenegro's T&T Industry is expected to contribute 9.4% to Gross Domestic Product (GDP) in 2006 (EUR159.5 mn or US\$198.5 mn), rising in nominal terms to EUR508.4 mn or US\$610.1 mn (15.0% of total) by 2016. The T&T Economy contribution (percent of total) should rise from 15.7% (EUR266.7 mn or US\$331.9 mn) to 22.8% (EUR771.4 mn or US\$925.7 mn) in this same period.

GROWTH

Travel & Tourism is a high-growth activity, which is forecast to increase its total economic activity by 4.2% per annum worldwide in real terms over the next ten years.

In Central and Eastern Europe, Travel & Tourism is expected to post average annualized gains of 5.8% between 2007 and 2016.

For Montenegro, Travel & Tourism activity is expected to grow by 10.2% per annum in real terms between 2007 and 2016.

EMPLOYMENT

Travel & Tourism is human resource intensive, creating quality jobs across the full employment spectrum. In 2006, one in 11.5 jobs will be generated by the Travel & Tourism Economy. The Travel & Tourism Economy accounts for 8.7% of global employment. Today there are 76.7 million Travel & Tourism Industry jobs and 234.3 million jobs in the Travel & Tourism Economy, and these will rise to 89.5 million Travel & Tourism Industry jobs and 279.3 million Travel & Tourism Economy jobs by 2016.

The Central and Eastern Europe Travel & Tourism Industry is expected to generate 2,499,000 jobs in 2006 (1.8% of total employment), while the broader Travel & Tourism Economy will account for 10,468,000 jobs (7.4% of total employment).

Montenegro T&T Economy employment is estimated at 24,000 jobs in 2006, 16.8% of total employment, or 1 in every 6.0 jobs. By 2016, this should total 38,000 jobs, 24.4% of total employment or 1 in every 4.1 jobs. The 14,000 T&T Industry jobs account for 10.0% of total employment in 2006 and are forecast to total 25,000 jobs or 16.1% of the total by 2016.

VISITOR EXPORTS

Travel & Tourism is a major exporter, with inbound visitors injecting foreign exchange directly into the economy. Travel & Tourism exports in Central and Eastern Europe are expected to represent 9.8% of total exports in 2006.

In Montenegro, exports make up a very important share of Travel & Tourism's contribution to GDP. Of total Montenegro exports, Travel & Tourism is expected to generate 41.5% (EUR277.1 mn or US\$344.8 mn) in 2006, increasing to EUR1,137.3 mn, or US\$1,364.8 mn (53.6% of total exports) by 2016.

CAPITAL INVESTMENT

Travel & Tourism is a catalyst for construction and manufacturing. In 2006, the public and private sectors combined are expected to spend US\$1,010,732.0 bn on new Travel & Tourism capital investment worldwide - 9.3% of total investment - rising to US\$2,059,802.0 bn, or 9.6% of the total, in 2016.

In Central and Eastern Europe, Travel & Tourism Capital Investment is expected to total US\$48,415.2 mn in 2006, or 10.9% of total regional capital investment.

Montenegro Travel & Tourism Capital Investment is estimated at EUR30.5 mn, US\$38.0 mn or 13.4% of total investment in year 2006. By 2016, this should reach EUR84.2 mn, US\$101.1 mn or 18.6% of total.

GOVERNMENT

Travel & Tourism is both a generator and receiver of government funds. Globally, in 2006, Travel & Tourism is expected to garner US\$300,174.8 bn of government expenditures, or 3.8% of total expenditures. By 2016, government spending on Travel & Tourism should increase to US\$480,893.5 bn - 4.0% of total government expenditure.

Government Travel & Tourism operating expenditures in Montenegro in 2006 are expected to total EUR23.0 mn (US\$28.6 mn) or 3.4% of total government spending. In 2016, this spending is forecast to total EUR47.1 mn (US\$56.6 mn), or 3.5% of total government spending.

NATIONAL, REGIONAL, AND WORLD SUMMARY TABLES

MONTENEGRO ESTIMATES AND FORECASTS

Montenegro	2006			2016		
	EUR mn	% of Tot	Growth ¹	EUR mn	% of Tot	Growth ²
Personal Travel & Tourism	81.0	6.0	7.9	202.8	7.6	6.4
Business Travel	7.3	---	7.0	17.2	---	5.8
Government Expenditures	23.0	3.4	4.4	47.1	3.5	4.3
Capital Investment	30.5	13.4	-8.1	84.2	18.6	7.5
Visitor Exports	251.1	37.6	16.4	1,097.7	51.7	12.6
Other Exports	26.0	3.9	0.3	39.7	1.9	1.3
Travel & Tourism Demand	418.9	---	10.6	1,488.7	---	10.2
T&T Industry GDP	159.5	9.4	12.5	508.4	15.0	9.0
T&T Economy GDP	266.7	15.7	8.0	771.4	22.8	8.0
T&T Industry Employment	14.5	10.0	9.1	25.3	16.1	5.8
T&T Economy Employment	24.2	16.8	4.7	38.4	24.4	4.7

¹2006 Real Growth Adjusted for Inflation (%); ²2007-2016 Annualized Real Growth Adjusted for Inflation (%); '000 of Jobs

CENTRAL AND EASTERN EUROPE ESTIMATES AND FORECASTS

Central and Eastern Europe	2006			2016		
	US\$ mn	% of Tot	Growth ¹	US\$ mn	% of Tot	Growth ²
Personal Travel & Tourism	77,593.4	7.0	7.3	150,955.4	8.0	5.8
Business Travel	24,654.5	---	14.6	43,936.3	---	4.8
Government Expenditures	8,762.2	3.0	1.5	12,960.9	3.1	2.7
Capital Investment	48,415.2	10.9	0.8	105,588.5	10.9	6.8
Visitor Exports	50,151.3	5.8	9.2	108,208.5	7.0	6.1
Other Exports	34,946.8	4.0	1.0	67,612.5	4.3	5.6
Travel & Tourism Demand	244,631.3	---	5.9	489,370.1	---	5.8
T&T Industry GDP	38,185.8	2.0	9.3	74,076.0	2.3	5.4
T&T Economy GDP	171,166.1	9.1	5.3	337,172.4	10.3	5.6
T&T Industry Employment	2,499.1	1.8	4.9	2,745.9	1.9	0.9
T&T Economy Employment	10,467.6	7.4	0.3	11,719.8	8.3	1.1

¹2006 Real Growth Adjusted for Inflation (%); ²2007-2016 Annualized Real Growth Adjusted for Inflation (%); '000 of Jobs

WORLD ESTIMATES AND FORECASTS

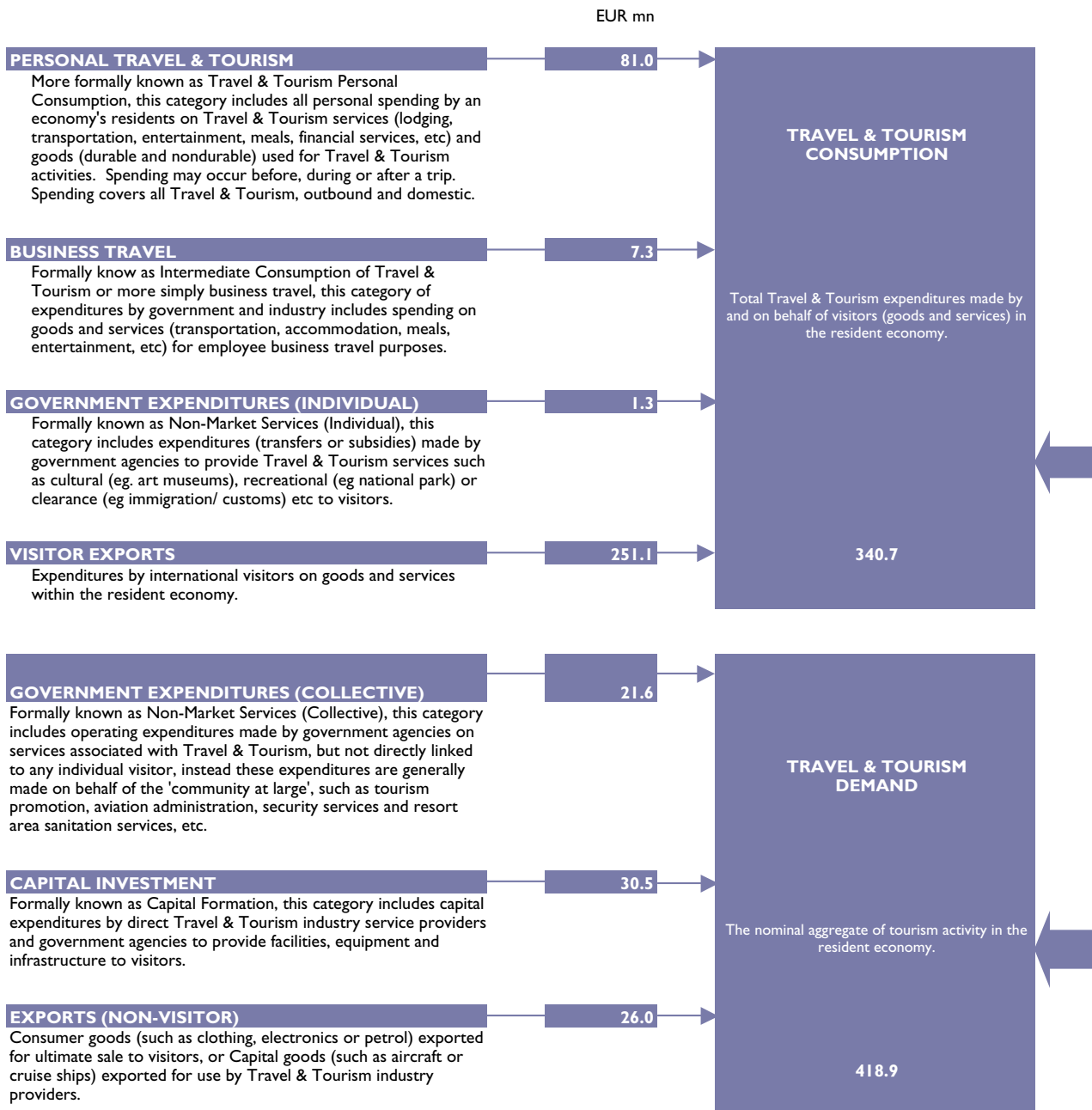
World	2006			2016		
	US\$ mn	% of Tot	Growth ¹	US\$ mn	% of Tot	Growth ²
Personal Travel & Tourism	2,844,662	9.5	3.7	4,916,304	9.8	3.4
Business Travel	672,455	---	5.9	1,190,257	---	3.6
Government Expenditures	300,175	3.8	2.2	480,894	4.0	2.6
Capital Investment	1,010,732	9.3	4.9	2,059,802	9.6	4.6
Visitor Exports	895,833	6.4	6.5	1,753,804	5.5	4.9
Other Exports	750,365	5.4	5.0	1,714,576	5.4	6.5
Travel & Tourism Demand	6,477,219	---	4.6	12,118,630	---	4.2
T&T Industry GDP	1,754,472	3.6	4.4	2,969,437	3.6	3.2
T&T Economy GDP	4,963,773	10.3	4.8	8,971,629	10.9	3.7
T&T Industry Employment	76,728.7	2.8	3.4	89,484.5	2.9	1.6
T&T Economy Employment	234,304.5	8.7	4.4	279,346.7	9.0	1.8

¹2006 Real Growth Adjusted for Inflation (%); ²2007-2016 Annualized Real Growth Adjusted for Inflation (%); '000 of Jobs

TSA CONCEPTS & STRUCTURE

The Travel & Tourism Satellite Account is based on a 'demand-side' concept of economic activity, because the industry does not produce or supply a homogeneous product or service like traditional industries (agriculture, electronics, steel, etc). Instead, Travel & Tourism is an industrial activity defined by the diverse collection of products (durables and non-durables) and services (transportation, accommodation, food and beverage, entertainment, government services, etc) that are delivered to visitors. There are two basic aggregates of demand (Travel & Tourism Consumption and Total Demand) and by employing input/output modelling separately (large arrows) to these two aggregates the Satellite Account is able to produce two different and complementary aggregates of Travel & Tourism Supply: the Travel & Tourism Industry and the Travel & Tourism Economy. The first captures the explicitly defined production-side 'industry' contribution (ie direct impact only), for comparison with all other industries, while the second captures the broader 'economy-wide' impact, direct and indirect, of Travel & Tourism.

