

WORLD  
TRAVEL &  
TOURISM  
COUNCIL

# TRAVEL & TOURISM: ECONOMIC IMPACT

## Montenegro



|  |  |  |  |   |
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| <b>Gerald Lawless</b><br>Executive Chairman<br>Jumeirah Group                      | <b>Mark P Frissora</b><br>Chairman and CEO<br>The Hertz Corporation                                      | <b>Dionísio Pestana</b><br>Chairman<br>Group Pestana   | <b>Mei Yunxin</b><br>President<br>Beijing Tourism Group  | <b>1 July 2009</b>  |
| <b>Manfredi Lefebvre D'Ovidio</b><br>Chairman<br>Silversea Cruises                 | <b>Naresh Goyal</b><br>Chairman<br>Jet Airways India Ltd   | <b>Fernando Pinto</b><br>CEO<br>TAP Portugal   | <b>Tim Zagat</b><br>Co-Founder, Co-Chair & CEO<br>Zagat Survey LLC                                       |   |

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# FOREWORD

THE WORLD TRAVEL & TOURISM COUNCIL (WTTC), WHICH IS THE GLOBAL BUSINESS LEADERS' FORUM FOR TRAVEL & TOURISM, HAS SPENT 20 YEARS DEVELOPING ITS ECONOMIC IMPACT RESEARCH, BASED ON TOURISM SATELLITE ACCOUNT (TSA) METHODOLOGY – FOR THE BENEFIT OF BOTH PRIVATE AND PUBLIC SECTOR TRAVEL & TOURISM DECISION-MAKERS.

Full TSAs take many years to develop, so WTTC's prime objective in producing this and other country studies is to access the best and most reliable information available in order to assess as quickly as possible Travel & Tourism's current and likely future contribution to national economic activity and employment. One of our main goals, and indeed one of the major strengths, of our research is that it is timely – so it can inform and help drive urgent policy-making, investment and marketing decisions.

2008 provided a clear demonstration of the complex environment in which Travel & Tourism operates, confirming the critical importance of timely information for policy- and decision-makers. And developments so far in 2009 have reinforced this argument. This explains why the economic impact research developed by WTTC and its partner Oxford Economics – designed to adapt to the fast-changing operating environment – is increasingly seen as an essential tool for industry and government leaders.

According to WTTC's latest research, conducted in the first quarter of this year, Travel & Tourism is expected to account for nearly 21% of Montenegro's economy in 2009, generating almost 30,000 jobs. Its contribution to GDP has risen steeply over the past five years, driven by rapid growth in foreign visitor arrivals and tourist-related investment, but the rate of expansion has, not surprisingly, slowed since 2006.

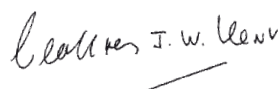
Nevertheless, further rapid growth is expected over the coming decade, with the contribution of Travel & Tourism set to rise to over 25% of GDP, while the wider Travel & Tourism economy will increase to support more than 40,000 jobs. Short-term growth will be driven by the major investment projects already in train, although these some might be curtailed or delayed given the current economic climate. Meanwhile, buffeted by global headwinds, international arrivals and overnights are expected to fall this year before rebounding along with the global economy from 2010.

Although investment plans remain impressive, we are nevertheless cautious regarding the immediate outlook for international visitor arrivals due to the bleak outlook for the global economy in 2009. However growth is expected to be well above trend during the cyclical pick-up in global conditions, implying that overnights should reach almost 19 million by 2020.

On this positive note, we wish you happy reading and hope that this economic impact study of Travel & Tourism on Montenegro's economy will provide a useful and meaningful statistical background for the three new linked WTTC reports on Montenegro: *Travel & Tourism Trends and Prospects*, *Travel & Tourism Policy Framework*, and *Travel & Tourism Development and Investment Potential*.

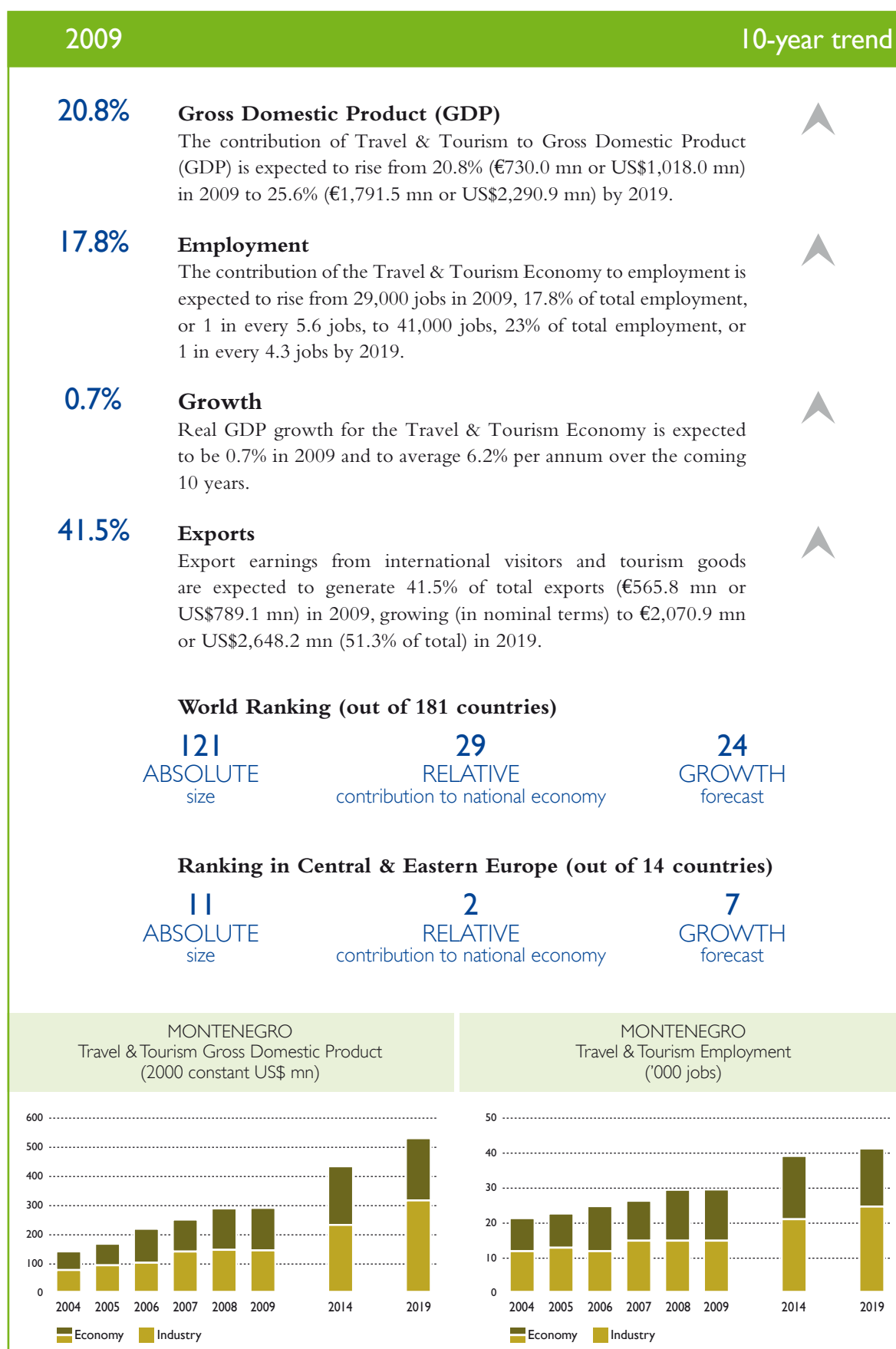


**Jean-Claude Baumgarten**  
President & CEO  
World Travel & Tourism Council



**Geoffrey J W Kent**  
Chairman, World Travel & Tourism Council and  
Chairman & CEO, Abercrombie & Kent

# KEY FACTS AT A GLANCE



# ECONOMIC IMPACT

IN 2009 MONTENEGRO'S TRAVEL & TOURISM IS EXPECTED TO GENERATE €730 MN (US\$1,018 MN) OF ECONOMIC ACTIVITY (GDP). THE INDUSTRY'S DIRECT IMPACT INCLUDES:

| Direct Industry GDP                                 | Direct Industry Employment                                   |
|---|--|
| € <b>366</b> mn<br>equivalent to 10.5% of total GDP | <b>14,700</b><br>jobs, representing 9.0% of total employment |

HOWEVER, SINCE TRAVEL & TOURISM TOUCHES ALL SECTORS OF THE ECONOMY, ITS REAL IMPACT IS EVEN GREATER. MONTENEGRO'S TRAVEL & TOURISM ECONOMY DIRECTLY AND INDIRECTLY ACCOUNTS FOR:

| Economy GDP   | Economy Employment  |
|---|---|
| € <b>730</b> mn<br>equivalent to 20.8% of total GDP     | <b>29,300</b><br>jobs, representing 17.8% of total employment |
| Exports, Services & Merchandise                         | Capital Investment  |
| € <b>566</b> mn<br>equivalent to 41.5% of total exports | € <b>288</b> mn<br>equivalent to 33.7% of total investment    |
| Government Expenditure                                  |   |
| € <b>26</b> mn<br>equivalent to a 2.7% share            |   |

# REAL GROWTH

IN 2009, TRAVEL & TOURISM IN MONTENEGRO IS FORECAST TO SEE A REAL DECLINE/GROWTH OF:

|  |  |
|--|--|
| <b>Direct Industry GDP</b><br><b>-1.3 %</b><br>to €366 mn (US\$511 mn) | <b>Direct Industry Employment</b><br><b>-3.3 %</b><br>to 14,700 jobs |
| <b>Economy GDP</b><br><b>0.7 %</b><br>to €730 mn (US\$1,018 mn)        | <b>Economy Employment</b><br><b>-1.4 %</b><br>to 29,300 jobs         |

