

Foreword

by Hon. Minister Willem Konjore

Tourism is the largest industry globally and accounts for an astonishing one out of every twenty jobs worldwide. In several countries, including some of our neighbours, tourism has already become the largest economic sector. It is estimated that tourism contributes about N\$2.8 billion in terms of annual turn-over to the national economy. Tourism is also capable of providing more than 70,000 jobs in Namibia according to the NTB Manpower Survey completed in 2004.

Our Tourism Board is in the process of registering all tourism enterprises and the indications are that over 1,700 tourism related entities applied for registration. In comparable situations, it has been concluded that for every 12 tourist arrivals, one new job is created. In Namibia we are in the process of compiling a Tourism Satellite Account that we hope will confirm the current statistics.

Tourism is also an important way of capitalizing on our comparative advantages as a country. Our natural landscapes, clean environment, wildlife, national parks, world-famous deserts, cultural diversity, peace and stability, and the comparatively good infrastructure and services, give us this advantage. Tourism is furthermore a way for us to make the transition from a natural resource exporter to a service economy, and this transition is a key requirement for us to reach the vision for Namibia articulated in Vision 2030.

We may have had a situation in the past where tourism only benefited a few. This situation is changing rapidly, with both entrepreneurs from all sectors of our society and our rural communities becoming involved as investors, operators, shareholders and partners. Our tourism industry has adopted a transformation charter, the first industry to do so, and we have several innovative programmes to facilitate access to the industry and spread its benefits to all Namibians. The number of tourists visiting community-based tourism enterprises has increased from 30,000 in 1999 to over 70,000 in 2002 and it has grown to over 90,000 in 2004 according to NACOBTA.

A further example of CBT growth is the first community-owned lodge that was officially opened by my Ministry in June of 2005. With a relatively small investment of N\$4.5 million, in this case from our development partners, we have created in this one project a) an asset with a real capital value, b) a functioning business enterprise, c) 20 jobs in a community where there are



virtually no other jobs, and d) a benefit sharing arrangement where the conservancy will earn approximately N\$300 000 dividends per year in addition. Furthermore, the establishment of the Community lodge would help to transfer skills and management capacity to this community. There is no reason why we would not be able to replicate this achievement in other communities.

It has been stated in the past that the tourism sector is prone to illegal economic leakage. Much awareness has been raised about this problem, and a better understanding of the value chain in tourism has brought a better perspective on this matter. While there may be some businesses that avoid the repatriation of foreign earnings for whatever reason, we now believe that this industry is no more prone to leakage than any other. We believe that we have the support of the great majority in the tourism industry and that rigorous enforcement of existing laws will be sufficient to deal with those who try to avoid foreign exchange regulations.

A further noteworthy achievement is that our tourism board has developed a marketing tool with the budget that is allocated to them that leverages equivalent or greater investments by the major tour operators and tourism wholesalers in our source markets. The NTB investments are showing a rate of return for the country in excess of ten times the investment. This is a case where the more we can put in to this marketing, the more we will get out, and where the return on the investment is clearly measurable. The only limits on growth are the resources that we have available for this purpose.

We must therefore recognize the strategic value of increased investment in tourism marketing and development to achieve further growth. We hope to work closely with all the relevant institutions to achieve that goal in the next few years.

Methods

Apart from the general background information (p.3-7), this report deals primarily with tourists who arrived by air in 2004. However we have included in this report a section on road arrivals for the southern border posts. This was to provide the NTB with data needed to coordinate the Cape-to-Namibia tourism Route. The section on air arrivals starts from page 8 and ends on page 22. The section on Air Arrivals shows that the air travellers are mostly holiday/leisure travellers, compared to business and those visiting family and friends (VFR). Since the leisure tourist is the highest spender, this makes this report much more relevant, especially for the industry operators.

This year's statistical report also includes views from some of the industry's representatives and opinion leaders in examining the demographics of overseas visitors to Namibia. The CEO of FENATA was extremely helpful in assisting the Directorate with editing and analysing the data for this year. This cooperation is very important as it adds more credibility to the final report.

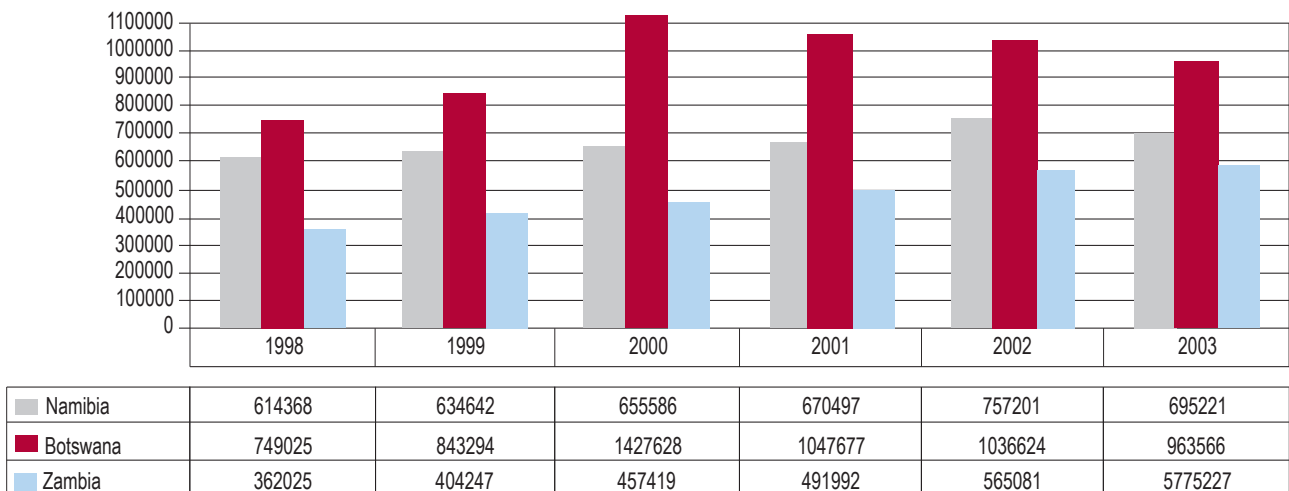
Our definition of a tourist remains guided by the World Tourism Organization that stipulates that a tourist is: *"a person visiting*

a country other than his/her usual country of residence for at least one night but not exceeding a period of twelve months." Within this understanding tourists are classified according to the following purposes of visit: those visiting friends and relatives (VFR), those on holiday/leisure and those who are on business trips.

To confirm the reliability, validity and comparability of the tourism statistics compiled by the Directorate through the immigration forms, we compared the total number of tourists to Namibia with that of Zambia and Botswana since 1998. Their statistics are also compiled by their own tourism departments using the immigration forms.

The results indicate that Namibia's figures are slightly behind Botswana, but we have achieved more arrivals than Zambia for the same period. The bar-chart below is demonstrating Namibia's contribution to regional tourism growth.

Figure 1: Arrivals for Botswana, Namibia and Zambia (1998-2003)



Using this comparative method, we have also determined that Namibia has the capacity to compete effectively with our neighbours for tourism arrivals. This is particularly true if we take into account (i) the diversity of products that the country offers (ii) the prevailing safety and security; (iii) the vast open space of the country compared to its low population; (iv) the highly established infrastructure; (v) the degree of satisfaction expressed by visitors to Namibia (vi) the consistent and effective marketing strategies of the Namibian Tourism Board.

Finally, the validity of the statistics continues to depend on how efficiently the data is captured and stored by the Home Office staff at the different points of entry. Things have improved considerably and we expect to produce better reports in the future.

General Background

Global tourism is back on track following its recession in the aftermath of September 11 and the ongoing conflicts in Afghanistan, Iraq and the Middle East. In addition, it is however, believed that Germany, which is Namibia's key source market in Europe has been particularly affected by a nearly stagnated economic growth rate while a strong Rand had made package tours to Namibia even more expensive, especially the accommodation sector that typically makes up 60 per cent of a travel package. Other destinations like the Caribbean and Asia offer much cheaper packages.

The question then is whether Namibia as a country has benefited from this slow recovery of global tourism in terms of its share of arrivals. A recent report by J.S. Perkins

indicated that "the winners" in Africa are Morocco, Tunisia and Egypt which is perhaps surprising given these three countries' proximity to the conflict.¹ Perkins also states that TUI, one of Europe's largest travel companies registered a 34 to 161 percent increase in travels to Egypt, Tunisia and Morocco during 2004. Perkins also reports that the British currency exchangers in the beginning of July of 2004 listed Egypt as "the fastest growing holiday hot spot among British travellers after studying the number of currency orders. It is also reported that Germans who constitute Namibia's largest overseas source market also flocked to these destinations in North Africa as well as Turkey.



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¹ Dr J.S. Perkins, Status and Perspectives of Regional Tourism in the Context of the KAZA initiative Prepared For InWent/Southern African - German Chamber of Commerce and Industry University of Botswana, Gaborone, May, 2005

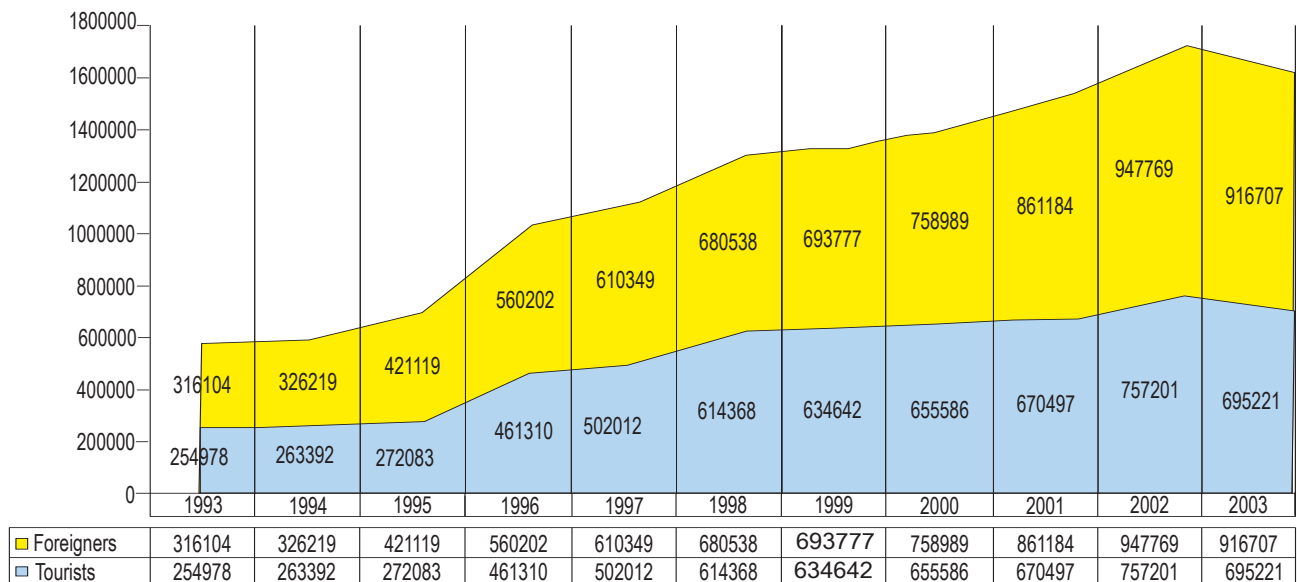
Namibian Tourism Between 1993 and 2003

Tourists to Namibia have increased from 254,978 in 1993 to more than 695,000 in 2003. During that period the overseas source markets have more than tripled with new emerging markets in Western Europe. The graph below confirms this steady growth in the sector:

Namibian tourism was sometimes subjected to hosts of upheavals and challenges during the 1990s. For example,

tourism in the north eastern area suffered from a destabilizing war in Angola that caused many hotels and resorts closing down for a few years. According to a study compiled by Mendelsohn and el Obeid (2004), foreign visitors to Popa Game Park dropped by almost 10,000 during 1999 and even today, tourism recovery in the northeast is extremely slow. It is also estimated in the same report that today “over 15,000 tourists probably visit the region annually.”²

FIGURE 2: Real Tourists compared to total Foreigners between 1993 and 2003



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² Mendelsohn, J. and S.el Obeid (2004) Okavango River: The Flow of a Lifeline. Struik Publishers and Raison

White Paper 1994

The White Paper on Tourism approved by Cabinet in 1994 indicated that more than 270,000 tourists visited Namibia during 1993. According to the White Paper the tourist arrivals helped to generate 10,000 direct and 10,000 indirect jobs during the year 1993. On the basis of these figures, it is also reported in the White Paper that tourism related activities were estimated to generate close to N\$500 million of which N\$160 million was direct revenue contribution to Treasury.³ It is also reported that in 1993, Namibia's tourism products were mainly tailored for the local/regional markets and they needed to be upgraded for overseas market. The White Paper suggested that new products and facilities needed to be introduced to cater for the overseas customers. Most of these issues were discussed and contextualized in the new Tourism Policy that has already been finalized and submitted to a local printing entity for publishing. The new policy is hailed by the Directorate staff as one of its most important achievements and it has taken numerous consultative workshops with the tourism stakeholders before it was finalized.

In addition to the White Paper, a Tourism Plan was developed in 1992 under the European Union (EU) sponsored Namibia Tourism Development Program (NTDP) with the following stated objectives:

- (i) An increase in gross foreign earnings from N\$394 in 1992 to N\$1.53 billion in 2002
- (ii) National income generation increasing from N\$355 million in 1992 to N\$1.2 billion in 2002
- (iii) An employment effect increase from the 10,000 direct jobs in 1993 to 26,000 in 2002
- (iv) Commercialization of state owned resorts

During 1993, the state owned resorts were still managed and operated by the Directorate of Tourism. Therefore, it is stated in the Tourism Plan that "to achieve the necessary competitive level and increased revenue, a greater degree of commercialization was needed as a response to the demands of the economy, to take advantage of the market opportunities and to charge market-oriented prices for their services and to reduce the extent to which they had to rely on the cumbersome procedures of Government budget allocations. It was also stated in the Tourism Plan that commercialization is not privatization, but only the first step.

The commercialization process introduced in the Tourism Plan of 1992 for the first time was only implemented in the year 1998 when the Namibia Wildlife Resort Company was established through an Act of Parliament. The NWR has not yet lived up to its full potential because of these short-comings:

- (1) The facilities are all 20-30 years old and are far beyond their structural capacity. NWR needs government support to upgrade facilities. This is in the process.
- (2) A substantial portion of the NWR work-force were unskilled with insufficient background to benefit from additional skills development programs. Things are changing for the better.
- (3) The government has not immediately transferred the assets to the new company. This has prevented the Company from using these resources as collateral in obtaining loans for upgrading its resorts.
- (4) The Company needed to develop clear strategic plans in the area of marketing and product upgrading.



³ White Paper on Tourism, p.3, 1994

Global Factors

Although the years 2001-2003 recorded downturn in overall world tourism (due to terrorism and world economic recession), the World Tourism Organization reported that 2004 was exceptional with the best tourism growth in 20 years, with 760 million international tourist arrivals.⁴ According to the WTO report, this translated into about 10 % increase, the biggest since 1984. More importantly was the fact that all the regions recorded positive tourist arrivals.

The year 2004 recorded about 69 million new arrivals compare to 2003, of which Africa received only 3% compared to 49% of Asia and the Pacific. Of this 3% North Africa received 87% and Sub-Saharan 13% of the new arrivals. The WTO also reported that the market shares for Africa were mostly influenced by the following positive factors:

- Gradual revival of the long-haul markets,
- Rebound in air traffic (9/11),
- Impact of external shocks fades away,
- Exchange rate played major role in overall traffic distribution.

There are also several major factors that continue to influence long-haul travel to Africa. In his speech delivered to the WTO

Commission for Africa (CAF) meeting held in Gaborone Botswana 20-23 April 2005, Christian Folly-Kossi, the Secretary-General of the African Airlines Association, listed the following factors as the ones that are normally cited by the African governments as the ones contributing towards high airfares on African routes:

- I. Fuel prices
- II. Over flight and airport costs
- III. Maintenance costs.

Although Folly-Kossi accepts the generally held view that the high air cost are responsible for the low number of tourist arrival in Africa, he explained that the other factors, such as the underdeveloped infrastructure, government non-commitment in investing and developing the industry, are equally to be blamed. He argued that South Africa despite being one of the farthest and most expensive destinations from Europe it is the most visited country in Sub-Saharan Africa.

This is because of its excellent air transport infrastructure in addition to the fabulous attractions. The WTO Commission for Africa (CAF) meeting also reported that Africa recorded an average growth of 5.7% while Southern Africa alone recorded an 11.2% growth rate for the period between 1993-2003.



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⁴ World Tourism Organization in a Report submitted by the Secretary General Fransisco Frangialli at the 42nd Session of the WTO Commission for Africa (CAF) held in Gaborone Botswana 20-23 April 2005

Views of the Private Sector

The private sector expressed varying opinions about whether there has been an increase/decrease in the tourism arrivals for the year 2004. This was in response to a vox-pop survey conducted in June 2004 among key operators, by Neutron, a local consultancy group.

The Tour and Safari Associations of Namibia (TASA) indicated that 2004 was generally a good year and the Association predicted an increase of 5%. According to TASA the increase might have been particularly possible in the USA, British, French and German markets. TASA also confirmed that there might have been a decrease in the Italian market.

The Hospitality Association of Namibia (HAN) was very cautious. HAN indicated that even if there might have been some increase in the new markets of Europe and North America, the occupancy rates for many accommodation establishments was not very good. HAN attributed the low level of occupancy to the value of the Namibian Dollar against the Euro. HAN indicated that Namibia is becoming an expensive destination. The Association also stated that the South African market might have performed much better than the German market this year. The Association also cautioned against uncontrolled development, that results particularly in

the establishment of many accommodation facilities without proper market research.

NACOBTA reported a rapid growth in the CBT sector due to a general improvement in the quality of products and expansion of the number of conservancies. More and more tourists are enquiring community-based tourism products and there is a market for it. The organization could not establish whether there has been an increase in the tourism arrival figures for the country. NACOBTA reported an increase in income generated through CBT enterprises.

The Namibia Tourism Board also suggested in a Product Audit Study⁵ report compiled in 2004 that the accommodation establishments performed reasonably well. This survey provides a complete picture if read together with the results of the Exit Survey that was completed by the Directorate of Tourism in 2003. According to the NTB report, overseas tourists made up over half (54%) of the guests at the sampled accommodation establishments and Germany remained the key source country for Namibia. The NTB report also indicated that about one quarter of business is generated from regional and neighbouring countries with South Africa accounting for most of the tourists.



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Air Tourists for 2004

Category of travellers

It is very clear again that more than 82% of the arrivals by air are tourists. This is a pattern that has been confirmed throughout the years. It is expected that when the air travellers are combined with road travellers, the proportional percentage of tourists against other categories may be reduced. Many Angolan are same-day visitors who live close to the Oshikango Border post. Since they cross into Namibia for their daily shopping needs, many of them are not tourists.

Table 1:

Year	Tourist	Same day	Residents	Others	TOTAL
2004	167 162	7 226	15 444	11 755	201 587
Percentage	82.9	3.6	7.7	5.8	100

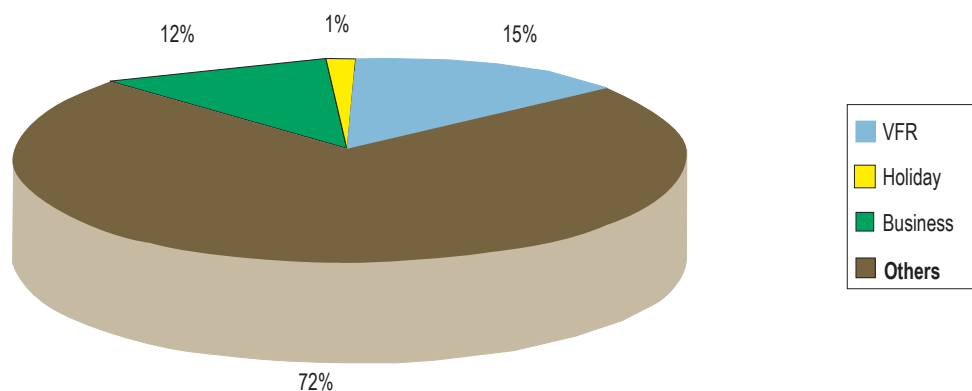
According to the NTB Product Audit Report (2004), the annual average occupancy rate was 52,7%. As to be expected, the general trend was high season in the cooler months (May to October), and low season in the hotter months. But it must also be noted that December is normally the peak month for Namibia's coastal resorts. It is the holiday months for many domestic travellers. Current tariffs revealed average rates ranging from N\$430 per self catering unit to N\$485 per person for bed & breakfast, up to N\$833 per person for fully inclusive services. The NTB Report also indicated that the vast majority of guests were leisure (82%), with the central region (Windhoek) having the highest profile of business travellers (29%).