Demand Side Accounts



Supply Side Accounts

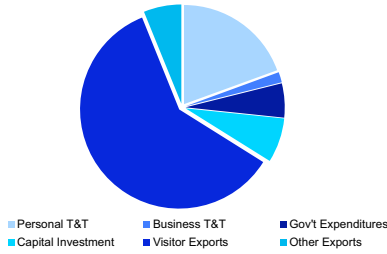
EUR mn



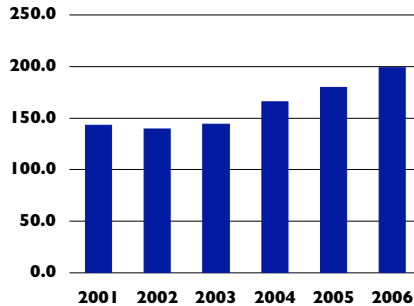
TOTAL DEMAND

Montenegro Travel & Tourism is expected to generate EUR418.9 mn (US\$521.3 mn) of economic activity (Total Demand) in 2006, growing (nominal terms) to EUR1,488.7 mn (US\$1,786.4 mn) by 2016. Total Demand is expected to grow by 10.6% in 2006 and by 10.2% per annum, in real terms, between 2007 and 2016. 2006 Total Demand represents 0.0% of world market share.

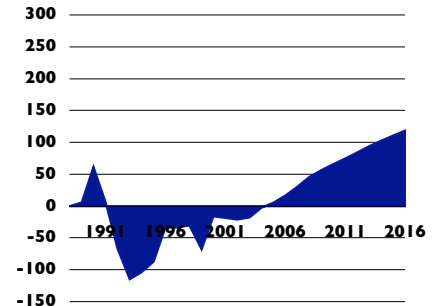
Montenegro Total Demand 2006



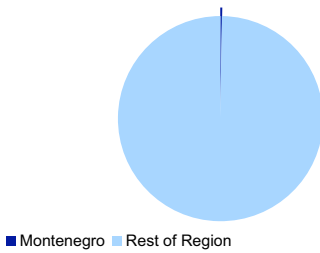
Montenegro Travel & Tourism Total Demand (2000 Constant US\$ mn)



Montenegro Travel & Tourism Total Demand (Cumulative Real Growth, %)

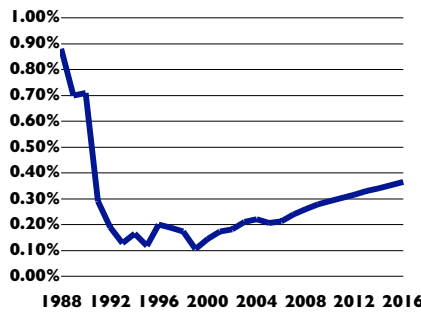


Montenegro Market Share of Central and Eastern Europe Total Demand 2006

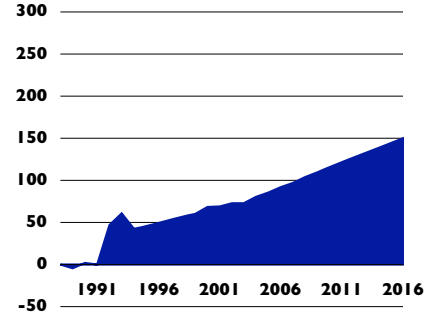


* 2006 Regional Market Share is 0.21%

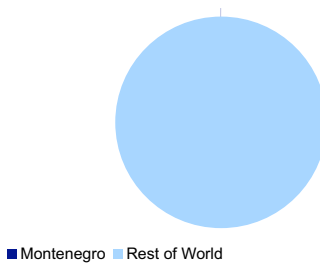
Montenegro Market Share of Central and Eastern Europe Total Demand



Central and Eastern Europe Travel & Tourism Total Demand (Cumulative Real Growth, %)

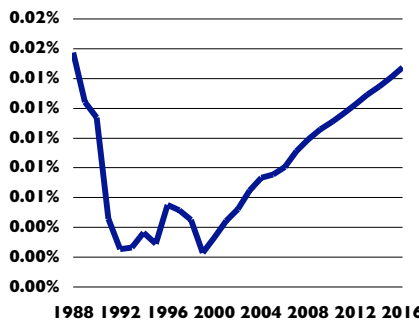


Montenegro Market Share of World Total Demand 2005

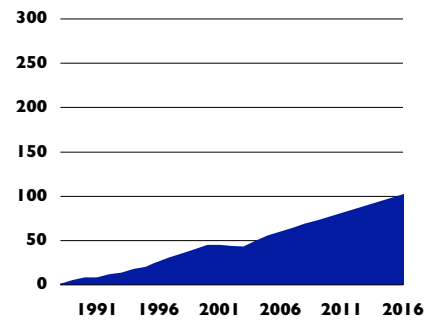


* 2006 World Market Share is 0.01%

Montenegro Market Share of World Total Demand



World Travel & Tourism Total Demand (Cumulative Real Growth, %)



**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Total Demand
(2005, US\$ mn)**

8 Italy	246,927.3
20 Turkey	63,884.5
24 Greece	41,880.1
40 Czech Republic	24,282.0
48 Croatia	12,368.5
68 Bulgaria	6,725.6
71 Cyprus	5,445.0
102 Albania	1,853.2
112 Bosnia and Herzegovina	1,392.0
142 Montenegro	521.3

**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Total Demand
(2005 Real Growth, %)**

2 Croatia	15.8
7 Albania	11.2
9 Montenegro	10.6
21 Bosnia and Herzegovina	8.6
47 Turkey	7.3
52 Czech Republic	7.0
60 Greece	6.7
71 Bulgaria	6.3
87 Cyprus	5.9
158 Italy	2.9

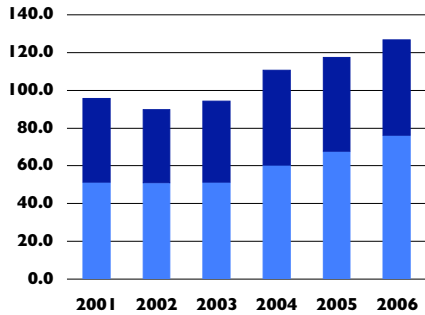
**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Total Demand
(10-Year Real Growth, Annualized, %)**

1 Montenegro	10.2
5 Croatia	7.6
9 Albania	7.0
20 Bosnia and Herzegovina	6.2
38 Czech Republic	5.5
76 Turkey	4.7
78 Cyprus	4.7
105 Bulgaria	4.3
141 Greece	3.8
172 Italy	2.2

GROSS DOMESTIC PRODUCT

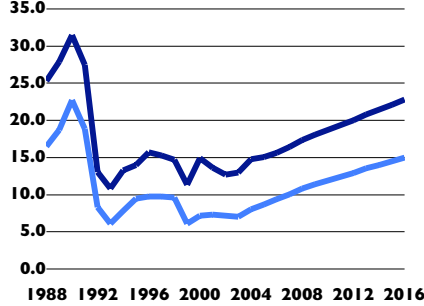
Montenegro's T&T Industry is expected to contribute 9.4% to Gross Domestic Product (GDP) in 2006 (EUR159.5 mn or US\$198.5 mn), rising in nominal terms to EUR508.4 mn or US\$610.1 mn (15.0% of total) by 2016. The T&T Economy contribution (percent of total) should rise from 15.7% (EUR266.7 mn or US\$331.9 mn) to 22.8% (EUR771.4 mn or US\$925.7 mn) in this same period.

Montenegro
Travel & Tourism Gross Domestic Product
(2000 Constant US\$ mn)



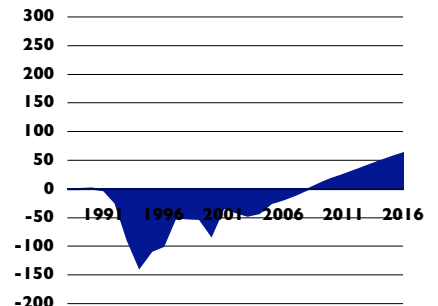
Light Blue Bar is T&T Industry GDP, Light/Dark Blue Combination is T&T Economy GDP

Montenegro
Travel & Tourism Gross Domestic Product
(% of Total GDP)

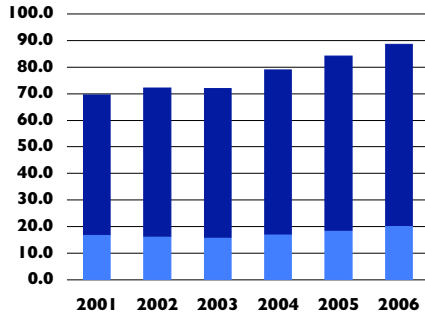


Light Blue Line is T&T Industry GDP, Dark Blue is T&T Economy GDP

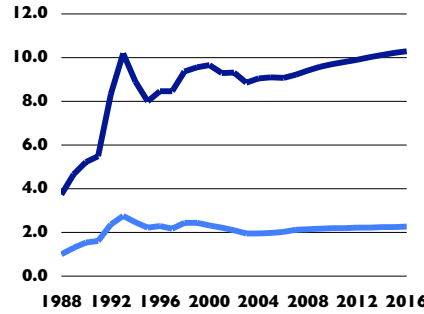
Montenegro
Travel & Tourism Economy GDP
(Cumulative Real Growth, %)



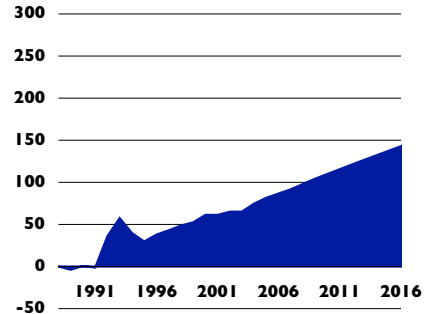
Central and Eastern Europe
Travel & Tourism Gross Domestic Product
(2000 Constant US\$ mn)



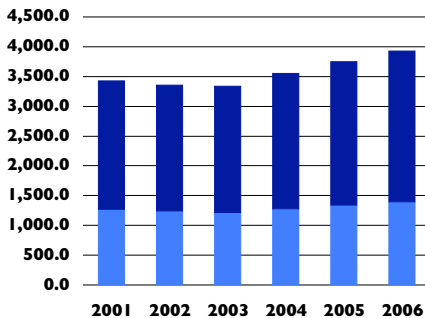
Central and Eastern Europe
Travel & Tourism Gross Domestic Product
(% of Total GDP)



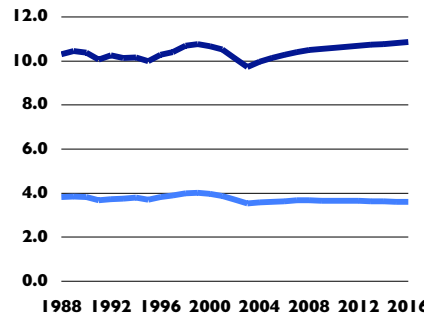
Central and Eastern Europe
Travel & Tourism Economy GDP
(Cumulative Real Growth, %)



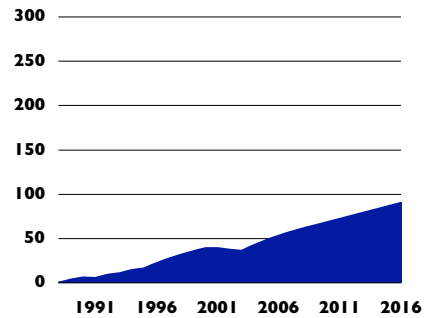
World
Travel & Tourism Gross Domestic Product
(2000 Constant US\$ mn)



World
Travel & Tourism Gross Domestic Product
(% of Total GDP)



World
Travel & Tourism Economy GDP
(Cumulative Real Growth, %)



WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy GDP
(2006, US\$ mn)

8 Italy	192,489.4
17 Turkey	54,220.2
22 Greece	35,630.6
37 Czech Republic	17,490.5
52 Croatia	7,848.8
67 Bulgaria	4,575.9
71 Cyprus	4,020.7
106 Bosnia and Herzegovina	1,098.9
107 Albania	1,071.9
142 Montenegro	331.9

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy GDP
(2006, % of Total GDP)

25 Cyprus	23.3
30 Croatia	20.1
43 Bulgaria	16.0
44 Montenegro	15.7
48 Greece	15.1
62 Czech Republic	13.6
63 Turkey	13.5
68 Albania	11.9
69 Bosnia and Herzegovina	11.8
77 Italy	10.8

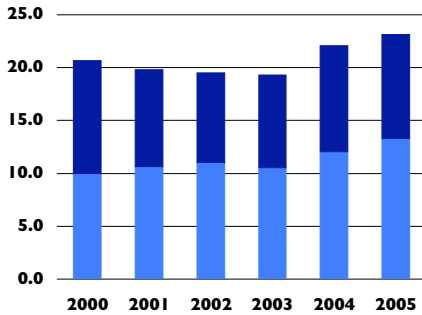
WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy GDP
(10-Year Real Growth, Annualized, %)

2 Croatia	8.3
3 Montenegro	8.0
5 Albania	7.4
20 Bosnia and Herzegovina	6.2
43 Czech Republic	5.2
87 Cyprus	4.4
108 Bulgaria	3.9
118 Turkey	3.8
127 Greece	3.7
172 Italy	1.7

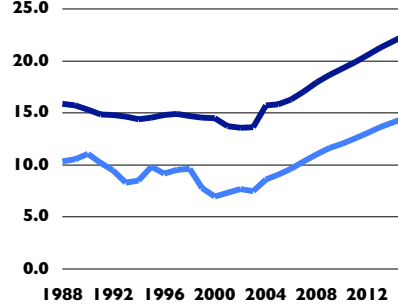
EMPLOYMENT

Montenegro T&T Economy employment is estimated at 24,000 jobs in 2006, 16.8% of total employment, or 1 in every 6.0 jobs. By 2016, this should total 38,000 jobs, 24.4% of total employment or 1 in every 4.1 jobs. The 14,000 T&T Industry jobs account for 10.0% of total employment in 2006 and are forecast to total 25,000 jobs or 16.1% of the total by 2016.