OVER THE NEXT TEN YEARS, MONTENEGRO'S TRAVEL & TOURISM IS EXPECTED TO ACHIEVE ANNUALISED REAL GROWTH OF:

|   |   |
|---|---|
| <b>Direct Industry GDP</b><br><b>8.0 %</b><br>to €1,073 mn (US\$1,372 mn) in 2019                   | <b>Direct Industry Employment</b><br><b>5.3 %</b><br>to 24,700 jobs in 2019                           |
| <b>Economy GDP</b><br><b>6.2 %</b><br>to €1,791 mn (US\$2,291 mn) in 2019                           | <b>Economy Employment</b><br><b>3.5 %</b><br>to 41,300 jobs in 2019                                   |
| <b>Demand - Travel &amp; Tourism</b><br><b>7.6 %</b><br>to €3,063 mn (US\$3,917 mn) in 2019         | <b>Visitor Exports - Travel &amp; Tourism</b><br><b>10.7 %</b><br>to €2,020 mn (US\$2,583 mn) in 2019 |
| <b>Capital Investment - Travel &amp; Tourism</b><br><b>2.3 %</b><br>to €505 mn (US\$623 mn) in 2019 | <b>Government Expenditure - Travel &amp; Tourism</b><br><b>4.3 %</b><br>to €54 mn (US\$69 mn) in 2019 |

# MONTENEGRO IN THE REGIONAL AND WORLD CONTEXT

TRAVEL & TOURISM IS ONE OF THE WORLD'S HIGHEST PRIORITY INDUSTRIES AND EMPLOYERS. IT ENCOMPASSES A BROAD RANGE OF INTER-RELATED SECTORS, FROM TRANSPORT, LODGING AND CATERING TO RECREATION, CONSTRUCTION AND SERVICES FOR VISITORS.

## GDP

WORLDWIDE – In 2009, the Travel & Tourism Industry should contribute 3.2% to world GDP, while the broader Travel & Tourism Economy (the industry and related sectors) should contribute 9.4%.

CENTRAL & EASTERN EUROPE – The Travel & Tourism Industry is expected to post a GDP contribution of 1.6% in 2009, while the Travel & Tourism Economy contribution will be 7.6%.

MONTENEGRO – Travel & Tourism Direct Industry is expected to contribute 10.5% to GDP in 2009 (€366 mn or US\$511 mn), rising in nominal terms to €1,073 mn or US\$1,372 mn (15.3% of total GDP) by 2019. The Travel & Tourism Economy contribution should rise from 20.8% (€730 mn or US\$1,018 mn) to 25.6% (€1,791 mn or US\$2,291 mn) over the same period.

## EMPLOYMENT

WORLDWIDE – Travel & Tourism is human resource intensive, creating quality jobs across the full employment spectrum. In 2009, one in 13.1 jobs will be generated by the Travel & Tourism Economy, which accounts for 7.6% of global employment. Today there are 77.3 million Travel & Tourism Industry jobs and 219.8 million jobs in the Travel & Tourism Economy, and these will rise to 97.8 million and 275.7 million, respectively, by 2019.

CENTRAL & EASTERN EUROPE – The Travel & Tourism Direct Industry is expected to generate 2,271,000 jobs in 2009 (1.4% of total employment), while the broader Travel & Tourism Economy will account for 10,130,000 jobs (6.3% of total employment).

MONTENEGRO – Travel & Tourism Economy employment is estimated at 29,340 jobs in 2009, 17.8% of total employment, or 1 in every 5.6 jobs. By 2019, this should rise to 41,320 jobs, 23.0% of total employment or 1 in every 4.3 jobs. The 14,720 Travel & Tourism Direct Industry jobs account for 9.0% of total employment in 2009 and are forecast to total 24,740 jobs or 13.8% of the total by 2019.

## DEMAND

WORLDWIDE – In 2009, Travel & Tourism is expected to post US\$7,340 bn of economic activity (Total Demand) and this is forecast to grow to US\$14,382 bn by 2019.

CENTRAL & EASTERN EUROPE – Travel & Tourism Demand is expected to reach US\$380,712 mn in 2009, growing to US\$1,066,706 mn in 2019.

MONTENEGRO – In 2009, Travel & Tourism is projected to post €1,087 mn (US\$1,515 mn) of economic activity (Total Demand), growing to €3,063 mn (US\$3,917 mn) by 2019.

## CAPITAL INVESTMENT

WORLDWIDE – Travel & Tourism is a catalyst for construction and manufacturing. In 2009, the public and private sectors combined are expected to spend US\$1,220 bn on new Travel & Tourism capital investment worldwide – 9.4% of total investment – rising to US\$2,590 bn, or 9.3% of the total, in 2019.

CENTRAL & EASTERN EUROPE – Travel & Tourism Capital Investment is expected to total US\$85,145 mn in 2009, or 11.1% of total regional capital investment.

MONTENEGRO – Travel & Tourism Capital Investment is estimated at €288 mn (US\$402 mn), or 33.7% of total investment in 2009. By 2019, this should reach €505 mn (US\$623 mn), or 31.1 % of total.

## EXPORTS

WORLDWIDE – Travel & Tourism is a major exporter, with inbound visitors injecting foreign exchange directly into the economy.

CENTRAL & EASTERN EUROPE – Travel & Tourism exports are expected to represent 10.1% of total exports in 2009.

MONTENEGRO – Exports make up a very important share of Travel & Tourism's contribution to GDP. Of total Montenegrin exports, Travel & Tourism is expected to generate 41.5% (€565.8 mn or US\$789.1 mn) in 2009, increasing to €2,070.9 mn, or US\$2,648.1 mn (51.3% of total exports), in 2019.

## GOVERNMENT EXPENDITURES

WORLDWIDE – Travel & Tourism is both a generator and receiver of government funds. Globally, in 2009, Travel & Tourism is expected to garner US\$404 bn of government expenditures, or 3.9% of total expenditures. By 2019, government spending on Travel & Tourism should increase to US\$709 bn – 4.0% of total government expenditure.

CENTRAL & EASTERN EUROPE – Travel & Tourism will account for US\$16 mn, or 3.0% of total government expenditures, rising to just under US\$40 mn (4.0%) by 2019.

MONTENEGRO – Government Travel & Tourism operating expenditures are expected to total €26 mn (US\$ 37 mn) in 2009, or 2.7% of total government spending. In 2019, this spending is forecast to reach €54 mn (US\$ 69 mn), or 2.8% of total government spending.



# SUMMARY TABLES

## ESTIMATES AND FORECASTS

| MONTENEGRO                              | 2009    |            |                     | 2019    |            |                     |
|---|---------|------------|---------------------|---------|------------|---------------------|
|   | € mn    | % of total | Growth <sup>1</sup> | € mn    | % of Total | Growth <sup>2</sup> |
| Personal Travel & Tourism               | 189.1   | 7.1        | 0.3                 | 413.1   | 7.7        | 4.9                 |
| Business Travel                         | 17.2    | 0.5        | 0.7                 | 37.7    | 0.5        | 5.0                 |
| Government Expenditures                 | 26.3    | 2.7        | 2.1                 | 54.1    | 2.8        | 4.3                 |
| Capital Investment                      | 288.4   | 33.7       | 14.4                | 505.0   | 31.1       | 2.3                 |
| Visitor Exports                         | 539.8   | 39.6       | -4.7                | 2,020.3 | 50.1       | 10.7                |
| Other Exports                           | 26.0    | 1.9        | -3.0                | 50.6    | 1.3        | 3.7                 |
| T&T Demand                              | 1,086.7 | 18.5       | 1.0                 | 3,063.3 | 23.7       | 7.6                 |
| Direct Industry GDP                     | 366.3   | 10.5       | -1.3                | 1,072.7 | 15.3       | 8.0                 |
| T&T Economy GDP                         | 730.0   | 20.8       | 0.7                 | 1,791.5 | 25.6       | 6.2                 |
| Direct Industry Employment <sup>3</sup> | 14.7    | 9.0        | -3.3                | 24.7    | 13.8       | 5.3                 |
| T&T Economy Employment <sup>3</sup>     | 29.3    | 17.8       | -1.4                | 41.3    | 23.0       | 3.5                 |

<sup>1</sup>2009 real growth adjusted for inflation (%); <sup>2</sup>2009-2019 annualised real growth adjusted for inflation (%); <sup>3</sup>'000 jobs

| CENTRAL & EASTERN EUROPE                | 2009      |            |                     | 2019        |            |                     |
|---|-----------|------------|---------------------|-------------|------------|---------------------|
|   | US\$ mn   | % of total | Growth <sup>1</sup> | US\$ mn     | % of Total | Growth <sup>2</sup> |
| Personal Travel & Tourism               | 113,244.0 | 6.0        | -1.1                | 324,581.0   | 6.1        | 5.6                 |
| Business Travel                         | 23,953.4  | 0.7        | -3.0                | 63,108.4    | 0.7        | 4.9                 |
| Government Expenditures                 | 16,152.9  | 3.0        | 0.4                 | 39,908.0    | 3.1        | 3.3                 |
| Capital Investment                      | 85,145.0  | 11.1       | -4.3                | 297,786.0   | 12.3       | 6.7                 |
| Visitor Exports                         | 78,495.5  | 5.6        | -2.4                | 177,231.0   | 4.8        | 4.6                 |
| Other Exports                           | 63,721.7  | 4.5        | -4.1                | 164,093.0   | 4.4        | 6.2                 |
| T&T Demand                              | 380,712.0 | 7.9        | -2.7                | 1,066,710.0 | 8.3        | 5.6                 |
| Direct Industry GDP                     | 52,700.5  | 1.6        | -3.3                | 138,642.0   | 1.5        | 5.2                 |
| T&T Economy GDP                         | 253,290.0 | 7.6        | -4.4                | 740,720.0   | 7.9        | 5.7                 |
| Direct Industry Employment <sup>3</sup> | 2,270.9   | 1.4        | -3.5                | 2,394.5     | 1.5        | 0.5                 |
| T&T Economy Employment <sup>3</sup>     | 10,131.5  | 6.3        | -6.6                | 11,114.0    | 7.0        | 0.9                 |