Three quarters of travellers around the country choose self-drive, and the rest are part of tour groups. Some operators had a high proportion of coach business. Only one operator had fly-in clients – a broader survey would reveal a more representative picture of this situation.

In terms of tourist distribution according to their purpose of visit to Namibia, the 2004 immigration statistics revealed that of the 167,162 classified as tourists, a total of 72% of them were here for leisure as compared to the business or VFR categories. Leisure visitors spend more than the other categories.

Categories of Air Tourist

Figure 3:



Hosea Kutako International (2003-2004)

There was an increase for this airport arrival for the period between 2003 and 2004. This good result is observed for the key source markets, namely Germany and South Africa. However, a general decrease of 1% is shown for Europe which is a decrease from 90,508 visitors to 89,575. This is very insignificant in view of the increase in the German overseas market. Other findings:

- An alarming decrease in the Iberian peninsula market consisting of -44.5% for Portugal and 26.3% for Spain. This may be because of current challenges/competition facing Air Iberia for the long-haul passengers to Africa!

- A decrease of 13.2% in the UK market. UK visitors to Namibia are normally not happy with Air Namibia's Frankfurt stop-over route. The strength of the Rand might have also played a role. Long-haul is becoming expensive because of the cost of air-tickets and unstable fuel prices. This may have also contributed to the decrease in the Austrian air-arrivals.
- The decrease in the Australian market may also be due to the drought problems. In addition, Australia is very far.
- The USA market has been increasing even without sufficient marketing presence.

Table 2:

Arrivals by Nationality at Hosea Kutako International Airport 2003 and 2004			
Nationality	2003	2004	%Change
AFRICA	46,152	46,916	1.6
South Africa	35,211	35,072	-0.4
Angola	6,565	7,841	16.3
Botswana	251	381	34.1
Zambia	535	492	-8.7
Zimbabwe	964	1,009	4.5
Other Africa	2,626	2,121	-23.8
EUROPE	90,508	89,575	-1.1
Germany	43,538	45,107	2.3
UK	9,918	8,759	-13.2
Italy	6,793	5,955	-14.1
France	7,234	6,980	-3.6
Scandinavia	2,216	2,711	18.2
Austria	3,992	3,374	-18.3
Netherlands	3,441	3,826	10.1
Switzerland	4,979	5,471	8.9
Spain	2,309	1,829	-26.3
Portugal	1,054	730	-44.5
Belgium	2,818	2,574	-9.5
Other Europe	2,214	2,822	21.6
OTHER	12,558	13,301	5.6
Australia	1,192	1,077	-10.6
USA	6,295	7,092	11.3
Other Countries	5,072	5,132	1.2
TOTAL	149,218	149,792	0.4

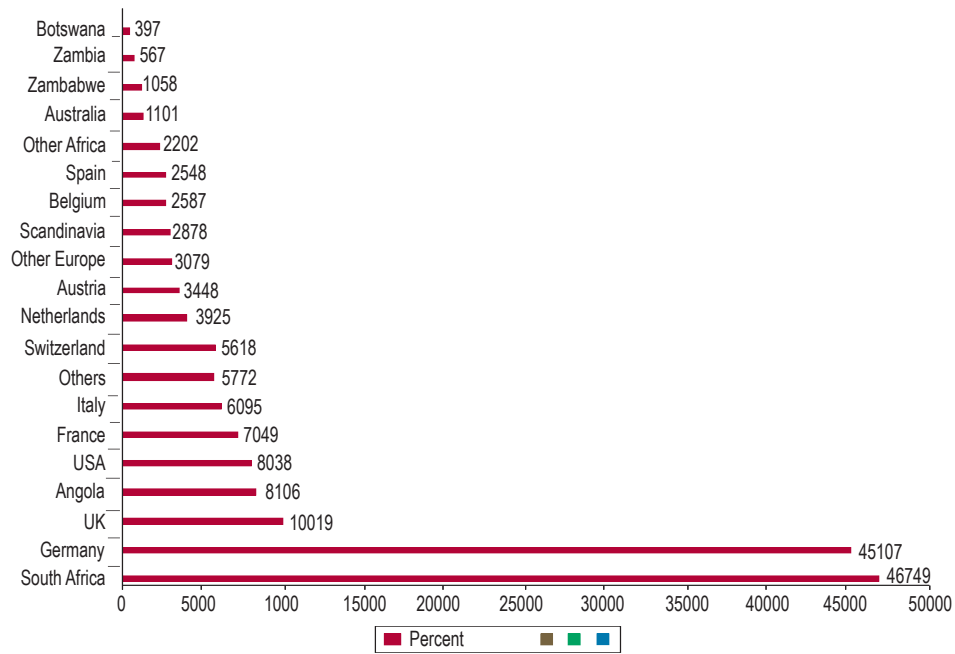
This Table shows a slight decrease in the Italian market. A tour operator specializing in the Italian market quoted by NEUTRON confirmed this decrease:

“My company specializes in the Italian market that constitutes 90% of my annual business. We saw a definite decline in numbers from 2003 to 2004. This was due to a stronger Rand, the resulting high prices for Namibian products and a problematic economy in Italy at the time. The selection of cheaper alternative destinations such as South America, India and even other African countries played a role.”

Nationality

In terms of foreign arrivals by air the largest market share consists of South Africans with a total of 46,749 tourists, followed by Germany and the United Kingdom with a total of 45,107 and 10,019 respectively. In terms of air arrivals, Angola is the fourth major market for Namibian tourism. Despite direct flights between Namibia and Botswana, very few nationals from Botswana visited Namibia by air. This is because many visitors use the Kalahari Highway. In 2003, the total number of tourists that came through this highway was 7,346.

Figure 4:



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Airport of Entry

Hosea Kutako International's share of arrivals is about 90% followed by a distant Oranjemund Airport that mostly serves the mining community in that township. Eros Airport is no longer dominant when it comes to tourist arrivals. In fact more

that 150,000 visitors to Namibia arrived through Hosea Kutako International. The largest group through this airport were Germans, South Africans, Angolans, British and Americans in that order.

Table 3:

Airport Tourist Arrivals by Nationality by Selected Airports, 2004					
Nationality	Hosea	Eros Airport	Walvis	Oranjemund	Total
South Africa	35,498	547	2,457	8,204	46,706
Angola	7,895	163	0	51	8,109
Botswana	376	0	0	21	397
Zambia	489	18	0	60	567
Zimbabwe	999	19	0	40	1,058
Other Africa	2,124	0	0	78	2,202
Germany	44,583	81	57	410	45,131
UK	8,915	61	224	818	10,018
Italy	6,003	0	0	95	6,098
France	6,957	44	0	52	7,053
Scandinavia	2,699	0	0	181	2,879
Austria	3,392	0	0	57	3,450
Netherlands	3,813	19	0	94	3,927
Switzerland	5,462	64	0	91	5,617
Spain	2,008	0	178	360	2,546
Portugal	786	0	0	39	825
Belgium	2,562	0	0	27	2,589
Other Europe	2,918	0	0	163	3,080
Australia	1,082	0	0	20	1,102
USA	7,119	102	0	818	8,038
Other Countries	5,097	0	155	519	5,771
TOTAL	150,777	1,118	3,071	12,195	167,162
TOTAL PERCENTAGE	90.20%	0.67%	1.84%	7.30%	100.00%

Other findings:

- The Oranjemund airport is an important entry point for the English speaking visitors who are normally business visitors interested in the mining sector. An equal number of British visitors and Americans arrived through this airport.
- South Africans, compared to others are relatively spread at most airports.

Purpose of Visit and Nationality

Table 4 below shows that visitors from European countries in addition to the USA and Australia come as holiday makers when compared to Africa. Other findings from this Table are the following:

- More than 90% of Italians, French, Swiss and Belgians came specifically for leisure
- Swiss and Austrians do little business in Namibia.
- The 1 percent of Germans business visitors represents in actuality more than 446 individuals
- Of the visitors arriving by air, Angolans accounted for the largest VFR visitors
- Of the European visitors Portuguese accounted for the largest VFR and business tourists
- Botswana and South Africa accounted for the largest business visitors to Namibia.

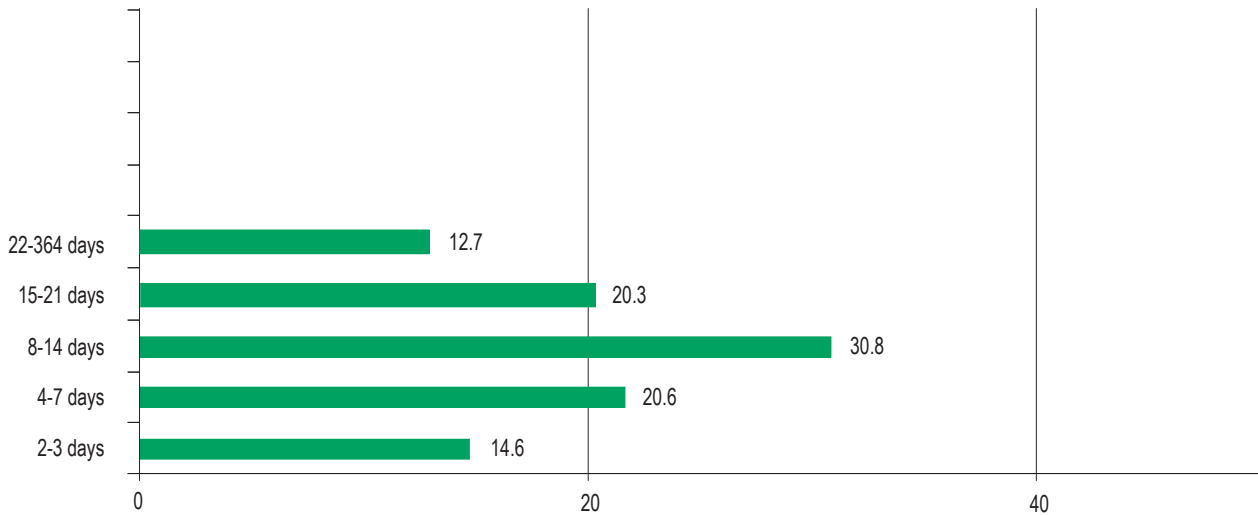
Table 4:

Nationality	VFR	Holiday	Business	Other	Total
Total	24,741	121,417	19,589	1,415	167,162
AFRICA					
South Africa	24.30%	44.59%	30.84%	0.26%	100.00%
Angola	34.69%	55.80%	4.70%	4.81%	100.00%
Botswana	6.20%	45.66%	41.93%	6.21%	100.00%
Zambia	18.54%	43.95%	20.65%	16.86%	100.00%
Zimbabwe	19.28%	48.65%	27.81%	4.25%	100.00%
Other Africa	20.55%	50.18%	25.59%	3.68%	100.00%
EUROPE					
Germany	10.70%	87.88%	1.00%	0.41%	100.00%
UK	8.96%	80.07%	10.46%	0.51%	100.00%
Italy	4.14%	94.46%	1.40%	0.00%	100.00%
France	3.33%	94.24%	2.08%	0.34%	100.00%
Scandinavia	9.83%	81.11%	6.22%	2.84%	100.00%
Austria	10.59%	88.74%	0.67%	0.00%	100.00%
Netherlands	9.83%	87.58%	1.45%	1.13%	100.00%
Switzerland	8.08%	91.49%	0.21%	0.21%	100.00%
Spain	5.12%	88.04%	6.27%	0.57%	100.00%
Portugal	22.78%	58.80%	13.35%	5.07%	100.00%
Belgium	4.87%	90.67%	4.02%	0.45%	100.00%
Other Europe	6.73%	84.51%	7.20%	1.56%	100.00%
OTHER FOREIGN COUNTRIES					
Australia	8.87%	85.24%	3.89%	2.00%	100.00%
USA	11.54%	82.20%	5.12%	1.13%	100.00%
Other Countries	7.01%	82.19%	10.32%	0.47%	100.00%
TOTAL	14.80%	72.63%	11.72%	0.85%	100.00%

Length of Stay

The majority of tourists stay from 8 to 14 days in Namibia. However, when factored with those that stay up to 364 days, the average length of stay is about 17 (see Figure 5).

Figure 5:



The current average length of stay is about 17 days. On average, just over one quarter of guests return to Namibia. Internationals show a repeater rate of 19% (compared to domestic guests who are at the 32% level).

According to the NTB Product Audit Report of 2004, the majority of establishments (71%) are smaller operations, having an average of 26 beds. A further 12% of the respondents had about 60 beds each while 17% of the sample consisted of large establishments averaging 372 beds. The NTB report indicated that the average bed-night for Namibia is about 1.5 nights. This is because tourists move around and rarely stay at one facility.

According to the NTB report, sightseeing of natural attractions was the most popular type of tourist activity, particularly in the coastal and southern regions. Windhoek offered city attractions. Nearly all respondents named some particular local popular attraction.

Tourists prefer special interest organised trips and tours to natural places of beauty (especially in the coastal areas); game related activities (predominant in the north); and of equal importance are adventure activities. Other attractions preferred according to the 2004 NTB report included more adventure sports, entertainment facilities, increase in distribution and range of restaurants and cultural products.



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Nationality According to Length of Stay

Findings:

- South Africans and Portuguese are among the majority of nationalities that stay 2-3 days. Incidentally, South Africans and Portuguese also account for the largest business group.
- The Portuguese are the visitors with the lowest average stay of 11 days
- Angolans, Zimbabweans and Zambians stay the longest in Namibia. They also co-relate with being among the largest VFR category.
- The Germans spend an average of 16 days while the Brits stay an average of 13 days.

According to the NTB reports, about 60% of operators described their business as “en route/stop-over/going up or down the coast/into or out of country” type guests. Longer stays were attributed to hunting clients and business/conference guests. Luring travellers to stay over longer at more established “destinations” is indicated by the NTB as a challenge. Identification of opportunities for tourism product or facility development lacked much fresh or innovative thinking. However the establishment of interesting tours (e.g. museum, fish factory) were mentioned. More entertainment and restaurants were needed, and certain facilities (e.g. upgrade rooms and better transport) were identified as opportunities. Lesser mentions of marketing and cultural tourism offerings were recorded.

Table 5:

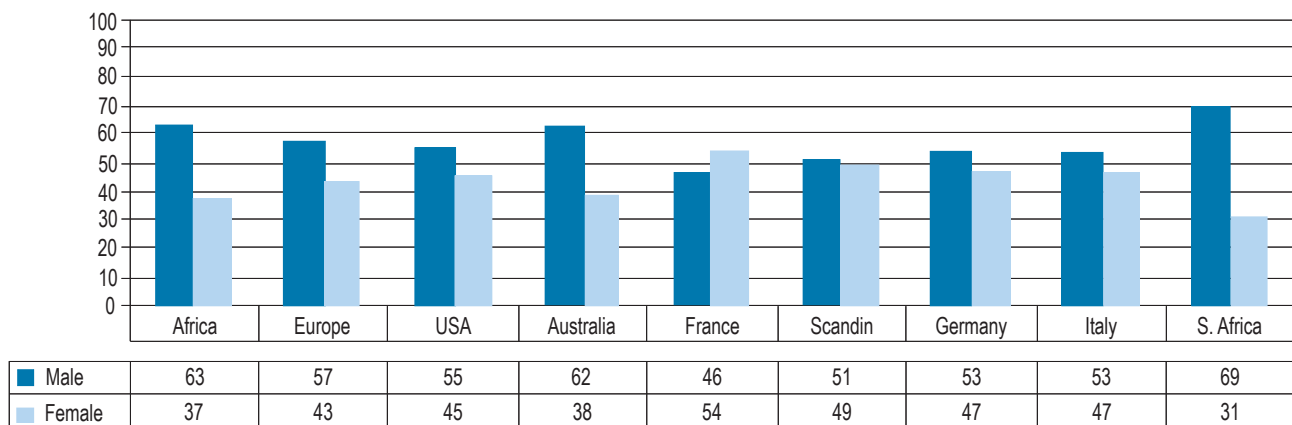
Nationality	2-3 days	4-7 days	8-14 days	15-21 days	22 -364 days	Average Stay
South Africa	35.77%	37.65%	15.66%	4.57%	6.34%	12.32
Angola	9.37%	16.95%	23.58%	23.93%	26.18%	25.03
Botswana	12.99%	68.69%	9.00%	6.21%	3.10%	14.59
Zambia	5.65%	45.79%	18.33%	5.67%	24.56%	18.13
Zimbabwe	16.29%	36.22%	11.88%	9.59%	26.04%	27.47
Other Africa	9.40%	49.46%	18.39%	4.80%	17.96%	18.75
Germany	2.77%	9.30%	37.12%	33.15%	17.66%	15.86
UK	14.58%	20.95%	36.58%	17.26%	10.63%	12.50
Italy	4.55%	10.01%	43.13%	37.68%	4.64%	13.14
France	3.70%	11.05%	50.87%	26.93%	7.45%	12.69
Scandinavia	4.05%	22.70%	41.24%	16.45%	15.56%	14.41
Austria	1.63%	8.81%	44.93%	31.14%	13.48%	17.07
Netherlands	4.53%	11.81%	33.40%	30.25%	20.00%	13.36
Switzerland	2.53%	6.82%	39.26%	35.28%	16.10%	14.65
Spain	7.66%	16.48%	36.34%	28.13%	11.39%	14.79
Portugal	28.47%	17.09%	31.11%	6.59%	16.73%	11.00
Belgium	4.45%	13.41%	36.54%	37.16%	8.43%	14.87
Other Europe	13.85%	18.88%	40.67%	14.14%	12.46%	15.95
Australia	7.85%	27.55%	40.08%	11.76%	12.76%	14.95
USA	9.82%	27.83%	39.44%	12.29%	10.61%	15.33
Other	15.93%	26.72%	30.09%	13.41%	13.84%	15.52
Total	14.63%	21.56%	30.81%	20.33%	12.66%	17.17

Gender of Visitors

France and the Scandinavian nations are the two source markets with the higher percentage of women coming to Namibia. The South African and United Kingdom source markets are completely male dominated. The overall European market is fairly favourable to female travellers.

Gender and nationality

Figure 6:



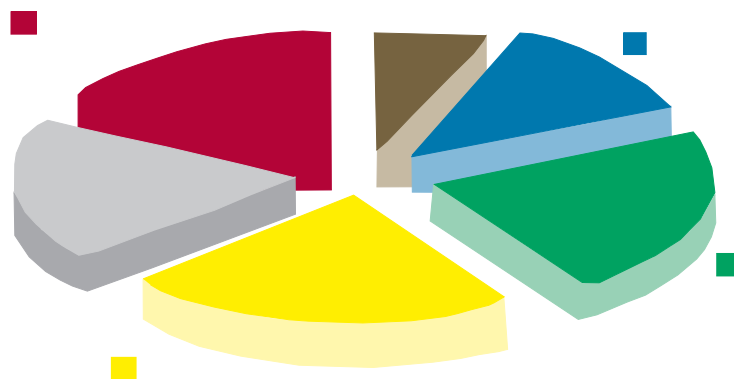
Age of the Visitors

The travelling age into Namibia is between 30 and 59 years. It is also encouraging to note that about 17 percent of travellers to Namibia are 60 years old and beyond. The lowest age category that come to Namibia are those between 0-19 that only account for 6.1 percent followed by the age category between 20-29 years that only accounted for a 12.2 percentage of arrivals.

Observations:

- The low number of children may imply that Namibia is not a family destination. Further research is needed to verify this
- We are an attractive destination for the elderly. While we are a very spiritual destination suitable for the elderly, more tailored-made products may be needed.