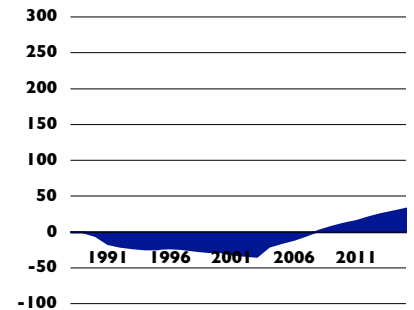
**Montenegro
Travel & Tourism Employment
('000s of Jobs)**



**Montenegro
Travel & Tourism Employment
(% of Total Employment)**



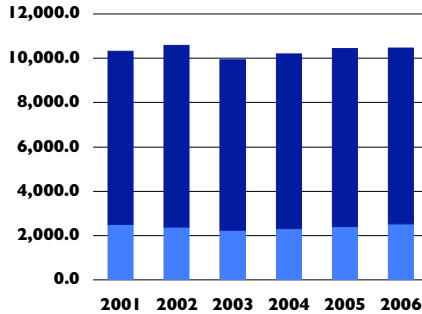
**Montenegro
Travel & Tourism Employment
(Cumulative Real Growth, %)**



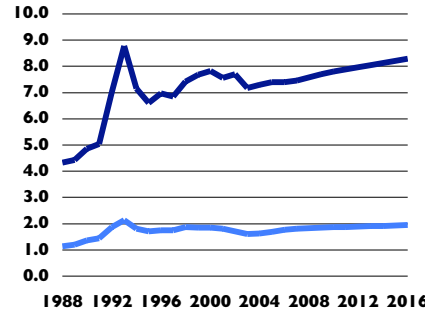
Light Blue Bar is T&T Industry Jobs; Light/Dark Blue Combination is T&T Economy Jobs

Light Blue Line is T&T Industry Jobs; Dark Blue is T&T Economy Jobs

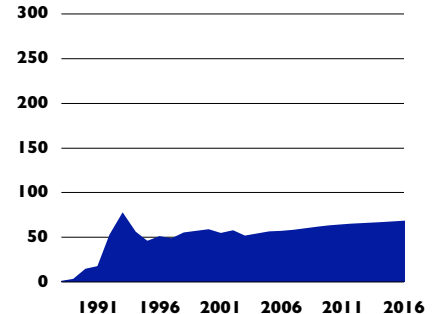
**Central and Eastern Europe
Travel & Tourism Employment
('000s of Jobs)**



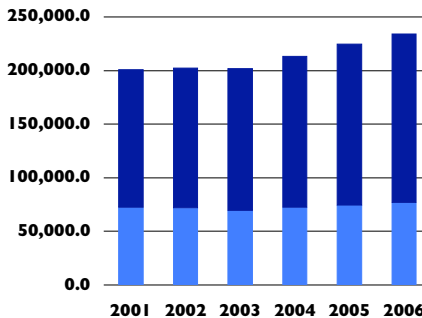
**Central and Eastern Europe
Travel & Tourism Employment
(% of Total Employment)**



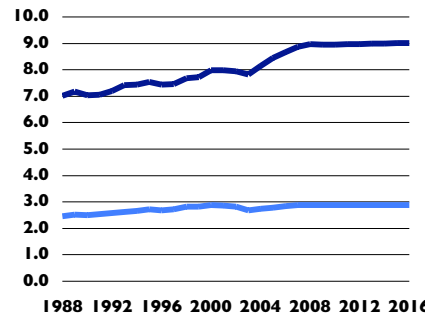
**Central and Eastern Europe
Travel & Tourism Economy Employment
(Cumulative Real Growth, %)**



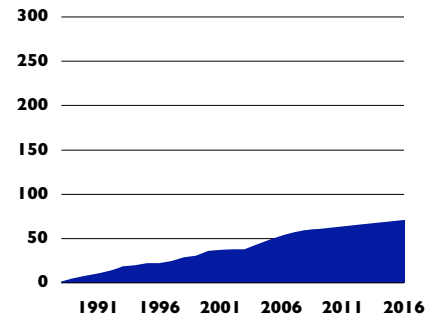
**World
Travel & Tourism Employment
('000s of Jobs)**



**World
Travel & Tourism Employment
(% of Total Employment)**



**World
Travel & Tourism Economy Employment
(Cumulative Real Growth, %)**



**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy Employment
(2006, '000 of Jobs)**

16 Italy	2,702.6
25 Turkey	1,710.0
45 Greece	698.7
48 Czech Republic	601.3
60 Bulgaria	400.3
76 Croatia	262.1
103 Albania	138.3
108 Cyprus	113.3
110 Bosnia and Herzegovina	109.4
153 Montenegro	24.2

**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy Employment
(2006, % of Total Employment)**

20 Cyprus	29.7
27 Croatia	23.1
42 Montenegro	16.8
44 Greece	15.9
55 Bulgaria	13.6
59 Czech Republic	12.6
65 Italy	11.9
85 Albania	9.6
87 Bosnia and Herzegovina	9.5
110 Turkey	7.8

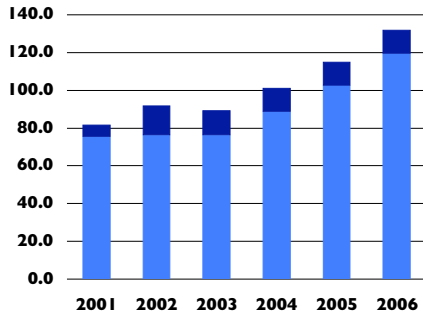
**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Economy Employment
(10-Year Real Growth, Annualized, %)**

7 Montenegro	4.7
9 Croatia	4.7
28 Albania	3.8
117 Bosnia and Herzegovina	1.6
127 Greece	1.5
148 Czech Republic	1.0
152 Cyprus	0.8
154 Italy	0.7
163 Turkey	0.3
172 Bulgaria	-0.7

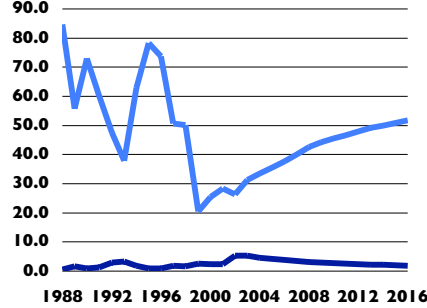
VISITOR EXPORTS

Visitor Exports play an important development role for the resident Travel & Tourism Economy. Montenegro Travel & Tourism is expected to generate 41.5% of total exports (EUR277.1 mn or US\$344.8 mn) in 2006, growing (nominal terms) to EUR1,137.3 mn or US\$1,364.8 mn (53.6% of total) in 2016.

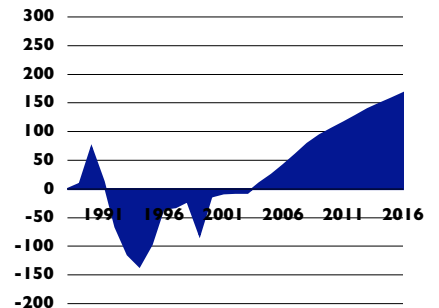
**Montenegro
Travel & Tourism Exports
(2000 Constant US\$ mn)**



**Montenegro
Travel & Tourism Exports
(% of Total Exports)**



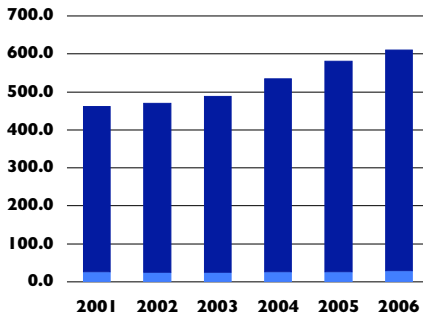
**Montenegro
Travel & Tourism Visitor Exports
(Cumulative Real Growth, %)**



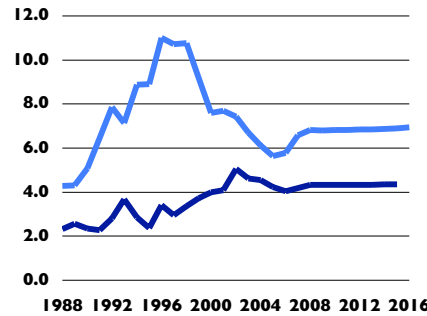
Light Blue Bar is Visitor Exports; Dark Blue Bar is Other Exports

Light Blue Line is Visitor Exports; Dark Blue Line is Other Exports

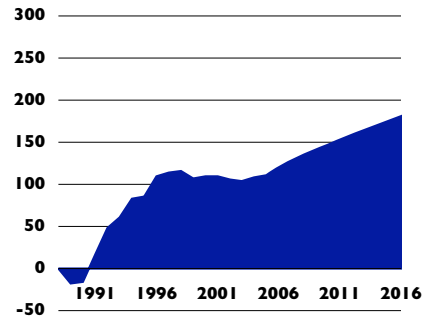
**Central and Eastern Europe
Travel & Tourism Exports
(2000 Constant US\$ mn)**



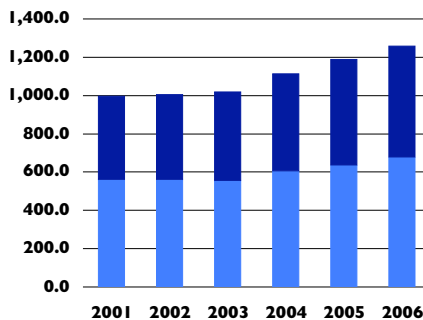
**Central and Eastern Europe
Travel & Tourism Exports
(% of Total Exports)**



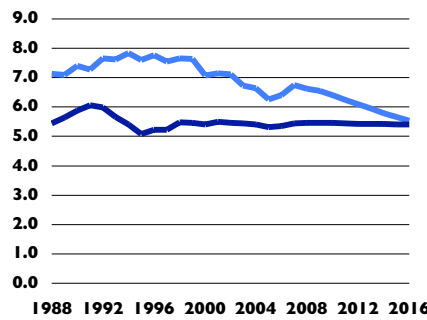
**Central and Eastern Europe
Travel & Tourism Visitor Exports
(Cumulative Real Growth, %)**



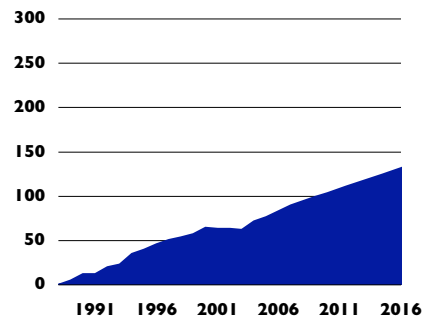
**World
Travel & Tourism Exports
(2000 Constant US\$ mn)**



**World
Travel & Tourism Exports
(% of Total Exports)**



**World
Travel & Tourism Visitor Exports
(Cumulative Real Growth, %)**



**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Visitor Exports
(2006, US\$ mn)**

5 Italy	41,378.8
8 Turkey	22,276.2
15 Greece	15,168.7
36 Croatia	6,624.4
39 Czech Republic	5,847.5
48 Bulgaria	3,266.6
53 Cyprus	2,819.9
87 Albania	848.5
96 Bosnia and Herzegovina	658.5
118 Montenegro	312.5