<sup>1</sup>2009 real growth adjusted for inflation (%); <sup>2</sup>2009-2019 annualised real growth adjusted for inflation (%); <sup>3</sup>'000 jobs

| WORLDWIDE                               | 2009      |            |                     | 2019       |            |                     |
|---|-----------|------------|---------------------|------------|------------|---------------------|
|   | US\$ mn   | % of total | Growth <sup>1</sup> | US\$ mn    | % of Total | Growth <sup>2</sup> |
| Personal Travel & Tourism               | 2,990,540 | 8.6        | -2.9                | 5,574,930  | 8.9        | 3.8                 |
| Business Travel                         | 745,087   | 1.3        | -7.2                | 1,375,690  | 1.3        | 3.6                 |
| Government Expenditures                 | 404,183   | 3.9        | 3.3                 | 709,336    | 4.0        | 3.2                 |
| Capital Investment                      | 1,220,070 | 9.4        | -5.3                | 2,589,810  | 9.3        | 4.7                 |
| Visitor Exports                         | 1,079,440 | 6.0        | -4.5                | 2,130,980  | 5.0        | 4.7                 |
| Other Exports                           | 900,651   | 5.0        | -5.4                | 2,000,920  | 4.7        | 6.0                 |
| T&T Demand                              | 7,339,970 | 9.6        | -4.0                | 14,381,700 | 9.5        | 4.3                 |
| Direct Industry GDP                     | 1,870,130 | 3.2        | -3.5                | 3,396,590  | 3.1        | 3.6                 |
| T&T Economy GDP                         | 5,473,870 | 9.4        | -3.5                | 10,478,300 | 9.5        | 4.0                 |
| Direct Industry Employment <sup>3</sup> | 77,278    | 2.7        | -1.9                | 97,787     | 3.0        | 2.4                 |
| T&T Economy Employment <sup>3</sup>     | 219,811   | 7.6        | -2.8                | 275,694    | 8.4        | 2.3                 |

<sup>1</sup>2009 real growth adjusted for inflation (%); <sup>2</sup>2009-2019 annualised real growth adjusted for inflation (%); <sup>3</sup>'000 jobs





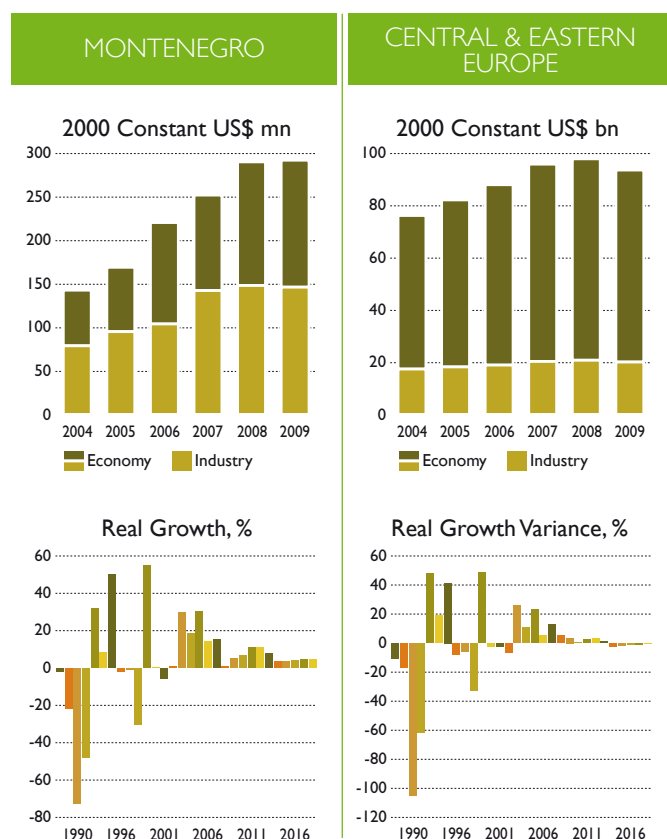


# GROSS DOMESTIC PRODUCT

THE TRAVEL & TOURISM INDUSTRY IN MONTENEGRO IS EXPECTED TO PRODUCE DIRECTLY €366.3 MILLION (US\$510.8 MILLION), OR 10.5% OF TOTAL GDP IN 2009. THE TRAVEL & TOURISM ECONOMY (DIRECT AND INDIRECT) IS FORECAST TO CONTRIBUTE €730.0 MILLION (US\$1.0 BILLION), OR 20.8%, TO TOTAL GDP.

The broader Travel & Tourism Economy includes both the direct Tourism industry (eg hotels and tour operations), as well as indirect components such as the suppliers of intermediate inputs to the tourism industry (eg food and other raw materials supplied to hotels) plus public and private sector investment in Travel & Tourism.

TRAVEL & TOURISM ECONOMY GDP



The long-term expectations for Travel & Tourism GDP growth are positive, projecting 6.2% annualised real growth to 2019. Over the same period, Travel & Tourism Direct Industry GDP is forecast to gain around 4.9 percentage points to reach a 15.3% share of total GDP in 2019 – €1.1 billion (US\$1.4 billion).

The results and forecasts illustrate the significant economic stimulus of Travel & Tourism. The first set of charts (stacked bar) illustrates how Montenegro's tourism industry acts as a leading economic catalyst as its contribution permeates through the broader economy, encompassing industries such as banking, construction, transport and telecommunications.

By contrast, in Central & Eastern Europe, growth in recent years has been driven by the indirect component of the Travel & Tourism Economy. In general, these charts illustrate how small yet positive changes in the Travel & Tourism Industry result in a much greater impact on the broader Travel & Tourism Economy.

In the second set of charts (which reflect real growth), Montenegro's Travel & Tourism Economy shows strong, robust growth following the sharp real decline in 1999, with the exception of 2001-02, a period of global weakness. Also evident is the strongly positive outlook for growth over the next ten years. Generally, growth since the period of international isolation in the 1990s has been much stronger than for Central & Eastern Europe overall, and Montenegro is expected to continue to outperform the region through the forecast period.

WTTC LEAGUE TABLE EXTRACT

| 2009<br>% of total GDP |                    |      | 10-yr Real Growth<br>Annualised % |                    |     |
|------------------------|--------------------|------|-----------------------------------|--------------------|-----|
| 26                     | Croatia            | 23.6 | 19                                | Russia             | 6.4 |
| 29                     | Montenegro         | 20.8 | 24                                | Montenegro         | 6.2 |
| 45                     | Slovakia           | 14.1 | 25                                | Croatia            | 6.1 |
| 57                     | Slovenia           | 12.3 | 34                                | Slovakia           | 5.9 |
| 66                     | Czech Republic     | 10.9 | 42                                | Poland             | 5.6 |
| 70                     | Bosnia Herzegovina | 10.3 | 59                                | Czech Republic     | 5.1 |
| 77                     | Italy              | 9.6  | 63                                | Macedonia          | 4.9 |
| 108                    | Poland             | 7.7  | 90                                | Bosnia Herzegovina | 4.5 |
| 139                    | Russia             | 6.2  | 98                                | Slovenia           | 4.4 |
| 140                    | Macedonia          | 6.2  | 169                               | Italy              | 1.9 |

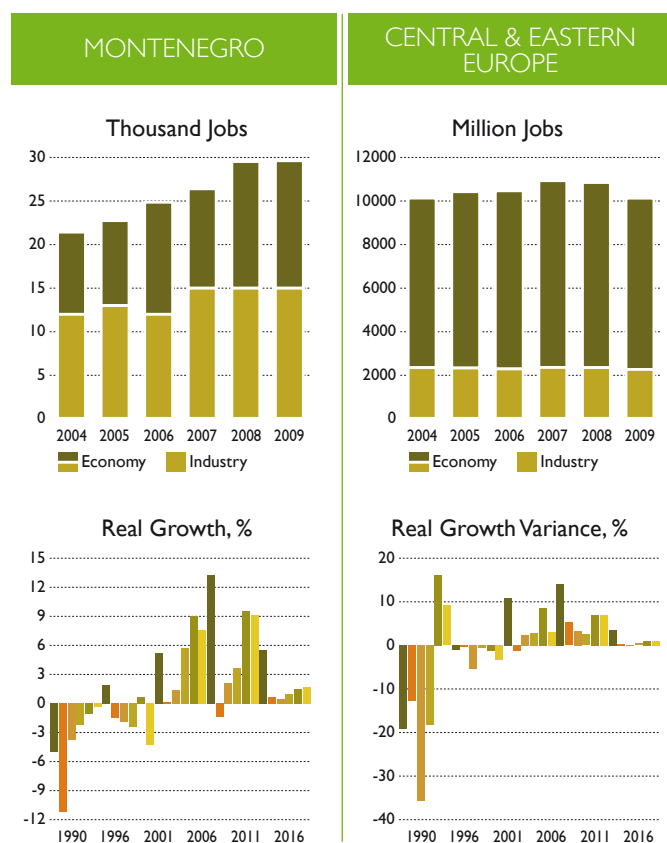
The third set of charts (left) compares WTTC/Oxford Economics' estimates for Montenegro and its neighbouring and competing destinations, showing respective Travel & Tourism Economy GDP as a percentage of total GDP. On this measure, Montenegro has attained a healthy global ranking of 29th, implying that in relative terms it has the second largest Travel & Tourism economy among high-tier tourism intensive countries in the region. Moreover, the second league table extract illustrates how Montenegro's prospects for GDP growth are robust in a global context with the forecast annualised real growth of 6.2% over the next ten years sufficient to place it 24th in the world rankings.