Figure 7:

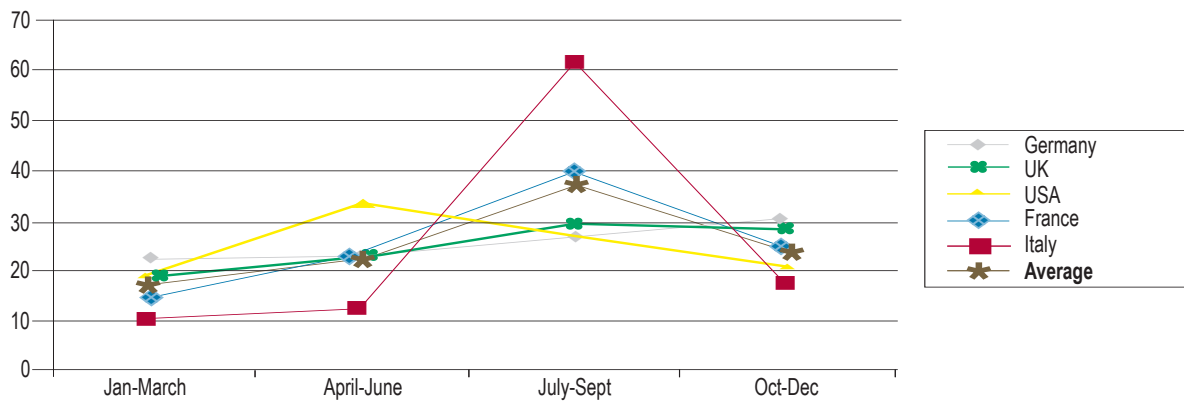


Seasonality

The 2004 and 2003's seasonality arrivals remained about the same with the highest arrival peak being between July and September. The Italians continue to record the highest arrivals for that very same time of the year. The USA market is slightly different as its peak time is the period between April and June. Since the dominant visitors from the USA to Namibia are

hunters, it is important for the Professional Hunters Association (NAPHA) to further investigate if there are new developments in the trophy hunting industry. This is extremely important in view of the growing USA market. Since we have only analysed the air arrivals, it is also important to examine if the road traffic would yield similar findings regarding the USA market.

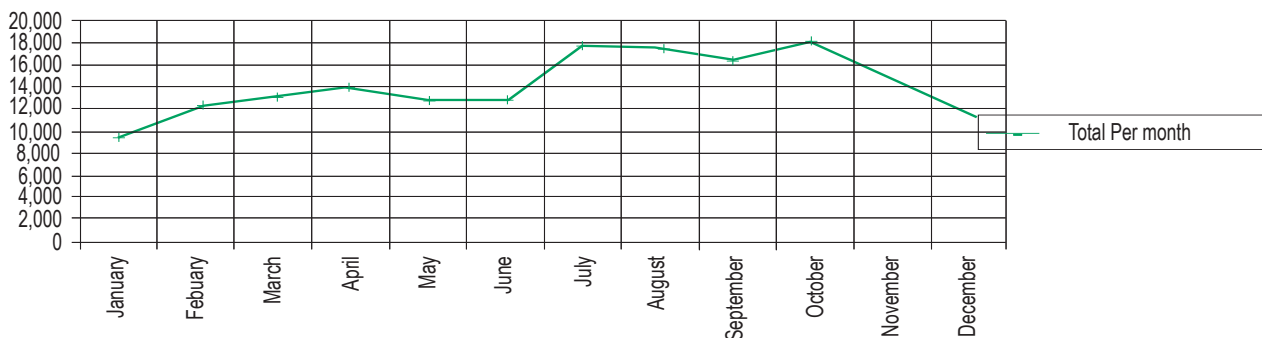
Figure 8:



Overall Seasonality patterns

The graph below shows that the peak-time is from July through August followed by a slight decline in September before a very short-lived resumption of peak-time in October. The abnormal October peak-time is shown on FIGURE 9 on the next page that presents nationality and months.

Figure 9:



Tabel 6:

Airport Tourist Arrivals in Namibia by Nationality and Month, 2004													
Nationality	January	February	March	April	May	June	July	August	September	October	November	December	Total
South Africa	5.55%	7.34%	8.25%	8.58%	7.71%	9.59%	9.31%	7.71%	10.20%	8.76%	9.73%	7.27%	100.00%
Angola	9.21%	6.73%	7.83%	9.40%	8.79%	6.68%	7.26%	6.62%	8.66%	8.06%	10.94%	9.83%	100.00%
Botswana	3.14%	6.26%	8.91%	6.23%	3.07%	0.00%	3.10%	14.79%	28.54%	9.28%	9.28%	7.40%	100.00%
Zambia	5.75%	11.48%	9.20%	9.52%	3.57%	16.07%	14.37%	5.46%	5.69%	9.45%	7.56%	1.89%	100.00%
Zimbabwe	2.21%	5.52%	13.77%	5.50%	7.27%	5.46%	10.49%	10.44%	16.75%	11.68%	7.64%	3.27%	100.00%
Other Africa	5.94%	10.35%	6.19%	9.12%	6.67%	7.46%	8.26%	8.59%	10.68%	7.45%	11.45%	7.86%	100.00%
Germany	5.80%	7.28%	8.70%	8.73%	7.85%	5.67%	8.12%	9.26%	9.09%	13.81%	8.81%	6.89%	100.00%
UK	6.35%	7.79%	6.91%	8.82%	6.91%	6.27%	13.83%	8.38%	7.04%	10.56%	11.04%	6.10%	100.00%
Italy	3.01%	3.64%	3.45%	4.00%	3.42%	4.35%	13.15%	41.83%	6.16%	5.73%	5.95%	5.30%	100.00%
France	2.86%	5.91%	5.49%	10.53%	6.79%	5.32%	16.00%	15.26%	7.98%	10.24%	7.64%	5.97%	100.00%
Scandinavia	3.29%	12.42%	9.92%	6.02%	6.62%	8.86%	8.33%	6.27%	9.33%	11.78%	8.94%	8.22%	100.00%
Austria	7.09%	5.46%	7.11%	8.76%	7.38%	5.00%	12.53%	9.52%	7.25%	12.32%	10.29%	7.28%	100.00%
Netherlands	3.15%	6.17%	5.93%	4.79%	4.76%	6.33%	16.52%	6.44%	14.02%	16.25%	8.15%	7.49%	100.00%
Switzerland	1.95%	4.28%	6.43%	7.62%	9.81%	4.70%	13.02%	8.15%	14.54%	15.64%	9.63%	4.24%	100.00%
Spain	3.47%	1.15%	4.47%	7.12%	2.10%	2.85%	14.54%	36.88%	15.60%	4.56%	2.85%	4.43%	100.00%
Portugal	10.22%	7.14%	3.34%	22.02%	4.84%	3.36%	4.88%	6.36%	13.31%	11.09%	5.04%	8.38%	100.00%
Belgium	3.20%	7.76%	6.13%	7.27%	5.64%	4.06%	19.58%	9.88%	11.25%	12.17%	8.11%	4.95%	100.00%
Other Europe	8.10%	6.55%	6.97%	7.62%	10.11%	12.45%	9.38%	8.42%	9.23%	7.15%	8.41%	5.62%	100.00%
Australia	4.04%	4.03%	1.98%	6.02%	10.50%	13.76%	16.35%	6.65%	12.79%	9.96%	4.98%	8.94%	100.00%
USA	5.42%	6.27%	7.66%	8.11%	10.43%	14.71%	11.49%	9.11%	6.53%	7.76%	8.35%	4.15%	100.00%
Other Countries	3.58%	7.86%	8.25%	8.09%	6.32%	9.05%	12.20%	11.82%	8.50%	10.50%	7.04%	6.79%	100.00%
Total	5.35%	6.92%	7.67%	8.36%	7.50%	7.51%	10.39%	10.40%	9.51%	10.68%	8.98%	6.72%	100.00%

Findings:

- October was very good for many key European markets including Germany and the United Kingdom. The sudden change in travel behaviours may have been caused by recent terrorism events in Europe, specifically Spain.
- Whatever the reason, it is good for Namibia to become a destination for all season! The statistics are showing that trend.

Tourists by Airlines

Table 7:

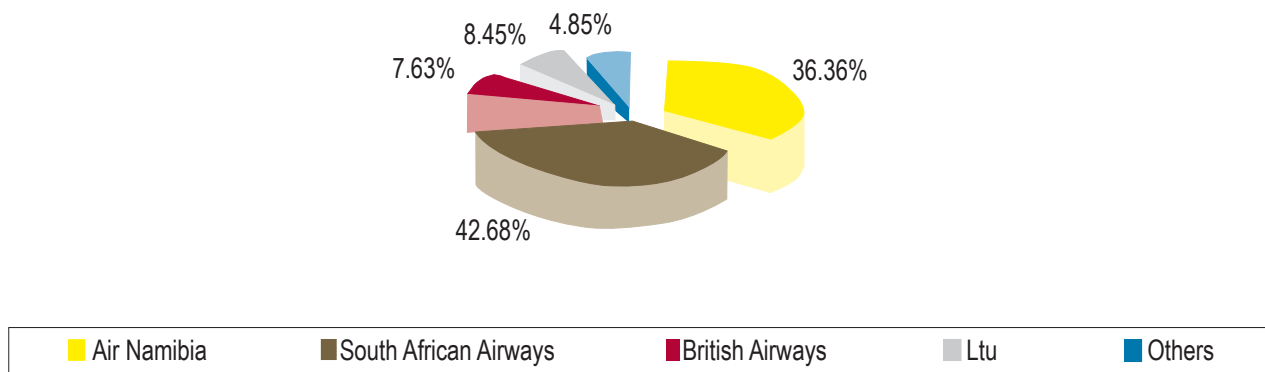
Total Foreign Airport Arrivals to Namibia by Airline and Category of Traveler, 2004					
Airline	Returning Residents	Tourists	Same-day Visitors	Others	Total
Air Namibia	5,663	60,846	2,543	4,311	73,363
South African Airways	6,752	69,944	4,006	5,330	86,032
British Airways	1,022	13,050	245	1,067	15,383
LTU	1,182	15,650	11	196	17,039
Others	825	7,672	420	852	9,770
Total	15,444	167,162	7,226	11,755	201,587

Findings:

- South African Airways brings more passengers to Namibia. Of the 86,032 passengers, about 70,000 were tourists.
- Air Namibia accounted for a total of 73,363 the second highest after South African Airways.
- The pattern was the same for all type of travellers to Namibia with South African Airways leading in all the categories.
- Figure 10 below indicates that South African Airways does in fact carry more tourists than any other airlines.
- British Airways performed below the German Airlines both in terms of total passengers on board as well as those classified as tourists.