**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Visitor Exports
(2006, % of Total Exports)**

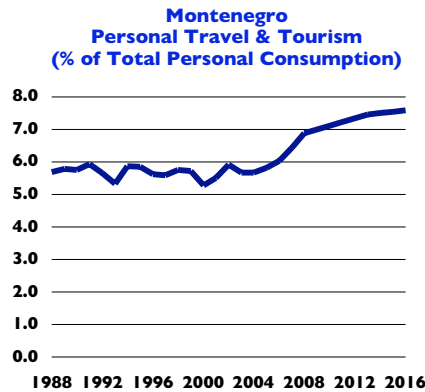
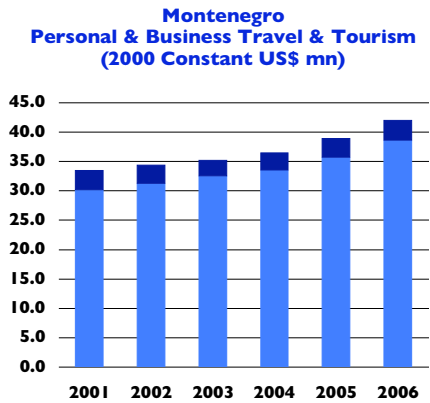
19 Albania	43.8
22 Montenegro	37.6
25 Greece	35.1
28 Cyprus	33.4
30 Croatia	32.0
50 Turkey	20.2
57 Bulgaria	17.8
61 Bosnia and Herzegovina	17.3
90 Italy	8.6
109 Czech Republic	6.0

**WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Visitor Exports
(10-Year Real Growth, Annualized, %)**

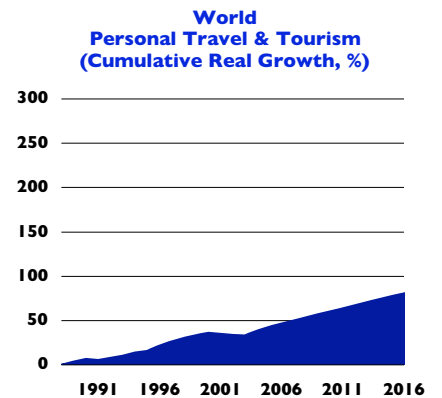
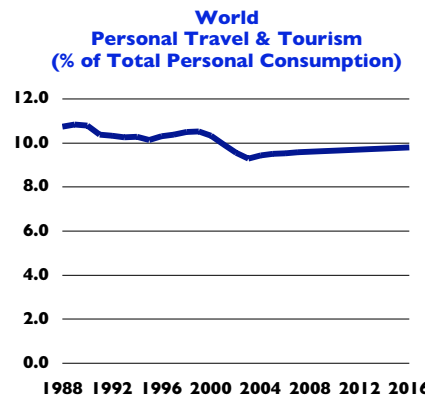
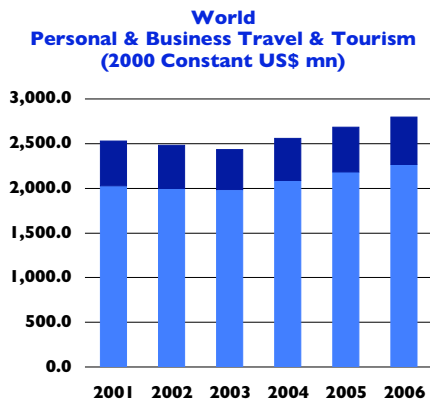
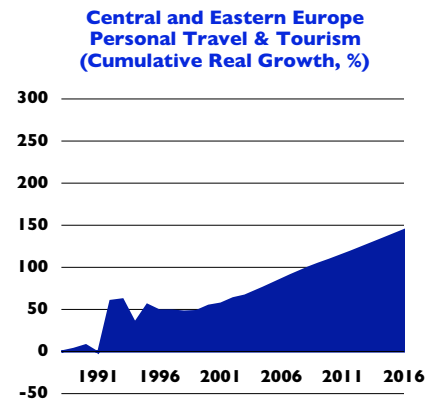
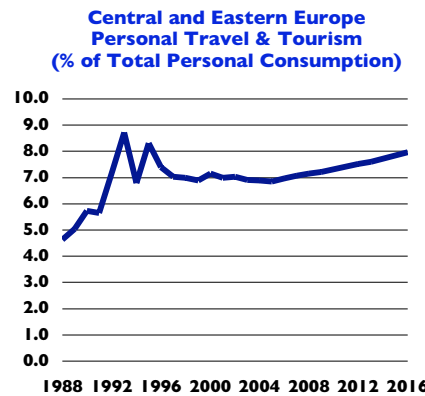
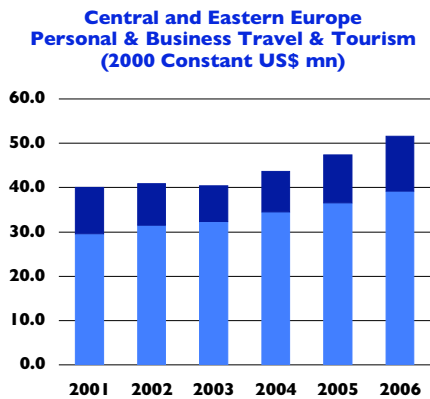
2 Montenegro	12.6
6 Croatia	8.1
9 Albania	7.6
13 Bosnia and Herzegovina	7.6
127 Cyprus	4.7
134 Czech Republic	4.5
136 Turkey	4.5
158 Bulgaria	3.9
165 Greece	3.6
166 Italy	3.6

PERSONAL & BUSINESS

Montenegro Personal Travel & Tourism is estimated at EUR81.0 mn, US\$100.9 mn or 6.0% of total personal consumption in year 2006. By 2016, this should reach EUR202.8 mn, US\$243.3 mn or 7.6% of total consumption. Montenegro Business Travel is estimated at EUR7.3 mn, US\$9.1 mn in year 2006. By 2016, this should reach EUR17.2 mn or US\$20.7 mn.



Light Blue Bar is Personal Travel & Tourism; Dark Blue Bar is Business Travel



WTTC LEAGUE TABLE EXTRACT Personal Travel & Tourism (2006, US\$ mn)

6 Italy	109,319.1
21 Turkey	21,144.1
26 Greece	14,707.5
42 Czech Republic	4,832.4
55 Croatia	2,874.4
66 Bulgaria	1,645.9
72 Cyprus	1,219.8
95 Albania	595.2
111 Bosnia and Herzegovina	323.4
143 Montenegro	100.9

WTTC LEAGUE TABLE EXTRACT Personal Travel & Tourism (2006, % of Total Personal Consumption)

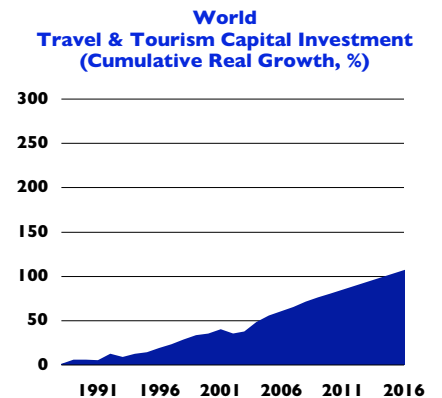
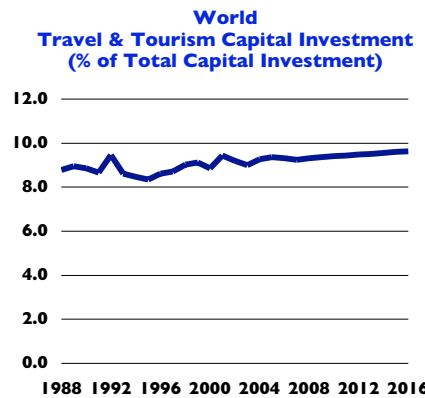
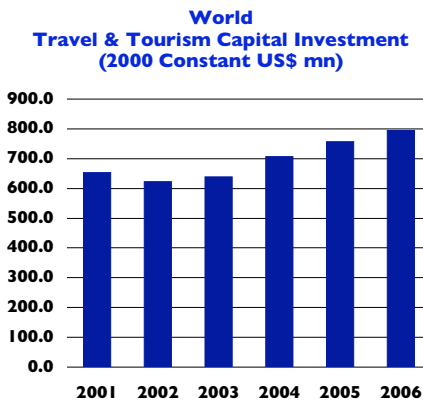
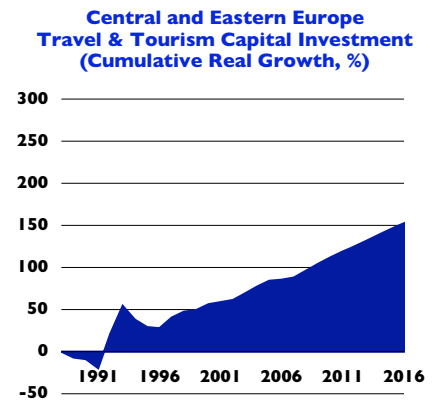
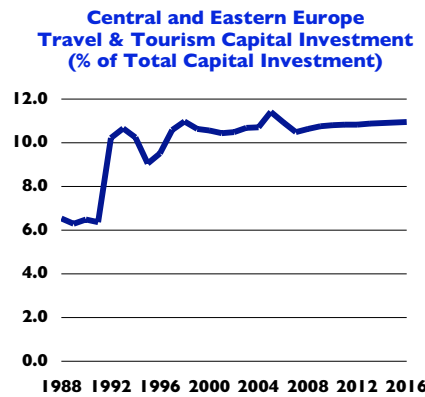
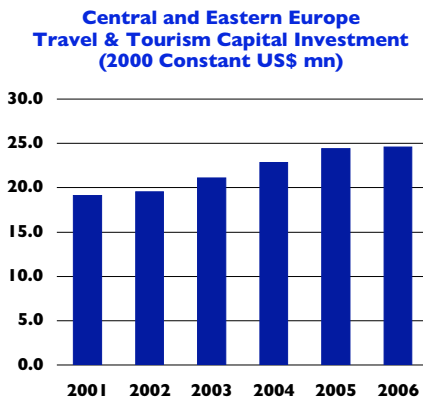
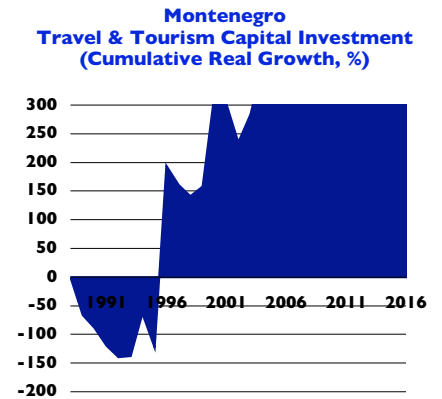
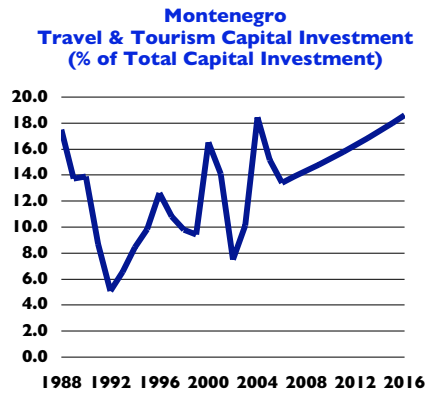
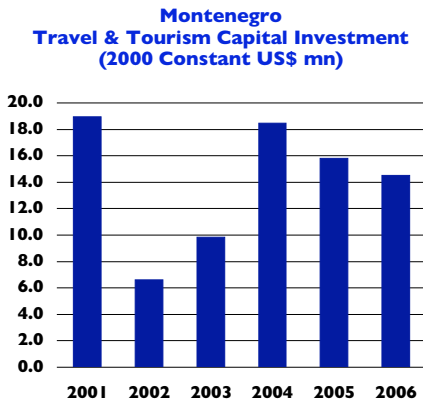
26 Croatia	12.0
37 Cyprus	10.8
46 Italy	10.1
54 Greece	9.2
61 Albania	8.5
68 Turkey	7.9
74 Bulgaria	7.5
75 Czech Republic	7.5
93 Montenegro	6.0
146 Bosnia and Herzegovina	4.0

WTTC LEAGUE TABLE EXTRACT Personal Travel & Tourism (10-Year Real Growth, Annualized, %)

11 Croatia	7.1
17 Albania	6.7
20 Montenegro	6.4
42 Czech Republic	5.7
43 Cyprus	5.7
55 Turkey	5.4
63 Bulgaria	5.3
130 Bosnia and Herzegovina	3.9
143 Greece	3.5
172 Italy	1.9

CAPITAL INVESTMENT

Montenegro Travel & Tourism Capital Investment is estimated at EUR30.5 mn, US\$38.0 mn or 13.4% of total investment in year 2006. By 2016, this should reach EUR84.2 mn, US\$101.1 mn or 18.6% of total.



WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Capital Investment
(2006, US\$ mn)

7 Italy	28,965.7
16 Turkey	11,946.8
23 Greece	7,045.8
33 Czech Republic	4,644.1
65 Croatia	1,088.8
70 Bulgaria	868.6
77 Cyprus	650.7
127 Bosnia and Herzegovina	140.4
129 Albania	137.1
154 Montenegro	38.0

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Capital Investment
(2006, % of Total Capital Investment)

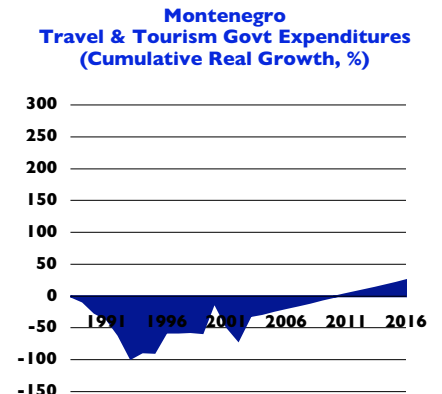
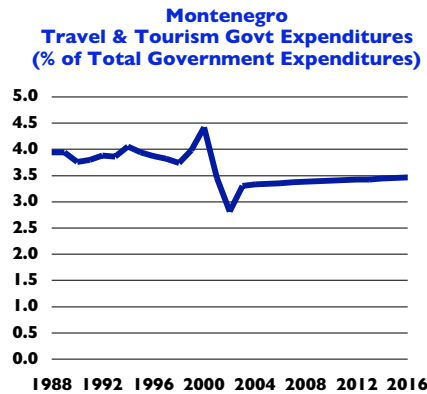
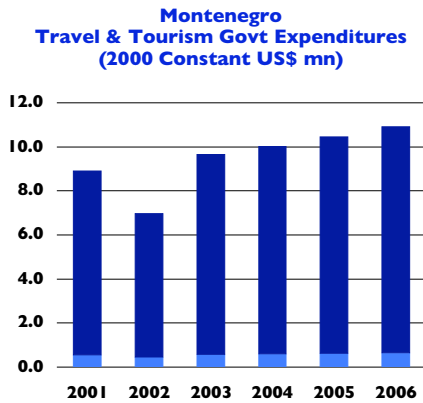
33 Cyprus	19.7
53 Turkey	14.5
56 Bulgaria	14.2
62 Montenegro	13.4
70 Greece	12.6
81 Czech Republic	11.9
99 Croatia	10.1
116 Italy	8.4
133 Bosnia and Herzegovina	7.4
159 Albania	6.0

WTTC LEAGUE TABLE EXTRACT
Travel & Tourism Capital Investment
(10-Year Real Growth, Annualized, %)

8 Montenegro	7.5
13 Albania	6.7
17 Czech Republic	6.5
43 Greece	5.4
59 Bosnia and Herzegovina	4.7
79 Croatia	4.2
91 Cyprus	4.0
102 Bulgaria	3.7
134 Turkey	2.7
172 Italy	0.6

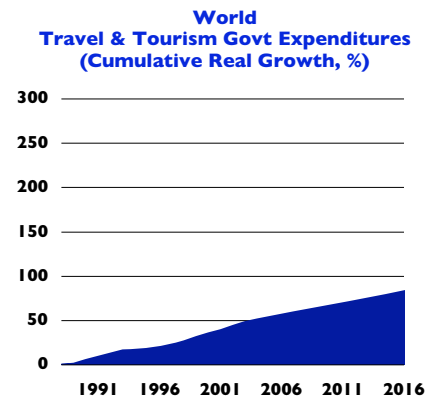
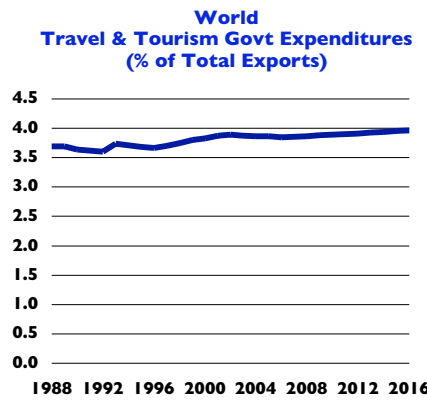
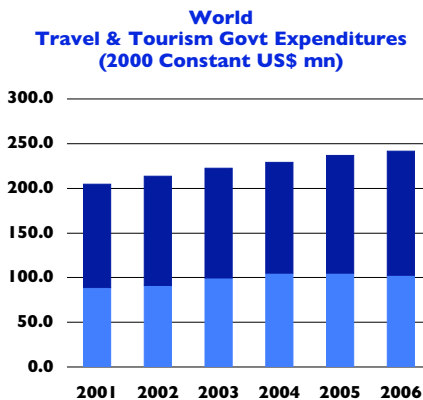
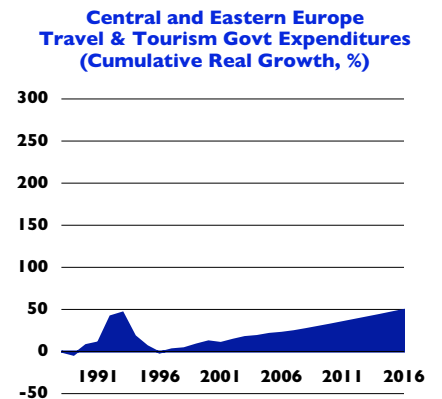
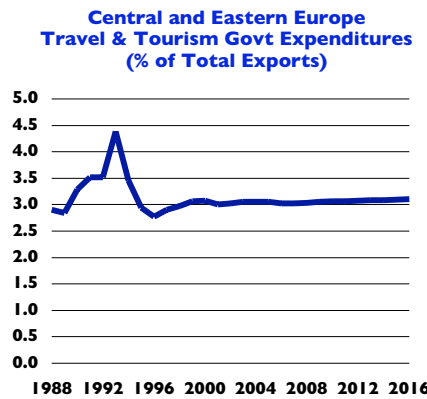
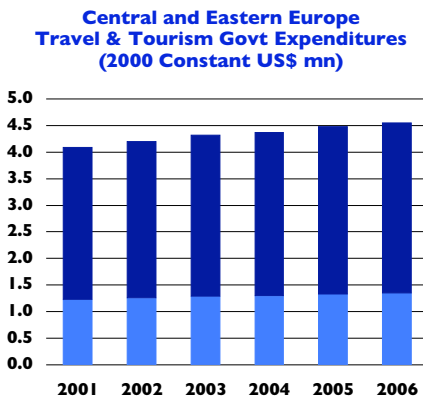
GOVERNMENT

Government Travel & Tourism operating expenditures in Montenegro in 2006 are expected to total EUR23.0 mn (US\$28.6 mn) or 3.4% of total government spending. In 2016, this spending is forecast to total EUR47.1 mn (US\$56.6 mn), or 3.5% of total government spending.



Light Blue Bar is Govt Individual; Dark Blue Bar is Govt Collective

Light Blue Line is Visitor Exports; Dark Blue Line is Other Exports



WTTC LEAGUE TABLE EXTRACT Travel & Tourism Govt Expenditures (2006, US\$ mn)

6 Italy	12,670.6
25 Greece	1,416.4
30 Czech Republic	966.9
52 Turkey	366.9
58 Cyprus	280.7
82 Bulgaria	119.9
85 Croatia	111.6
122 Albania	29.4
124 Montenegro	28.6
133 Bosnia and Herzegovina	22.3

WTTC LEAGUE TABLE EXTRACT Travel & Tourism Govt Expenditures (2006, % of Total Exports)

30 Cyprus	9.2
78 Albania	3.8
79 Greece	3.8
86 Czech Republic	3.6
87 Italy	3.6
91 Montenegro	3.4
96 Bulgaria	3.2
153 Croatia	1.5
165 Bosnia and Herzegovina	1.1
171 Turkey	0.7

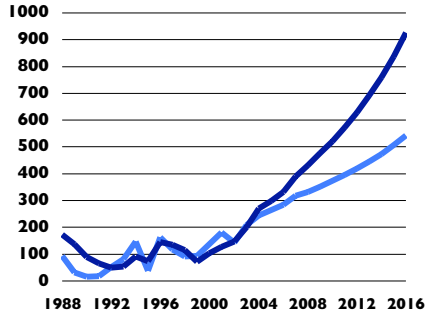
WTTC LEAGUE TABLE EXTRACT Travel & Tourism Govt Expenditures (10-Year Real Growth, Annualized, %)

15 Turkey	5.6
28 Albania	5.0
53 Montenegro	4.3
62 Bosnia and Herzegovina	4.2
98 Bulgaria	3.3
119 Cyprus	2.9
121 Czech Republic	2.8
153 Croatia	1.9
167 Italy	1.2
174 Greece	-0.9

GENERAL MACROECONOMIC INDICATORS

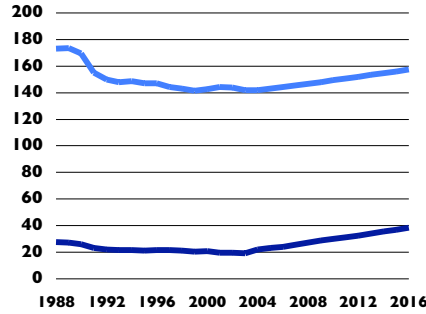
The following charts illustrate how Travel & Tourism growth follows or varies from general macroeconomic growth for various indicators. The bottom three charts illustrate information related to International Visitor Arrivals.

**Montenegro
Gross Domestic Product
(US\$ mn)**



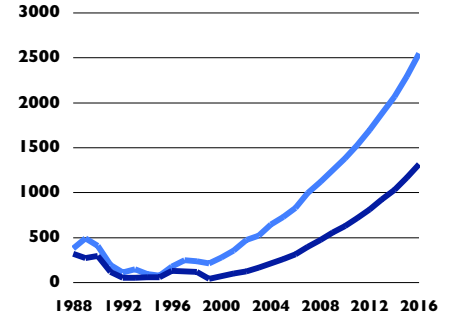
Light Blue Bar is Total GDP; Dark Blue Bar is T&T Economy GDP

**Montenegro
Employment
'000 of Jobs**



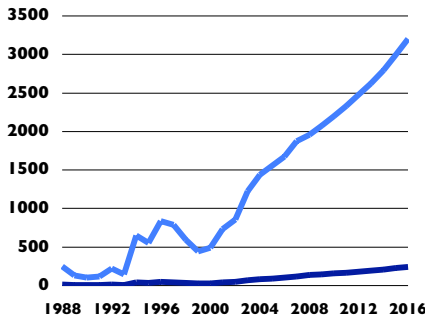
Light Blue Bar is Total Employment; Dark Blue Bar is T&T Economy Employment

**Montenegro
Exports
(US\$ mn)**



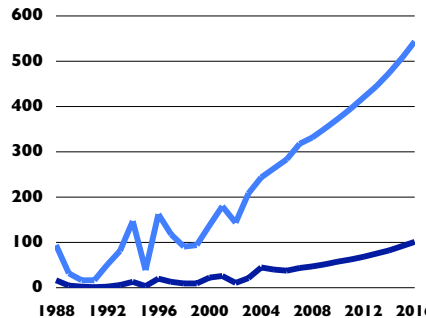
Light Blue Bar is Total Exports; Dark Blue Bar is T&T Visitor Exports

**Montenegro
Personal Consumption
(US\$ mn)**



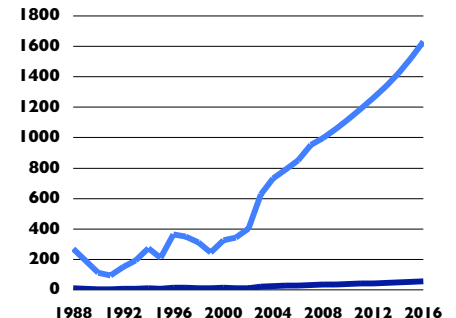
Light Blue Bar is Total Personal Consumption; Dark Blue Bar is Personal T&T

**Montenegro
Capital Investment
(US\$ mn)**



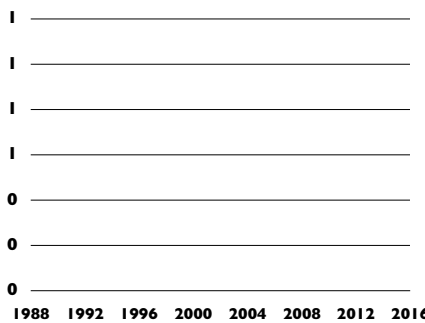
Light Blue Bar is Total Cap Invest; Dark Blue Bar is T&T Capital Investment

**Montenegro
Government Expenditures
(US\$ mn)**



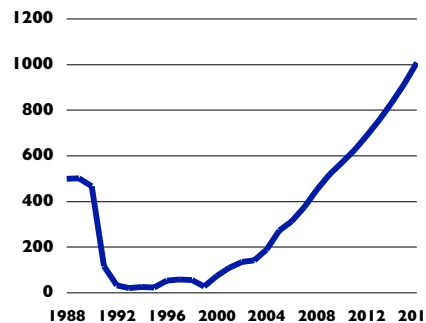
Light Blue Bar is Total Govt Expend; Dark Blue Bar is T&T Govt Expend