# EMPLOYMENT

THE TRAVEL & TOURISM INDUSTRY IN MONTENEGRO IS EXPECTED TO GENERATE DIRECTLY 14,723 JOBS IN 2009, WHILE A TOTAL OF 29,340 JOBS ARE EXPECTED TO BE GENERATED ACROSS THE BROADER TRAVEL & TOURISM ECONOMY – INCLUDING JOBS OUTSIDE THE DIRECT INDUSTRY BUT IN RELATED SECTORS, SUCH AS CONSTRUCTION, SUPPLIERS TO THE TRAVEL & TOURISM INDUSTRY, GOVERNMENT AGENCIES, INVESTMENT COMPANIES, ETC.

Travel & Tourism Industry jobs in Montenegro, which are expected to total 14,723 in 2009, represent 9.0% of the country's workforce. By 2019, Travel & Tourism Industry employment is forecast to increase by 10,018 jobs to 13.8% of total employment in Montenegro.

TRAVEL & TOURISM ECONOMY EMPLOYMENT



The 29,340 Travel & Tourism Economy jobs in Montenegro in 2009 represent 17.8% of the total workforce. By 2019, Travel & Tourism Economy employment is expected to increase by 11,979 jobs in Montenegro to 23.0% of total employment.

Travel & Tourism employment in Montenegro has grown strongly, increasing at an annual average rate of almost 6% from 20,000 jobs in 2001. In 2009, due to the dramatic downturn in the global economy, the outlook is less positive, with employment expected to fall by 412 jobs.

However, assuming that growth in the economy remains positive, there is still considerable scope for Travel and Tourism to act as a catalyst for robust job creation, and our forecast projects the creation of around 1,200 new jobs a year over the next decade. If proved accurate, this forecast would mean a 3.5% annual rise in Travel & Tourism employment between 2009 and 2019.

The charts opposite highlight a few points of interest. First, Montenegro's Travel & Tourism medium- to longer-term employment prospects look bright, as long as current global conditions do not deteriorate so significantly that they induce a contagious sudden suspension of capital in-flows into Eastern Europe. This would of course threaten currently planned foreign-funded investment projects in new hotels and accommodation.

Montenegro currently ranks 32nd in the world in terms of its share of Travel & Tourism jobs as a percentage of total employment in the country. But it is expected to improve its ranking significantly over the next ten years, to 23rd place – moving into first place in the regional ranking by a wide margin – thanks to annual growth of 3.5% in Travel & Tourism Economy employment over the period 2009–19.

Even more encouraging is the fact that its expected ten-year growth rate of 3.5% per annum is sufficient for Montenegro to be the top regional performer in this respect, and to achieve a highly respectable global ranking of 23rd amongst the list of 181 countries whose future growth performances are assessed by WTTC/Oxford Economics.

WTTC LEAGUE TABLE EXTRACT

| 2009<br>% of total employment |                    |      | 10-yr Real Growth<br>Annualised % |                    |      |
|-------------------------------|--------------------|------|-----------------------------------|--------------------|------|
| 22                            | Croatia            | 26.3 | 23                                | Montenegro         | 3.5  |
| 32                            | Montenegro         | 17.8 | 80                                | Croatia            | 2.2  |
| 50                            | Slovenia           | 13.6 | 87                                | Slovakia           | 2.1  |
| 58                            | Slovakia           | 12.3 | 106                               | Macedonia          | 1.8  |
| 65                            | Italy              | 10.6 | 141                               | Russia             | 0.9  |
| 72                            | Czech Republic     | 10.1 | 149                               | Poland             | 0.7  |
| 86                            | Bosnia Herzegovina | 8.4  | 154                               | Italy              | 0.6  |
| 104                           | Poland             | 7.2  | 159                               | Slovenia           | 0.5  |
| 133                           | Macedonia          | 5.8  | 160                               | Czech Republic     | 0.4  |
| 145                           | Russia             | 5.3  | 170                               | Bosnia Herzegovina | -0.1 |

# TOTAL DEMAND

TRAVEL & TOURISM IN MONTENEGRO IS EXPECTED TO GENERATE €1.1 BILLION (US\$1.5 BILLION) OF TOTAL DEMAND IN 2009, INCLUDING:



- €189.1 million (US\$263.7 million) of Personal Travel & Tourism consumption by residents of Montenegro (7.1% of total personal consumption);
- €17.2 million (US\$23.9 million) of Business and Government Travel by resident companies and government employees;
- €26.3 million (US\$36.6 million) of Government Expenditures, or 2.7% of total government spending in Montenegro, to provide individual and collective services to the country's Travel & Tourism Industry and its visitors;
- €288.4 million (US\$402.1 million) of Capital Investment, or 33.7% of total capital investment in Montenegro, in personal, commercial and public Travel & Tourism facilities, equipment and infrastructure by residents, Travel & Tourism companies and government agencies;
- €539.8 million (US\$752.8 million) of Visitor Exports generated from international visitor markets, or 39.6% of Montenegro's total exports; and
- €26.0 million (US\$36.3 million) of Merchandise Trade Exports, or 1.9% of total exports.

This breakdown of demand shows that Visitor Exports account for as much as 73.9% of the nation's Travel & Tourism Economy. Given how important Travel & Tourism is already, international visitors must be accorded the highest priority by government so as to ensure sustainable growth in the future for the sector.

Since 2000, Montenegro's Travel & Tourism activity has seen significant and healthy gains with growth of Travel & Tourism Demand averaging in excess of 10% between 2000 and 2008. Growth in demand has generally exceeded that of Central & Eastern Europe. Montenegro now looks poised for a period of healthy growth in terms of Travel & Tourism Demand.

In 2009, Montenegro's Travel & Tourism is expected to grow by 1.0% overall. In the longer term – ie to 2019 – Travel & Tourism Demand in Montenegro is forecast to average 7.6% per annum. If proved accurate, this would comfortably exceed expected worldwide growth of 4.3% per annum, as well as the 5.6% annual average growth forecast for Central & Eastern Europe.

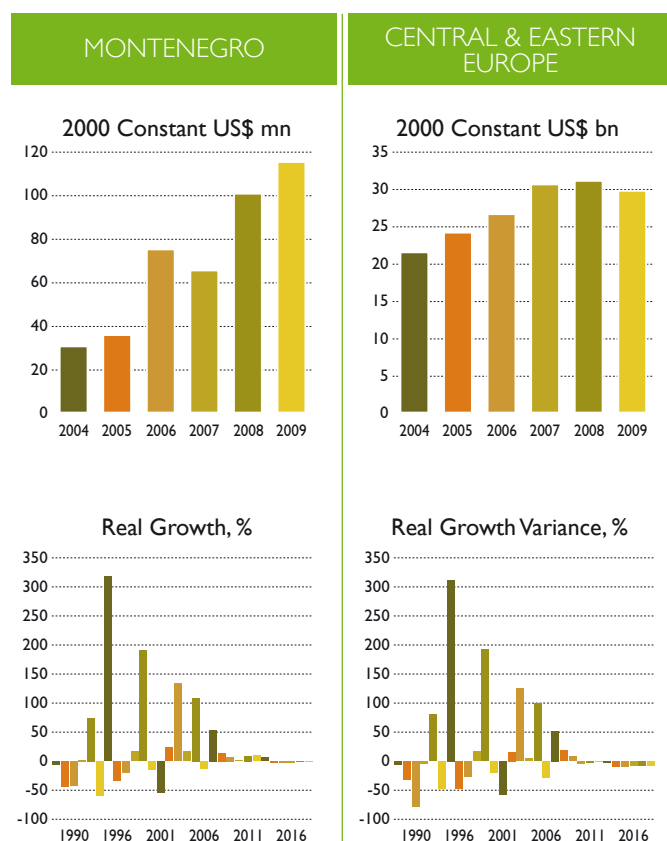


# CAPITAL INVESTMENT

IN 2009, TRAVEL & TOURISM CAPITAL INVESTMENT IN MONTENEGRO IS EXPECTED TO REACH €288.4 MILLION (US\$402.1 MILLION), OR 33.7% OF TOTAL INVESTMENT. MONTENEGRO WILL HAVE THE HIGHEST PER CAPITA FDI IN THE REGION – REFLECTING THE MORE THAN €10 BILLION INVESTMENT IN NEW GREENFIELD HOTELS AND RESORTS, PLUS THE MANY RENOVATED AND UPGRADED EXISTING DEVELOPMENTS ACROSS THE COUNTRY.

Most Travel & Tourism capital investment is made by the private sector in new lodging and resort facilities, while the public sector invests in new Travel & Tourism infrastructure such as roads and airports.

TRAVEL & TOURISM CAPITAL INVESTMENT



Since 2003, investment in the Montenegrin Travel & Tourism economy has surged, although real growth was negative in 2007 following an exceptionally strong 2006. Over the next ten years (2009-19), Montenegro's capital investment in Travel & Tourism is expected to grow at an average rate of 2.3% per annum in real terms, driven by continued strong inflows of FDI which will fund infrastructure upgrades. Current tenders for greenfield development point to projects worth in excess of €10 bn in the pipeline. However, despite these major investment projects, a significant slowdown is expected from 2015 as the market moves closer to full capacity.