Tourist distribution by airline

Figure 10:

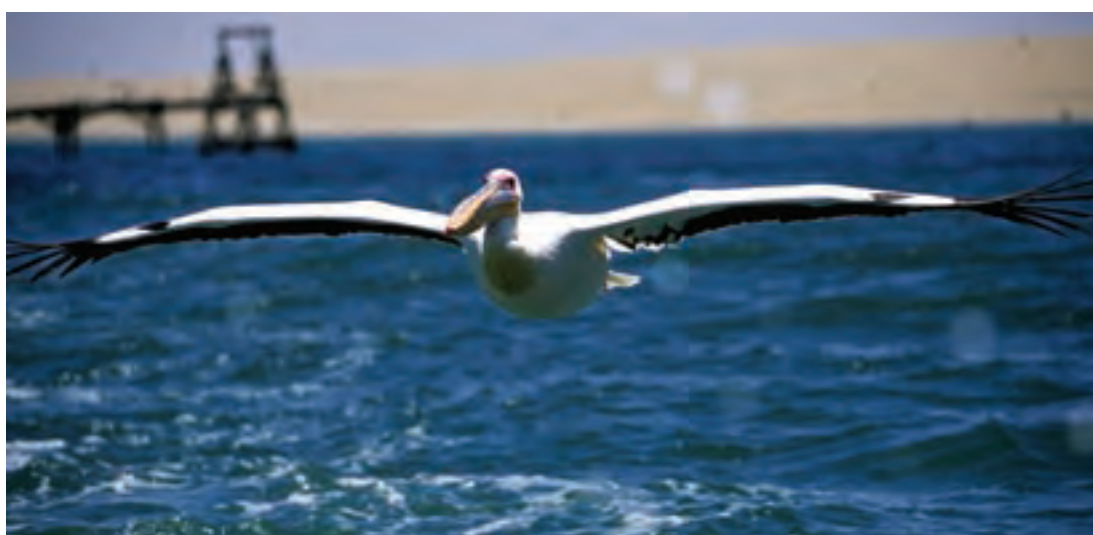
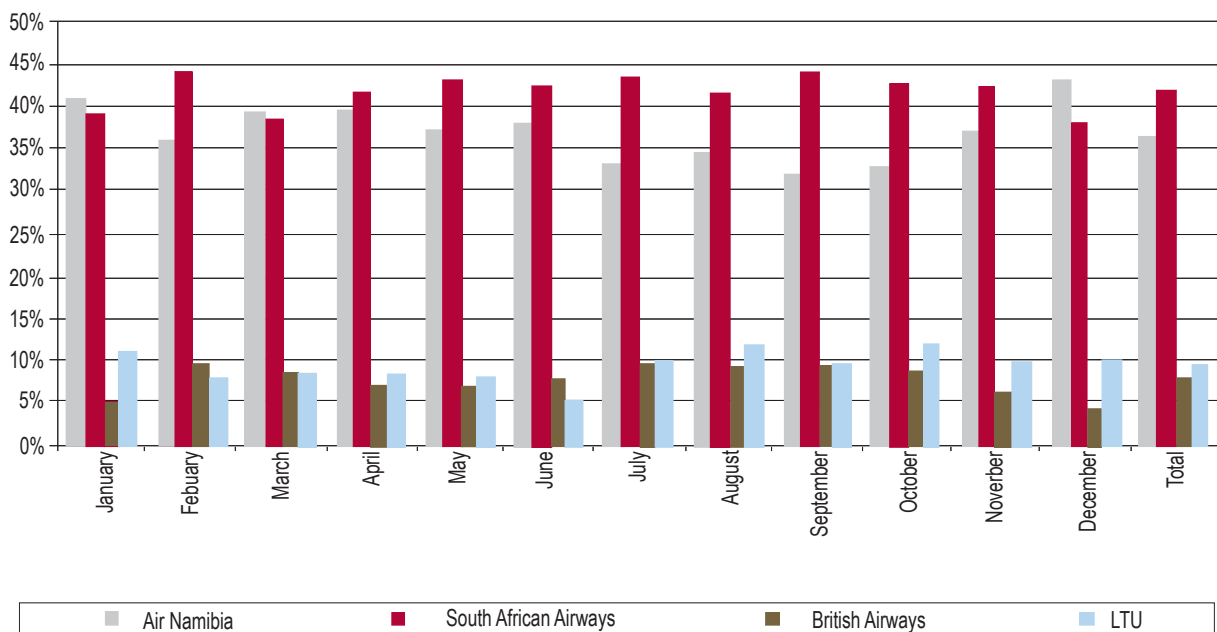


Airline's share of tourists per month

Findings:

1. South Africa Airways dominated the sky with more tourists for most of the months.
2. Air Namibia carried more tourists than South African Airways during January, March and December. This is normally the low peak months for long-haul tourism from Europe and North America .
3. All the airlines performed well during the peak season of July that was extended into October for that year.
4. The time of the year that the German Airlines flew in the lowest number of tourist was June while British Airways performed weaker in December respectively.
5. Compared to South African Airways, the time of the year that Air Namibia flew in the lowest number of tourists was the month of September.

Figure 11:



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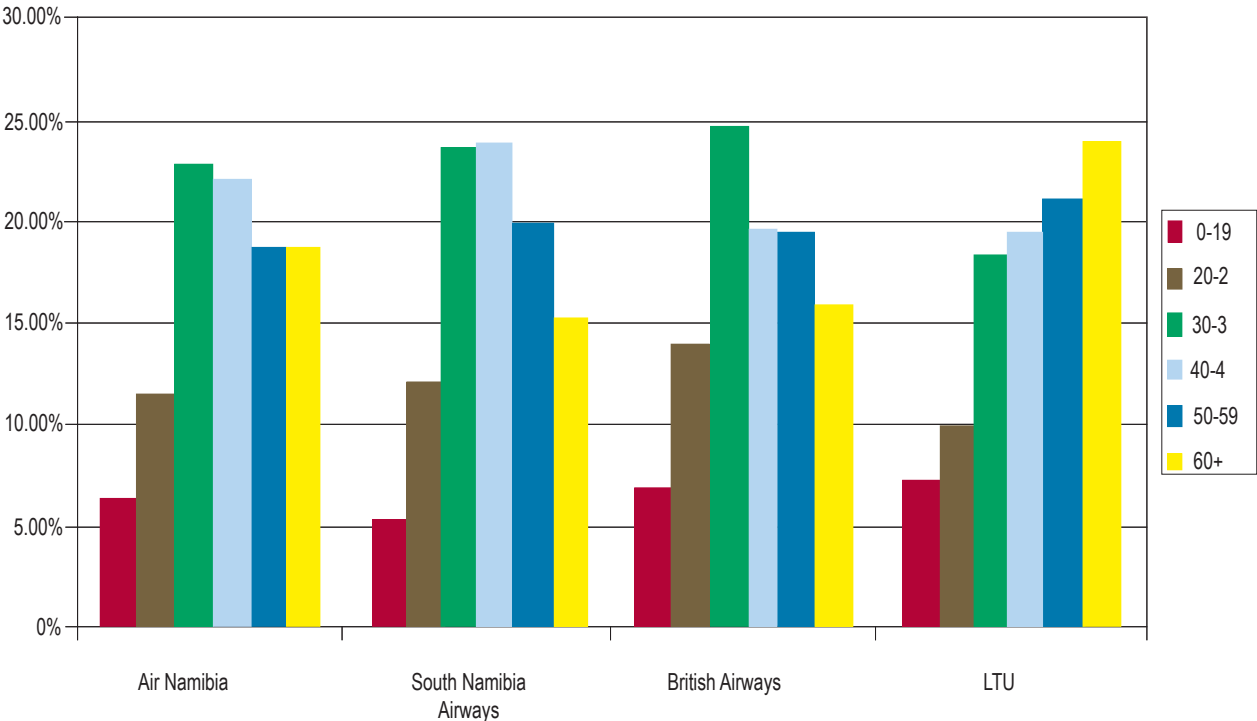
Airlines's share of tourist by age

Findings

1. LTU and Air Namibia are favoured by the majority of tourists over the age of 60 years.
2. Very few children are coming in to Namibia by means of air transport.
3. British Airways led the competition for the 30-39 age category followed by South African Airways and Air Namibia in that order.
4. LTU is the least preferred airline of the tourists in the age group of 20-29 years
5. Generally, none of the four airlines demonstrated overwhelming dominance in any age group. The playing field is almost evenly contested

Airlines by Age

Figure 12:

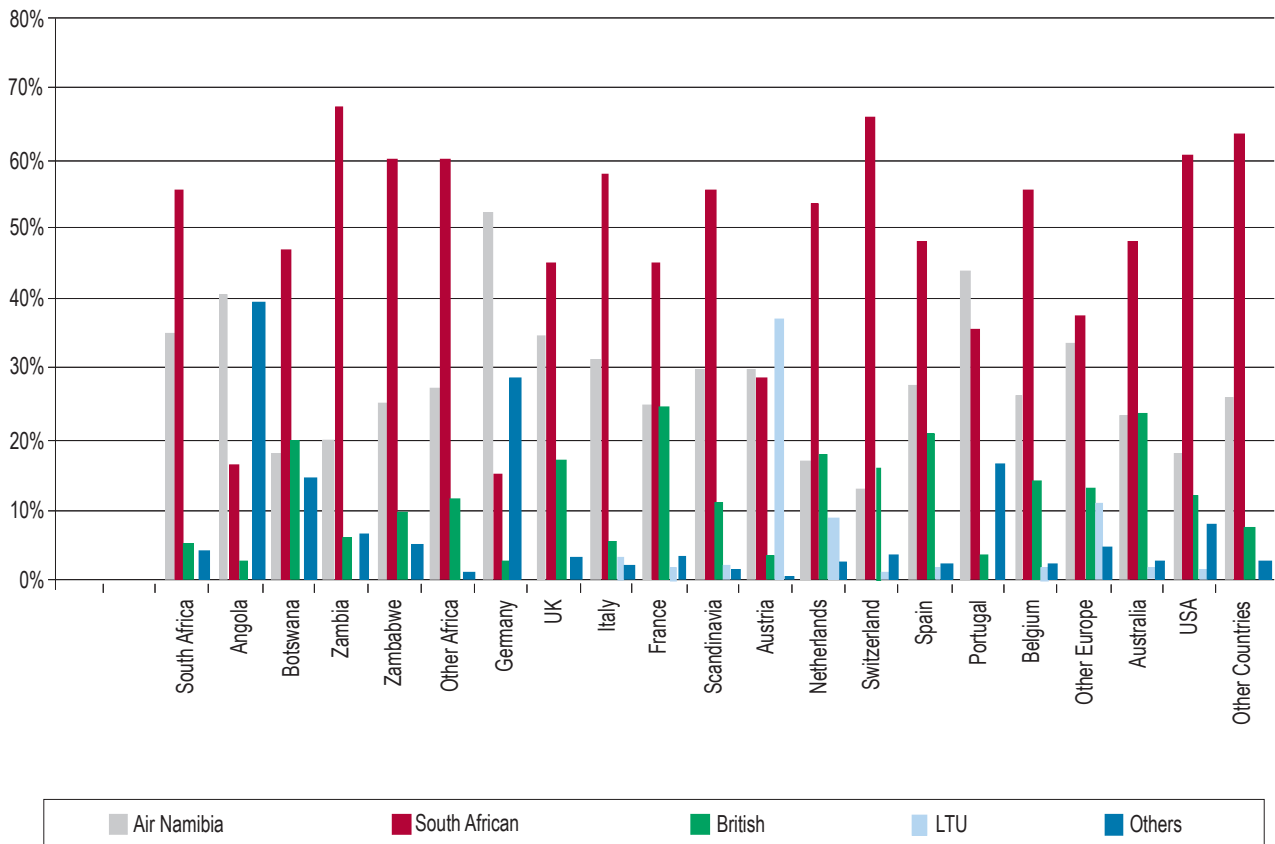


Nationality by Airlines

Findings:

1. Air Namibia led the competition for German tourists to Namibia. Its distant competitor is LTU.
2. Air Namibia also led the pack for the Angolan and Portuguese markets followed only by the airlines grouped as "others"
3. Incidentally, our national carrier competed very well against South African Airways, (even leading the British Airways) for UK nationals visiting Namibia. This is even before Air Namibia launched its UK route.
4. Air Namibia did not compete effectively for Botswana, Netherland, Switzerland and USA nationals.
5. South African Airways dominated all the markets except Angola and Germany in transporting tourists to Namibia.