**Montenegro
Visitor Markets
Growth Index**



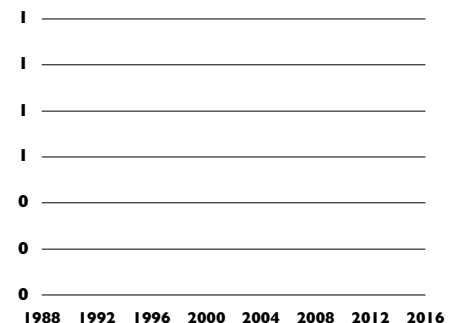
Light Blue Bar is Total Personal Consumption; Dark Blue Bar is Personal T&T

**Montenegro
International Visitor Arrivals
000s**



Light Blue Bar is Total Cap Invest; Dark Blue Bar is T&T Capital Investment

**Montenegro
International Visitor Average Spend
US\$**



Light Blue Bar is Total Govt Expend; Dark Blue Bar is T&T Govt Expend

RANKING AND RANGE

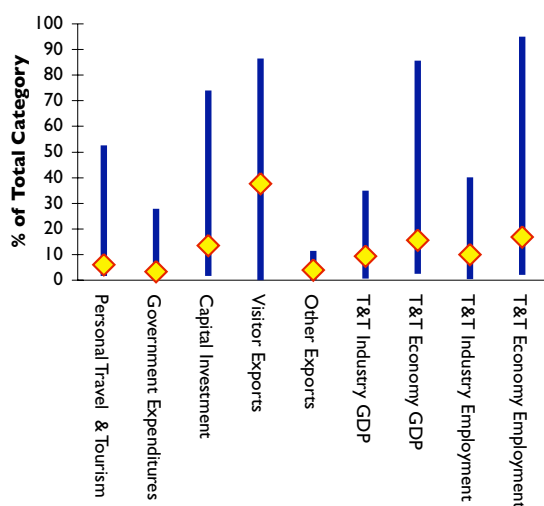
YEAR 2006 COUNTRY RANKINGS FOR MONTENEGRO WITHIN WORLD COUNTRIES LIST

Montenegro	2006			2016		
	Absolute Size	Relative Size	Growth ¹	Absolute Size	Relative Size	Growth ²
Personal Travel & Tourism	143	93	21	140	86	20
Business Travel	167	---	95	163	---	16
Government Expenditures	124	91	60	122	90	53
Capital Investment	154	62	171	147	33	8
Visitor Exports	118	22	7	97	16	2
Other Exports	125	51	144	131	102	165
Travel & Tourism Demand	142	---	9	126	---	1
T&T Industry GDP	130	26	21	113	16	1
T&T Economy GDP	142	44	49	130	30	3
T&T Industry Employment	134	24	25	131	18	3
T&T Economy Employment	153	42	67	141	30	7

¹2006 Real Growth Adjusted for Inflation; ²2007-2016 Annualized Real Growth Adjusted for Inflation

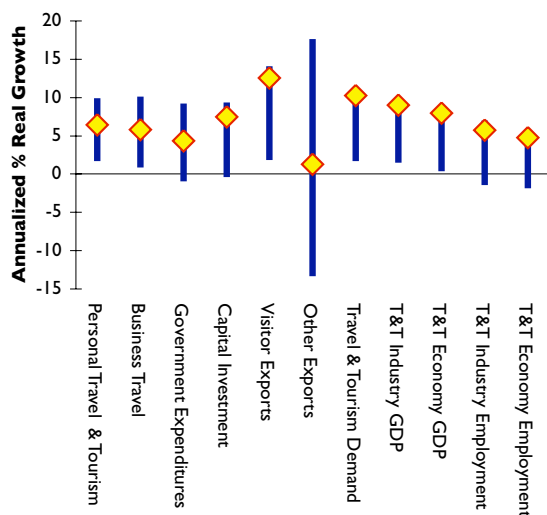
Total 174 Countries or 13 Regions (Largest/Highest/Best is Number 1; Smallest/Lowest/Worst is Number 174 or 13; 0 is Aggregate Region no Ranking)

YEAR 2006 % OF TOTAL ESTIMATES FOR MONTENEGRO WITHIN WORLD COUNTRIES RANGE



The chart at the left illustrates how the 2006 TSA estimates for Montenegro in each TSA category compare with the range of Travel & Tourism's relative contribution in those categories for all countries in the world. If the yellow diamond is at the top of the range then this suggests this country has greater tourism intensity in this category compared to the rest of the world. If the yellow diamond is at the bottom of the range then this suggests this country has lower tourism intensity in this category compared to the rest of the world.

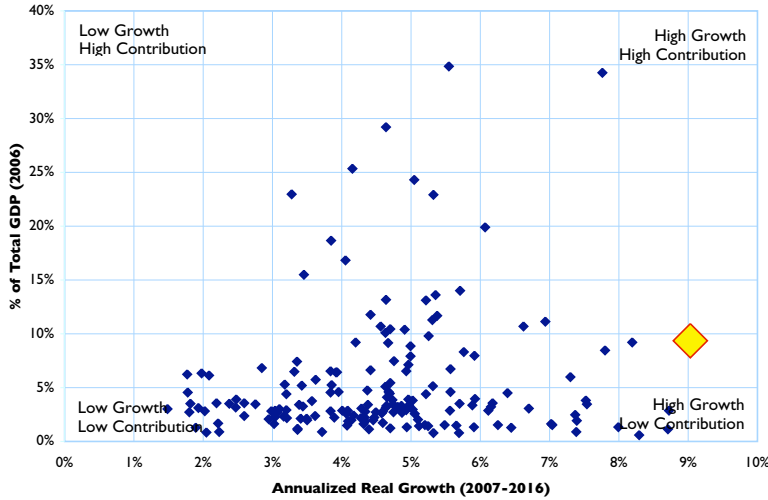
TEN YEAR (2007-2016) GROWTH ESTIMATES FOR MONTENEGRO WITHIN WORLD COUNTRIES RANGE



The chart at the left illustrates how the long-term TSA growth estimates for Montenegro in each TSA category compare with the range of Travel & Tourism's growth forecast in those categories for all countries in the world. If the yellow diamond is at the top of the range then this suggests this country has greater tourism growth prospects in this category compared to the rest of the world. If the yellow diamond is at the bottom of the range then this suggests this country has lower tourism growth prospects in this category compared to the rest of the world.

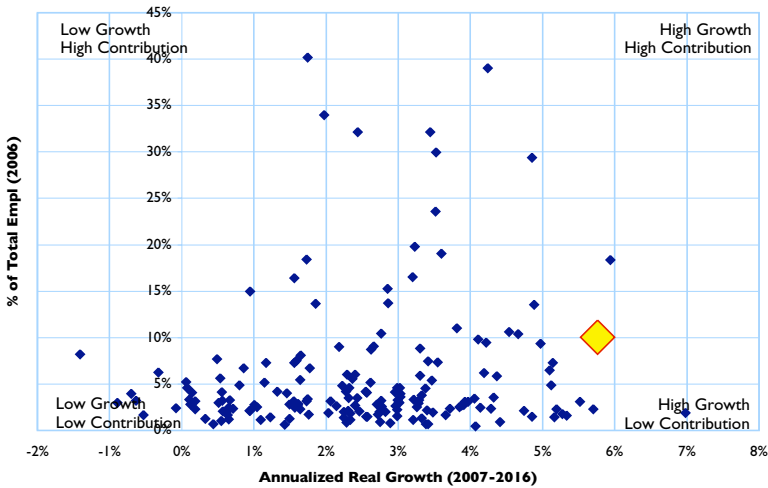
CONTRIBUTION AND GROWTH

TRAVEL & TOURISM INDUSTRY GDP CONTRIBUTION AND GROWTH - ALL COUNTRIES



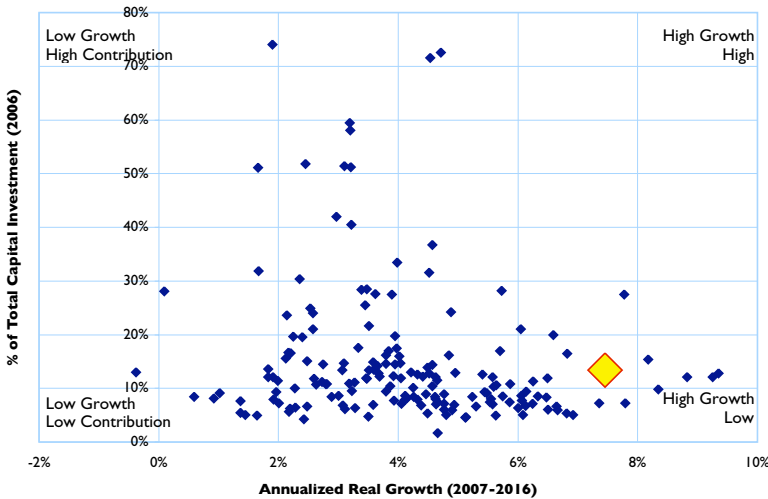
The chart at the left illustrates how the 2006 TSA estimates for Montenegro for Travel & Tourism Industry GDP in terms of relative contribution and long-term growth compare with the range of results for all countries in the world. If the yellow diamond is at the top of the chart then this suggests this country has a higher GDP contribution to its overall economy from Travel & Tourism and visa versa. If the yellow diamond is at the right hand side of the chart then this suggests this country has a stronger outlook for GDP growth from Travel & Tourism compared to the rest of the world and visa versa.

TRAVEL & TOURISM INDUSTRY EMPLOYMENT CONTRIBUTION AND GROWTH - ALL COUNTRIES



The chart at the left illustrates how the 2006 TSA estimates for Montenegro for Travel & Tourism Industry Employment in terms of relative contribution and long-term growth compare with the range of results for all countries in the world. If the yellow diamond is at the top of the chart then this suggests this country has a higher employment contribution to its overall economy from Travel & Tourism and visa versa. If the yellow diamond is at the right hand side of the chart then this suggests this country has a stronger outlook for job creation from Travel & Tourism compared to the rest of the world and visa versa.

TRAVEL & TOURISM CAPITAL INVESTMENT CONTRIBUTION AND GROWTH - ALL COUNTRIES



The chart at the left illustrates how the 2006 TSA estimates for Montenegro for Travel & Tourism Capital Investment in terms of relative contribution and long-term growth compare with the range of results for all countries in the world. If the yellow diamond is at the top of the chart then this suggests this country has a higher capital investment contribution to its overall economy from Travel & Tourism and visa versa. If the yellow diamond is at the right hand side of the chart then this suggests this country has a stronger outlook for capital investment growth from Travel & Tourism compared to the rest of the world and visa versa.

Montenegro Data Point Indicated in Yellow and Red

SATELLITE ACCOUNT TABLES

	2001	2002	2003	2004	2005E	2006E	2016P
Travel & Tourism - EUR mn							
Personal Travel & Tourism	45.04	53.87	61.46	65.58	72.65	81.05	202.76
Business Travel & Tourism	4.96	5.42	5.11	5.89	6.58	7.27	17.21
Corporate	3.74	2.90	3.55	3.81	4.13	4.45	9.14
Government	1.22	2.52	1.56	2.08	2.45	2.82	8.07
Gov't Expenditures - Individual	0.80	0.76	1.07	1.15	1.24	1.34	2.76
Visitor Exports	112.54	131.54	144.35	173.73	208.57	251.07	1,097.67
Travel & Tourism Consumption	163.34	191.59	211.99	246.35	289.04	340.74	1,320.40
Gov't Expenditures - Collective	12.51	11.26	17.21	18.48	20.03	21.62	44.38
Capital Investment	28.32	11.40	18.60	36.18	32.14	30.53	84.24
Exports (Non-Visitor)	9.38	26.39	24.71	24.16	25.08	26.01	39.68
Travel & Tourism Demand	213.55	240.63	272.50	325.17	366.29	418.90	1,488.69
Travel & Tourism Industry Aggregates (Direct Impact Only)							
Employment ('000)	10.57	11.01	10.51	11.98	13.27	14.48	25.33
Gross Domestic Product	76.37	87.39	96.91	117.91	137.13	159.50	508.44
Travel & Tourism Economy Aggregates (Direct and Indirect Impacts)							
Employment ('000)	19.79	19.52	19.32	22.06	23.13	24.22	38.43
Gross Domestic Product	143.05	154.91	178.25	217.11	238.93	266.72	771.44
Travel & Tourism Accounts as % of National Accounts							
Personal Travel & Tourism	5.51	5.92	5.67	5.67	5.82	6.03	7.59
Gov't Expenditures	3.46	2.81	3.31	3.33	3.34	3.36	3.46
Capital Investment	14.09	7.50	10.11	18.45	15.18	13.41	18.60
Exports	30.79	31.67	36.66	38.20	39.78	41.53	53.59
T&T Imports	9.41	10.42	13.27	13.17	13.62	14.27	23.82
Travel & Tourism Industry Aggregates (Direct Impact Only)							
Employment	7.33	7.66	7.41	8.45	9.28	10.04	16.09
Gross Domestic Product	7.28	7.16	7.05	8.04	8.66	9.37	15.01
Travel & Tourism Economy Aggregates (Direct and Indirect Impacts)							
Employment	13.73	13.58	13.62	15.56	16.17	16.79	24.41
Gross Domestic Product	13.64	12.69	12.96	14.81	15.09	15.67	22.78
Travel & Tourism Real Growth (per annum except 2015 = 10-year annualized)							
Personal Travel & Tourism	16.05	3.68	3.87	3.09	6.67	7.89	6.44
Business Travel & Tourism	-30.74	-5.37	-14.14	11.40	7.48	6.97	5.82
Gov't Expenditures	-37.82	-21.75	38.48	3.75	4.39	4.36	4.33
Capital Investment	-16.81	-65.12	48.60	87.91	-14.44	-8.13	7.46
Visitor Exports	5.52	1.31	-0.09	16.27	15.61	16.42	12.57
Other Exports	-7.31	143.90	-14.75	-5.51	-0.06	0.32	1.28
Travel & Tourism Consumption	6.03	1.67	0.74	12.27	12.99	14.01	12.17
Travel & Tourism Demand	-2.13	-2.33	3.11	15.28	8.48	10.60	10.24