Analysis of Travel & Tourism Capital Investment results and forecasts lends greater insight into the market forces at work in a given economy and the expectations by the public and private sectors to meet the challenges and opportunities in the years ahead. For the most part, Travel & Tourism Capital Investment tends to be cyclical, with strong links to major public policy initiatives, the business/market cycle, major events (such as natural disasters) and significant socio-political changes.

Worldwide, Travel & Tourism Capital Investment is expected to generate 9.4% of total investment in 2009, growing by 4.7% per annum (in constant US dollars) from 2009-2019. In Central & Eastern Europe, the respective figures are 11.1% of total capital investment in 2009 and 6.7% real growth over the coming decade.

WTTC LEAGUE TABLE EXTRACT

| 2009<br>% of total investment |                    |      | 10-yr Real Growth<br>Annualised % |                    |      |
|-------------------------------|--------------------|------|-----------------------------------|--------------------|------|
| 15                            | Montenegro         | 33.7 | 4                                 | Russia             | 8.5  |
| 70                            | Czech Republic     | 12.5 | 11                                | Croatia            | 7.1  |
| 73                            | Slovakia           | 12.3 | 18                                | Poland             | 6.5  |
| 80                            | Russia             | 11.9 | 33                                | Czech Republic     | 5.5  |
| 94                            | Bosnia Herzegovina | 11.0 | 59                                | Slovakia           | 4.8  |
| 103                           | Slovenia           | 10.3 | 65                                | Macedonia          | 4.7  |
| 106                           | Croatia            | 10.0 | 89                                | Slovenia           | 3.8  |
| 110                           | Italy              | 9.1  | 145                               | Montenegro         | 2.3  |
| 132                           | Poland             | 7.9  | 157                               | Italy              | 1.8  |
| 135                           | Macedonia          | 7.6  | 180                               | Bosnia Herzegovina | -0.3 |

The charts opposite illustrate several interesting points. Travel & Tourism currently contributes a very high proportion of investment by international standards, with the predicted 33.7% placing Montenegro in an impressive 15th place in the global rankings. Given the current high level of investment, opportunities for additional investment will diminish towards the end of the forecast period, as the initial phase of rapid expansion is completed.

Despite the very impressive starting point, Montenegro will maintain its high international standing over the next ten years, since our forecasts suggest that its global ranking will have slipped only two places by 2019, to 17th.

# PERSONAL & BUSINESS

IN 2009, MONTENEGRO IS EXPECTED TO GENERATE €189.1 MILLION (US\$263.7 MILLION) OF PERSONAL TRAVEL & TOURISM CONSUMPTION BY RESIDENTS, OR 7.1% OF TOTAL PERSONAL CONSUMPTION.

Business travel in Montenegro in 2009 is expected to total €17.2 million, or US\$23.9 million (70.6% corporate, 29.4% government).

Unlike visitor exports, which depend on international markets for consumers, the business generated in these two categories depends on Montenegro's economy itself. As the national economy grows, Montenegro's consumer and business travel tends to follow suit. During the period 2000–2008 Montenegro's Personal Travel & Tourism (adjusted by inflation) experienced continuous growth, punctuated by a 10% decline in 2003.

Despite the increasingly bleak global outlook, we expect growth of 0.3% this year, although this would mark a sharp slowdown from growth rates recorded since 2005. Meanwhile, Business travel has displayed much more volatile growth, although strong gains have been made since 2005. Over the next decade (2009–19), Personal Travel & Tourism in Montenegro is expected to grow at an annual rate of 4.9%, while Business/Government Travel is forecast to increase by 5.0% a year.

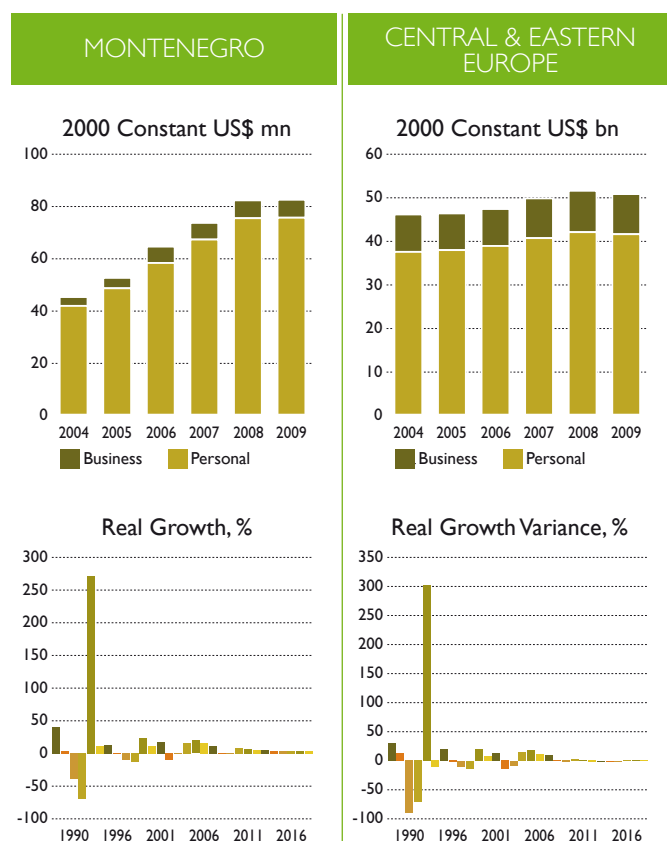
Although most of this Travel & Tourism occurs domestically within Montenegro, a part of it takes place outside the country. When the spending does take place abroad, the satellite account generates a corresponding 'import credit', providing for an accurate assessment of Travel & Tourism 'produced' in Montenegro and Travel & Tourism 'produced' by the rest of the world.

Analysis of Montenegro's results highlights a few interesting points. First, Montenegro's residents have recently been allocating about 7.1% of their personal expenditures on Travel & Tourism. This percentage is below the world average of 8.6% but higher than the average in Central & Eastern Europe of 6.0%. Generally, the level of personal Travel & Tourism spending is directly linked to the development of the resident economy. As per capita income increases, so does Travel & Tourism spending.

Montenegro's sustained economic growth during the last ten years has supported a positive trend of Montenegrin residents' spending on Travel & Tourism, as illustrated by the stacked bar and real growth charts opposite.

Finally, the league table extracts suggest that Montenegro ranks in the middle tier of countries, in terms of both current Travel & Tourism spending on a relative basis (76th position in the ranking) and in respect of future forecast growth of personal Travel & Tourism (74th position in the ranking). This suggests there is significant need to focus attention on developing domestic travel opportunities and services in Montenegro for Montenegrins in the years to come.

## PERSONAL & BUSINESS TRAVEL & TOURISM



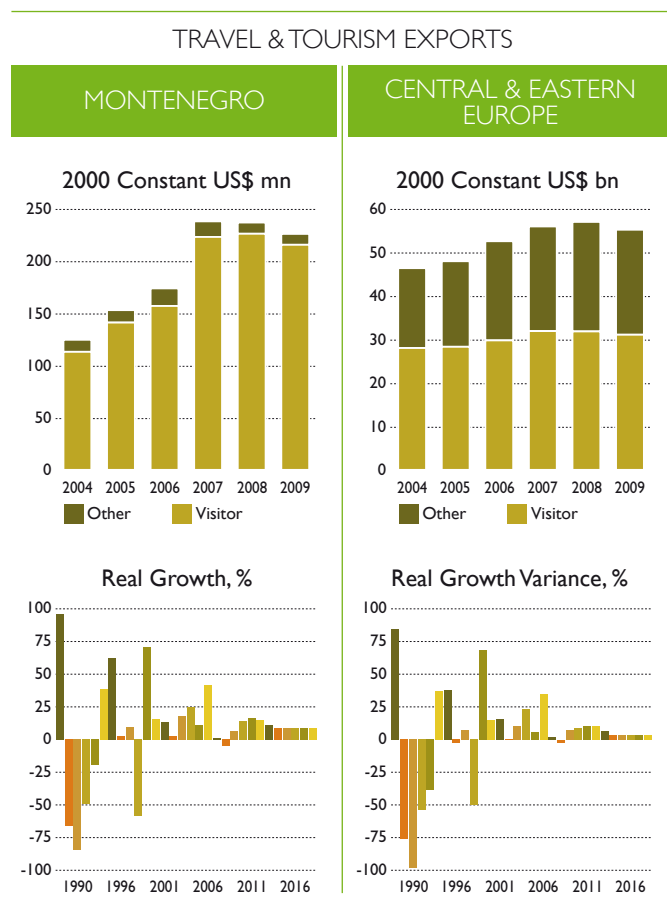
## WTTC LEAGUE TABLE EXTRACT

| 2009<br>% of personal consumption |                    |     | 10-yr Real Growth<br>Annualised % |                    |     |
|-----------------------------------|--------------------|-----|-----------------------------------|--------------------|-----|
| 54                                | Italy              | 9.0 | 20                                | Poland             | 6.8 |
| 57                                | Croatia            | 8.6 | 34                                | Czech Republic     | 6.1 |
| 69                                | Slovenia           | 7.6 | 36                                | Slovakia           | 6.0 |
| 71                                | Slovakia           | 7.4 | 50                                | Russia             | 5.5 |
| 76                                | Montenegro         | 7.1 | 61                                | Slovenia           | 5.2 |
| 83                                | Czech Republic     | 6.5 | 74                                | Montenegro         | 4.9 |
| 88                                | Russia             | 6.3 | 131                               | Macedonia          | 3.6 |
| 96                                | Poland             | 5.9 | 139                               | Croatia            | 3.3 |
| 141                               | Macedonia          | 4.1 | 141                               | Bosnia Herzegovina | 3.2 |
| 160                               | Bosnia Herzegovina | 3.4 | 173                               | Italy              | 2.1 |

# EXPORTS

## TRAVEL & TOURISM EXPORTS PLAY A STRONG AND VITAL ROLE IN MONTENEGRO'S TRAVEL & TOURISM SECTOR.

In 2009, Travel & Tourism Services and Merchandise Exports for Montenegro are expected to total €565.8 million, or US\$789.1 million – of which 95% from visitors and 5% from exported consumer and capital goods – representing some 52% of total Travel & Tourism Demand. Without question, as this category grows, it will enhance the health and vitality of Montenegro's Travel & Tourism sector.