Figure 13:



Nationality by Airlines (continued)

Findings:

1. Although already described in the previous findings, this TABLE only provides the total shares of tourists per each air carrier
2. This TABLE indicates that Air Namibia performed very well – in fact coming second to South Africa in all the source markets except France, Australia and Switzerland.

Table 8:

Total Foreign Airport Arrivals to Namibia by Nationality and Airline, 2004						
Nationality	Air Namibia	South African Airways	British Airways	LTU	Others	Total
South Africa	21,634	32,688	3,093	63	2,925	60,402
Angola	3,915	1,677	218	13	3,522	9,345
Botswana	139	247	121	0	102	609
Zambia	281	629	67	0	28	1,005
Zimbabwe	485	1,138	125	0	47	1,794
Other Africa	1,116	2,695	529	11	71	4,422
Germany	25,814	7,967	1,250	14,036	478	49,546
UK	4,287	5,602	1,960	72	366	12,287
Italy	1,997	3,682	384	198	153	6,414
France	1,820	3,431	1,881	114	247	7,493
Scandinavia	1,117	2,012	389	73	39	3,631
Austria	1,108	1,089	136	1,421	29	3,783
Netherlands	799	2,363	749	389	126	4,426
Switzerland	777	3,921	923	72	161	5,853
Spain	1,221	1,683	543	31	62	3,541
Portugal	675	513	56	0	137	1,381
Belgium	711	1,610	373	53	67	2,815
Other Europe	1,200	1,404	495	338	151	3,589
Australia	284	637	288	21	32	1,262
USA	1,934	5,717	1,040	114	633	9,438
Other Countries	2,046	5,329	763	21	392	8,552
Total	73,363	86,032	15,383	17,039	9,770	201,587



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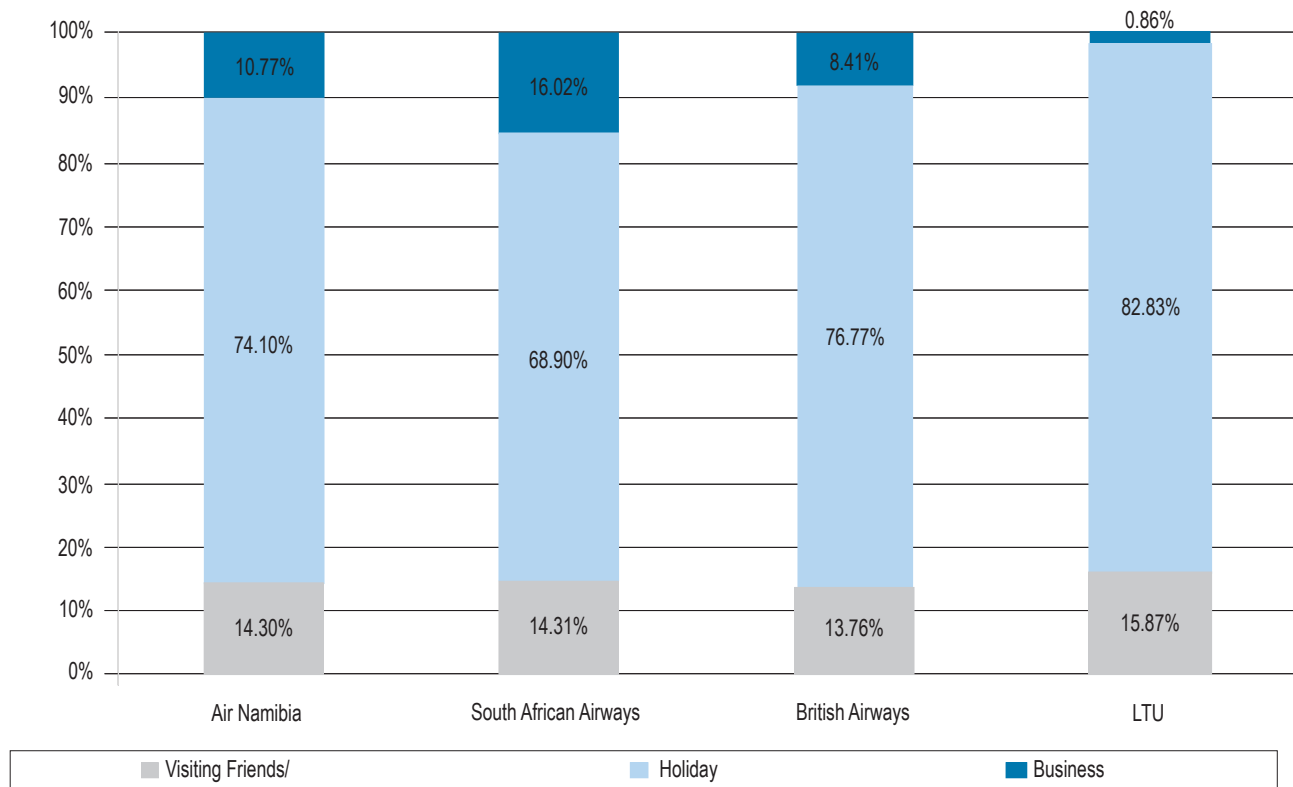
Airlines' share of tourist by purpose of visit

Findings:

1. More than 82% of the LTU's passengers were leisure visitors. This airline transported very few business visitors for Namibia.
2. South African Airways followed by Air Namibia carried most of the business visitors to Namibia during 2004.
3. LTU enjoyed a very low margin lead in the VFR group with the other three airlines each taking 14% share of the spoil.
4. Looking at the percentage distribution, Air Namibia and British Airways could be almost described as identical in the type (although not quantity) of tourism travellers transported to Namibia during 2004.

Airline by type of tourist

Figure 14:



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Registration of Tourism Enterprises by NTB

The Namibian Tourism Board received a total of 1,728 applications from accommodation establishments and regulated businesses that applied for registration between September 2004 and May 2005. They consist of 912 accommodation establishments and 816 regulated businesses. This is a huge achievement for this young institution and tourism in general. Once all the systems are in place, the NTB will collect levies from the industry to support its operations. But the N\$9 million expected from levies is not enough to cover the operational costs. This TABLE shows the breakdown of applications received per category of regulated businesses and accommodation establishments.

Table 9:

CLASS	TOTAL RECEIVED	TOTAL PROCESSED
Back-packers hostels	25	18
B&B	75	47
Campsites	76	40
Camping and Caravan Parks	5	0
Guesthouses	79	60
Guest farms	159	126
Lodges	125	74
Tented lodges	10	7
Tented Camps	22	11
Hotels	38	33
Hotel pensions	43	32
Rest camps	55	29
Self-catering	200	120
Resorts	0	0
TOTAL	912	597
CATEGORY	TOTAL RECEIVED	TOTAL PROCESSED
Activity operators	46	24
Air charter operators	14	7
Booking agents	55	48
Foreign tour operators	24	7
Tour & safari operators	191	113
Trophy hunting operators	362	212
Shuttle and Transport operators	41	22
Vehicle rental operators	43	22
Tour facilitators	40	29
Conference operators	0	0
TOTAL	816	484



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Community-Based Tourism

The Namibia Community-based Tourism Association (NACOBTA) has been playing a very important role despite relying exclusively on donor funding. NACOBTA and the Directorate of Tourism were able to implement a number of tourism projects during 2004.

There has been general recovery of wildlife in the Conservancies and the 2004 figures indicate that an amount of N\$27 million had been generated by the 31 conservancies that cover an area of 80 000 square kilometres. Most of the income had been used for community projects such as water holes, facilities for children and pensioners etc. This N\$27 million had been derived from campsites, trophy hunting, lodge partnerships and crafts.

Our primary aims is to create jobs and in an area like Nyae Nyae, where very limited livelihood options existed, nine new jobs had been created amongst a community consisting of 600 families. Whilst this does not appear to be a major achievement, the impacts of this project on this particular community had been very significant.

Toward the end of 2004, there was a feeling that the community tourism projects should move towards greater involvement in mid-market lodge accommodation and an example was

given of projects where ownership would be transferred over a ten-year period to the local community. Enterprises that are considered to be CBT include the following activities:

- Small enterprises (e.g campsites)
- Trophy hunting
- Lodge partnerships between the conservancies and the private sector
- Crafts
- Guided tours

The table below summarizes the total financial benefit generated by the various types of CBT since 1999. These figures include salaries to local staff, income generated by the conservancy and also turnover where the enterprise is owned by a local person. The income generated from community tourism activities reached more than N\$27 million during 2004. This is because of a number of joint venture agreements were signed with conservancies in addition to new CBT enterprises on communal land.

The new approach to CBT enterprise development was supported by the EU sponsored Namibia Tourism Development Program. This had an impact on the general growth reported for community-based tourism during 2004.