	2001	2002	2003	2004	2005E	2006E	2016P
Travel & Tourism Industry Aggregates (Direct Impact Only)							
Gross Domestic Product	2.49	-0.81	0.96	17.55	12.00	12.49	9.03
Employment	5.44	4.47	-3.33	14.02	10.81	9.11	5.76

Travel & Tourism Economy Aggregates (Direct and Indirect Impact)							
Gross Domestic Product	-7.90	-6.13	4.76	17.67	5.98	7.96	7.97
Employment	-4.31	-1.38	-1.01	14.14	4.85	4.72	4.73

Travel & Tourism - US\$ mn

Personal Travel & Tourism	40.33	50.92	69.56	81.58	90.41	100.86	243.32
Business Travel & Tourism	4.44	5.12	5.78	7.33	8.18	9.05	20.65
Corporate	3.35	2.74	4.01	4.74	5.14	5.54	10.97
Government	1.09	2.38	1.77	2.59	3.05	3.51	9.68
Gov't Expenditures - Individual	0.71	0.72	1.21	1.43	1.55	1.67	3.31
Visitor Exports	100.77	124.33	163.38	216.10	259.56	312.46	1,317.20
Travel & Tourism Consumption	146.26	181.09	239.94	306.44	359.71	424.04	1,584.48
Gov't Expenditures - Collective	11.21	10.64	19.48	22.99	24.93	26.90	53.25
Capital Investment	25.36	10.77	21.05	45.00	40.00	38.00	101.09
Exports (Non-Visitor)	8.40	24.94	27.96	30.06	31.21	32.37	47.61
Travel & Tourism Demand	191.22	227.45	308.43	404.48	455.84	521.32	1,786.43

Travel & Tourism Industry Aggregates (Direct Impact Only)							
Employment ('000)	10.57	11.01	10.51	11.98	13.27	14.48	25.33
Gross Domestic Product	68.39	82.60	109.69	146.67	170.65	198.50	610.12

Travel & Tourism Economy Aggregates (Direct and Indirect Impacts)							
Employment ('000)	19.79	19.52	19.32	22.06	23.13	24.22	38.43
Gross Domestic Product	128.09	146.43	201.75	270.06	297.34	331.93	925.73

Travel & Tourism - 1990 Constant US\$ million

Personal Travel & Tourism	30.14	31.25	32.46	33.46	35.70	38.52	71.70
Business Travel & Tourism	3.32	3.14	2.70	3.01	3.23	3.46	6.09
Gov't Expenditures - Individual	0.53	0.44	0.56	0.59	0.61	0.64	0.98
Visitor Exports	75.32	76.31	76.24	88.65	102.49	119.31	388.15
Travel & Tourism Consumption	109.32	111.15	111.97	125.71	142.03	161.92	466.91
Gov't Expenditures - Collective	8.38	6.53	9.09	9.43	9.84	10.27	15.69
Capital Investment	18.95	6.61	9.82	18.46	15.79	14.51	29.79
Exports (Non-Visitor)	6.28	15.31	13.05	12.33	12.32	12.36	14.03
Travel & Tourism Demand	142.92	139.59	143.93	165.92	179.99	199.07	526.42
Gross Domestic Product							
Travel & Tourism Industry	51.11	50.70	51.18	60.16	67.38	75.80	179.79
Travel & Tourism Economy	95.74	89.87	94.15	110.78	117.40	126.75	272.79

2006 METHODOLOGY NOTES

THE 2006 UPDATE OF THE WTTC TSA RESEARCH IS THE SIXTH ANNUAL UPDATE UNDERTAKEN FOR WTTC BY OEF. IN CARRYING OUT THE WORK, OEF HAS DRAWN EXTENSIVELY ON THE METHODOLOGY DEVELOPED OVER THE YEARS BY WTTC TO DEVELOP TSAS AS OPERATIONAL TOOLS. OEF HAS ALSO TAKEN THE OPPORTUNITY IN A NUMBER OF AREAS TO REVIEW AND ENHANCE THE MODELLING TECHNIQUES, ASSUMPTIONS USED AND DATA SOURCES APPLIED, AND THIS RESEARCH FOR 2006 IS NO EXCEPTION.

Data Revisions/Enhancements

The IMF Balance of Payments data, which is now available in electronic form, have revealed revisions to historic data not previously evident in the annual publications.

The WTO 2005 *Compendium of Tourism Statistics* now explicitly splits tourism receipts (expenditures) into travel and passenger fare components, which has led to some revisions to the data as previous inconsistencies have been eliminated.

Business Travel Abroad

The explicit identification and modelling of business travel spending abroad by domestic firms has allowed us to account for this separately within the series for spending on travel abroad by residents. Until now this series, which includes both business and leisure spending, was modelled as a whole, and this item plus resident spending domestically on travel and tourism was defined as equalling personal travel and tourism spending. But business spending on travel and tourism is defined to include all spending by domestic businesses wherever it occurs. So until now this approach implicitly involved some element of double counting, with business travel spending abroad being accounted for twice – it was included both under business travel and under personal travel and tourism spending. The identities have now been changed to eliminate this double-counting.

Thus, other things being equal, eliminating this double-counting boosts estimated resident spending domestically on travel and tourism in

the OECD countries (but leaves tourism consumption, demand, GDP and employment unaffected) but in the non-OECD countries it reduces estimated personal travel and tourism spending and feeds through into lower estimates for tourism consumption, demand, GDP and employment.

Estimation of Business Travel

With electronic data now available both from the WTO and IMF, the methodology for estimating business travel has been enhanced. In part, business travel spending is calculated by estimating hotel revenues from business travellers, together with adjustments to add to this resident spending abroad on business trips, and subtract revenues from foreign business visitors. Two improvements have been made to the way this is done. First, this methodology for estimating business travel has been extended to cover all countries. Second, we have added checks to ensure that the balance of payments data do not show that the implied hotels spending by domestic businesses is negative.

Change in Forecast Equation for Visitor Exports

This year, the electronic availability of the WTO data have enabled us to upload onto the model database information on visitor arrivals split into overnight visitors, same-day visitors and cruise passengers. This information allowed in turn the calculation of average travel spending per arrival and average fares.

Unfortunately, definitional changes and differences in coverage through time mean both the visitor arrivals and average spending/fares figures should be treated

with caution.

As a result, it was decided to change the forecast equations for travel receipts and passenger transportation receipts, the two components of visitor exports. Previously, these two current price items were driven by the weighted average of nominal spending on overseas travel from 15 regions/countries, with the weights differing from country to country depending upon the importance of those regions/countries as a source of visitors.

Instead of this approach, the constant price spending on overseas travel from these 15 regions/countries was weighted together to create an index (with 1988 = 100) of the growth in real spending in the source visitor markets for each country. This index is then used to drive forecasts for each category of

visitor arrivals, which is then multiplied by projections for the average spend per visitor or fare per visitor (based upon local consumer price inflation and exchange rate changes) to get the forecasts for travel and passenger transportation receipts respectively and hence visitor exports.

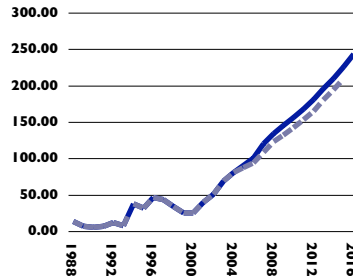
The advantage of this change is that it allows visitor arrivals and average spending projections to be explicitly incorporated into the simulated TSAs, derived from a measure of potential market growth similar to the world trade indices widely used to forecast exports and imports of goods. Forecasts for these items are sometimes available from local tourism authorities as part of their overall strategies and from cross-country analyses, providing a further cross-check of our short and long-term projections.

2006/2005 VARIANCE CHARTS

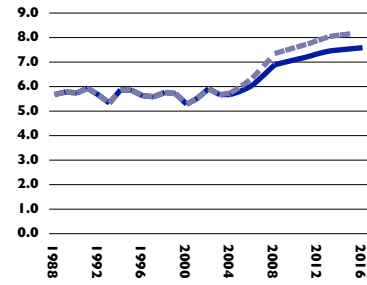
Montenegro Variance Notes for 2006

There have been no significant data restatements or model corrections in this year's TSA research.

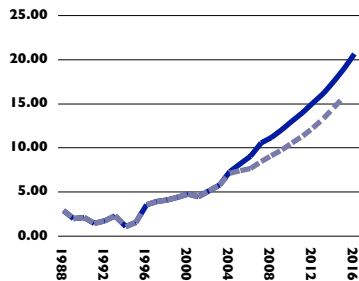
Personal Travel & Tourism US\$ mn



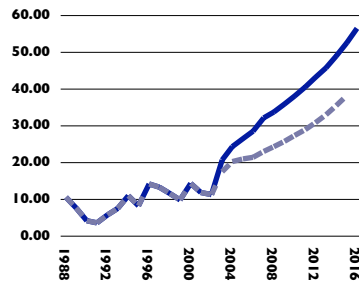
Personal Travel & Tourism % of Total Consumption



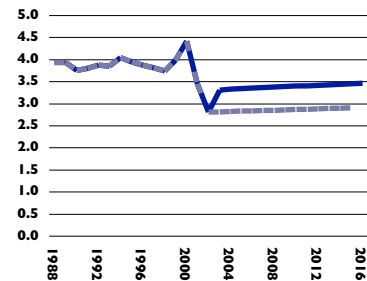
Business Travel & Tourism US\$ mn



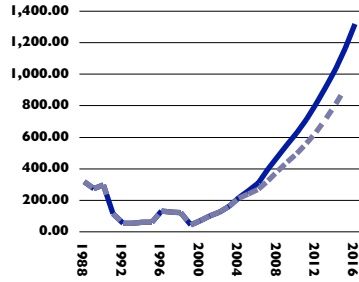
Travel & Tourism Govt Expenditures US\$ mn



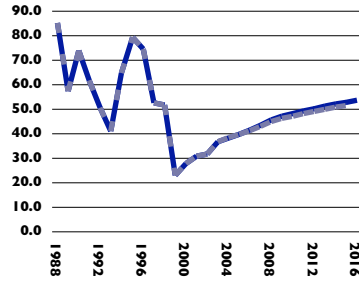
Travel & Tourism Govt Expenditures % of Total Govt Expenditures



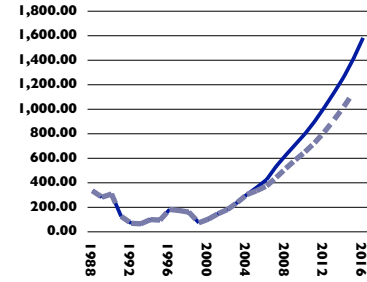
Travel & Tourism Visitor Exports US\$ mn



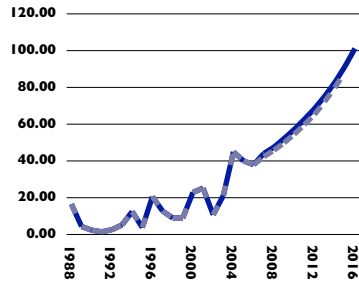
Travel & Tourism Exports % of Total Exports