Over the past ten years, Travel & Tourism Visitor Exports in Montenegro have seen a five-fold increase, supported by a surge in foreign visitor arrivals – from 622,000 in 1998 to 1.2 million in 2008. Over the next decade, Montenegro's Visitor Exports are expected to grow by an impressive 10.7% per annum, while Travel & Tourism Merchandise Exports (non-visitor exports) are forecast to record a much more modest growth annual of 3.7%.

Globally, and for Central & Eastern Europe, Visitor Exports are projected to grow by 4.7% and 4.6% per annum respectively over the next ten years (between 2009 and 2019).

Clearly, based on these forecasts, Montenegro's Travel & Tourism Visitor Exports' growth is excellent and ahead of its regional and global peers.

Although long-term expectations for Montenegro's Travel & Tourism export growth (2009-19) are positive, these forecasts – like any others – depend on future events and cannot therefore be guaranteed. Exogenous, irregular erratic effects, such as from natural disasters or even the current economic financial crisis, can have a major negative impact on the Travel & Tourism sector, causing uncertainties that are inherent in forecasting.

Analysis of the WTTC league tables shows that Montenegro is comfortably positioned on the scale of current Visitor Exports measured as a percentage of total exports. In the second league table, Montenegro's Visitor Exports' growth illustrates the positive outlook ahead, since it ranks in first position globally. Although very reassuring for both government and industry, this ranking contains a strong message that there is no room for complacency. Both the public and private sectors need to pay significant attention to maintaining international visitor growth at these high levels.

WTTC LEAGUE TABLE EXTRACT

| 2009<br>% of total exports |                    | 10-yr Real Growth<br>Annualised % |     |
|----------------------------|--------------------|-----------------------------------|-----|
| 23                         | Montenegro         | 39.6                              | 1   |
| 27                         | Croatia            | 36.8                              | 53  |
| 67                         | Bosnia Herzegovina | 13.6                              | 67  |
| 96                         | Italy              | 7.4                               | 87  |
| 102                        | Macedonia          | 7.0                               | 88  |
| 105                        | Slovenia           | 6.8                               | 92  |
| 111                        | Poland             | 5.6                               | 96  |
| 122                        | Czech Republic     | 4.7                               | 126 |
| 135                        | Russia             | 3.9                               | 164 |
| 142                        | Slovakia           | 3.4                               | 167 |
|                            |                    |                                   | 5.8 |
|                            |                    |                                   | 5.4 |
|                            |                    |                                   | 5.0 |
|                            |                    |                                   | 5.0 |
|                            |                    |                                   | 4.9 |
|                            |                    |                                   | 4.8 |
|                            |                    |                                   | 4.0 |
|                            |                    |                                   | 2.5 |
|                            |                    |                                   | 2.4 |

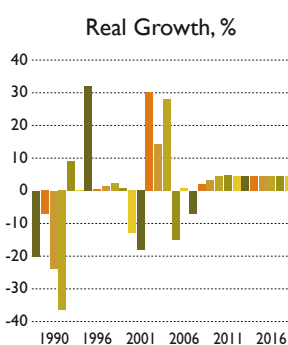
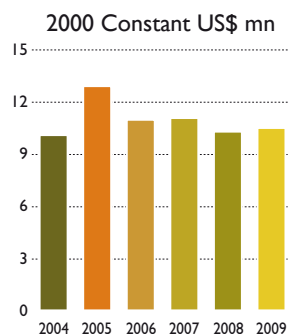
# GOVERNMENT EXPENDITURES

IN 2009, GOVERNMENT AGENCIES IN MONTENEGRO ARE EXPECTED TO SPEND €26.3 MILLION (US\$36.6 MILLION) OF CURRENT OPERATING FUNDS ON TRAVEL & TOURISM.

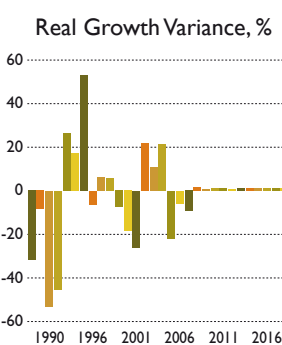
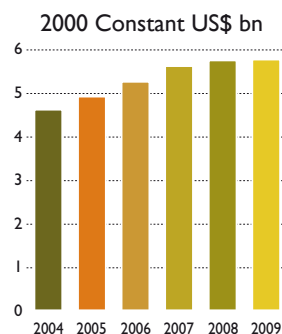
This represents 2.7% of total government expenditures, which are allocated to providing individual and collective government Travel & Tourism services to visitors, travel companies and the community at large. Over the next ten years (2009–19), Travel & Tourism Government Expenditures in Montenegro are expected to increase by an average of 4.3% per annum in real terms.

## TRAVEL & TOURISM GOVERNMENT EXPENDITURES

### MONTENEGRO



### CENTRAL & EASTERN EUROPE



Globally, governments are forecast to allocate an average of 3.9% of their expenditures to Travel & Tourism-related functions in 2009, and to increase this spending by 3.2% per annum over the next ten years. The corresponding figures for Central & Eastern Europe are 3.0% of total government spending and 3.3% real growth for the coming decade. Based on these results, Montenegro's 2009 government contribution of 2.7% is currently below the average level of its regional competitors, as well as being below the global average in terms of Travel & Tourism support and services.

In this WTTC report, 2009 government expenditures include individual expenditures of €1.9 million (US\$2.7 million) that can be linked to individual visitors, such as immigration services. But they also include collective expenditures of €4.3 million (US\$33.9 million) that are undertaken for the community at large – such as on airport administration – but which have a logical service connection to Travel & Tourism.

One would naturally assume there should be a direct link between the impact of an industry/sector like Travel & Tourism on the economy, in terms of GDP, and the amount of funding allocated by governments towards that industry/sector. In Montenegro, the 2009 ratio of Travel & Tourism GDP (percentage of total GDP) to government expenditures is 7.8:1. Worldwide, and in Central & Eastern Europe, the ratio is 2.4:1 and 2.6:1 respectively. This would suggest that the Montenegro Government is currently giving less support to Travel & Tourism than other governments in the region, or in the rest of the world.

The league tables opposite highlight this particular point. First, Montenegro's government expenditures for Travel & Tourism are below the mid-point of the world listing, ranking the country 124th out of 181 worldwide. And the outlook for real growth over the next decade ranks the country only 76th worldwide.