Table 10:

Type of CBT	2004	2003	2002	2001	2000	1999
Campsites/guiding	9,316,425	5,027,507	3,105,016	2,063,422	1,563,687	955,219
Trophy Hunting@	4,343,708	2,516,250	1,952,455	734,375	398,533	54,376
Lodge partnerships	12,245,943	3,838,627	2,179,874	1,545,636	373,750	147,413
Crafts#	1,754,651	640,522	561,221	234,827	111,389	735,997
Total N\$	27,660,727	12,022,906	7,798,566	4,578,257	2,447,359	1,893,005



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Statistics Compiled for the Southern Border Posts (2001-2004)

TABLE 11 Foreign Arrivals According to Point of Entry (2001-2004)

Border Post	2001	2002	2003	2004
Klein Manase	9020	8736	8367	6550
Noordoewer	101441	104808	94083	93386
Ariamsvlei	84263	84605	71338	78890
Oranjemund	31180	31678	27697	25661
Verlorsdrift	4908	3486	3630	3080
Hohlweg	1597	1479	1065	995
Transkalahari	64482	62979	60803	58227
Rosh Pinah	49	889	515	Closed
Luderitz	4493	7400	3823	2588
GRAND TOTAL	301,433	306060	271836	269377



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TABLE 12: Foreign Arrivals and Tourists According to Point of Entry (2001-2004)

Regional Border Post		2001	2002	2003	2004
Hosea Kutako	Total Foreign Arrivals	143,344	146,779	179271	179633
	Total Tourists	130945	138181	147074	149792
Eros	Total Foreign Arrivals	20,499	30959	3656	2051
	Total Tourists	182982	26826	2332	-
Northern Borders	Total Foreign Arrivals	306317	331690	303141	347554
	Total Tourists	231038	281467	224001	-
North Eastern Borders	Total Foreign Arrivals	67836	88316	129384	165068
	Total Tourists	33452	51766	87321	62725
Southern Borders	Total Foreign Arrivals	201229	235993	206695	208562
	Total Tourists	181970	187740	163450	-
Trans-Kalahari	Total Foreign Arrivals	64482	62979	60803	58227
	Total Tourists	58675	53463	50082	54267
Luderitz	Total Foreign Arrivals	4493	7400	3823	2588
Oranjemund	Total Foreign Arrivals	31180	31678	27697	25661
Keetmashoop	Total Foreign Arrivals	1696	1228	849	710
Other Airports	Total Foreign Arrivals	5387	8600	7558	8408

1. PORT OF ENTRY DURING 2001

South Africa was the leading source market during the year 2001. In terms of the road traffic entry, 14.3% of South African visitors entered Namibia at Noordoewer, while 26.3% came through Ariamsvlei. Although traffic between Namibia and South Africa is lower at some of the smaller border posts, further studies was needed to determine the type of tourism enterprises that they visited. This is very important in view of the ongoing trans-frontier discussions between the two countries.

1.1 Specific findings relating to purpose of visit

1.1.1 VFR

The analysis shows that 52.7% of the VFR tourist arrival entered Namibia through the North Eastern borders followed by a 38.6% who came through the Northern Borders.

1.1.2 Business

A large proportion (38.9%) of Business tourists came through Eros Airport, while another 45.6% used other small regional airports. There were a significant number of business tourists coming through the Southern Borders and Hosea Kutako International Airport amounting to 24.6% and 20.5% respectively.

1.1.3 Holiday and Leisure

The majority of leisure and holiday travelers entered Namibia through the International Airport. Buitepos and the Southern Border posts were also active leisure and holiday entry points.

2. PORT OF ENTRY DURING 2002

The busiest points of entry into Namibia were the northern border posts with a combined total of 37.2% leisure/holiday visitors, followed by the southern border posts with 24.8%. Hosea Kutako International Airport accounted for 18.3% of the leisure/holiday tourists who were mostly overseas tourists.

2.1 Other Findings

- The north borders account for the highest VFR visitors
- Contrary to this, the southern border posts provide the largest share of holiday visitors (33%) followed by Hosea Kutako International airport (20.5%)
- The southern border posts also provided most of the business visitors followed by Eros Airport
- About 95.7% of the tourists generated out of Angola entered Namibia through the northern border posts while 63.5% of the tourists from South Africa came via the southern border posts.

3. PORT OF ENTRY DURING 2003

The Northern Borders accounted for more than 32% of the total tourism arrivals compared to the Southern Borders that combined for a total of 23.5 percent of the visitors. Hosea Kutako International Airport is the main entry point for both overseas and regional travelers. The international airport recorded an increase in arrival traffic from 18 percent in 2002 to about 22 percent during the year 2003.

Table 13:

Northern Border	32.2	
Southern Border	23.5	
Hosea Kutako	21.2	
North Eastern Border	12.6	
Trans-Kalahari Border	7.2	
Other Airports	3.1	
Eros Airport	0.4	

4. PORT OF ENTRY DURING 2004

During 2004, approximately a total of 986,148 foreigners visited Namibia, which is an increase of 9% over the total of 909,187 foreign visitors recorded for 2003.

4.1 Hosea Kutako

Of the 986,148 foreign visitors arriving to Namibia during 2004, almost 180,000 foreign visitors arrived at Windhoek's Hosea Kutako International airport during 2004 including arrivals of Namibian residents which is a slight increase of approximately 0.2% from the 179,271 foreign visitors recorded in 2003 at the same airport (Hosea Kutako). This shows that Hosea Kutako International airport still and remains the point of entry for both overseas and regional travelers.

4.2 Northern Borders

The Northern border post of Oshikango (mainly Angolans) recorded the highest figure for the foreign visitors accounting for 313,172 or 32% of all the total foreign arrivals in Namibia during 2004. This was an increase of 17% over the total of 266,964 recorded during 2003 through Oshikango border post.

4.3 Southern Borders

The Southern border posts (Ariamsvlei and Noordoewer) accounted for the third highest number of foreign visitors to Namibia all together of approximately 172,276 recorded during 2004 which is an increase of 4% over the 165,421 foreign visitors recorded during 2003 at those respective border posts. These foreign visitors entering Namibia through the southern border posts are predominantly (South Africans) business and particularly those visiting friends and relatives (VFR).

4.4 Trans-Kalahari

Foreign visitors entering Namibia through Trans-Kalahari border post in the eastern of Namibia during 2004 accounted for only 58,227 arrivals of the total foreign visitors to Namibia which is a slight decrease of 4% from 60,803 foreign visitors recorded during 2003. Of these visitors entering Namibia through Trans-Kalahari are mainly the Botswana visitors.

Community Lodges

This project involves the construction of lodges on communal land to expedite the process of entry of the previously disadvantaged people into tourism. The project targets rural communities currently restricted to lower-level tourism enterprises to be empowered to become partners in mid-level lodge operations.

The primary objective behind the project is to diversify the livelihood of the rural communities and to empower people through partnerships in the tourism sector. Ownership of the lodges would be vested in the local community, while management is outsourced to experienced private operators as mentors through a contractual agreement to ensure maintenance of standards and commercial viability of the project. Management companies are providing marketing and booking services, communications and logistics support as well as training of local people to take over as managers of these resorts within defined periods.

Through this program, the Ministry together with its development partners constructed the first lodge at Khoadi Hoas in Kunene, where the Conservancy has over the years developed capacity to own and run such enterprise profitably.

We have also obtained GEF-World Bank funding for the construction of more community lodges in other regions. This is one of the most successful projects that is benefiting from a partnership of tourism stakeholders such as NACOBTA, DOT, FENATA and NTB. In terms of the progress to date:

- Construction and furnishing of lodge finalized.
- Management Agreement Signed with Eco-Logistix.
- The lodge is already employing 20 conservancy members
- Staff for the front desk, kitchen, bar and tour guiding received training at Desert Homestead Lodge owned by the management company
- The lodge consists of 15,000 of exclusive wildlife viewing
- It offers 20 Beds for a price of N\$480 to N\$560 per person per night.
- Local stones were mainly used for its construction
- The lodge was opened by the Minister in June of this year



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Summary and Conclusions



This report has clearly demonstrated the rapid growth in the tourism sector since 1993. Tourism is a thriving sector that is capable of generating new jobs for this country. These arrival statistics provide very useful information that should assist tourism planning, development and marketing. Our statistics are also very reliable because we have consulted several operators in the industry to corroborate our findings with their own practical experiences. The cooperation and willingness to share information with the private sector before publication will only help the Directorate to provide reliable and accurate information. This is one of the Directorate of Tourism's key functions.

Our information was collected from reliable sources both local and international and they all indicated that global tourism has recovered from the shocks of international terrorism. Namibian tourism in particular has been stable throughout these years of global conflicts with the arrival figures exceeding 700,000 during 2004.

The sector has grown rapidly since 1993 when the income generated to state coffers through tourism was only N\$160 million. Today this sector is capable of generating more than N\$2.8 billion to the national economy. Namibia is sometimes considered to be an expensive destination. This is surely a deterrent to its expectation of increasing tourism arrivals in the future. The NTB is busy working on a pricing strategy for the country which may guide pricing control in the tourism sector.

Our data have also shown that Namibia is regionally competitive. We are capable of attracting tourists from many source markets overseas while retaining most of our own traditional markets such as Germany. We are also happy to report that the USA market is growing rapidly despite the fact that the NTB is constrained by resources to market and promote the country to the American tour operators.

Trophy hunting is one of the beneficiaries that has been able to tap into this growing American source market. Community-based Tourism performed very well during the year 2004 and it has already surpassed the high figure of N\$27 million in income generated for the conservancies. Community-based tourism will continue to grow as government is expanding its conservancy activities to most regions. But the key to a successful development of community-based tourism is quality products and upgrading of its campsites.

This is the message expressed by many key sources in the industry.

Furthermore, the Directorate of Tourism has nearly finalized the long-expected tourism policy. It is already with the printers who are editing the final copy and designing its lay-out. This is an excellent document that resulted from many consultative workshops involving all our stakeholders. The policy will help the Ministry to coordinate future tourism planning and development.

These are all great achievements that we should be proud of as we continue to promote our country as an excellent destination. The NTB has finalized its branding exercise and we are now in a position to identify some of our key attractions and products to use in the generic marketing of the country. We believe that the 2005 report will indicate that the success of Namibian tourism is not short-lived. The sector will continue to show stability over the next few years. Finally, the Tourism Charter that we together with the private sector have adopted will help to channel the benefits of the industry to the previously disadvantaged Namibians. The newly established Tourism Council will ensure that the Charter is adhered to. Many Namibians are realizing the need to invest in tourism. This is only possible if access to capital through SMEs will be availed to prospective tour operators and local entrepreneurs who want to venture into tourism.