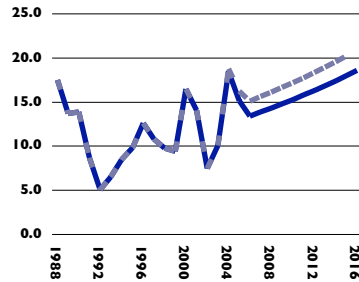
Travel & Tourism Consumption US\$ mn



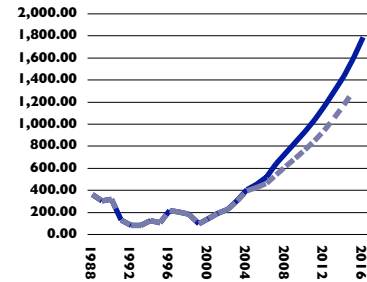
Travel & Tourism Capital Investment US\$ mn



Travel & Tourism Capital Investment % of Total Capital Investment



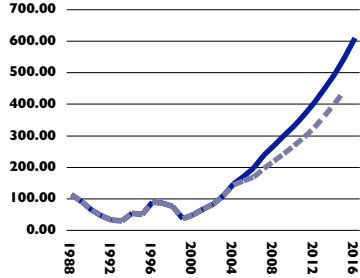
Travel & Tourism Demand US\$ mn



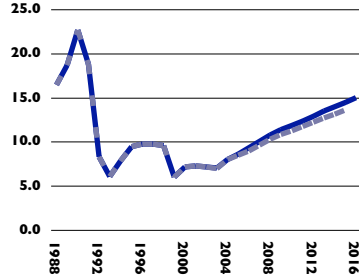
**OEf's Year 2006 Estimates
Solid Dark Blue**

**OEf's Year 2005 Estimates
Dashed Light Blue**

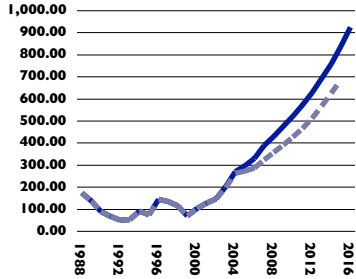
**Travel & Tourism Industry GDP
US\$ mn**



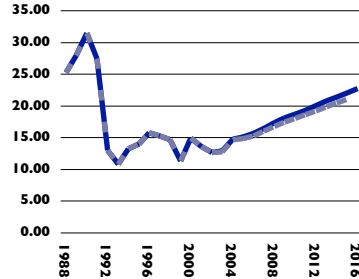
**Travel & Tourism Industry GDP
% of Total GDP**



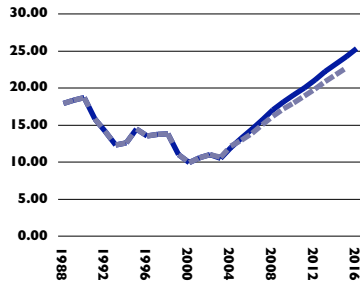
**Travel & Tourism Economy GDP
US\$ mn**



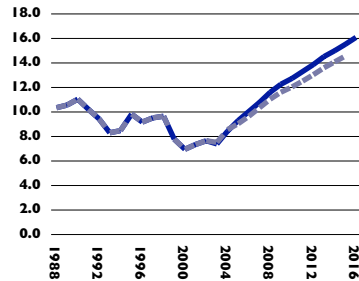
**Travel & Tourism Economy GDP
% of Total GDP**



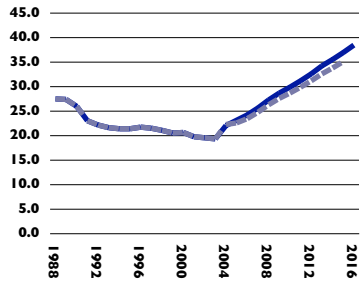
**Travel & Tourism Industry Empl.
'000 of jobs**



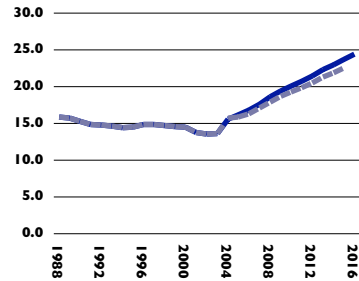
**Travel & Tourism Industry Empl.
% of Total Employment**



**Travel & Tourism Economy Empl.
'000 of jobs**



**Travel & Tourism Economy Empl.
% of Total Employment**



**OEI's Year 2006 Estimates
Solid Dark Blue**

**OEI's Year 2005 Estimates
Dashed Light Blue**

TOURISM SATELLITE ACCOUNTING

THIS REPORT FOLLOWS THE CONCEPT OF SATELLITE ACCOUNTING DEFINED IN *THE TOURISM SATELLITE ACCOUNT: RECOMMENDED METHODOLOGICAL FRAMEWORK (TSA:RMF)*, AND DEVELOPED UNDER THE AUSPICES OF THE WORLD TOURISM ORGANIZATION.

Over the last three decades, countries have estimated the economic impact of Travel & Tourism through a range of measures using a variety of definitions and methodologies. Such approaches have prevented meaningful comparisons among nations. Even for the same nation over different periods of time, they have frustrated business and government attempts to draw valid conclusions about the nature and course of Travel & Tourism demand in national economies. This regime has obscured the substantial, positive role the industry plays in national economies and has thwarted business and government attempts to optimize economic programmes and policies.

The World Travel & Tourism Council (WTTC) recognized the dearth of crucial Travel & Tourism intelligence from the time of its establishment in 1990 and it published the first detailed estimates of world tourism's economic impact that same year.

Since then WTTC has worked to improve its methodologies and to encourage individual countries to enhance their measurement and understanding of tourism's impact on their national economies. Furthermore, in the spirit of joining forces to enhance world comprehension of the role of Travel & Tourism in national economies, WTTC has strongly supported the programmes of the World Tourism Organization (WTO) to improve tourism statistics worldwide.

WTTC'S RESEARCH

WTTC and its economic consultants/research partners – Oxford Economic Forecasting, (OEF), since 1999, and Global Insight (previously known as DRI•WEFA), from 1990-1999 – have developed and published research on the economic contribution of Travel & Tourism to the world, regional and national economies.

Starting in 1990, WTTC's research team has been working to develop practical, real-world models to illustrate Travel & Tourism's economic contribution based on the needs of private sector leaders, public sector policy-makers and industry researchers, and on the interpretation of the system of national accounts. The research is now firmly anchored in the international standard for tourism satellite accounting that was developed by WTO, OECD and Eurostat, and approved by the United Nations Statistical Commission in 2000. It was launched at the TSA Conference held in Vancouver in May 2001 and published as *The Tourism Satellite Account: Recommended Methodological Framework (TSA:RMF)* in 2001.

Since 1999, WTTC's research has assumed the conceptual framework of the UN-approved standard with a number of discretionary extensions, and it combines the most sophisticated economic modelling and forecasts available with the most up-to-date, publicly available data to generate a comprehensive implementation of Travel & Tourism satellite accounting.

WTTC'S APPROACH TO TSA RESEARCH

WTTC HAS ENDEAVOURED TO IMPLEMENT AND PRODUCE THE MOST COMPREHENSIVE TSA PROVIDED FOR WITHIN THE TSA:RMF, BY DEVELOPING THE SPECIFIC CONCEPT OF THE 'TRAVEL & TOURISM INDUSTRY' IN ADDITION TO THE BROADER CONCEPT OF THE 'TRAVEL & TOURISM ECONOMY'.

WTTC advocates full implementation of the TSA as defined in the TSA:RMF in order to achieve the highest level of benefits for industry and governments. These include:

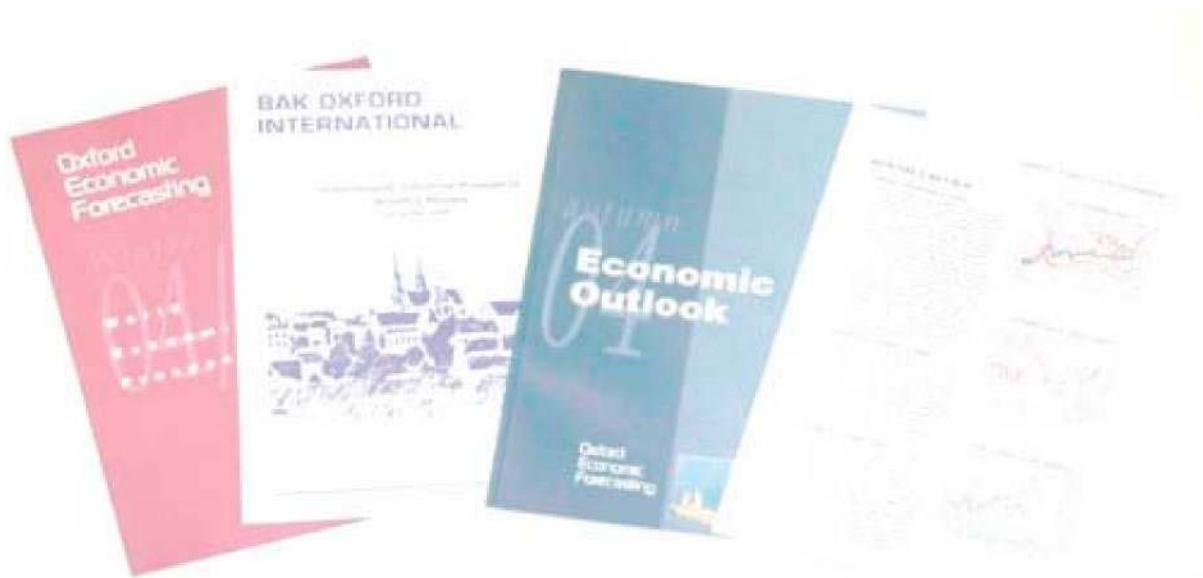
- A wealth of customer and consumer information on tourism-related purchases (before, during and after trips – whether domestic or international, imported or exported – as well as services, durables and non-durables) that has never been identified until now;
- Comprehensive documentation and analysis of the full tourism-product service chain and government's ability to deliver quality and timely service to visitors;
- Linkages between Travel & Tourism and other sectors of the economy such as agriculture and manufacturing to illustrate the flow-through of spending;
- Complete outlook for public works that benefit visitors and Travel & Tourism companies in order to leverage public sector plans and priorities for growth;
- Focused opportunities for domestic production, as well as incentives from the public sector, to aid in the growth of businesses that help alleviate trade balance issues;
- Demand- and supply-side information on employment that allows for human resource planning and development.

WTTC has worked towards developing a comprehensive TSA – not because it is eager to exaggerate the size of Travel & Tourism's impact, but because the information that can be garnered from the exercise by governments and industry is crucial for making intelligent and informed policy and business decisions. WTTC believes that history will document its pioneering implementation of the simulated TSA as one of the most important turning points for Travel & Tourism's long overdue economic recognition.

In the WTTC research, no country receives special treatment or favours. WTTC uses internationally available data sources and the same scope of tourism satellite accounting for all countries, as well as the same basic assumptions through the same system of models. WTTC's TSA research utilizes a universal and internally consistent modelling framework and generates harmonized results and forecasts for more than 174 countries around the world. Details of the methodology used by WTTC/OEF in its TSA research are available on WTTC's website (www.wttc.org).

OXFORD ECONOMIC FORECASTING

ASSISTING WTTC PROVIDE TOOLS FOR ANALYSIS,
BENCHMARKING, FORECASTING AND PLANNING



An elite provider of economic analysis, forecasting and modelling, OEF possesses the skills and experience to assist you get to grips with the drivers of your business. Projects undertaken in recent years in tourism related fields include:

- Detailed country and regional appraisals of the impact of tourism on the economy
- Preparation of scenarios to assess the potential impact of outside events, such as War in Iraq, on tourism flows and spending
- Development of a forecasting framework for a hotel chain to analyse and predict occupancy rates and revenue across their properties

As well as bespoke consultancy, OEF offers a wide range of subscription services. These include publications on the international macroeconomy and a full range of sectors globally, as well as extensive web-based forecast databanks that can be downloaded in spreadsheet format. The emphasis in all our work is making our analysis both accessible and relevant to decision makers.

Over the last 25 years OEF has built a diverse and loyal client base of over 300 organisations worldwide, including international organizations, governments, central banks, and both large and small businesses. Headquartered in Oxford, England, with offices in London, Philadelphia and Basel, OEF employs over 35 full-time, highly qualified, economists and data specialists, while maintaining links with a network of economists in universities worldwide.

For more information please take advantage of a free trial on our website, www.oef.com, or contact Tom Glanville, OEF, Abbey House, 121 St Aldates, Oxford, OX1 1HB, United Kingdom. Tel 44 1865 268907; [E-mail: tglanville@oef.co.uk](mailto:tglanville@oef.co.uk)

WTTC would like to express its sincere appreciation to the entire research and economics team associated with this 2006 Tourism Satellite Accounting Research

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The OEF Macroeconomic Forecasting and Technical Teams

World Travel & Tourism Council

•

Richard Miller, Executive Vice President



WORLD
TRAVEL &
TOURISM
COUNCIL