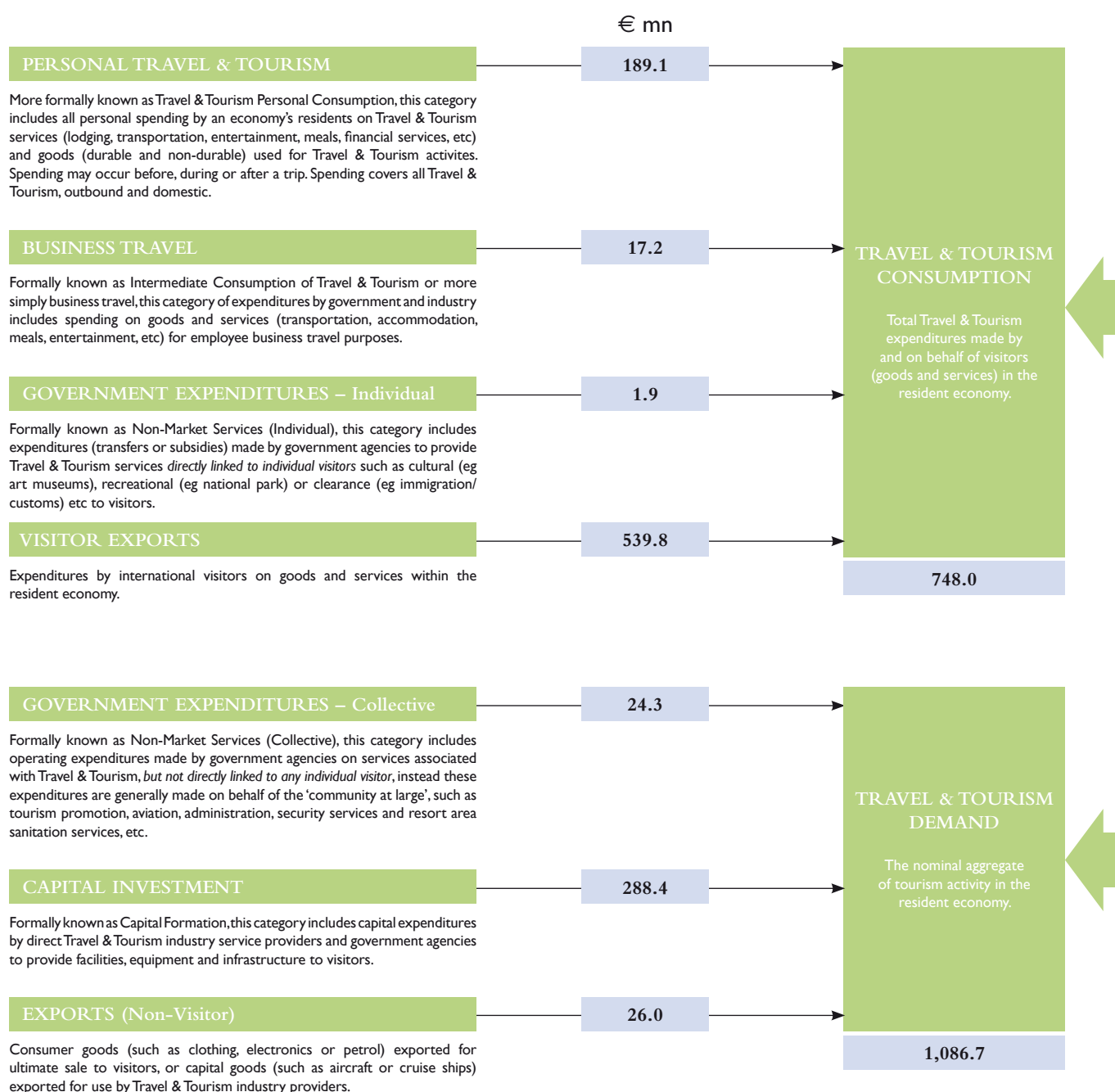
## WTTC LEAGUE TABLE EXTRACT

| 2009<br>% of total gov't expenditures |                    |     | 10-yr Real Growth<br>Annualised % |                    |     |
|---------------------------------------|--------------------|-----|-----------------------------------|--------------------|-----|
| 72                                    | Slovenia           | 4.2 | 76                                | Montenegro         | 4.3 |
| 90                                    | Czech Republic     | 3.6 | 87                                | Macedonia          | 4.0 |
| 93                                    | Italy              | 3.6 | 107                               | Slovenia           | 3.6 |
| 123                                   | Poland             | 2.7 | 122                               | Russia             | 3.2 |
| 124                                   | Montenegro         | 2.7 | 128                               | Bosnia Herzegovina | 3.2 |
| 125                                   | Russia             | 2.7 | 135                               | Slovakia           | 3.1 |
| 141                                   | Slovakia           | 2.1 | 142                               | Czech Republic     | 2.9 |
| 161                                   | Croatia            | 1.4 | 160                               | Poland             | 2.0 |
| 163                                   | Macedonia          | 1.3 | 172                               | Croatia            | 1.3 |
| 171                                   | Bosnia Herzegovina | 1.1 | 178                               | Italy              | 0.8 |

# CONCEPTS & STRUCTURE

In order to quantify the economic impact of Travel & Tourism, we use the framework of a Tourism Satellite Account (TSA). The TSA is based on a 'demand-side' economic activity, because the industry does not produce or supply a homogeneous product or service as traditional industries (agriculture, electronics, steel, etc) do.

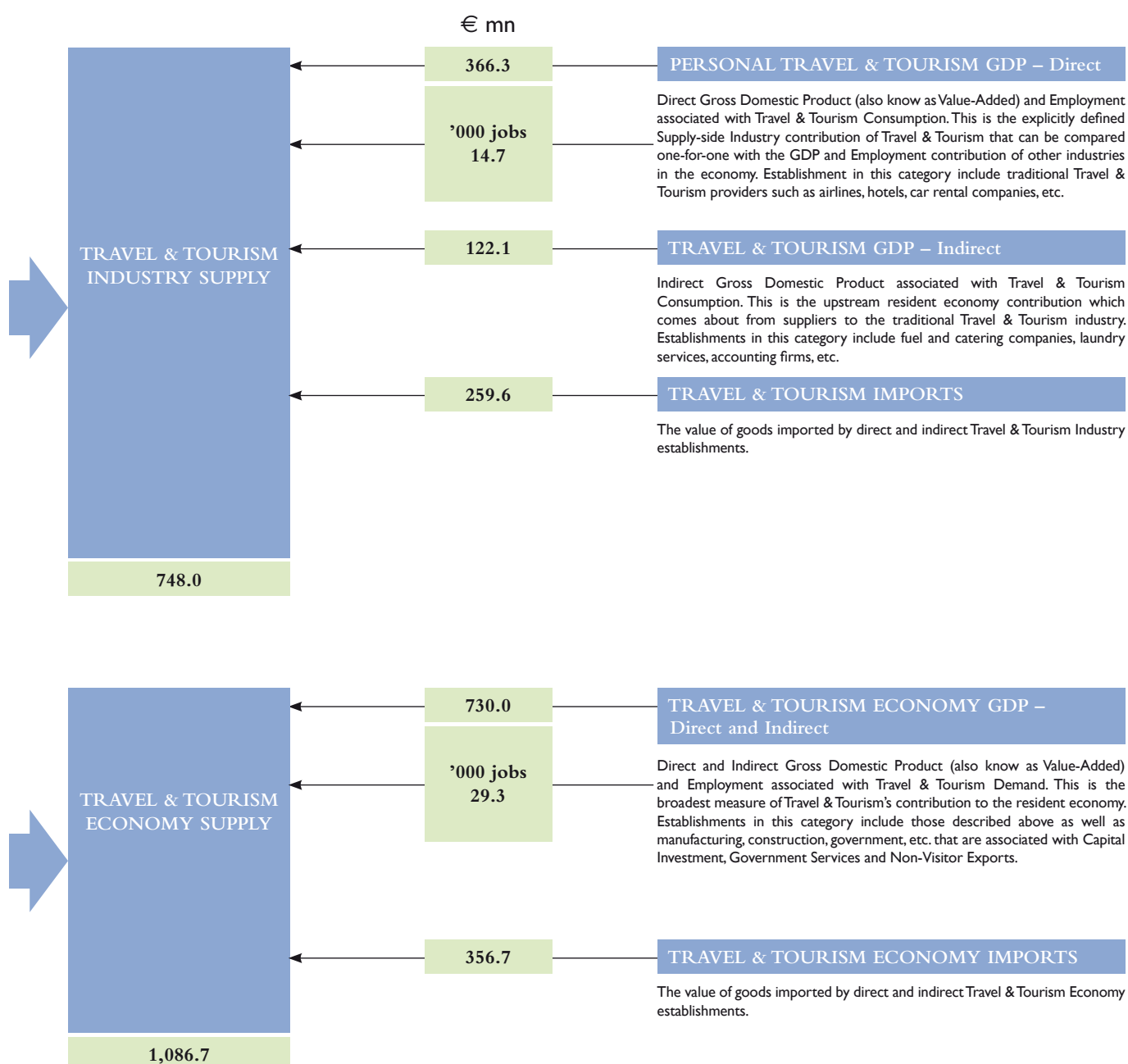
## DEMAND-SIDE ACCOUNTS





Instead, Travel & Tourism is an industrial activity defined by the diverse collection of products (durables and non-durables) and services (transport, 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 Tourism 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.

## SUPPLY-SIDE ACCOUNTS



# SATELLITE ACCOUNT TABLES

## MONTENEGRO

| Travel & Tourism € mn                | 2004  | 2005  | 2006  | 2007  | 2008E   | 2009F   | 2019F   |
|--------------------------------------|-------|-------|-------|-------|---------|---------|---------|
| Personal Travel & Tourism            | 67.4  | 81.5  | 106.6 | 145.1 | 179.6   | 189.1   | 413.1   |
| Business Travel & Tourism            | 5.4   | 6.7   | 11.4  | 13.7  | 16.2    | 17.2    | 37.7    |
| Corporate                            | 4.2   | 2.5   | 9.0   | 10.4  | 11.8    | 12.1    | 24.8    |
| Government                           | 1.2   | 4.1   | 2.4   | 3.3   | 4.5     | 5.0     | 12.9    |
| Government Expenditure – Individual  | 0.9   | 1.3   | 1.3   | 2.1   | 1.8     | 1.9     | 4.0     |
| Visitor Exports                      | 182.6 | 237.3 | 287.7 | 481.8 | 539.2   | 539.8   | 2,020.3 |
| Travel & Tourism Consumption         | 256.4 | 326.8 | 407.0 | 642.6 | 736.9   | 748.0   | 2,475.1 |
| Government Expenditures – Collective | 15.3  | 20.3  | 18.7  | 21.8  | 22.7    | 24.3    | 50.1    |
| Capital Investment                   | 49.5  | 60.3  | 137.5 | 141.5 | 240.1   | 288.4   | 505.0   |
| Exports (Non-Visitor)                | 18.5  | 19.9  | 30.7  | 32.1  | 25.5    | 26.0    | 50.6    |
| Travel & Tourism Demand              | 339.7 | 427.4 | 593.9 | 838.0 | 1,025.2 | 1,086.7 | 3,063.3 |
| Travel & Tourism Direct Industry     |       |       |       |       |         |         |         |
| Employment ('000)                    | 11.7  | 12.6  | 11.6  | 14.9  | 15.2    | 14.7    | 24.7    |
| Gross Domestic Product               | 127.4 | 160.1 | 190.6 | 307.5 | 353.4   | 366.3   | 1,072.7 |
| Travel & Tourism Economy             |       |       |       |       |         |         |         |
| Employment ('000)                    | 21.2  | 22.4  | 24.4  | 26.3  | 29.8    | 29.3    | 41.3    |
| Gross Domestic Product               | 229.8 | 283.6 | 402.9 | 543.4 | 690.7   | 730.0   | 1,791.5 |

| Travel & Tourism Accounts as % of National Accounts | 2004 | 2005 | 2006 | 2007 | 2008E | 2009F | 2019F |
|---|------|------|------|------|-------|-------|-------|
| Personal Travel & Tourism                           | 5.5  | 6.4  | 6.4  | 6.7  | 6.7   | 7.1   | 7.7   |
| Government Expenditures                             | 3.7  | 4.0  | 3.5  | 3.1  | 2.7   | 2.7   | 2.8   |
| Capital Investment                                  | 17.3 | 18.5 | 29.3 | 20.7 | 29.3  | 33.7  | 31.1  |
| Visitor & Other Exports                             | 28.7 | 32.5 | 30.0 | 39.4 | 42.7  | 41.5  | 51.3  |
| Travel & Tourism Imports                            | 11.3 | 13.0 | 11.2 | 13.3 | 13.3  | 15.1  | 21.5  |
| Travel & Tourism Direct Industry                    |      |      |      |      |       |       |       |
| Employment ('000)                                   | 8.2  | 8.8  | 7.7  | 9.5  | 9.2   | 9.0   | 13.8  |
| Gross Domestic Product                              | 7.6  | 8.8  | 8.9  | 11.0 | 10.8  | 10.5  | 15.3  |
| Travel & Tourism Economy                            |      |      |      |      |       |       |       |
| Employment ('000)                                   | 14.8 | 15.5 | 16.2 | 16.8 | 17.9  | 17.8  | 23.0  |
| Gross Domestic Product                              | 14.0 | 15.6 | 18.7 | 19.4 | 21.1  | 20.8  | 25.6  |

| Travel & Tourism Real Growth (per annum except 2019 = 10yr annualised) | 2004  | 2005 | 2006  | 2007  | 2008E | 2009F | 2019F |
|--|-------|------|-------|-------|-------|-------|-------|
| Personal Travel & Tourism  | 0.2   | 16.1 | 19.9  | 15.3  | 12.1  | 0.3   | 4.9   |
| Business Travel & Tourism  | -9.2  | 17.4 | 57.4  | 1.8   | 7.1   | 0.7   | 5.0   |
| Government Expenditures  | 14.2  | 27.9 | -15.0 | 0.9   | -7.0  | 2.1   | 4.3   |
| Capital Investment   | 133.9 | 16.8 | 109.0 | -12.8 | 53.6  | 14.4  | 2.3   |
| Visitor Exports  | 17.8  | 24.6 | 11.2  | 41.9  | 1.4   | -4.7  | 10.7  |
| Other Exports  | 66.9  | 3.1  | 41.2  | -11.4 | -27.9 | -3.0  | 3.7   |
| Travel & Tourism Consumption   | 11.9  | 22.2 | 14.2  | 33.8  | 3.8   | -3.3  | 9.4   |
| Travel & Tourism Demand  | 23.7  | 20.6 | 27.5  | 19.5  | 10.8  | 1.0   | 7.6   |
| Travel & Tourism Direct Industry                                       |       |      |       |       |       |       |       |
| Employment ('000)  | -7.9  | 7.0  | -12.5 | 24.0  | -3.6  | -3.3  | 5.3   |
| Gross Domestic Product   | 18.5  | 20.5 | 9.2   | 36.7  | 4.1   | -1.3  | 8.0   |
| Travel & Tourism Economy   |       |      |       |       |       |       |       |
| Employment ('000)  | 1.4   | 5.8  | 9.0   | 7.5   | 13.3  | -1.4  | 3.5   |
| Gross Domestic Product   | 29.7  | 18.3 | 30.3  | 14.3  | 15.1  | 0.7   | 6.2   |

| <b>Travel &amp; Tourism US\$ mn</b>  | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008E</b> | <b>2009F</b> | <b>2019F</b> |
|--------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Personal Travel & Tourism            | 83.8        | 101.5       | 133.8       | 198.8       | 264.2        | 263.7        | 528.2        |
| Business Travel & Tourism            | 6.8         | 8.3         | 14.4        | 18.8        | 23.9         | 23.9         | 48.2         |
| Corporate                            | 5.3         | 3.2         | 11.3        | 14.3        | 17.3         | 16.9         | 31.7         |
| Government                           | 1.5         | 5.1         | 3.0         | 4.5         | 6.6          | 7.0          | 16.5         |
| Government Expenditure – Individual  | 1.2         | 1.6         | 1.7         | 2.8         | 2.7          | 2.7          | 5.1          |
| Visitor Exports                      | 227.1       | 295.4       | 361.3       | 660.1       | 793.1        | 752.8        | 2,583.5      |
| Travel & Tourism Consumption         | 318.8       | 406.8       | 511.2       | 880.6       | 1,083.8      | 1,043.1      | 3,165.0      |
| Government Expenditures – Collective | 19.0        | 25.3        | 23.5        | 29.9        | 33.4         | 33.9         | 64.1         |
| Capital Investment                   | 61.6        | 75.1        | 172.7       | 193.9       | 353.1        | 402.1        | 623.5        |
| Exports (Non-Visitor)                | 23.0        | 24.8        | 38.5        | 44.0        | 37.6         | 36.3         | 64.7         |
| Travel & Tourism Demand              | 422.4       | 532.0       | 745.9       | 1,148.4     | 1,507.8      | 1,515.4      | 3,917.2      |
| Travel & Tourism Direct Industry     |             |             |             |             |              |              |              |
| Employment ('000)                    | 11.7        | 12.6        | 11.6        | 14.9        | 15.2         | 14.7         | 24.7         |
| Gross Domestic Product               | 158.4       | 199.2       | 239.4       | 421.4       | 519.7        | 510.8        | 1,371.7      |
| Travel & Tourism Economy             |             |             |             |             |              |              |              |
| Employment ('000)                    | 21.2        | 22.4        | 24.4        | 26.3        | 29.8         | 29.3         | 41.3         |
| Gross Domestic Product               | 285.7       | 353.0       | 506.0       | 744.6       | 1,015.9      | 1,018.0      | 2,290.9      |

| <b>Travel &amp; Tourism<br/>2000 Constant US\$ bn</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008E</b> | <b>2009F</b> | <b>2019F</b> |
|---|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Personal Travel & Tourism                             | 42.0        | 48.7        | 58.4        | 67.4        | 75.5         | 75.7         | 122.5        |
| Business Travel & Tourism                             | 3.4         | 4.0         | 6.3         | 6.4         | 6.8          | 6.9          | 11.2         |
| Government Expenditures – Individual                  | 0.6         | 0.8         | 0.7         | 1.0         | 0.8          | 0.8          | 1.2          |
| Visitor Exports                                       | 113.8       | 141.8       | 157.7       | 223.7       | 226.8        | 216.2        | 599.2        |
| Travel & Tourism Consumption                          | 159.8       | 195.3       | 223.1       | 298.4       | 309.9        | 299.6        | 734.0        |
| Government Expenditures – Collective                  | 9.5         | 12.1        | 10.3        | 10.1        | 9.5          | 9.7          | 14.9         |
| Capital Investment                                    | 30.9        | 36.1        | 75.4        | 65.7        | 101.0        | 115.5        | 144.6        |
| Other Exports   | 11.5        | 11.9        | 16.8        | 14.9        | 10.7         | 10.4         | 15.0         |
| Travel & Tourism Demand                               | 211.7       | 255.4       | 325.5       | 389.2       | 431.1        | 435.2        | 908.5        |
| Gross Domestic Product                                |             |             |             |             |              |              |              |
| Travel & Tourism Industry                             | 79.4        | 95.7        | 104.5       | 142.8       | 148.6        | 146.7        | 318.1        |
| Travel & Tourism Economy                              | 143.0       | 169.5       | 220.8       | 252.3       | 290.5        | 292.4        | 531.3        |

E = Estimate; F = Forecast

## NOTE ON METHODOLOGY

This economic impact study of Travel & Tourism on Montenegro is based on the methodology for Tourism Satellite Accounts (TSAs), which is analogous to that used for the production of national income accounts. It follows the key concepts of Tourism Satellite Accounting contained in the 2008 United Nations *Recommended Methodological Framework (RMF)*.

The RMF's Tourism Direct Gross Domestic Product measure is broadly equivalent to the Travel & Tourism Direct Industry measures given by WTTC/Oxford Economics. Building on this direct industry measure – ie taking into account the value added created indirectly in the industry's supply chain, plus investment and collective government and non-visitor export spending – one arrives at the broadest measure of the economic impact of Travel & Tourism, which is Travel & Tourism Economy GDP.

This comprehensive study, commissioned by Montenegro's Ministry of Tourism (formerly the Ministry of Tourism and Environmental Protection), has been produced in close co-operation with the Ministry, the Central Bank of Montenegro and the Montenegro Statistical Office (MONSTAT). The aim was to maximise the use of existing tourism data and other statistical information, as well as to continue to build the local capacity to update and refine the measurement of Travel & Tourism's economic impact. Full details of the methodology used by WTTC/Oxford Economics for the Montenegro and other TSAs are available on WTTC's website at: [www.wttc.org/eng/Tourism\\_Research/Tourism\\_Economic\\_Research](http://www.wttc.org/eng/Tourism_Research/Tourism_Economic_Research)



WTTC would like to express its appreciation to the following organisations  
and agencies that contributed to this report:

Agency of Montenegro for Economic Restructuring and Foreign investments

Airports of Montenegro

Central Bank of Montenegro

Employment Agency of Montenegro

Ministry of Maritime Affairs and Transport

Ministry of Tourism (formerly the Ministry of Tourism and Environmental Protection)

Statistical Office of Montenegro (MONSTAT)





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